

# Folsom City Council Staff Report

<b>MEETING DATE:</b>	4/12/2022
<b>AGENDA SECTION:</b>	Joint Meeting Public Hearing
<b>SUBJECT:</b>	Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022
<b>FROM:</b>	Finance Department

**RECOMMENDATION / CITY COUNCIL ACTION**

It is recommended that the City Council adopt the following resolution:

Resolution No. 10835 - A Resolution of the City Council of the City of Folsom Authorizing the Issuance of the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022, the Execution of a First Supplemental Indenture Providing therefor, Authorizing the Execution of a Local Obligation Purchase Contract, and Authorizing Necessary Actions and the Execution of Other Documents in Connection therewith

It is recommended the Governing Board of the Authority adopt the following resolution:

Resolution No. 008-Folsom Ranch FA - A Resolution of the Governing Board of the Folsom Ranch Financing Authority Authorizing the Issuance, Sale and Delivery of Not to Exceed \$17,000,000 Aggregate Principal Amount of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022; Approving the Form and Substance of a Trust Agreement, Authorizing Modifications thereof and Execution and Delivery as Modified; Approving a Preliminary Official Statement, Authorizing Changes thereto and Execution and Delivery thereof and of an Official Statement to be Derived therefrom; Approving a Local Obligation Purchase Contract and a Bond Purchase Contract and Execution and Delivery of Each; and Authorizing Related Actions Necessary to Implement the Proposed Financing.

## **BACKGROUND / ISSUE**

Community Facilities District No. 23 (Folsom Ranch) (CFD No. 23) is a community facilities district organized by the City Council under the Mello-Roos Act for the purpose of providing for the construction and acquisition of certain public improvements and the financing of certain services to serve property within CFD No. 23. The City established CFD No. 23 on May 26, 2020 and designated six separate improvement areas at that time, including Improvement Area 1. Improvement Area 1 consists of a gross area of approximately 205 acres and is located wholly within the City of Folsom, east of East Bidwell Street, west of Placerville Road, north of Mangini Parkway, and south of U.S. Highway 50.

Development within Improvement Area 1 is planned to include 441 single-family high density units, 222 multi-family low density units and 265 multi-family high density units, for a total of 928 units. Property within Improvement Area 1 is in varying stages of development, including partially-improved lots, improved lots, homes under construction and completed homes, and it is anticipated that development will be completed in three main phases: Phase 2A, Phase 2B and Phase 2C. Phase 2A of development within Improvement Area 1 includes Villages 4, 7, 8 and 10 and Lots C and D and is entitled for a total of 560 units at the time of full build-out, comprised of 73 single-family high density units, 222 multi-family low density units and 265 multi-family high density units. Phase 2B of development includes Villages 1 and 2 and is entitled for a total of 162 single-family high density units at the time of full build-out. Phase 2C of development includes Villages 3, 5 and 6 and is entitled for a total of 206 single-family high density units at the time of full build-out.

The cost to construct all the facilities necessary to service property within Improvement Area 1 is estimated at approximately \$103,978,446 and is comprised of backbone infrastructure, soft costs and subdivision infrastructure. Backbone facilities infrastructure improvements for Improvement Area 1 are expected to include transportation improvements, water system improvements, recycled water system improvements, drainage system improvements, wastewater system improvements, and park, parkway and open space improvements. Subdivision infrastructure improvements for development of Improvement Area 1 includes intract infrastructure such as underground utilities, subdivision roadways, street lighting, soundwalls and landscaping improvements. The tables below summarize the budgeted construction costs for each phase of development within Improvement Area 1.

<b>Phase 2A Budgeted Construction Costs</b>		
<b>Description</b>		<b>Costs</b>
Common Infrastructure	\$	11,550,788
Grading and Backbone		12,792,546
Subdivision Improvements		17,563,853
Soft Costs		4,232,732
<b>Total Construction Costs</b>	<b>\$</b>	<b>46,139,918</b>

<b>Phase 2B Budgeted Construction Costs</b>		
<b>Description</b>		<b>Costs</b>
Grading and Backbone	\$	7,347,462
Subdivision Improvements		12,641,188
Soft Costs		1,606,000
<b>Total Construction Costs</b>	<b>\$</b>	<b>21,594,650</b>

<b>Phase 2C Budgeted Construction Costs</b>		
<b>Description</b>		<b>Costs</b>
Grading and Backbone	\$	13,162,068
Subdivision Improvements		18,130,000
Soft Costs		4,951,810
<b>Total Construction Costs</b>	<b>\$</b>	<b>36,243,878</b>

Notice of this public hearing was published in the Folsom Telegraph on April 7, 2022.

**POLICY / RULE**

Resolution No. 9282 – A Resolution of the City Council of the City of Folsom Approving Goals and Policies for Community Facilities Districts

Chapter 3.110, “Community Facilities Financing”, of the Folsom Municipal Code

Mello-Roos Community Facilities Act of 1982

Marks-Roos Local Bond Pooling Act of 1985

**ANALYSIS**

The Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 1 Special Tax Revenue Bonds, Series 2022 (Series 2022 Revenue Bonds) are being issued by the Folsom Ranch Financing Authority (FRFA) in a not to exceed amount of \$17,000,000 to finance the purchase of the limited obligation special tax bonds (Local Obligations), issued by CFD No. 23 (Folsom Ranch). The purchase price of the Local Obligations will be used to finance the acquisition and construction of certain public facilities, fund a debt service reserve account, fund capitalized interest to September 1, 2022, and pay certain costs of issuance of the Local Obligations and Series 2022 Revenue Bonds.

A special tax will be levied and collected annually to service the Local Obligations. Every year, CFD 23 shall determine the annual special tax requirement relating to Improvement Area 1. The annual special tax requirement is that amount of special tax revenue required in any fiscal year for Improvement Area 1 to:

- Pay administrative expenses
- Pay annual debt service on all outstanding bonds for Improvement Area 1
- Pay other periodic costs on outstanding bonds, including credit enhancement or rebate payments, if applicable
- Pay any amounts required to replenish the reserve fund
- Pay for reasonably anticipated delinquent special taxes
- Fund Improvement Area 1 PAYGO costs
- Pay for authorized services
- Pay other associated costs as listed in the Rate and Method of Apportionment

The special tax shall be levied each fiscal year proportionately on each Sacramento County assessor's parcel of taxable property within Improvement Area 1 at a rate up to 100% of the applicable maximum special tax to satisfy the annual special tax requirement. As of the most current appraisal, the appraised value for the property within Improvement Area 1 is \$183,319,655 and the value-to-lien ratio is 5.9:1, which is in compliance with the City's CFD policy. The total projected residential property tax level for both developed single-family high-density property and developed multi-family low-density property within CFD No. 23 Improvement Area 1 is approximately 1.92% and approximately 1.93%, respectively, and shall not exceed 2.0% of the estimated sales price of the respective homes to be constructed in Improvement Area 1.

Upon the conclusion of the noticed public hearing, and by adopting the proposed City Council Resolution, the City Council is taking the following actions in connection with the Local Obligations:

1. Determining that there are significant public benefits to the City from the proposed financing and approving the Series 2022 Revenue Bonds
2. Authorizing the issuance of an aggregate principal amount of not to exceed \$17,000,000 in Local Obligations
3. Approving the form and substance and the execution and delivery of the First Supplemental Indenture with U.S. Bank Trust Company, National Association
4. Approving the form and substance and the execution and delivery of the Continuing Disclosure Certificate
5. Approving the form and substance and delivery of the Preliminary Official Statement, and authorizing the preparation, delivery and execution of a final Official Statement
6. Approving the form and substance and execution and delivery of the Local Obligation Purchase Contract
7. Approving the form and substance and execution and delivery of the Trust Agreement

8. Authorizing the officers of the City to execute any and all documents and instruments, for and on behalf of the City and/or CFD No. 23, to carry out the issuance of the Local Obligations

By adopting the proposed FRFA Resolution, the Governing Board is taking the following actions in connection with the Series 2022 Revenue Bonds:

1. Authorizing the issuance of an aggregate principal amount of not to exceed \$17,000,000 in Series 2022 Revenue Bonds
2. Approving the form and substance and execution and delivery of the Trust Agreement
3. Approving the form and substance and execution and delivery of the Local Obligation Purchase Contract
4. Approving the form and substance and execution and delivery of the Bond Purchase Contract
5. Approving the form and substance of the Preliminary Official Statement authorizing the Treasurer to determine when said Preliminary Official Statement is final, and authorizing the distribution of both the Preliminary Official Statement and the Official Statement to be distributed by the Underwriter.
6. Authorizing the officers of the FRFA to execute and deliver any and all documents, and to do any and all things deemed necessary to comply with the terms and intent of this resolution.

Other documents included as exhibits to this staff report include:

- Preliminary Official Statement
- Trust Agreement
- First Supplemental Indenture
- Local Obligation Purchase Contract
- Bond Purchase Agreement
- Continuing Disclosure Certificate
- Good Faith Estimates

The City has engaged the following consultants to assist in the issuance of these Series 2022 Revenue Bonds:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
Disclosure Counsel: Orrick, Herrington & Sutcliffe LLP  
Tax Consultant: NBS  
Financial Advisor: Fieldman, Rolapp & Associates, Inc.  
Trustee: U.S. Bank Trust Company, National Association

### **FINANCIAL IMPACT**

There is no discernable financial impact on the City of Folsom. The CFD No. 23 formation, bonded indebtedness, and expenses, including those for Improvement Area 1, are solely the

responsibility of CFD No. 23. The City will receive reimbursement from the issuance of the Series 2022 Revenue Bonds for staff time and expenses and will receive an annual administrative fee throughout the term of CFD No. 23; these amounts are intended to offset expenses incurred by the City for administration and other items.

### **ENVIRONMENTAL REVIEW**

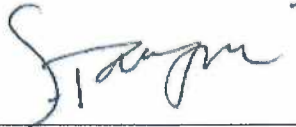
On February 13, 2018, the City Council approved the Mangini Ranch Phase 2 Vesting Tentative Subdivision Map and determined that the Mangini Ranch Phase 2 Subdivision project is entirely consistent with the Folsom Plan Area Specific Plan (FPASP) and Westland Eagle Specific Plan Amendment and therefore exempt from review under the California Environmental Quality Act (CEQA) provided by Government Code section 65457 and CEQA Guidelines sections 15182. No additional environmental review is required.

### **ATTACHMENTS**

1. Resolution No. 10835 - A Resolution of the City Council of the City of Folsom Authorizing the Issuance of the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022, the Execution of a First Supplemental Indenture Providing therefor, Authorizing the Execution of a Local Obligation Purchase Contract, and Authorizing Necessary Actions and the Execution of Other Documents in Connection therewith
2. Resolution No. 008-Folsom Ranch FA - A Resolution of the Governing Board of the Folsom Ranch Financing Authority Authorizing the Issuance, Sale and Delivery of Not to Exceed \$17,000,000 Aggregate Principal Amount of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022; Approving the Form and Substance of a Trust Agreement, Authorizing Modifications thereof and Execution and Delivery as Modified; Approving a Preliminary Official Statement, Authorizing Changes thereto and Execution and Delivery thereof and of an Official Statement to be Derived therefrom; Approving a Local Obligation Purchase Contract and a Bond Purchase Contract and Execution and Delivery of Each; and Authorizing Related Actions Necessary to Implement the Proposed Financing.
3. Trust Agreement by and among the Folsom Ranch Financing Authority and the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and U.S. Bank Trust Company, National Association, as Trustee
4. First Supplemental Indenture between the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and U.S. Bank Trust Company, National Association, as Trustee
5. Preliminary Official Statement for the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022

6. Local Obligation Purchase Contract for the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022 between the Folsom Ranch Financing Authority and the City of Folsom Community Facilities District No. 23 (Folsom Ranch)
7. Bond Purchase Agreement for the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 between the Folsom Ranch Financing Authority and Piper Sandler & Co.
8. Continuing Disclosure Certificate
9. Good Faith Estimates for the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022 and the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022

Submitted,



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Stacey Tamagni  
Finance Director  
Treasurer of the Folsom Ranch Financing Authority

# ATTACHMENT 1



**RESOLUTION NO. 10835**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM  
AUTHORIZING THE ISSUANCE OF THE CITY OF FOLSOM COMMUNITY  
FACILITIES DISTRICT NO. 23 (FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX BONDS, SERIES 2022, THE EXECUTION OF A FIRST  
SUPPLEMENTAL INDENTURE PROVIDING THEREFOR, AUTHORIZING THE  
EXECUTION OF A LOCAL OBLIGATION PURCHASE CONTRACT, AND  
AUTHORIZING NECESSARY ACTIONS AND THE EXECUTION OF OTHER  
DOCUMENTS IN CONNECTION THEREWITH**

**WHEREAS**, the City Council (the “City Council”) of the City of Folsom (the “City”) has formed the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”) and designated various improvement areas therein, including Improvement Area No. 1 (the “Improvement Area”), under the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”); and

**WHEREAS**, the Community Facilities District is authorized under the Act to levy special taxes within the Improvement Area (the “Special Taxes”) to pay the costs of certain public facilities (the “Facilities”) and to issue bonds payable from the Special Taxes; and

**WHEREAS**, in order to provide funds to finance certain of the Facilities (the “Project”), the Community Facilities District proposes to issue not to exceed \$17,000,000 principal amount of its City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022 (the “Local Obligations”); and

**WHEREAS**, the Folsom Ranch Financing Authority (the “Authority”) has agreed to purchase the Local Obligations pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) between the Authority and the Community Facilities District with a portion of the proceeds of the Authority’s City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “Authority Bonds”); and

**WHEREAS**, the City Council has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Local Obligations to the Authority in accordance with the terms of the Local Obligation Purchase Contract will result in a lower overall cost to the Community Facilities District than a public sale; and

**WHEREAS**, there has been submitted to the City Clerk of the City (the “City Clerk”) a form of First Supplemental Indenture (the “First Supplemental Indenture”), between the Community Facilities District and U.S. Bank Trust Company, National Association, as trustee, supplementing and amending that certain Indenture, dated as of October 1, 2020 (as supplemented by the First Supplemental Indenture, the “Indenture”), between the Community Facilities District and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, as successor to MUFG Union Bank, N.A., each as trustee, providing for the issuance of the Local Obligations and a form of Local Obligation Purchase Contract providing for the sale of the Local Obligations to the Authority; and

**WHEREAS**, there has been submitted to the City Clerk a form of Trust Agreement (the “Trust Agreement”), among the Authority, the Community Facilities District and U.S. Bank Trust Company, National Association, as trustee, providing for the issuance of the Authority Bonds; and

**WHEREAS**, the Authority has authorized the sale of the Authority Bonds to Piper Sandler & Co., as underwriter (the “Underwriter”), with the net proceeds of sale thereof to be utilized to purchase the Local Obligations from the Community Facilities District; and

**WHEREAS**, the Community Facilities District desires to assist the Underwriter in its compliance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) pursuant to a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”); and

**WHEREAS**, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the City Clerk; and

**WHEREAS**, there have been prepared and submitted to the City Council for consideration at this meeting the forms of:

- (a) the Trust Agreement;
- (b) the First Supplemental Indenture;
- (c) the Local Obligation Purchase Contract;
- (d) the Continuing Disclosure Certificate; and
- (e) the Preliminary Official Statement; and

**WHEREAS**, the City Council has considered the evidence of the public benefits to the Community Facilities District of the proposed financing and is fully advised in the premises; and

**WHEREAS**, the Community Facilities District desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations; and

**WHEREAS**, on this date, the City held a public hearing on the financing of the Project in accordance with Section 6586.5 of Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “Marks-Roos Act”); and

**WHEREAS**, in accordance with Section 6586.5 of the Marks-Roos Act, notice of such hearing was published once at least five days prior to the hearing in the *Folsom Telegraph*, a newspaper of general circulation in the City; and

**WHEREAS**, Government Code Section 5852.1 requires that the City Council obtain from an underwriter, financial adviser or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

**WHEREAS**, in compliance with Government Code Section 5852.1, the City Council has obtained from Fieldman, Rolapp & Associates, Inc., the municipal adviser to the Community Facilities District, the required good faith estimates and such estimates have been disclosed at this meeting; and

**WHEREAS**, the City Council is the legislative body of the Community Facilities District;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Folsom, as follows:

Section 1. The foregoing recitals are true and correct, and the City Council so finds and determines.

Section 2. The City Council, on behalf of the City, hereby approves the issuance of the Authority Bonds to finance the Project and finds that the use of the Marks-Roos Act to assist the Community Facilities District in financing the Project will result in significant public benefits to the citizens of the City, including more efficient delivery of local agency services to residential and commercial development.

Section 3. Subject to the conditions described in Section 8, the issuance of the Local Obligations in an aggregate principal amount not to exceed \$17,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Local Obligations shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to redemption, shall be issued in the form, and shall be as otherwise provided in the Indenture.

Section 4. The form of the First Supplemental Indenture providing for the issuance of the Local Obligations, on file with the City Clerk, is hereby approved, and the City Manager of the City (the "City Manager"), the Finance Director of the City (the "Finance Director") and the Chief Financial Officer of the City (the "Chief Financial Officer") and such other officers of the City as the City Manager, the Finance Director or the Chief Financial Officer shall designate (each an "Authorized Officer" and collectively, the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name and on behalf of the Community Facilities District, to execute and deliver the First Supplemental Indenture in substantially said form, with such changes therein as may be approved by the City Attorney of the City (the "City Attorney"), such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form of the Continuing Disclosure Certificate, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Continuing Disclosure Certificate in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Certificate by such Authorized Officer.

Section 6. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Authority Bonds is hereby authorized and approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to certify to the Underwriter that the Preliminary Official Statement has been “deemed final” for purposes of Rule 15c2-12.

Section 7. The preparation and delivery of a final Official Statement (the “Official Statement”), and its use in connection with the offering and sale of the Authority Bonds is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are, and each of them is, hereby authorized and directed to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the Community Facilities District.

Section 8. The form of the Local Obligation Purchase Contract providing for the sale of the Local Obligations to the Authority, on file with the City Clerk, is hereby approved, and the Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Local Obligation Purchase Contract in substantially said form, with such changes therein as may be approved by the City Attorney, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the final maturity of the Local Obligations shall be no later than September 1, 2052, the principal amount of the Local Obligations shall not exceed seventeen million dollars (\$17,000,000) and the true interest cost (taking into consideration the associated underwriter’s discount and any original issue premium or discount relating to the Authority Bonds) of the Local Obligations shall not exceed five and one half percent (5.5%).

Section 9. The form of the Trust Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Trust Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer.

Section 10. Pursuant to Section 53345.8 of the Act and the City's Local Goals and Policies, the City Council hereby finds and determines that the value of the real property that would be subject to the Special Taxes to pay debt service on the Local Obligations will be at least three (3) times the principal amount of the Local Obligations to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the Improvement Area or a special assessment levied on property within the Improvement Area. The City Council determines in its sole discretion that it is necessary and desirable to waive certain of its Local Goals and Policies to the extent the issuance of the Local Obligations does not conform thereto.

Section 11. The officers of the City are hereby authorized and directed, jointly and severally, for and on behalf of the City and/or the Community Facilities District to do any and all things that they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, including any subsequent amendments, waivers or consents entered into or given in accordance with any of the documents approved hereby. The City Manager, the Finance Director, the Chief Financial Officer, the City Clerk and the officers of the City are hereby authorized and directed to execute and deliver, for and on behalf of the City and/or the Community Facilities District, any and all certificates and representations necessary and desirable to accomplish the transactions set forth above.

Section 12. This resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** this 12<sup>th</sup> day of April, 2022, by the following roll call vote:

**AYES:** Councilmember(s):

**NOES:** Councilmember(s):

**ABSENT:** Councilmember(s):

**ABSTAIN:** Councilmember(s):

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Kerri M. Howell, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK

## **ATTACHMENT 2**

**RESOLUTION NO. 008-FOLSOM RANCH FA**

**RESOLUTION OF THE GOVERNING BOARD OF THE FOLSOM RANCH FINANCING AUTHORITY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$17,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23 (FOLSOM RANCH) IMPROVEMENT AREA NO. 1 SPECIAL TAX REVENUE BONDS, SERIES 2022; APPROVING THE FORM AND SUBSTANCE OF A TRUST AGREEMENT, AUTHORIZING MODIFICATIONS THEREOF AND EXECUTION AND DELIVERY AS MODIFIED; APPROVING A PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING CHANGES THERETO AND EXECUTION AND DELIVERY THEREOF AND OF AN OFFICIAL STATEMENT TO BE DERIVED THEREFROM; APPROVING A LOCAL OBLIGATION PURCHASE CONTRACT AND A BOND PURCHASE CONTRACT AND EXECUTION AND DELIVERY OF EACH; AND AUTHORIZING RELATED ACTIONS NECESSARY TO IMPLEMENT THE PROPOSED FINANCING**

**WHEREAS**, the Folsom Ranch Financing Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the “Authority”); and

**WHEREAS**, the City Council (the “City Council”) of the City of Folsom (the “City”) has formed the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”) and designated various improvement areas therein, including Improvement Area No. 1, under the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”); and

**WHEREAS**, the Community Facilities District has completed its legal proceedings under the Act with respect to authorizing the issuance and sale of the “City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022” (the “Local Obligations”) for the purpose of financing certain public facilities within the City south of Highway 50;

**WHEREAS**, the Community Facilities District is empowered under the provisions of the Act to undertake legal proceedings for the levy of a special tax and for the issuance, sale and delivery of special tax bonds upon the security of the recorded special tax liens; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code (the “Law”) to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies and applying the proceeds of the bonds to finance certain authorized public facilities; and

**WHEREAS**, the Authority desires to issue the “Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022” (the “Bonds”) pursuant to that certain Trust Agreement (the “Trust Agreement”), among the Authority, the Community Facilities District and

U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), in order to provide funds to purchase the Local Obligations; and

**WHEREAS**, 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 seventeen million dollars (\$17,000,000); and

**WHEREAS**, the Authority and the Community Facilities District have determined that all things necessary to make the Bonds, when authenticated by the Trustee, and issued as provided in the Trust Agreement, the valid, binding and legal obligations of the Authority according to the import thereof and hereof have been done and performed; and

**WHEREAS**, in furtherance of implementing the financing, there have been filed with the Authority Secretary for consideration and approval by this Board forms of the following:

- (a) a Trust Agreement, under the terms of which the Bonds are to be issued and the Revenues (as said term is defined in the Trust Agreement and as said Revenues are received by the Authority as holder of the Local Obligations) are to be administered to pay the principal of and interest on the Bonds;
- (b) a Local Obligation Purchase Contract, under the terms of which, among other things, the Community Facilities District agrees to sell and the Authority agrees to purchase the Local Obligations;
- (c) a Bond Purchase Contract, under the terms of which, among other things, the Authority agrees to sell and the underwriter agrees to purchase the Bonds; and
- (d) a Preliminary Official Statement, describing the Bonds and the Local Obligations; and

**WHEREAS**, Government Code Section 5852.1 requires that the Governing Board of the Authority obtain from an underwriter, financial adviser or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

**WHEREAS**, in compliance with Government Code Section 5852.1, the Governing Board of the Authority has obtained from Fieldman, Rolapp & Associates, Inc., municipal adviser to the Authority, the required good faith estimates and such estimates have been disclosed at this meeting; and

**WHEREAS**, being fully advised in the matter of the proposed financing program, this Board wishes to proceed with implementation of said financing program; and



**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby 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, pursuant to each and every 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 herein provided; and

**WHEREAS**, as required by the Law, the City has conducted a public hearing and has determined that the issuance of the Bonds by the Authority and the acquisition of the Local Obligations will result in significant public benefits, including more efficient delivery of local agency services to residential and commercial development.

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Board of the Folsom Ranch Financing Authority as follows:

Section 1. The foregoing recitals are true and correct, and this Board so finds and determines.

Section 2. Pursuant to the Law, the Bonds shall be issued in the aggregate principal amount of not to exceed seventeen million dollars (\$17,000,000). No Bond shall mature later than September 1, 2052.

Section 3. The form and substance of the Trust Agreement are hereby approved. The Treasurer of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form and substance of the Local Obligation Purchase Contract is hereby approved. The Treasurer of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Local Obligation Purchase Contract in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form and substance of the Bond Purchase Contract is hereby approved. The Treasurer of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Contract in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the true interest cost of the Bonds shall not exceed five and one half percent (5.5%) and the underwriter's discount (exclusive of original issue discount) shall not exceed one and one half percent (1.50%).

Section 6. (a) The form and substance of the Preliminary Official Statement is hereby approved. The Treasurer of the Authority or designee thereof is authorized to execute the final Official Statement to be derived therefrom.

(b) This Board hereby authorizes the Treasurer of the Authority or designee thereof to find and determine that said Preliminary Official Statement in preliminary form is, and as of its date shall be deemed “final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission, and the Treasurer of the Authority or designee thereof is hereby authorized to execute a certificate to such effect in the customary form.

(c) The Treasurer of the Authority or designee is authorized to approve corrections and additions to the Preliminary Official Statement by supplement or amendment thereto, by appropriate insertions, or otherwise as appropriate, provided that such corrections or additions shall be regarded by such officer as necessary to cause the information contained therein to conform to facts material to the Bonds or the Local Obligations or to the proceedings of this Board or the City Council or that such corrections or additions are in form rather than in substance.

(d) The underwriter of the Bonds is authorized to distribute said Preliminary Official Statement and the final Official Statement to be derived therefrom in connection with the sale and delivery of the Bonds.

Section 7. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including any agency agreement, which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution, including any subsequent amendments, waivers or consents entered into or given in accordance with any of the documents approved hereby, and to obtain a policy of bond insurance, a rating and/or a reserve fund surety policy for any series of the Bonds. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 8. This resolution shall take effect immediately upon its passage.

**PASSED AND ADOPTED** this 12<sup>th</sup> day of April, 2022, by the following roll call vote:

**AYES:** Board Member(s):

**NOES:** Board Member(s):

**ABSENT:** Board Member(s):

**ABSTAIN:** Board Member(s):

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Kerri M. Howell, CHAIR

ATTEST:

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Christa Freemantle, SECRETARY

## **ATTACHMENT 3**

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TRUST AGREEMENT

by and among the

FOLSOM RANCH FINANCING AUTHORITY

and the

CITY OF FOLSOM  
COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Trustee

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Relating to the

\$\_[\_\_\_\_\_]  
FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT  
NO. 23 (FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS,  
SERIES 2022

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Dated as of May 1, 2022

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## TRUST AGREEMENT

This Trust Agreement (the “Trust Agreement”), dated as of May 1, 2022, by and among the Folsom Ranch 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 Folsom Community Facilities District No. 23 (Folsom Ranch), organized and existing under and by virtue of the laws of the State of California (the “Community Facilities District”) and U.S. Bank Trust Company, National Association, 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 empowered under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, being Article 4, Chapter 5, Division 7, Title 1 of the California Government Code (the “Law”), to issue its bonds for the purpose of purchasing various Local Obligations (as defined herein) issued by certain local agencies; and

WHEREAS, the Authority has determined to issue its Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “Authority Bonds”) to be secured by a pledge, lien and claim upon the Revenues (as that term is defined herein) in order to provide a portion of the funds necessary to purchase the Local Obligations (as that term is defined herein); and

WHEREAS, the Authority and the Community Facilities District have determined that all things necessary to make the Authority Bonds (as that term is defined herein), 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; and

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that 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 principal of and redemption premiums, if any, on all Authority Bonds Outstanding (as that term is defined herein) hereunder from time to time according to their tenor and effect, and the making of such other payments required to be made by the Authority and the satisfaction of all the agreements, conditions, covenants and terms expressed and implied herein and in the Authority Bonds, the Authority 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 Authority Bonds;
- (b) the Revenues (as that term is defined herein);

(c) the amounts in the Funds (as that term is defined herein) established and held hereunder, except amounts in the Rebate Fund; 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 Owner 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 Authority 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 THIS TRUST AGREEMENT FURTHER WITNESSETH, and it is expressly declared, that all Authority Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the 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 Community Facilities District have agreed and covenanted, and do hereby agree and covenant, with the Trustee and with the Owner, 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” shall mean 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” shall mean the Folsom Ranch Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California, and its successors and assigns.

“Authority Bond” or “Authority Bonds” shall mean the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022. “Serial Authority Bonds” shall mean the Authority Bonds for which no Minimum Sinking Fund Payments are provided. “Term Authority Bonds” shall mean the Authority Bonds which are payable on or before their specified maturity date from Minimum Sinking Fund Payments established for that purpose and calculated to retire such Authority Bonds on or before their specified maturity date.

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

“Authorized Officer” shall mean, when used with reference to the Authority, the Chair, the Treasurer or any other person authorized by the Authority in a Written Order or resolution to perform an act or sign a document on behalf of the Authority for the purposes hereof, and when used with reference to the Community Facilities District and the City, acting for and on behalf of the Community Facilities District, the Mayor, the Chief Financial Officer, the Finance Director or any other person authorized by the City or the Community Facilities District, as applicable, in a Written Order or resolution to perform an act or sign a document on behalf of the City or the Community Facilities District for the purposes hereof.

“Bond Counsel” shall mean an 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” shall mean the registration books specified as such in Section 2.05.

“Bond Year” shall mean 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 and initial delivery of the Authority Bonds and end on September 1, 2022.

“Business Day” shall mean any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banks in New York, New York, or the city in which the Corporate Trust Office of the Trustee is located, are closed.

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

“Cash Flow Consultant” shall mean a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field relating to municipal securities such as the Authority Bonds, appointed and paid by the Community Facilities District or the Authority and who, or each of whom:

(1) is in fact independent and not under the domination of the Community Facilities District, the Authority or the City;

(2) does not have any substantial interest, direct or indirect, with the Community Facilities District, the Authority or the City; and

(3) is not connected with the Community Facilities District, the Authority or the City as a member, officer or employee of the Community Facilities District, the Authority or the City, but who may be regularly retained to make annual or other reports to the Community Facilities District, the Authority or the City.

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

“Chair” shall mean the Chair of the Authority.



“Chief Financial Officer” shall mean the Chief Financial Officer of the City.

“City” shall mean the City of Folsom, a charter city and municipal corporation duly organized and existing under its charter and the Constitution and laws of the State of California, and its successors.

“City Manager” shall mean the City Manager of the City.

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

“Community Facilities District” shall mean the City of Folsom Community Facilities District No. 23 (Folsom Ranch), established by the City pursuant to the Act.

“Corporate Trust Office” shall mean the designated corporate trust office of the Trustee at the location set forth in Section 13.03.

“Dated Date” shall mean the applicable date of the original execution and delivery of the Authority Bonds.

“DTC” shall mean The Depository Trust Company, in New York, New York; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depository as the Authority may designate in an Officer’s Certificate delivered to the Trustee.

“Event of Default” shall mean an event of default specified as such in Section 8.01.

“Finance Director” shall mean the Finance Director of the City.

“Fund” or “Funds” shall mean 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 Obligations Fund and the Rebate Fund, including all accounts therein.

“Government Obligations” shall mean any Investment Securities described in clause (i) or clause (ii) of the definition thereof but excluding any securities that are callable or prepayable prior to the redemption or maturity date of the Authority Bonds to be paid therefrom, and excluding any securities that do not have a fixed par value or the terms of which do not promise a fixed dollar amount at maturity or earlier call date.

“Improvement Area” means Improvement Area No. 1 of the Community Facilities District.

“Indenture Trustee” means U.S. Bank Trust Company, National Association, as successor trustee under the Local Obligations Indenture.

“Interest Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Interest Payment Date” shall mean March 1 and September 1 in each year, commencing on [September 1, 2022].

“Investment Securities” shall mean and include any of the following securities, to the extent permitted by the laws of the State and the City’s Investment Policy, for and on behalf of the Community Facilities District as it may be amended from time to time:

(i) Cash (insured at all times by the Federal Deposit Insurance Corporation or fully collateralized by Investment Securities described in clause (ii) hereof);

(ii) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:

- (A) All direct or fully guaranteed U.S. Treasury obligations;
- (B) Farmers Home Administration;
- (C) General Services Administration;
- (D) Guaranteed Title XI financing;
- (E) Government National Mortgage Association (GNMA); and
- (F) U.S. Treasury - State and Local Government Series;

(iii) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- (A) Export-Import Bank;
- (B) Rural Economic Community Development Administration;
- (C) U.S. Maritime Administration;
- (D) Small Business Administration;
- (E) U.S. Department of Housing & Urban Development (PHAs);
- (F) Federal Housing Administration; and
- (G) Federal Financing Bank;

(iv) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- (A) Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);

(B) Obligations of the Resolution Funding Corporation (REFCORP);  
(C) Senior debt obligations of the Federal Home Loan Bank System;  
and

(D) Senior debt obligations of other Government Sponsored Agencies;

(v) U.S. Dollar-denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (provided that ratings on holding companies shall not be considered the rating of the bank) or fully collateralized by Investment Securities described in clause (ii) hereof for amounts in excess of deposit insurance;

(vi) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(vii) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or an affiliate provides investment management or other services but excluding funds with a floating net asset value;

(viii) "Pre-refunded Municipal Obligations," defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or (B) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (ii) of this definition, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(ix) Any bonds or other obligations of any agency, instrumentality or local governmental unit of any state of the United States of America which are rated "Aaa/AAA" or general obligations of any such state with ratings of "A2" or higher by Moody's and "A" or higher by S&P.

(x) The Local Agency Investment Fund (established under Sections 53600-53609 of the California Government Code, as amended or supplemented from time to time).

“Law” shall mean 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, and all laws amendatory thereof or supplemental thereto.

“Letter of Representation” shall mean the letter of the Authority delivered to and accepted by the Depository on or prior to the issuance of the Authority Bonds setting forth the basis on which the Depository serves as depository for such Authority Bonds as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

“Local Obligations Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Local Obligations Indenture” shall mean the indenture authorizing and securing the Local Obligations and pursuant to which the Local Obligations were issued, as supplemented.

“Local Obligation Purchase Contract” shall mean the purchase contract entered into between the Authority and the Community Facilities District providing for the purchase of the Local Obligations by the Authority with the proceeds of the Authority Bonds.

“Local Obligations” shall mean the Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022 to be issued by the Community Facilities District pursuant to the Act and to be purchased by the Authority pursuant to the Law.

“Mayor” shall mean the Mayor of the City.

“Minimum Sinking Fund Payments” shall mean the payments required by Section 2.01 to be deposited in the Sinking Fund Account.

“Moody’s” shall mean Moody’s Investors Service Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority (which shall be under no liability by reason of such selection).

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

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

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

(a) Authority Bonds canceled or surrendered to the Trustee for cancellation pursuant to Section 2.08;

(b) Authority Bonds deemed to have been paid pursuant to Section 12.02;

(c) Authority Bonds in lieu of or in substitution for which other Authority Bonds shall have been authenticated and delivered pursuant to Section 2.03; and

(d) Authority Bonds paid pursuant to Section 2.03.

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

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

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

“Principal Installment,” when used with respect to any Principal Payment Date, shall mean the principal amount of Outstanding Authority Bonds due on such date.

“Principal Payment Date,” when used with reference to an Authority Bond, shall mean the maturity date or the Minimum Sinking Fund Payment date for such Authority Bond.

“Proceeds Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Rebate Fund” shall mean the fund by that name established pursuant to Section 5.01.

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

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

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

“Redemption Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Responsible Officer of the Trustee” means any officer within the global corporate trust department (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of this Trust Agreement.

“Revenue Fund” shall mean the fund by that name established pursuant to Section 5.01.

“Revenues” shall mean all amounts received by the Trustee as the payment of interest on, or the equivalent thereof, and the payment or return of principal of, or redemption premiums, if any, on, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments, or redemption premiums, Special Tax Prepayments or remedial proceedings taken in the event of a default thereon, and all investment earnings on any money held in the Funds held hereunder (except the Rebate Fund).

“S&P” shall mean S&P Global Ratings, a business of Standard & Poor’s Financial Services LLC, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority (which shall be under no liability by reason of such selection).

“Secretary” shall mean the Secretary of the Authority.

“Sinking Fund Account” shall mean the account within the Principal Fund by that name established pursuant to Section 2.01.

“Special Tax” shall mean the special tax authorized to be levied and collected annually on all Taxable Property in the Improvement Area under and pursuant to the Act at the special election held in the Community Facilities District.

“Special Tax Prepayments” shall mean all payments to the Community Facilities District by or on behalf of the owner of a parcel within the Improvement Area subject to a Special Tax to accomplish a pay-off of the Special Tax obligation pertaining to such parcel and the discharge of the Special Tax lien with respect to such parcel (except the portion thereof, if any, which represents accrued interest on the Local Obligations).

“Special Tax Revenues” shall mean all money collected and received by the Community Facilities District on account of unpaid Special Tax obligations within the Improvement Area, including all amounts collected in the normal course by the Community Facilities District, all Special Tax Prepayments and all amounts received by the Community Facilities District as a result of superior court foreclosure proceedings brought to enforce payment of delinquent Special Taxes within the Improvement Area, but excluding therefrom any amounts explicitly included therein on account of collection charges, administrative cost charges, or attorneys’ fees and costs paid as a result of foreclosure actions.

“Special Record Date” shall mean the date established by the Trustee pursuant to Section 2.01 as a record date for the payment of defaulted interest on the Authority Bonds.

“State” shall mean the State of California.

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

“Term Authority Bonds” shall mean the Authority Bonds which are payable on or before their specified maturity date from Minimum Sinking Fund Payments established for that purpose and calculated to retire such Authority Bonds on or before their specified maturity date.

“Tax Certificate” shall mean each certificate for the Authority Bonds relating to various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Authority and the Community Facilities District on the Dated Date, as the same may be amended or supplemented in accordance with its terms.

“Treasurer” shall mean the Treasurer of the Authority.

“Taxable Property” shall mean all property within the Improvement Area taxable under the Act in accordance with the proceedings for the authorization of the issuance of the Local Obligations and the levy and collection of the Special Tax.

“Trust Agreement” shall mean this Trust Agreement dated as of May 1, 2022, by and among the Authority, the Community Facilities District and the Trustee pursuant to which the Authority Bonds are to be issued, as amended or supplemented from time to time in accordance with its terms.

“Trust Estate” shall have the meaning ascribed thereto in the granting clause hereof.

“Trustee” shall mean U.S. Bank Trust Company, National Association, 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.

“Written Order” shall mean, when used with reference to the Authority, a written order or written direction of the Authority to the Trustee signed by an Authorized Officer, and when used with reference to the Community Facilities District, an instrument in writing signed by the City Manager or the Finance Director, or by any other officer of the City duly authorized by the City Council, as legislative body of the Community Facilities District, for that purpose.

SECTION 1.02. Rules of Construction. Except where the context otherwise requires, all words imparting the singular number shall include the plural number and vice versa, and all pronouns inferring the masculine gender shall 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 shall be solely for convenience of reference and shall 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 this Trust Agreement as a whole and not to any particular article, section, subdivision or clause thereof.

## ARTICLE II

### TERMS OF AUTHORITY BONDS

SECTION 2.01. The Authority Bonds. The Authority Bonds shall be issued under and secured by this Trust Agreement and shall be in the form of fully registered bonds in

denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) in excess thereof designated the “Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022” and shall be in the aggregate principal amount of [ ] dollars (\$[ ]). The Authority Bonds shall be dated the Dated Date and shall bear interest at the rates specified in the table below, such interest being payable semiannually on each Interest Payment Date, and shall mature on the Principal Payment Dates in the following years in the following principal amounts, namely:

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

\* Term Bonds

Minimum Sinking Fund Payments are hereby established for the mandatory redemption and payment of the Term Authority 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 Term Authority Bonds have been redeemed pursuant to Section 4.02 or 4.03, the amounts of such Minimum Sinking Fund Payments shall be reduced proportionately by the principal amount of all such Term Authority Bonds so redeemed), namely:

Term Authority Bond Maturing September 1, 20[ ]

Year Ending September 1	Minimum Sinking Fund Account Payment
	\$

\*

\* Maturity.



<u>Term Authority Bond Maturing September 1, 20[ ]</u>	
<u>Year</u>	<u>Minimum</u>
<u>Ending</u>	<u>Sinking Fund</u>
<u>September 1</u>	<u>Account Payment</u>
	<u>\$</u>

\*

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\* Maturity.

All such Minimum Sinking Fund Payments for the Term Authority Bonds shall be deposited in a separate account in the Principal Fund, which account is hereby established and shall be known as the Sinking Fund Account and which account the Authority hereby agrees and covenants to cause to be maintained by the Trustee so long as any Term Authority Bonds are Outstanding. All 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 years inclusive, shall be used and withdrawn by the Authority on each such September 1 for the mandatory redemption or payment of the Term Authority Bonds maturing on September 1, 20[ ]; and all 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 years inclusive, shall be used and withdrawn by the Authority on each such September 1 for the mandatory redemption or payment of the Term Authority Bonds maturing on September 1, 20[ ], and the Authority hereby agrees and covenants with the Owners of the respective Term Authority Bonds to call and redeem in accordance with Section 4.04 or pay the Term Authority Bonds from Minimum Sinking Fund Payments deposited in the Sinking Fund Account pursuant to this paragraph whenever on September 1 of any year there is money in the Sinking Fund Account available for such purpose.

The interest on and principal of and redemption premiums, if any, on the Authority Bonds shall be payable in lawful money of the United States of America. The Authority Bonds shall be issued as fully registered bonds and shall be numbered from one (1) upward. The Authority Bonds shall bear interest from the Dated Date. Payment of the interest on any Authority 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 each Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date for that purpose; except that in the case of an Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Authority Bonds, upon written request of such Owner to the Trustee received not later than such Record Date, such interest shall be paid on such 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 that is located in the continental United States of America. The principal of and redemption premiums, if any, on the Authority Bonds shall be payable by the Trustee at its Corporate Trust Office upon presentation and surrender of such Authority Bonds. Interest shall be calculated on the basis of a 360-day year consisting of twelve (12) 30-day calendar months; provided, that notwithstanding any other provision herein contained, any interest 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 Authority 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 of which shall be given to the Owner not less than ten (10) Business Days prior to such Special Record Date.

SECTION 2.02. Form of Authority Bonds. The Authority Bonds and the forms of the certificate of authentication, the assignment and the DTC endorsement to appear thereon shall be substantially as set forth in Exhibit A hereto, with such variations, insertions or omissions as are appropriate and not inconsistent herewith.

SECTION 2.03. Authority Bonds Mutilated, Destroyed, Stolen or Lost. In the event any Authority Bond is mutilated, lost, stolen or destroyed, the Authority may execute and, upon its request in writing, the Trustee shall authenticate and deliver a substitute Authority Bond of the same principal amount and maturity as the mutilated, lost, stolen or destroyed Authority Bond in exchange and substitution for such mutilated Authority Bond, or in lieu of and substitution for such lost, stolen or destroyed Authority Bond.

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

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

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

SECTION 2.04. Execution of Authority Bonds. All Authority 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.

If any of the officers who shall have signed any Authority Bond shall cease to be such officer of the Authority before the Authority Bond so signed shall have been actually authenticated by the Trustee or delivered, such Authority Bond nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed such Authority Bond had not ceased to be such officer of the Authority, and any such Authority Bond may be signed on behalf of the Authority by those persons who, at the actual date of the execution of such Authority Bond, shall be the proper officers of the Authority, although on the date of such Authority Bond any such person shall not have been such officer of the Authority.

SECTION 2.05. Transfer and Registration of Authority Bonds. The Authority Bonds shall 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 Authority Bonds as provided herein. All Authority 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 or her attorney duly authorized in writing, and all such Authority Bonds shall be surrendered to the Trustee and canceled by the Trustee pursuant to Section 2.08. The Authority and the Trustee shall be entitled to conclusively treat the Owner as the absolute owner of such Authority Bond for the purpose of receiving any payment of the interest on or principal of or redemption premium, if any, on such Authority Bond and for all other purposes hereof, whether such Authority 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 Authority Bond to the extent of the sum or sums so paid.

SECTION 2.06. Regulations with Respect to Exchange or Transfer of Authority Bonds.

In all cases in which the privilege of exchanging or registering the transfer of Authority Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Authority Bonds in accordance with the provisions hereof. There shall be no charge to the Owner for any such exchange or registration of transfer of Authority 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 Authority Bond during the period established by the Trustee for selection of Authority Bonds for redemption or to register the transfer or exchange of any Authority Bond selected for redemption.

Upon surrender for exchange or transfer of any Authority 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 Authority Bond or Authority Bonds, of Authorized Denominations, in the aggregate principal amount which the registered Owner is entitled to receive.

All new Authority Bonds delivered upon any transfer or exchange shall be valid obligations of the Authority, evidencing the same debt as the Authority Bonds surrendered, shall be secured hereby and shall be entitled to all of the security and benefits hereof to the same extent as the Authority Bonds surrendered.

SECTION 2.07. Authentication of Authority Bonds. No Authority 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 Authority 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 Authority Bond issued by the Authority hereunder shall be conclusive evidence and the only competent evidence that such Authority Bond has been duly authenticated and delivered hereunder.

SECTION 2.08. Cancellation of Authority Bonds. Upon the surrender to the Trustee of any mutilated Authority Bond, or any Authority Bond surrendered for transfer or exchange, or any Authority Bond redeemed or paid at maturity, the same shall forthwith be canceled and the Trustee shall destroy such Authority Bonds and the Trustee shall deliver a certificate of destruction with respect thereto to the Authority.

SECTION 2.09. Authority Bonds as Special Obligations. The Authority Bonds are special, limited obligations of the Authority, payable from the Trust Estate and secured as to the payment of the interest on and principal of and redemption premiums, if any, thereon in accordance with their terms and the terms hereof, solely by the Trust Estate. The Authority 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 the interest on or principal of or redemption premiums, if any, on the Authority Bonds except from the Trust Estate. None of the Community Facilities District, the City, the State, any public agency (other than the Authority) or any member of the Community Facilities District or the Authority is obligated to pay the interest on or principal of or redemption premiums, if any, on the Authority Bonds, and neither the faith and credit nor the taxing power of the Community Facilities District, the City, the State or any public agency thereof or any member of the Authority or the Community Facilities District is pledged to the payment of the interest on or principal of or redemption premiums, if any, on the Authority Bonds. The payment of the interest on or principal of or redemption premiums, if any, on the Authority Bonds does not constitute a debt, liability or obligation of the Community Facilities District, the City, the State or any public agency (other than the Authority) or any member of the Authority.

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

SECTION 2.10. Special Covenants as to Book-Entry Only System for Authority Bonds.

(a) Except as otherwise provided in subsections (b) and (c) of this Section, all of the Authority Bonds initially issued shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC shall request pursuant to the Letter of Representation. Payment of the interest on any Authority Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such

Authority Bonds to the account, in the manner and at the address indicated in or pursuant to the Letter of Representation.

(b) The Authority Bonds initially shall be issued in the form of a single authenticated fully registered Authority Bond for each stated maturity of such Authority Bonds, representing the aggregate principal amount of the Authority Bonds of such maturity. Upon initial issuance, the ownership of all such Authority Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.05 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Letter of Representation. The Trustee and any paying agent may conclusively treat DTC (or its nominee) as the sole and exclusive owner of the Authority Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Authority Bonds, selecting the Authority Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners hereunder, registering the transfer of Authority Bonds, obtaining any consent or other action to be taken by Owners of the Authority Bonds and for all other purposes whatsoever; and neither the Trustee nor the Trustee or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Authority Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Authority Bonds, (iii) any notice which is permitted or required to be given to Owners of Authority Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Authority Bonds, or (v) any consent given or other action taken by DTC as Owner of Authority Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Authority Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Letter of Representation, and all such payments shall be valid and effective to satisfy fully and discharge the Trustee's obligations with respect to the principal of and premium, if any, and interest on the Authority Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Authority Bonds will be transferable to such new nominee in accordance with subsection (e) of this Section.

(c) In the event that the Authority determines that the beneficial owners of the Authority Bonds shall be able to obtain Authority Bond certificates, the Trustee shall, upon the written instruction from the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of Authority Bond certificates. In such event, the Authority Bonds will be transferable in accordance with subsection (e) of this Section. DTC may determine to discontinue providing its services with respect to the Authority Bonds at any time by giving written notice of such discontinuance to the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Authority Bonds will be transferable in accordance with subsection (e) of this Section. Whenever DTC requests the Trustee to do so, the Trustee will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Authority Bonds

then Outstanding. In such event, the Authority Bonds will be transferable to such securities depository in accordance with subsection (e) of this Section, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Authority Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Authority Bond and all notices with respect to each such Authority Bond shall be made and given, respectively, to DTC as provided in the Letter of Representation.

(e) In the event that any transfer or exchange of Authority Bonds is authorized under subsection (b) or (c) of this Section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Authority Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.05 and 2.06. In the event Authority Bond certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Authority Bonds, another securities depository as Owner of all the Authority Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.05 and 2.06 shall also apply to, among other things, the registration, exchange and transfer of the Authority Bonds and the method of payment of principal of, premium, if any, and interest on the Authority Bonds.

SECTION 2.11. CUSIP Numbers. The Authority in issuing the Authority Bonds may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” numbers in notices of redemption as a convenience to Owners; provided that the Trustee shall have no liability for any defect in the “CUSIP” numbers as they appear on any Authority Bond, notice or elsewhere, and, provided further that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Authority Bonds or as contained in any notice of redemption and that reliance may be placed only on the other identification numbers printed on the securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Authority shall promptly notify the Trustee in writing of any change in CUSIP numbers.

### ARTICLE III

#### ISSUANCE OF AUTHORITY BONDS

SECTION 3.01. Provisions for the Issuance of Authority Bonds. The Authority 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 the Authority Bonds and containing instructions as to the delivery of the Authority Bonds. The Trustee shall authenticate and deliver the Authority Bonds upon receipt of such Written Order and upon the following having been made available to it:

(a) A copy of the resolution adopted by the Authority approving this 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;

- (b) The proceeds of sale of the Authority Bonds;
- (c) An Officer's Certificate stating that all conditions precedent to the authorization of the Authority 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 purchased with the proceeds of the Authority Bonds, registered in the name of the Trustee; and
- (f) An Opinion or Opinions of Bond Counsel addressing the validity and, if applicable, the tax-exempt status of the Authority Bonds and the validity of the Local Obligations, subject to such exceptions as may be reasonable and appropriate.

SECTION 3.02. Parity and Subordinate Bonds. So long as any of the Authority Bonds remain Outstanding, the Authority shall not issue any bonds or obligations payable from Revenues.

#### ARTICLE IV

##### REDEMPTION OF AUTHORITY BONDS

SECTION 4.01. General Redemption Provisions. The Authority Bonds that are subject to redemption prior to maturity pursuant to this Trust Agreement shall be redeemable, upon mailed notice as provided in this Article, at such times and upon such terms as are contained in this Article.

SECTION 4.02. Optional Redemption. The Authority Bonds are subject to optional redemption by the Authority prior to their respective maturity dates as a whole or in part on any date on or after September 1, 20[ ], from any source of available funds other than Minimum Sinking Fund Payments and Special Tax Prepayments, upon mailed notice as provided herein, at the following redemption prices (computed upon the principal amount of the Authority Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

103% if redeemed on any date on or after September 1, 20[ ] through August 31, 20[ ];

102% if redeemed on any date from September 1, 20[ ] through August 31, 20[ ];

101% if redeemed on any date from September 1, 20[ ] through August 31, 20[ ]; and

100% if redeemed on September 1, 20[ ] and any date thereafter.

SECTION 4.03. Extraordinary Redemption. The Authority Bonds are subject to extraordinary redemption by the Authority prior to their respective maturity dates, as a whole or in part on any Interest Payment Date on or after September 1, 20[ ], solely from funds derived from extraordinary redemption of Local Obligations from Special Tax Prepayments, at the following redemption prices (computed upon the principal amount of the Authority Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

103% if redeemed on an Interest Payment Date on or after September 1, 20[ ] through March 1, 20[ ];

102% if redeemed on an Interest Payment Date on September 1, 20[ ] and March 1, 20[ ];

101% if redeemed on an Interest Payment Date on September 1, 20[ ] and March 1, 20[ ]; and

100% if redeemed on September 1, 20[ ] and any Interest Payment Date thereafter.

SECTION 4.04. Mandatory Redemption. The Term Authority Bonds maturing on September 1, 20[ ], are subject to mandatory redemption by the Authority prior to their maturity date in part on September 1 of each year on and after September 1, 20[ ], to and including September 1, 20[ ]; and the Term Authority Bonds maturing on September 1, 20[ ], are subject to mandatory redemption by the Authority prior to their maturity date in part on September 1 of each year on and after September 1, 20[ ], to and including September 1, 20[ ] from (and in the amount of) the Minimum Sinking Fund Payments due and payable for the Term Authority Bonds on each such date, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium.

SECTION 4.05. Redemption Instructions. Upon any prepayment of a Local Obligation, the Authority shall deliver to the Trustee at least forty-five (45) days prior to the redemption date a Written Order of the Authority designating the amounts and maturities of the Authority Bonds to be redeemed, which shall be in the manner necessary to enable the Authority to deliver a Cash Flow Certificate satisfying the requirements described below. In the event only a portion of the Outstanding Authority Bonds of any maturity are to be redeemed at any one time, the Trustee shall select the particular Authority Bonds of each maturity date to be redeemed in accordance with DTC procedures or, if the Authority Bonds are not then in book-entry, in a manner that it deems appropriate and fair. The Trustee shall redeem Authority Bonds in Authorized Denominations. The Trustee shall promptly notify the Authority in writing of the numbers of the Authority Bonds so selected for redemption on any date. Upon any redemption of a portion but not all of the Outstanding Authority Bonds, the Authority shall deliver to the Trustee a Cash Flow Certificate to the effect that, assuming all payments are made with respect to the Local Obligations, (i) the Revenues, together with moneys on deposit in other funds and account held under this Trust Agreement, will be sufficient to pay all Principal Installments, Minimum Sinking Fund Payments



and interest payments on the Authority Bonds when due; and (ii) the redemption premiums, if any, on the Local Obligations, together with other Revenues available to the Trustee for such purpose, are sufficient to offset any difference between the interest to accrue on the Authority Bonds to be paid or redeemed with the proceeds of prepayment of such Local Obligations (plus any redemption premium payable upon redemption of such Authority Bonds) and the income to be earned on any investment of such proceeds (assured as of the date of payment thereof), in each case until the date of payment or redemption of Authority Bonds, such that in no event will the prepayment of Local Obligations cause the Trustee to have insufficient funds to pay debt service on the Authority Bonds when due. In no event shall Authority Bonds be redeemed if upon such redemption the principal amount of the Local Obligations remaining outstanding will be less than the total principal amount of Outstanding Authority Bonds. Such Written Order of the Authority may specify that optional redemption of the Authority Bonds will be conditioned upon receipt of funds or other events.

SECTION 4.06. Notice of Redemption. Subject to receipt of the Written Order of the Authority delivered pursuant to Section 4.05, the Trustee shall, at the sole cost and expense of the Authority, give notice of redemption as hereinafter provided in this Section; provided, that Authority Bonds, identified by CUSIP numbers, serial numbers and maturity date, have been called for redemption and, in the case of Authority 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 Authority Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), 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, subject to any conditions to such redemption specified in the Written Order of the Authority, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Authority 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 Authority 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 Authority Bond or such portion except to receive payment from such money of such redemption price plus accrued interest to the date fixed for redemption. If sufficient monies for the payment of the redemption price of all Authority Bonds to be redeemed are not then on deposit with the Trustee, such notice shall also state that redemption is conditioned upon the timely deposit of sufficient funds therefor with the Trustee.

Such notice shall be mailed by first class mail, in a sealed envelope, postage prepaid, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption, to the Owners of such Authority Bonds (or portions thereof) so called for redemption, at their respective addresses as the same shall last appear on the Bond Register; provided, that neither the failure of an Owner to receive notice of redemption of Authority Bonds hereunder nor any error in such notice shall affect the validity of the proceedings for the redemption of Authority Bonds.

Any notice of optional redemption hereunder may be rescinded by written notice given by the Authority to the Trustee no later than three (3) Business Days prior to the date specified for redemption, instructing the Trustee to send such notice of rescission. The Trustee shall give notice of rescission of the notice of optional redemption or non-satisfaction of any conditions specified in the notice of optional redemption as soon as practicable to the same parties and in the same manner as the notice of redemption was given pursuant to this Section.

SECTION 4.07. Payment of Redeemed Authority Bonds. If notice of redemption has been given and not rescinded and if the conditions to such redemption specified therein, if any, have been satisfied, each as provided in Section 4.06, the Authority Bonds (or the portions thereof) called for redemption shall become irrevocably 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 Authority 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 an Authority Bond, the Authority shall execute and deliver and the Trustee shall authenticate, upon surrender of such Authority Bond, and without charge to the Owner thereof, Authority Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Authority Bonds so surrendered in such Authorized Denominations as shall be specified by the Owner thereof.

If any Authority 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 Authority Bond or such portion thereof shall cease to accrue from such date, and from and after such date such Authority 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 Authority Bond or such portion except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

SECTION 4.08. Purchase in Lieu of Redemption. In lieu of redemption of any Authority Bond pursuant to the provisions of Section 4.02 or Section 4.03, and after complying with Section 4.05, amounts on deposit in the Proceeds Fund, the Principal Fund or in the Redemption Fund may be used and withdrawn by the Trustee at any time prior to a notice of redemption having been delivered, upon a Written Order for the purchase of such Authority Bonds at public or private sale as and when and at such prices as the Authority may in its discretion determine, but not in excess of the lower of the highest or then current redemption price thereof plus accrued interest to the purchase date; and all Authority Bonds so purchased shall be delivered to the Trustee for cancellation.

## ARTICLE V

### REVENUES AND FUNDS FOR AUTHORITY 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 Authority 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 Obligations Fund and the Rebate Fund.

SECTION 5.02. Deposit of Proceeds of Authority Bonds. The net proceeds received from the sale of the Authority Bonds (in the amount of \$[\_\_\_\_\_], consisting of the principal amount thereof, plus the original issue premium of \$[\_\_\_\_\_] and less an underwriter's discount of \$[\_\_\_\_\_]) 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 for the purchase of the Local Obligations pursuant to the Local Obligation Purchase Contract in accordance with a Written Order of the Authority whereupon the Proceeds Fund shall be closed. If any amount shall remain in the Proceeds Fund following such purchase, such amount shall be transferred to the Revenue Fund.

SECTION 5.04. Local Obligations Fund. All Local Obligations acquired by the Trustee pursuant to Section 5.03 shall be deposited in the Local Obligations Fund, which the Trustee shall establish and maintain.

SECTION 5.05. Revenue Fund. All Revenues received by the Trustee, other than Revenues derived from the early redemption of Local Obligations from Special Tax Prepayments (which shall be administered in accordance with Section 5.06), shall be deposited by the Trustee in the Revenue Fund. On each Interest Payment Date and Principal Payment Date, the Trustee shall transfer Revenues (to the extent that Revenues are available therein) from the Revenue Fund, in the amounts specified in Sections 5.07 and 5.08, 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, prior to any deposit into any Fund later in priority. On each Interest Payment Date and Principal Payment Date, after making the deposits required by Sections 5.07 and 5.08, the Trustee shall transfer all remaining money in the Revenue Fund to the Indenture Trustee for deposit pursuant to the Local Obligations Indenture.

SECTION 5.06. Revenues Derived from Special Tax Prepayments. The Community Facilities District and the Authority acknowledge that amounts received by the Community Facilities District on account of Special Tax Prepayments are to be utilized for the sole purpose of the prior redemption of Local Obligations pursuant to Section 4.03, and not to pay current, scheduled debt service payments on the Local Obligations. Correspondingly, in order to maintain a proper ratio between debt service payments on the Local Obligations and debt service payments on the Authority Bonds, all Revenues received by the Trustee which are derived from the early redemption of Local Obligations from Special Tax Prepayments when received by the Community Facilities District shall be deposited in the Redemption Fund and used to redeem the Authority Bonds pursuant to Section 4.03, in accordance with a Written Order of the Authority delivered pursuant to Section 4.05.

SECTION 5.07. Interest Fund. The Trustee shall deposit in the Interest Fund on each Interest Payment Date from the Revenue Fund an amount of Revenues which, together with any amounts then on deposit in the Interest Fund, is equal to the interest due on the Authority Bonds due on such date. On each Interest Payment Date, the Trustee shall pay the interest due and payable on the Authority Bonds on such date from the Interest Fund.

SECTION 5.08. Principal Fund. After satisfying the requirements of the foregoing Section 5.07 respecting deposits in the Interest Fund, the Trustee shall deposit in the Principal Fund (i) on each Principal Payment Date from the Revenue Fund an amount of Revenues which, together with any amounts then on deposit in the Principal Fund (other than amounts previously deposited on account of any Authority Bonds which have matured but which have not been presented for payment) is sufficient to pay the Principal Installments on the Authority Bonds due on such Principal Payment Date and (ii) on each September 1 on which a Minimum Sinking Fund

Payment is required to be made (for deposit in the Sinking Fund Account) from the Revenue Fund an amount of Revenues which is equal to the Minimum Sinking Fund Payment due and payable on such date. On each Principal Payment Date, the Trustee shall pay the principal or redemption price due and payable on the Authority Bonds on such date from the Principal Fund.

SECTION 5.09. Redemption Fund. All money held in or transferred to the Redemption Fund pursuant to Section 5.06 shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Authority Bonds pursuant to Section 4.03, and the Trustee shall use other moneys in the Redemption Fund for the payment of the redemption price of Authority Bonds called for redemption pursuant to Section 4.02, together with accrued interest to the redemption date.

SECTION 5.10. Rebate Fund. The Trustee agrees to establish and maintain when needed a fund separate from any other fund established and maintained hereunder designated the Rebate Fund. The Trustee shall deposit in the Rebate Fund, from funds made available by the Authority, the Rebate Requirement, all in accordance with the Rebate Instructions received from the Authority. The Trustee will apply money held in the Rebate Fund as provided in Section 7.04 and according to instructions provided by the Authority. Subject to the provisions of Section 7.04, all money held in the Rebate Fund is hereby pledged to secure payments to the United States of America, and the Authority and the Community Facilities District 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 Investment Securities as directed in writing by the Authority, such written direction to specify which Investment Securities are to be invested in, 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 will 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 will deposit money into or transfer money out of the Rebate Fund from or into such Funds as the Rebate Instructions shall direct. The Trustee shall 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 pursuant to 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 Authority 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 in any provision hereof shall be held by the Trustee in trust, and except for money held for the payment or redemption of Authority Bonds or the payment of interest on Authority Bonds pursuant to Section 12.03, shall, while held by the Trustee, constitute part of the Trust Estate and shall be subject to the lien and pledge created hereby.

SECTION 6.02. Investment of Money. So long as the Authority 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 and all accounts within such Funds shall, at the written request of an Authorized Officer of the Authority specifying and directing that such investment of such money be made, be invested by the Trustee in Investment Securities having maturities not later than the date necessary to provide the availability of money when needed for purposes hereof, and all money held in the Rebate Fund shall, at the written 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 not later than the date necessary to provide the availability of money when needed for purposes hereof, and the Trustee shall be entitled to conclusively 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 Investment Securities to be acquired by the Trustee with such money. The Authority, in issuing such written instructions, shall comply with the provisions of the Tax Certificate. In the absence of written instructions from the Authority regarding investment, such money shall be held uninvested. The Trustee (or any affiliate thereof) may act as principal or agent in the acquisition or disposition of any investments.

Money on deposit in the Proceeds Fund, if any, shall be invested in Investment Securities pursuant to a Written Order specifying which Investment Securities to be invested in, and such money may not be reinvested in any other Investment Securities unless the Trustee receives, at the time of such reinvestment, a further written certification to the effect that, after such reinvestment, the Revenues will be sufficient to pay principal and interest on the Authority Bonds when due.

Notwithstanding anything to the contrary contained herein, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the Fund from which such accrued interest was paid. The Trustee shall not be responsible for any losses, taxes, fees, charges or consequences of any investment, reinvestment or liquidation of investment if it follows such instructions. Notwithstanding anything to the contrary contained herein, the Trustee shall have no obligation or responsibility to determine whether investment in a security is permitted by the laws of the State and the City's Investment Policy, for and on behalf of the Community Facilities District, and shall be entitled to conclusively assume that any investment it is directed to make is so permitted.

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, fees, taxes or other charges 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 herein.

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 COMMUNITY FACILITIES DISTRICT

SECTION 7.01. Payment of Authority 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 interest on and principal of and redemption premium, if any, on every Authority Bond issued under and secured hereby at the place, on the dates and in the manner specified herein and in such Authority 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 Authority Bonds.

SECTION 7.02. Enforcement and Amendment of Local Obligations. The Authority, the Community Facilities District and the Trustee (subject to Article IX hereof) 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 Community Facilities District and the Trustee may, without the consent of or notice to the Owners of the Authority Bonds, consent to any amendment, change or modification of any Local Obligation 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 that is not to the material prejudice of the Owners of the Authority Bonds, or (e) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Local Obligations or Authority Bonds from federal income taxes or the exemption of such interest from State personal income taxes.

Except for the amendments, changes or modifications provided for in the preceding paragraph, neither the Authority, the Community Facilities District nor the Trustee shall consent to any amendment, change or modification of any Local Obligation without the written approval or consent of the Owners of not less than a majority in aggregate principal amount of Authority Bonds at the time Outstanding given and procured as provided in this Section. If at any time the Authority and the Community Facilities District, as the case may be, shall request the consent of the Trustee to any such proposed amendment, change or modification of a Local Obligation, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice, prepared by the Authority, of such proposed amendment, change or modification to be mailed in the same manner as provided by Section 13.03. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file with the Trustee for inspection by all Owners.

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 for the Authority Bonds.

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

(b) The Authority and the Community Facilities District will not directly or indirectly use or permit the use of any proceeds of the Authority Bonds or any other funds of the Authority or take or omit to take any action that would cause the Authority Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the Authority and the Community Facilities District will comply with all requirements of Section 148 of the Code to the extent applicable to the Authority Bonds. In the event that 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, the Authority will so instruct the Trustee in writing, and the Trustee will take such actions as directed by such instructions.

(c) The Authority will pay or cause to be paid the Rebate Requirement as provided in the Tax Certificate. This covenant shall survive payment in full or defeasance of the Authority Bonds. The Authority will cause the Rebate Requirement to be deposited in the Rebate Fund as provided in the Tax Certificate (which is incorporated herein by reference).

(d) The Trustee will conclusively be deemed to have complied with the provisions of this Section and the provisions of the Tax Certificate and shall incur no liability 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.

(e) 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 Authority Bonds, the Trustee and the Authority and the Community Facilities District 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.

(f) The provisions of this Section shall survive the defeasance of the Authority 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 authority under the laws of the State.

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

SECTION 7.07. Redemption Fund for the Local Obligations.

(a) The Community Facilities District expressly acknowledges that, pursuant to the Local Obligations Indenture, the Community Facilities District is to establish and maintain a separate redemption fund for the Local Obligations (the "Local Obligations Redemption Fund") and, so long as the Local Obligations remain outstanding, to deposit into such Local Obligations Redemption Fund, upon receipt, any and all Special Tax Revenues received by the Community Facilities District in connection with the Local Obligations. The Community Facilities District further acknowledges that no temporary loan or other use whatsoever may be made of Special Tax Revenues, and that the Local Obligations Redemption Fund constitutes a trust fund for the benefit of the owners of the Local Obligations.

(b) The Community Facilities District hereby covenants for the benefit of the Authority, as owner of the Local Obligations, the Trustee, as assignee of the Authority with respect to the Revenues, and the Owners from time to time of the Authority Bonds, that it will establish, maintain and administer the Local Obligations Redemption Fund and the Special Tax Revenues in accordance with their status as trust funds as prescribed by the Act, the Local Obligations Indenture and this Trust Agreement.



(c) The Community Facilities District further covenants that, no later than one (1) Business Day prior to each Interest Payment Date and Principal Payment Date of the Authority Bonds, the Community Facilities District will advance to the Trustee against payment on the Local Obligations, as assignee of the Authority with respect to the Local Obligations, the interest due on the Local Obligations on such Interest Payment Date and the principal of all Local Obligations maturing on such Principal Payment Date, respectively, and upon receipt by the Trustee, such amounts shall constitute Revenues. For so long as Authority Bonds remain Outstanding, the Trustee shall provide written notice to the Authority no later than fifteen (15) days prior to each Interest Payment Date specifying the amount required to be paid to the Trustee pursuant to this subsection in the month subsequent thereto.

SECTION 7.08. Concerning the Trust Estate. The Authority hereby represents and warrants as follows:

(a) This Trust Agreement creates a valid and binding pledge of and security interest in the Trust Estate in favor of the Trustee in order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Authority Bonds Outstanding hereunder, enforceable by the Trustee in accordance with the terms hereof.

(b) Under the laws of the State of California, (1) such pledge of and security interest in the Trust Estate and (2) each pledge, assignment, lien, or other security interest made to secure any prior obligations of Authority which, by the terms hereof, ranks on parity with or prior to the pledge of and security interest granted hereby, are and shall be prior to any judicial lien hereafter imposed on such collateral to enforce a judgment against the Authority on a simple contract.

(c) The Authority has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Trust Estate that ranks on parity with or prior to the pledge and security interest granted hereby, except for the pledge and security interest granted to secure the Authority Bonds. The Authority shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in such collateral that ranks prior to or on parity with the pledge and security interest granted hereby, or file any financing statement describing any such pledge, assignment, lien or security interest, except as expressly permitted hereby.

## 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 Authority 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 Community Facilities District 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 thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Authority or the Community Facilities District, as the case may be, by the Trustee or by the Owners of not less than fifty percent (50%) in aggregate principal amount of the Authority Bonds, 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 Community Facilities District within the applicable period and diligently pursued until the default is corrected; or

- (d) if there is an event of default under the Local Obligations Indenture.

SECTION 8.02. Proceedings by Trustee; No Acceleration. Upon the happening and continuance of any Event of Default the Trustee may, or at the written request of the Owners of not less than fifty percent (50%) in aggregate principal amount of Authority Bonds Outstanding, shall (but only if indemnified to its satisfaction from any liability, expense or cost), do the following:

- (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, including the right to receive and collect the Revenues;

- (b) bring suit upon or otherwise enforce any defaulting Local Obligation;

- (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;

- (d) as a matter of right, have a receiver or receivers appointed for the Trust Estate and of the earnings, income, issues, products, profits and revenues thereof pending such proceedings, with such powers as the court making such appointment shall confer; and

- (e) take such action with respect to any and all Local Obligations or Investment Securities as shall be necessary and appropriate, subject to Section 8.04 and to the terms of such Local Obligations or Investment Securities.

The Trustee shall have no right to declare the principal of all of the Authority 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, respectively, 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, but subject to the limitations and restrictions as to the rights of the Owner 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 fifty percent (50%) in aggregate principal amount of the Authority 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, have the right 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 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 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 in the Authority 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 fifty percent (50%) in aggregate principal amount of the Authority 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 Authority Bonds secured hereby shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security hereof, or to enforce any rights hereunder or under the Authority 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 Authority 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 interest on and principal of and redemption premiums, if any, on the Authority Bonds to the respective Owners thereof at the respective 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 Authority Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Authority 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 Authority Bonds, the Trustee shall waive any Event of Default hereunder and its consequences. 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 Community Facilities District and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Authority Bonds if such Owners had not previously been given notice 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 may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.09. Application of Money upon Event of Default. 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 Authority Bonds shall be due and payable,

FIRST - To the payment of the Owners entitled thereto of all installments of interest then due on the Authority 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 Authority Bonds which shall have become due (other than Authority 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 Authority 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 interest on and principal of and redemption premiums, if any, on the Authority 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 interest and principal and redemption premiums, if any, due on any particular date, payment shall be made in accordance with the FIRST and SECOND paragraphs hereof.

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

## 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 respective Owners of the Authority Bonds, by purchase and acceptance thereof, agrees.

SECTION 9.02. Duties, Immunities and Liability of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth 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 under the circumstances in the conduct of his or her own affairs.

In the absence of an Event of Default, the Authority may remove the Trustee. The Authority shall remove the Trustee if (A) it receives an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Authority Bonds then Outstanding (or their attorneys duly authorized in writing) or (B) at any time the Trustee shall cease to be eligible in accordance with this Section, or (C) the Trustee shall become incapable of acting, or (D) the Trustee shall commence a case under any bankruptcy, insolvency or similar law, or (E) a receiver of the Trustee or of its property shall be appointed, or (F) any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation. To effect any such removal, the Authority shall give written notice thereof to the Trustee, and thereupon the Authority (with the concurrence of the Community Facilities District) shall promptly appoint a successor Trustee by an instrument in writing.

The Trustee may, subject to the next following paragraph of this Section, resign by giving written notice of such resignation by mail, first class postage prepaid, to the Authority, the Community Facilities District and the Owners at the respective addresses listed in the Bond Register. Upon receiving such notice of resignation, the Authority (with the concurrence of the Community Facilities District) shall promptly appoint, by an instrument in writing, a successor Trustee.

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 Community Facilities District and acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and shall have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition, at the expense of the Community Facilities District, 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 this Trust Agreement shall signify its acceptance of such appointment by executing and delivering to the Authority and the Community Facilities District 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 such predecessor Trustee, with like effect as if it were originally named Trustee herein; but, nevertheless, at the written request of the Authority or the Community Facilities District or the successor Trustee, such 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 such 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 Community Facilities District 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 respective addresses listed in the Bond Register.

Any successor Trustee appointed under the provisions of this Section shall be a trust company or bank having the powers of a trust company, having a designated corporate trust office in California, and with a combined capital and surplus of at least one hundred million dollars (\$100,000,000) and being subject to supervision or examination by federal or state 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 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 promptly 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 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 two percent (2%), but not to exceed the maximum interest rate permitted by the laws of the State.

In accepting the trust hereby created, the Trustee is acting 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 Authority 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 Community Facilities District of the funds hereunder including, without limitation, the purchase of the Local Obligations hereunder; provided, that the Trustee shall not acquire Local Obligations other than pursuant to the provisions of Sections 5.03 and 5.04.

In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

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 amendments 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 a Responsible Officer of the Trustee 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 Community Facilities District 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 to the Authority within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within ninety (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 Obligations Fund) created hereunder as of the beginning and the close of such accounting period.

The Trustee shall furnish the Authority periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon

request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

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, anything herein to the contrary notwithstanding; provided, that such company shall be eligible under Section 9.02.

SECTION 9.04. Compensation and Indemnification. The Authority shall pay or cause the Community Facilities District to pay the Trustee such compensation, as shall be agreed in writing, for its services rendered hereunder and reimburse the Trustee for reasonable expenses, disbursements and advances, including attorneys' fees and expenses, incurred by the Trustee in the performance of its obligations hereunder and with respect to the Local Obligations.

The Authority agrees, to the extent permitted by law, to indemnify the Trustee and its officers, directors, employees, attorneys and agents for, and to hold it harmless against, any loss, liability, claim 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 (whether asserted by the City or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder (including this Section 9.04), (ii) the projects to be financed with the purchase of the Local Obligations; (iii) the sale of any Authority Bonds or the purchase of the Local Obligations and the carrying out of any of the transactions contemplated by the Authority 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 utilized by the Authority or the Community Facilities District in connection with the sale of the Authority 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 Authority 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 Authority Bonds, 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, deliver the Authority 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 the Local Obligations other than pursuant to the



provisions of Section 5.03. The Trustee shall be entitled to rely conclusively 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 Authority Bonds contained shall be taken as statements of the Authority or the Community Facilities District, 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 Authority Bonds, and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Authority 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 Authority 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 Authority Bonds with the same rights it would have if it were not Trustee hereunder, and, to the extent permitted by law, may act as depository 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 Authority 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 Authority 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 the provisions of this Article.

SECTION 9.06. Right to Rely on Documents; Adverse Effect Determinations. The Trustee may conclusively 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 of its selection, 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 prior to 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 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 of its selection and other professionals or agents concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable or liable 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 in accordance with its record retention policies and shall be subject at all reasonable times upon prior written notice to the inspection of the Authority, the Owners of not less than a majority of the aggregate principal amount of the Outstanding Authority Bonds, 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 any and all costs, claims and expenses which it may incur and to indemnify it against any and all liability, except liability which 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 AUTHORITY 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 Authority 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 or her the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the ownership of Authority Bonds hereunder by any Owner and the serial numbers of such Authority 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 shall be sufficient. Any request or consent of the Owner shall bind every future Owner of such Authority Bond and any Authority Bond or Authority 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 Community Facilities District or the Owners may be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Authority Bonds then Outstanding; provided, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of Authority 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 Community Facilities District of any lien prior to or on parity with the lien hereof upon the Trust Estate or which will affect the times, amounts and currency of payment of the interest on or principal of or redemption premiums, if any, on the Authority Bonds or affect the rights, duties or obligations of the Trustee without the consent of the party affected thereby.

SECTION 11.02. Supplemental Trust Agreements Without Consent of Owners. The Authority and the Community Facilities District may, without the consent of the Owners, enter into a Supplemental Trust Agreement or Supplemental Trust Agreements, which thereafter shall form a part of this Trust Agreement, for any one or more of the following purposes:

(a) to add to the agreements and covenants of the Authority or the Community Facilities District 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 Community Facilities District; 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 which does not materially adversely affect the rights of any Owner;

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

(e) to subject hereto additional collateral or to add other agreements of the Authority or the Community Facilities District;

(f) to modify this Trust Agreement or the Authority 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 Authority 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 Authority Bonds or the exemption of interest on the Authority Bonds from State personal income taxes; or

(h) to evidence the succession of a successor Trustee.

For all purposes of this Section, the Trustee shall be entitled to conclusively rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel 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 Community Facilities District authorized or permitted by the terms hereof, and to make the further agreements and stipulations which may be therein contained, and for all purposes of this Section the Trustee shall be entitled to conclusively rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel 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 Authority Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided herein, or otherwise, and the whole amount of the interest on and principal of redemption premiums, if any, so due and payable upon all of the Authority Bonds shall have been 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, this Trust Agreement and the lien created hereby shall be completely discharged and satisfied and the Authority and the Community Facilities District shall be released from the respective agreements, conditions, covenants and terms of the Authority and the Community Facilities District 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 Community Facilities District in this regard.

Notwithstanding the satisfaction and discharge hereof, those provisions of this Trust Agreement relating to the maturity of the Authority Bonds, interest payments and dates thereof, exchange and transfer of Authority Bonds, replacement of mutilated, destroyed, lost or stolen Authority Bonds, the safekeeping and cancellation of Authority Bonds, nonpresentment of Authority 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 Owner, 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 interest on and principal of and redemption premiums, if any, on the Authority Bonds, to pay to the Owner of Authority 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 Community Facilities District shall remain in effect and shall be binding upon the Trustee, the Authority and the Community Facilities District.

SECTION 12.02. Authority Bonds Deemed to Have Been Paid. If any money shall have been set aside and held by the Trustee for the payment or redemption of any Authority Bonds and the interest installments therefor at the maturity thereof or date fixed for redemption, such Authority 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 Authority Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee irrevocable instructions to mail notice of redemption of such Authority 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 (i) money in an amount which shall be sufficient to pay when due the interest on and principal of and redemption premiums, if any, due and to become due on such Authority Bonds on and prior to the date scheduled for redemption or maturity date thereof, as the case may be, or (ii) noncallable Government Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide money which, together with the money, if any, deposited with or held by the Trustee at the same time, shall be sufficient as verified by a report of a nationally recognized independent certified public accountant to pay when due the interest on and principal of and redemption premiums, if any, due and to become due on such Authority Bonds on and prior to the date fixed for redemption or maturity date thereof, as the case may be, and (c) in the event any of such Authority Bonds are not to be redeemed within the next succeeding sixty (60) days, the Authority shall have given 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 Authority Bonds that the deposit required by (b) above has been made with the Trustee and that such Authority 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 interest on and principal of and redemption premiums, if any, on such Authority Bonds. Neither the securities nor money deposited with the Trustee pursuant to this Section nor interest or principal payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of and redemption premiums, if any, on such Authority Bonds; provided, that any cash received from such interest or principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and at the written direction of the Authority, be reinvested in Government Obligations, such written direction to specify which Government Obligations are to be invested in, maturing at times and in amounts, together with the other money and payments with respect to Government Obligations then held by the Trustee pursuant to this Section, sufficient to pay when due the interest on and principal of and redemption premiums, if any, to become due on such Authority Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a Written Order so directing, be paid over to the Authority as received by the Trustee free and clear of any trust, lien or pledge.

SECTION 12.03. Money Held for Particular Authority Bonds. Except as otherwise provided in Section 12.02 or 13.06, the amounts held by the Trustee for the payment of the interest on or principal of the redemption premiums, if any, or the interest due on any date with respect to particular Authority 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 entitled thereto.

SECTION 12.04. Effect of Defeasance of Authority Bonds. Notwithstanding any other provision hereof, in the event that the Authority Bonds are defeased and the obligations hereunder are discharged pursuant to this Article, the Trustee shall transfer all property and money held by the Trustee (including, without limitation, the Local Obligations), to or upon the written 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 Community Facilities District, the Trustee and the Owners any right, remedy or claim under or by reason hereof, this Trust Agreement being intended to be for the sole and exclusive benefit of the Authority, the Community Facilities District, the Trustee and the Owners.

SECTION 13.03. Notice. All written notices to be given hereunder to the Authority or the Community Facilities District or the Trustee shall be given by mail or electronic means 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 Authority: Folsom Ranch Financing Authority  
50 Natoma Street  
Folsom, CA 95630  
Attention: Treasurer  
Fax: 916-985-0870  
Email: [financetreasury@folsom.ca.us](mailto:financetreasury@folsom.ca.us)

If to the Community Facilities District:  
City of Folsom  
50 Natoma Street  
Folsom, CA 95630  
Attention: Finance Director  
Fax: 916-985-0870  
Email: [financetreasury@folsom.ca.us](mailto:financetreasury@folsom.ca.us)

If to the Trustee: U.S. Bank Trust Company, National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
Attention: Global Corporate Trust  
Fax: 415-677-3769  
Email: karen.lei@usbank.com

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, 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, seventy-two (72) hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, twenty-four (24) hours after delivery to said 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 notice of any event when such notice is required to be given pursuant to 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.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Trust Agreement and delivered using Electronic Means (“**Electronic Means**” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the Authority to provide such Instructions and containing specimen signatures of such officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its reasonable judgment elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Community Facilities District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall be entitled to conclusively presume without liability that directions that purport to have been sent by an officer listed on the incumbency certificate provided to the Trustee have been sent by such officer. The Authority shall be responsible for ensuring that only officers transmit such Instructions to the Trustee and that the Authority and all officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs claims, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written

instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee in writing immediately upon learning of any compromise or unauthorized use of the security procedures.

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, shall not be a Business Day, 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 this 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 of or redemption premiums, if any, on any Bond which remains unclaimed for two (2) years after the date when such amounts have become payable, if such money was held by the Trustee on such date, or for two (2) 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 and written direction of the Authority, give notice by first class mail to the Owners that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (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. This 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, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this 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 and Electronic Execution. This 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. The exchange of copies of this Trust Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Trust Agreement as to the parties hereto and may be used in lieu of the original Trust Agreement and signature pages for all purposes. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Trust Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures.

SECTION 13.10. U.S.A. Patriot Act. The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Trust Agreement agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

SECTION 13.11. Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, pandemics, epidemics, quarantine restrictions, recognized public emergencies, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

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IN WITNESS WHEREOF, the Authority has caused this Trust Agreement to be executed by the Treasurer, the Community Facilities District has caused this Trust Agreement to be executed in its name by the Finance Director of the City of Folsom, and the Trustee has caused this Trust Agreement to be executed by its authorized signatory, all as of the day and year first above written.

FOLSOM RANCH FINANCING AUTHORITY

By \_\_\_\_\_  
Treasurer

CITY OF FOLSOM COMMUNITY FACILITIES  
DISTRICT NO. 23 (FOLSOM RANCH)

By \_\_\_\_\_  
Finance Director of the City of Folsom

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Trustee

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

EXHIBIT A

FORM OF AUTHORITY BONDS

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

Unless this Authority Bond (as hereinafter defined) is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Trustee for registration of transfer, exchange, or payment, and any Authority 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.

FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT  
NO. 23 (FOLSOM RANCH) IMPROVEMENT AREA NO. 1 SPECIAL TAX REVENUE  
BOND, SERIES 2022

No. R-\_\_ \$ \_\_\_\_\_

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	September 1, 20__	[_____] , 2022	344414[__]

Registered Owner: CEDE & CO.

Principal Sum: \_\_\_\_\_ DOLLARS

The Folsom Ranch 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 Authority Bond will be calculated on the basis of a 360-day year consisting of twelve (12) 30-day calendar months and will be payable on March 1 and September 1 in each year (each an “Interest Payment Date”), commencing on [September 1, 2022], and is

payable 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 (as defined in the Trust Agreement hereinafter referred to) of U.S. Bank Trust Company, National Association (together with any successor as Trustee under the Trust Agreement hereinafter mentioned, the "Trustee") as of the close of business on the fifteenth (15th) day of the month preceding such 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 one million dollars (\$1,000,000) or more in aggregate principal amount of Authority 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 that is located in the continental 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. Both the interest on and principal of and redemption premium, if any, hereon are payable in lawful money of the United States of America. All capitalized terms used herein but not otherwise defined shall have the meanings contained in the hereinafter mentioned Trust Agreement.

The Authority and the Trustee shall be entitled to conclusively treat the registered owner of this Authority 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 Authority Bond is one of a duly authorized issue of bonds of the Authority designated as the "Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022" (the "Authority Bonds") issued in the aggregate principal amount of [ ] dollars (\$[ ]) pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the California Government Code, including the Marks-Roos Local Bond Pooling Act of 1985 (being California Government Code Sections 6584-6594) as amended and supplemented (the "Act"), and pursuant to a trust agreement executed and entered into as of May 1, 2022, by and among the Authority, the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the "Community Facilities District") and the Trustee (the "Trust Agreement"). The Authority Bonds are issued for the purpose of purchasing Local Obligations, 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 owner, of the nature and extent of the security for the Authority Bonds and of the rights, duties and immunities of the Trustee, of the obligations of the Community Facilities District, and of the rights and obligations of the Authority thereunder, to all the provisions of which Trust Agreement the registered owner of this Authority Bond, by acceptance hereof, assents and agrees.

The Authority Bonds and the interest thereon and any redemption premiums thereon are special, limited obligations of the Authority payable solely from the Trust Estate and are secured by the Trust Estate, including amounts held in the accounts and funds (other than the Rebate Fund) established pursuant to the Trust Agreement (including proceeds of the sale of the Authority Bonds), 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 Authority Bond, shall in any event be subject to any personal liability or accountability by reason of the issuance of this Authority Bond.

THE AUTHORITY 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 AUTHORITY BONDS IN ACCORDANCE WITH THEIR TERMS AND THE TERMS OF THE TRUST AGREEMENT, SOLELY FROM THE TRUST ESTATE. THE AUTHORITY 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 AUTHORITY BONDS EXCEPT FROM THE TRUST ESTATE. NONE OF THE COMMUNITY FACILITIES DISTRICT, THE CITY OF FOLSOM (THE "CITY"), THE STATE OF CALIFORNIA NOR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) NOR ANY MEMBER OF THE COMMUNITY FACILITIES DISTRICT OR THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE AUTHORITY BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMUNITY FACILITIES DISTRICT, THE CITY, THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY (INCLUDING THE CITY) OR THE COMMUNITY FACILITIES DISTRICT IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE AUTHORITY BONDS, AND NEITHER THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE AUTHORITY BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE COMMUNITY FACILITIES DISTRICT, THE CITY, THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY.

The Authority Bonds are subject to optional redemption by the Authority prior to their respective maturity dates as a whole or in part on any date on or after September 1, 20[ ], from any source of available funds other than Minimum Sinking Fund Payments and Special Tax Prepayments, upon mailed notice as hereinafter provided, at the following redemption prices (computed upon the principal amount of the Authority Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

103% if redeemed on any date on or after September 1, 20[ ] through August 31, 20[ ];

102% if redeemed on any date from September 1, 20[ ] through August 31, 20[ ];

101% if redeemed on any date from September 1, 20[ ] through August 31, 20[ ]; and

100% if redeemed on September 1, 20[ ] and any date thereafter.

The Authority Bonds are subject to extraordinary redemption by the Authority prior to their respective maturity dates, as a whole or in part on any Interest Payment Date on or after September 1, 20[\_\_\_], solely from funds derived from extraordinary redemption of Local Obligations from Special Tax Prepayments, at the following redemption prices (computed upon the principal amount of the Authority Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

103% if redeemed on an Interest Payment Date on or after September 1, 20[\_\_\_] through March 1, 20[\_\_\_];

102% if redeemed on an Interest Payment Date on September 1, 20[\_\_\_] and March 1, 20[\_\_\_];

101% if redeemed on an Interest Payment Date on September 1, 20[\_\_\_] and March 1, 20[\_\_\_]; and

100% if redeemed on September 1, 20[\_\_\_] and any Interest Payment Date thereafter.

The Authority Bonds maturing on September 1, 20[\_\_\_], are subject to mandatory redemption by the Authority prior to 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 Authority Bonds maturing on September 1, 20[\_\_\_], are subject to mandatory redemption by the Authority prior to their stated maturity date in part on September 1 of each year on and after September 1, 20[\_\_\_], to and including September 1, 20[\_\_\_], upon mailed notice as hereinafter provided, from (and in the amount of) the Minimum Sinking Fund Payment due and payable for the Authority Bonds on each such date, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium.

Notice of redemption of any Authority Bonds shall be mailed by first class mail, in a sealed envelope, postage prepaid, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption, to the registered owners of such Authority Bonds (or portions thereof) so called for redemption, at their respective addresses as the same shall last appear on the Bond Register maintained by the Trustee; provided, that neither the failure of a registered owner to receive notice of redemption of Authority Bonds nor any error in such notice shall affect the validity of the proceedings for the redemption of Authority Bonds.

Any notice of optional redemption under the Trust Agreement may be rescinded by written notice given by the Authority to the Trustee no later than three (3) Business Days prior to the date specified for redemption. The Trustee shall give notice of rescission of the notice of optional redemption or non-satisfaction of any conditions specified in the notice of optional redemption as soon as practicable to the same parties and in the same manner as the notice of redemption was given.

The Authority Bonds are issuable as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple in excess thereof. This Authority 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 Authority Bond. Upon such transfer or exchange, a new Authority Bond or Authority 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 Authority Bond during the period established by the Trustee for selection of Authority Bonds for redemption or to register the transfer of, or to exchange, any Authority 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 Authority 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 Authority Bonds so that such Authority 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 Authority 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 Authority 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 Authority Bonds permitted to be issued under the Trust Agreement.

This Authority 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 Folsom Ranch Financing Authority has caused this Authority Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Treasurer and attested by the facsimile signature of its Secretary, all as of May [ ], 2022.

FOLSOM RANCH FINANCING AUTHORITY

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

Attest:

\_\_\_\_\_  
Secretary



FORM OF CERTIFICATE OF AUTHENTICATION

This is one of the Authority Bonds described in the within-mentioned Trust Agreement, which has been authenticated on the date below.

Dated: May [ ], 2022

U.S. Bank Trust Company, National Association  
as Trustee

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

FORM OF ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_  
\_\_\_\_\_ this registered Authority 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: Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee: \_\_\_\_\_.

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## **ATTACHMENT 4**

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FIRST SUPPLEMENTAL INDENTURE

between the

CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,

as Trustee

Relating to the

\$\_[ ]

CITY OF FOLSOM  
COMMUNITY FACILITIES DISTRICT NO. 23 (FOLSOM RANCH)  
IMPROVEMENT AREA NO. 1  
SPECIAL TAX BONDS, SERIES 2022

Dated as of May 1, 2022

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FORM OF SERIES 2022 BONDS	



## FIRST SUPPLEMENTAL INDENTURE

This First Supplemental Indenture (the “**First Supplemental Indenture**”), dated as of May 1, 2022, is between the CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23 (FOLSOM RANCH), organized and existing under and by virtue of the laws of the State of California (the “**Community Facilities District**”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association 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**”).

### BACKGROUND

- A. The Community Facilities District and MUFG Union Bank, N.A., as trustee (the “**Original Trustee**”), duly executed an Indenture (the “**Master Indenture**”) dated as of October 1, 2020, which authorized the issuance of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds (the “**Bonds**”) and provided for the issuance of the Bonds in series.
- B. U.S. Bank National Association (the “**Prior Trustee**”) succeeded and replaced the Original Trustee under the Master Indenture in accordance with its terms.
- C. The Trustee has succeeded and replaced the Prior Trustee under the Master Indenture in accordance with its terms.
- D. The Community Facilities District has determined to prescribe the terms, conditions, and form of \$[ ] aggregate principal amount of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022 (the “**Series 2022 Bonds**”) under the Master Indenture.
- E. The Community Facilities District has determined that all things necessary to cause the Series 2022 Bonds, when duly executed by the Community Facilities District and authenticated by the Trustee and delivered as provided herein, to be legal and valid special tax obligations of the Community Facilities District enforceable in accordance with their terms, and to constitute this First Supplemental Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Series 2022 Bonds, subject to the terms hereof, have in all respects been duly authorized.
- F. The Folsom Ranch Financing Authority (the “**Authority**”) has agreed to purchase the Series 2022 Bonds pursuant to a Local Obligation Purchase Contract between the Authority and the Community Facilities District dated [ ], 2022 (the “**2022 Local Obligation Purchase Contract**”), with a portion of the proceeds of the Authority’s City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “**2022 Authority Bonds**”).

NOW, THEREFORE, in order to secure the payment of the interest on and the principal of and the redemption premiums, if any, on all Series 2022 Bonds 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 Series 2022 Bonds will 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 Series 2022 Bonds by the registered owners thereof from time to time, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Community Facilities District does hereby agree and covenant with the Trustee, for the benefit of the respective registered owners from time to time of the Series 2022 Bonds, as follows:

## ARTICLE I

### DEFINITIONS

#### SECTION 1.01. Definitions.

- (a) Except as otherwise provided herein, all terms defined in Section 1.01 of the Master Indenture have the same definitions in this First Supplemental Indenture that are given to them in Section 1.01 of the Master Indenture.
- (b) Unless the context otherwise requires, the terms defined in this Section 1.01(b) have the meanings set forth, and those meanings apply for all purposes of this First Supplemental Indenture, of the Master Indenture, of the Series 2022 Bonds, and of any certificate, opinion, report, request, or other document mentioned herein or therein; and those meanings apply equally to both the singular and plural forms of the terms:

**“2022 Authority Bonds”** means the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022.

**“2022 Authority Trustee”** means U.S. Bank Trust Company, National Association, as trustee under the 2022 Trust Agreement.

**“2022 Local Obligation Purchase Contract”** means the Local Obligation Purchase Contract between the Community Facilities District and the Authority providing for the sale of the Series 2022 Bonds.

**“2022 Trust Agreement”** means that certain Trust Agreement, dated as of May 1, 2022, among the Authority, the Community Facilities District and the 2022 Authority Trustee, as trustee for the 2022 Authority Bonds.

**“Capitalized Interest Account”** means the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Capitalized Interest Account established pursuant to Section 2.14 of the Master Indenture and reestablished pursuant to Section 2.07 of this First Supplemental Indenture.

**“Costs of Issuance Fund”** means the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Costs of Issuance Fund

established pursuant to Section 2.16 of the Master Indenture and reestablished pursuant to Section 2.08 of this First Supplemental Indenture.

“**First Supplemental Indenture**” means this First Supplemental Indenture dated as of May 1, 2022, between the Community Facilities District and the Trustee entered into under the Law and the Master Indenture.

“**Master Indenture**” means the Indenture dated as of October 1, 2020, between the Community Facilities District and the Trustee entered into under the Law.

“**Series 2022 Acquisition and Construction Account**” means the account by that name established in the Acquisition and Construction Fund pursuant to Section 2.06 of this First Supplemental Indenture.

“**Series 2022 Bond Reserve Account**” means the account by that name established in the Bond Reserve Fund pursuant to Section 2.06 of this First Supplemental Indenture.

“**Series 2022 Bonds**” means the Bonds referred to by that name authorized to be issued by the Master Indenture and Article II of this First Supplemental Indenture.

“**Series 2022 Costs of Issuance Account**” means the account by that name established in the Costs of Issuance Fund pursuant to Section 2.06 of this First Supplemental Indenture.

“**Term Series 2022 Bonds**” means the Series 2022 Bonds that are Term Bonds.

## ARTICLE II

### ISSUANCE OF SERIES 2022 BONDS

**SECTION 2.01. Authorization of Series 2022 Bonds.** The City Council, as legislative body of the Community Facilities District, has reviewed all proceedings heretofore taken relative to the authorization of the Series 2022 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 Series 2022 Bonds do exist, have happened, and have been performed in due time, form, and manner as required by the Law. Accordingly, the Community Facilities District is now authorized, under every requirement of the Law, the Master Indenture, and this First Supplemental Indenture, to issue the Series 2022 Bonds in the form and manner provided herein, which Series 2022 Bonds will be entitled to the benefit, protection, and security of the Law, the Master Indenture, and this First Supplemental Indenture. The purpose for which the Series 2022 Bonds are to be issued is to provide funds to finance the acquisition and construction of certain of the Facilities, make a deposit to the Series 2022 Bond Reserve Account, make a deposit to the Capitalized Interest Account to fund interest on the Series 2022 Bonds through [September 1, 2022], and to pay the Costs of Issuance of the Series 2022 Bonds.

**SECTION 2.02. Registration of Series 2022 Bonds.** Notwithstanding Section 2.11 of the Master Indenture, the Series 2022 Bonds shall be registered in the name of the 2022 Authority Trustee, as trustee for the Authority, and delivered to the 2022 Authority Trustee upon

the issuance thereof in accordance with the provisions of the 2022 Local Obligation Purchase Contract.

**SECTION 2.03. Terms of Series 2022 Bonds.**

- (a) The Series 2022 Bonds will be issued in the aggregate principal amount of \$[\_\_\_\_\_]; will be designated the “City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022;” will be dated the date of the original delivery thereof; will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof; and will mature on the dates and in the principal amounts and bear interest (computed on a 360-day year of twelve 30-day calendar months) at the rates per annum, payable semiannually on March 1 and September 1 in each year, commencing on [September 1, 2022], as follows:

Maturity Date (September 1)	Principal Amount	Interest Rate
2022	\$	%

\* Term Bonds

- (b) Minimum Sinking Fund Account Payments are hereby established for the mandatory redemption and payment of the Series 2022 Bonds maturing on September 1, 20[\_\_\_], 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 of the Series 2022 Bonds maturing on September 1, 20[\_\_\_] shall have been

optionally or extraordinarily redeemed under Section 2.04 of this First Supplemental Indenture, the amounts of the Minimum Sinking Fund Account Payments for the Series 2022 Bonds maturing on September 1, 20[ ] shall be reduced proportionately by the principal amount of all such Series 2022 Bonds so optionally or extraordinarily redeemed), namely:

<u>Year Ending September 1</u>	<u>Minimum Sinking Fund Account Payment</u>
	\$

\*

\_\_\_\_\_  
\* Maturity

Minimum Sinking Fund Account Payments are hereby established for the mandatory redemption and payment of the Series 2022 Bonds maturing on September 1, 20[ ], 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 of the Series 2022 Bonds maturing on September 1, 20[ ] shall have been optionally or extraordinarily redeemed under Section 2.04 of this First Supplemental Indenture, the amounts of the Minimum Sinking Fund Account Payments for the Series 2022 Bonds maturing on September 1, 20[ ] shall be reduced proportionately by the principal amount of all such Series 2022 Bonds so optionally or extraordinarily redeemed), namely:

<u>Year Ending September 1</u>	<u>Minimum Sinking Fund Account Payment</u>
	\$

\*

\_\_\_\_\_  
\* Maturity

All such Minimum Sinking Fund Account Payments shall be deposited in the Sinking Fund Subaccount. All money in the Sinking Fund Subaccount representing such Minimum Sinking Fund Account Payments shall be used and withdrawn by the Trustee (upon receipt of a Written Request of the Community Facilities District) at any time for the purchase of the Term Series 2022 Bonds at public or private sales as and when and at such prices (including brokerage and other charges) as the Community Facilities District may in its discretion determine, but not to exceed the principal amount of such Term Series 2022 Bonds. All money in the Sinking Fund Subaccount representing such Minimum Sinking Fund Account Payments on September 1 of each year during the period beginning on September 1, 20[ ], and

ending on September 1, 20[\_\_\_], both dates inclusive, shall be used and withdrawn by the Trustee on each such September 1 for the mandatory redemption or payment of the Term Series 2022 Bonds maturing on September 1, 20[\_\_\_]; and all money in the Sinking Fund Subaccount representing such Minimum Sinking Fund Account Payments on September 1 of each year during the period beginning on September 1, 20[\_\_\_], and ending on September 1, 20[\_\_\_], both dates inclusive, shall be used and withdrawn by the Trustee on each such September 1 for the mandatory redemption or payment of the Term Series 2022 Bonds maturing on September 1, 20[\_\_\_]; and the Community Facilities District hereby agrees and covenants with the Holders of the Term Series 2022 Bonds to call and redeem in accordance with Article III of the Master Indenture or pay the Term Series 2022 Bonds from the Minimum Sinking Fund Account Payments deposited in the Sinking Fund Subaccount under this paragraph whenever on September 1 of any year, beginning on September 1, 2022, there is money in the Sinking Fund Subaccount available for such purpose.

**SECTION 2.04. Redemption Prices of Series 2022 Bonds.**

- (a) The Series 2022 Bonds are subject to optional redemption by the Community Facilities District prior to their respective maturity dates as a whole or in part on any date on or after September 1, 20[\_\_\_], from any source other than such Minimum Sinking Fund Account Payments deposited in the Sinking Fund Subaccount or such prepayments of the Special Tax, upon mailed notice as provided in the Master Indenture, at the following redemption prices (computed upon the principal amount of the Series 2022 Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption, to wit:

103% if redeemed on any date on or after September 1, 20[\_\_\_] through August 31, 20[\_\_\_];

102% if redeemed on any date from September 1, 20[\_\_\_] through August 31, 20[\_\_\_];

101% if redeemed on any date from September 1, 20[\_\_\_] through August 31, 20[\_\_\_]; and

100% if redeemed on September 1, 20[\_\_\_] and any date thereafter.

- (b) The Series 2022 Bonds are subject to extraordinary redemption by the Community Facilities District prior to their respective maturity dates, as a whole or in part on any interest payment date on or after September 1, 20[\_\_\_], from funds derived by the Community Facilities District from prepayments of the Special Tax, upon mailed notice as provided in the Master Indenture, at the following redemption prices (computed upon the principal amount of the Series 2022 Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption, to wit:

103% if redeemed on an interest payment date on or after September 1, 20[ ] through March 1, 20[ ];

102% if redeemed on an interest payment date on September 1, 20[ ] or March 1, 20[ ];

101% if redeemed on an interest payment date on September 1, 20[ ] or March 1, 20[ ]; and

100% if redeemed on September 1, 20[ ] or any interest payment date thereafter.

- (c) The Term Series 2022 Bonds are subject to mandatory redemption by the Community Facilities District before their stated maturity date as provided in Section 2.03 hereof solely from Minimum Sinking Fund Account Payments deposited in the Sinking Fund Subaccount, upon mailed notice as provided in the Master Indenture, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date of redemption, without premium.

**SECTION 2.05. Form of Series 2022 Bonds.** The Series 2022 Bonds and the authentication and registration endorsements and the assignment to appear thereon must be substantially in the forms set forth in Exhibit A hereto, with such variations, insertions, or omissions as are appropriate and not inconsistent herewith.

**SECTION 2.06. Application of Proceeds of Sale of Series 2022 Bonds.** Upon the receipt of payment of the purchase price of the Series 2022 Bonds when the Series 2022 Bonds shall have been duly sold by the Community Facilities District, the Trustee shall deposit such proceeds of sale of the Series 2022 Bonds into a temporary account called the Proceeds Fund which the Trustee shall establish, maintain and hold in trust, and which shall be disbursed in full on the date of receipt (whereupon said temporary account shall be closed) in the following order:

- (a) *First*, the Trustee shall deposit \$[ ] in the Series 2022 Bond Reserve Account, which the Trustee shall establish and maintain as a Bond Reserve Account within the Bond Reserve Fund, which amount equals the Required Bond Reserve for the Series 2022 Bonds as of the date of issuance of the Series 2022 Bonds.
- (b) *Second*, the Trustee shall deposit \$[ ] in the Series 2022 Costs of Issuance Account, which the Trustee shall establish and maintain within the Costs of Issuance Fund.
- (c) *Third*, the Trustee shall deposit \$[ ] in the Capitalized Interest Account.
- (d) *Fourth*, the Trustee shall deposit \$[ ] in the Series 2022 Acquisition and Construction Account, which the Trustee shall establish and maintain within the Acquisition and Construction Fund.

**SECTION 2.07. Capitalized Interest Account.** There is hereby reestablished a fund to be known as the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Capitalized Interest Account. On the following date, the Trustee shall transfer the amount from the Capitalized Interest Account to the Redemption Account for the payment of interest due on the Series 2022 Bonds:

Date of Transfer	Amount
[            ]	\$[            ]

On the date set forth in the table immediately above, the amount set forth shall be transferred from the Capitalized Interest Account to the Redemption Account for the payment of interest due on the Series 2022 Bonds. The Capitalized Interest Account will be closed following the last date of transfer.

**SECTION 2.08. Costs of Issuance Fund.** There is hereby reestablished a fund to be known as the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds Costs of Issuance Fund, to be held and administered by the Trustee. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon receipt of a Written Request of the Community Facilities District filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against such fund; provided, that on November [ ], 2022, or upon a prior determination by the Community Facilities District that all Costs of Issuance relating to the Series 2022 Bonds have been paid (as set forth in a Certificate of the Community Facilities District so determining filed with the Trustee), any balance of money remaining in the Series 2022 Costs of Issuance Account within the Costs of Issuance Fund shall be withdrawn from the Series 2022 Costs of Issuance Account by the Trustee and transferred to the Acquisition and Construction Fund. The Series 2022 Costs of Issuance Account will be closed following the last date of transfer.

### ARTICLE III

#### MISCELLANEOUS

**SECTION 3.01. Authority for First Supplemental Indenture.** This First Supplemental Indenture is executed in accordance with the Law, is supplemental to the Master Indenture, and is executed in accordance with Articles II and VII of the Master Indenture.

**SECTION 3.02. Covenant of the Community Facilities District Against Federal Income Taxation.** Notwithstanding Section 5.03 of the Master Indenture, the Community Facilities District 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 Series 2022 Bonds pursuant to Section 103 of the Code, and specifically the Community Facilities District will not directly or indirectly use or make any use of the proceeds of the 2022 Authority Bonds or any other funds of the Community Facilities District or take or omit to take any action that would cause the 2022 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 Community Facilities District, with respect to the proceeds of the Series 2022 Bonds and such other funds, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such regulations are, at the time, applicable and in effect; provided, that if the Community Facilities District 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 2022 Authority Bonds pursuant to Section 103 of the Code, the Community Facilities District may rely conclusively on such opinion in complying with the provisions hereof. In the event that at any time the Community Facilities District 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 Finance Director, for and on behalf of the Community Facilities District, hereunder or otherwise the Community Facilities District shall so instruct the Finance Director in writing, and the Finance Director shall take such action as may be necessary in accordance with such instructions.

**SECTION 3.03. Covenant of the Community Facilities District Relating to Maximum Facilities Special Tax Coverage.** The Community Facilities District covenants to not approve any amendments, changes or modifications relating to development of the property within the Improvement Area that would reduce the amount of the Maximum Facilities Special Tax less Priority Administrative Expenses to equal less than one hundred ten percent (110%) of the sum of the Annual Debt Service on the Bonds in any year until the maturity date for the Bonds.

**SECTION 3.04. Statements of Fund and Accounts.** For so long as any Bonds are Outstanding, the Trustee shall provide a monthly accounting of all funds and accounts held pursuant to the Master Indenture and any supplements thereto, including the First Supplemental Indenture, to the Community Facilities District within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within ninety (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 created under the Master Indenture or any supplements thereto, including the First Supplemental Indenture, as of the beginning and the close of such accounting period.

**SECTION 3.05. Amendment to Section 10.14 of the Master Indenture.** Pursuant to Section 7.01(b) of the Master Indenture, Section 10.14 of the Master Indenture is hereby amended to replace the contact information for the Trustee therein with the information included below.

If to the Trustee:

U.S. Bank Trust Company, National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
Attention: Global Corporate Trust  
Fax: 415-677-3769  
Email: karen.lei@usbank.com

**SECTION 3.06. Terms of Series 2022 Bonds Subject to the Master Indenture.**

Except as expressly provided in this First Supplemental Indenture, every agreement, condition, covenant, and term in the Master Indenture applies to this First Supplemental Indenture and to the Series 2022 Bonds with the same force and effect as if they were set forth at length in this First Supplemental Indenture, with such omissions, variations, and modifications as may be appropriate to conform them to this First Supplemental Indenture.

**SECTION 3.07. Effective Date of First Supplemental Indenture.** This First Supplemental Indenture takes effect from and after its execution and delivery.

*[Remainder of page intentionally blank.]*

IN WITNESS WHEREOF, the City of Folsom Community Facilities District No. 23 (Folsom Ranch) has caused this First Supplemental Indenture to be signed in its name by the Finance Director of the City of Folsom, and U.S. Bank Trust Company, National Association, as Trustee, in token of its acceptance of the trusts created hereunder, has caused this First Supplemental 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 FOLSOM  
COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)**

By: \_\_\_\_\_  
Stacey Tamagni  
Finance Director of the City of Folsom

**U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee**

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

**EXHIBIT A**  
**FORM OF SERIES 2022 BONDS**

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SACRAMENTO

CITY OF FOLSOM  
COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX BOND, SERIES 2022

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated as of</u>
_____ %	September 1, 20__	[_____] , 2022

REGISTERED OWNER: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
AS TRUSTEE FOR THE FOLSOM RANCH FINANCING  
AUTHORITY

PRINCIPAL AMOUNT: DOLLARS

The City of Folsom Community Facilities District No. 23 (Folsom Ranch), organized and existing under and pursuant to the laws of the State of California (the "Community Facilities District"), for value received hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds as described herein) 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 computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the interest payment date next preceding the date of registration of this Series 2022 Bond (unless this Series 2022 Bond is registered on a day during the period from the sixteenth (16<sup>th</sup>) day of the month next preceding an interest payment date to such interest payment date, both inclusive, in which event it shall bear interest from such interest payment date, or unless this Series 2022 Bond is registered on a day on or before the fifteenth (15<sup>th</sup>) day of the month next preceding the first interest payment date, in which event it shall bear interest from its dated date) until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable on [September 1, 2022], and semiannually thereafter on September 1 and March 1 in each year. The interest on and principal of and redemption premium, if any, on this Series 2022 Bond are payable in lawful money of the United States of America at the Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Corporate Trust Office") of U.S. Bank Trust Company, National Association, or any other bank or trust company at its Corporate Trust Office, which may

at any time be substituted in its place as provided in the Indenture hereinafter described, the Trustee of the Community Facilities District for the Bonds (the "Trustee"). The interest on this Series 2022 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 as of the fifteenth (15th) day of the month next preceding each interest payment date, such interest to be paid by check mailed by first class mail on each such interest payment date to such registered owner at his or her address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds then Outstanding, payment shall be made at such owner's option by wire transfer on each such interest payment date 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 continental United States of America according to written instructions provided by such owner to the Trustee at least fifteen (15) days before such interest payment date. The principal of and redemption premium, if any, on this Series 2022 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 Series 2022 Bond at the Corporate Trust Office of the Trustee at maturity or on redemption prior to maturity.

Notwithstanding the foregoing, the Trustee may agree with the Holder of this Series 2022 Bond that such Holder may, in lieu of surrendering the same for a new Bond, endorse on this Series 2022 Bond a record of partial payment of the principal of this Series 2022 Bond as follows:

**PAYMENTS ON ACCOUNT OF PRINCIPAL**

Payment Date	Principal Amount Paid	Balance of Principal Amount Unpaid	Signature of Holder
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

This Series 2022 Bond is one of a duly authorized issue of bonds in the aggregate principal amount of [\_\_\_\_\_] dollars (\$[\_\_\_\_\_]) issued by the Community Facilities District located in the City of Folsom (the "City"), designated the "City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022" (the "Series 2022 Bonds"), which Series 2022 Bonds are issued 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 "Law") and under and pursuant to the provisions of an Indenture, dated as of October 1, 2020 (as supplemented, the "Master Indenture"), between the Community Facilities District and the Trustee, as successor trustee to MUFG Union Bank, N.A., which Master Indenture authorized the issuance in various series from time to time of "City of Folsom Community Facilities District

No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds” (the “Bonds”), and a First Supplemental Indenture (the “First Supplemental Indenture,” and together with the Master Indenture, the “Indenture”) supplemental thereto, dated as of May 1, 2022, between the Community Facilities District and the Trustee, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions of the Series 2022 Bonds), and all capitalized terms used herein not otherwise defined shall have the meanings contained in the Indenture. All the Series 2022 Bonds are payable on a parity with all other Bonds issued under the Master Indenture in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the City Clerk of the City and at the above-mentioned office of the Trustee), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Series 2022 Bonds are issued and for the rights of the registered owners of the Series 2022 Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the Community Facilities District and the registered owner from time to time of this Series 2022 Bond, to all the provisions of which the registered owner of this Series 2022 Bond, by his or her acceptance hereof, agrees and consents; and each taker and subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Series 2022 Bonds are issued to provide funds to pay costs of the acquisition and construction of the Facilities, make a deposit to the Series 2022 Bond Reserve Account, pay Costs of Issuance of the Series 2022 Bonds in accordance with the Indenture and pay interest on the Series 2022 Bonds to [September 1, 2022]. The Series 2022 Bonds are special tax obligations of the Community Facilities District and the interest on and principal of and redemption premiums, if any, on the Series 2022 Bonds are payable solely from the proceeds of the Special Tax, net of Priority Administrative Expenses, and certain other funds, as provided in the Indenture, and the Community Facilities District is not obligated to pay them except from the proceeds of the Special Tax, net of Priority Administrative Expenses, and such other funds. The General Fund of the City and the funds of the Community Facilities District are not liable and neither the full faith and credit of the Community Facilities District nor the City are pledged for the payment of the interest on or the principal of or the redemption premiums, if any, on the Series 2022 Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or the principal of or the redemption premiums, if any, on the Series 2022 Bonds. The Series 2022 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the Community Facilities District or any of its income or receipts except the proceeds of the Special Tax, net of Priority Administrative Expenses, and such other funds, and neither the payment of the interest on or the principal of or the redemption premiums, if any, on the Series 2022 Bonds is a general debt, liability or obligation of the Community Facilities District.

The Series 2022 Bonds maturing on September 1, 20[\_\_\_], are subject to mandatory redemption by the Community Facilities District prior to their maturity date in part on September 1 in each of the years 20[\_\_\_] through 20[\_\_\_], both years inclusive; and the Series 2022 Bonds maturing on September 1, 20[\_\_\_], are subject to mandatory redemption by the Community Facilities District prior to their maturity date in part on September 1 in each of the years 20[\_\_\_] through 20[\_\_\_], both years inclusive, in each case solely from Minimum Sinking Fund Account Payments deposited in the Sinking Fund Subaccount, upon mailed notice as hereinafter provided,

at a redemption price of one hundred percent (100%) of the principal amount thereof called for redemption together with accrued interest thereon to the date of redemption.

The Series 2022 Bonds are subject to optional redemption by the Community Facilities District prior to their respective maturity dates as a whole or in part on any date on or after September 1, 20[\_\_\_], from funds derived by the Community Facilities District from any source other than such Minimum Sinking Fund Account Payments deposited in the Sinking Fund Subaccount or such prepayments of the Special Tax, upon mailed notice as hereinafter provided, at the following redemption prices (computed upon the principal amount of the Series 2022 Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption, to wit:

103% if redeemed on any date on or after September 1, 20[\_\_\_] through August 31, 20[\_\_\_];

102% if redeemed on any date from September 1, 20[\_\_\_] through August 31, 20[\_\_\_];

101% if redeemed on any date from September 1, 20[\_\_\_] through August 31, 20[\_\_\_]; and

100% if redeemed on September 1, 20[\_\_\_] and any date thereafter.

The Series 2022 Bonds are subject to extraordinary redemption by the Community Facilities District prior to their respective maturity dates, as a whole or in part on any interest payment date on and after September 1, 20[\_\_\_], from funds derived by the Community Facilities District from prepayments of the Special Tax, upon mailed notice as hereinafter provided, at the following redemption prices (computed upon the principal amount of the Series 2022 Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption, to wit:

103% if redeemed on an interest payment date on or after September 1, 20[\_\_\_] through March 1, 20[\_\_\_];

102% if redeemed on an interest payment date on September 1, 20[\_\_\_] or March 1, 20[\_\_\_];

101% if redeemed on an interest payment date on September 1, 20[\_\_\_] or March 1, 20[\_\_\_]; and

100% if redeemed on September 1, 20[\_\_\_] or any interest payment date thereafter.

If less than all the Series 2022 Bonds are to be redeemed as a result of prepayments of the Special Tax at any one time, the Series 2022 Bonds shall be redeemed pro rata by maturity. If less than all the Series 2022 Bonds are to be redeemed at the option of the Community Facilities District at any one time, the Series 2022 Bonds of the latest maturity date or dates shall be redeemed prior to or simultaneously with the redemption of the Series 2022 Bonds maturing prior

thereto, and if less than all the Series 2022 Bonds of any one maturity date are to be redeemed at any one time, the Trustee shall select the Series 2022 Bonds or the portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) in a manner that it deems appropriate and fair.

Notice of redemption of this Series 2022 Bond or any portion hereof shall be mailed by the Trustee to the registered owner hereof and to those securities depositories and securities information services selected by the Community Facilities District in accordance with the Indenture, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. Any notice of optional redemption may be rescinded by written notice given by the Community Facilities District to the Trustee no later than three (3) Business Days prior to the date specified for redemption. The Trustee shall give notice of rescission of the notice of optional redemption or non-satisfaction of any conditions specified in the notice of optional redemption as soon as practicable to the same parties and in the same manner as the notice of redemption was given pursuant to the Indenture.

If notice of redemption has been duly given and not rescinded as aforesaid and money sufficient for the payment of the principal of and redemption premiums, if any, on, together with interest to the redemption date on, this Series 2022 Bond or portion thereof so called for redemption has been irrevocably deposited with the Trustee, then this Series 2022 Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Series 2022 Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Series 2022 Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Series 2022 Bond or the portion thereof to be redeemed, and upon surrender of this Series 2022 Bond if redeemed in part only, the Community Facilities District shall execute and the Trustee shall authenticate and deliver to the registered owner hereof at the expense of the Community Facilities District a new Series 2022 Bond or Series 2022 Bonds equal in aggregate principal amount to the unredeemed portion of this Series 2022 Bond so surrendered.

The Community Facilities District has covenanted that, so long as any Series 2022 Bonds are outstanding, it will annually levy the Special Tax against all Taxable Property in the Improvement Area and make provision for the collection of the Special Tax in amounts which will be sufficient, together with the money then on deposit in the Redemption Account, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the 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 Minimum Sinking Fund Account Payments for and redemption premiums, if any, on the Series 2022 Bonds as they become due and payable and to replenish each Bond Reserve Account established under the Indenture and to pay all current Expenses as they become due and payable in accordance with the provisions and terms of the Indenture.

The Series 2022 Bonds are issuable in the form of fully registered bonds. The registered owner of any Series 2022 Bond or Series 2022 Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his or her duly authorized attorney) in exchange for an equal aggregate principal amount



of Series 2022 Bonds of the same series and maturity date in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Series 2022 Bond is transferable on the registration books kept by the Trustee by the registered owner hereof or by his or her duly authorized attorney upon surrender of this Series 2022 Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his or her duly authorized attorney, and thereupon a new Series 2022 Bond or Series 2022 Bonds of the same series and maturity date in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The Community Facilities District and the Trustee shall be entitled to conclusively treat the person in whose name this Series 2022 Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the Community Facilities District and of the registered owners of the Series 2022 Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment shall (1) extend the maturity of this Series 2022 Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the Community Facilities District to pay the interest hereon or principal hereof or Minimum Sinking Fund Account Payment herefor or redemption premium, if any, hereon 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 Series 2022 Bond, or (2) permit the issuance by the Community Facilities District of any obligations payable from the proceeds of the Special Tax other than as provided in the Indenture, or jeopardize the ability of the Community Facilities District to levy and collect the Special Tax, or (3) reduce the percentage of Series 2022 Bonds required for the written consent to an amendment of the Indenture, 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 Series 2022 Bonds do not constitute an indebtedness of the Community Facilities District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the City Council of the City nor the Community Facilities District nor any officer or employee thereof or of the City shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Series 2022 Bonds otherwise than from the proceeds of the Special Tax, net of Priority Administrative Expenses, and such other funds, as provided in the Indenture.

This Series 2022 Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been manually signed by an authorized signatory of 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 Series 2022 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 Series 2022 Bond, together with all other obligations of the Community Facilities District, does not exceed any limit prescribed by the laws of the State of

California and is not in excess of the principal amount of the Series 2022 Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the City of Folsom Community Facilities District No. 23 (Folsom Ranch) has caused this Series 2022 Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Clerk of the City, and has caused this Series 2022 Bond to be dated [\_\_\_\_\_], 2022.

CITY OF FOLSOM  
COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)

By \_\_\_\_\_  
Mayor of the City of Folsom

Countersigned:

\_\_\_\_\_  
City Clerk of the City of Folsom

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON SERIES 2022 BONDS]

This is one of the Series 2022 Bonds described in the within-mentioned Indenture which has been authenticated on [\_\_\_\_\_], 2022.

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Trustee

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

[FORM OF ASSIGNMENT TO APPEAR ON SERIES 2022 BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within Series 2022 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: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: \_\_\_\_\_

## **ATTACHMENT 5**

PRELIMINARY OFFICIAL STATEMENT DATED [\_\_\_\_\_] , 2022

NEW ISSUE-BOOK-ENTRY ONLY

NOT RATED

*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 alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."*

\$13,235,000\*

FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS  
SERIES 2022

**Dated: Date of Delivery**

**Due: September 1, as shown on inside front cover**

The Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the "Bonds") are being issued by the Folsom Ranch Financing Authority (the "Authority") to provide funds to finance the purchase of limited obligation special tax bonds (the "Local Obligations"), issued by the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the "District"). The purchase price of the Local Obligations will be used to finance the acquisition and construction of certain public facilities, fund a debt service reserve account, fund capitalized interest to September 1, 2022, and pay certain costs of issuance of the Local Obligations and Bonds.

The Bonds are being issued by the Authority pursuant to a Trust Agreement (the "Trust Agreement") among the District, the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee") and will be secured by a pledge of the Trust Estate, as defined herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Bonds are special, limited obligations of the Authority. The Bonds are payable solely from and secured by the Trust Estate of the Authority pledged under the Trust Agreement, consisting primarily of payments received by the Authority from the District under the Local Obligations, which payments are secured by a lien of the Special Taxes (defined herein) levied upon property within Improvement Area No. 1 of the District (the "Improvement Area"), as more fully described herein. Payments under the Local Obligations are calculated to be sufficient to permit the Authority to pay the principal of, and interest on, the Bonds when due.

The Local Obligations are secured by the lien of the net Special Taxes on parity with the 2020 IA1 Obligations and any Additional Local Obligations (each defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Terms of the Local Obligations."

The Local Obligations Indenture (defined herein) for the Local Obligations establishes a debt service reserve fund (the "Local Obligations Reserve Fund") with a debt service reserve account therein for the Local Obligations (the "Local Obligations Reserve Account"). Pursuant to the Local Obligations Indenture, a deposit is being made to the Local Obligations Reserve Account for the Local Obligations. **Amounts available from the Local Obligations Reserve Account are not available to make up a deficiency for the payment of principal and interest on the Bonds.** See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Terms of the Local Obligations—*Local Obligations Reserve Account.*"

The Bonds are being issued only as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") and interest thereon is payable on March 1 and September 1 of each year, commencing September 1, 2022, by the Trustee to DTC. DTC will in turn remit principal or redemption price and interest to the DTC participants, which will in turn remit such principal or redemption price and interest to the Beneficial Owners of the Bonds, as described herein. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry only form in the principal amount of \$5,000 or integral multiple thereof. Purchasers of the Bonds will not receive instruments representing their interest in the Bonds purchased. See APPENDIX F—"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Bonds are subject to optional, extraordinary and mandatory redemption as described herein.\* See "THE BONDS—Redemption Provisions."

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\* Preliminary, subject to change.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF FOLSOM (THE "CITY"), THE AUTHORITY, THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER. EXCEPT FOR THE TRUST ESTATE, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY, THE DISTRICT OR THE CITY, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE, DERIVED PRIMARILY FROM PAYMENT ON THE LOCAL OBLIGATIONS FROM THE PAYMENT OF THE SPECIAL TAXES LEVIED WITHIN THE IMPROVEMENT AREA AS MORE FULLY DESCRIBED HEREIN.

**The Bonds are not rated by any rating agency. Investment in the Bonds involves a substantial degree of risk that may not be appropriate for some investors.** See "CERTAIN RISKS TO BONDHOLDERS" for a discussion of special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

This cover page contains information for general reference only and it is *not* a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**Maturity Schedule, Interest Rates, Prices and CUSIPS**  
**(See inside front cover)**

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed on for the Authority and the District by the City Attorney. Certain legal matters will be passed upon for the Underwriter by Stradling, Yocca, Carlson & Rauth, a Professional Corporation. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about [\_\_\_\_\_], 2022.

**Piper Sandler & Co.**

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

**\$13,235,000\***  
**FOLSOM RANCH FINANCING AUTHORITY**  
**CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23**  
**(FOLSOM RANCH) IMPROVEMENT AREA NO. 1**  
**SPECIAL TAX REVENUE BONDS**  
**SERIES 2022**

MATURITY SCHEDULE, INTEREST RATES, PRICES AND CUSIPS

Maturity (September 1)	Principal Amount	Interest Rate	Price	CUSIP No. <sup>†</sup> (344414)
	\$	%		

\$ \_\_\_\_\_ % Term Bond maturing September 1, 20\_\_ Price \_\_\_\_\_ (CUSIP No.<sup>†</sup> 344414 \_\_\_\_\_)  
 \$ \_\_\_\_\_ % Term Bond maturing September 1, 20\_\_ Price \_\_\_\_\_ (CUSIP No.<sup>†</sup> 344414 \_\_\_\_\_)

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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. The Authority, the District, the Underwriter and the City take no responsibility for the accuracy of such numbers.



No dealer, broker, salesperson or other person has been authorized by the Authority, the District or the Underwriter to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor is it to be construed as a representation of such by the Authority, the District or the Underwriter. The information and expressions of opinion stated herein are subject to change without notice; and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the District or the property owners in the Improvement Area, or in the condition of the property in the Improvement Area, since the date hereof.

The summaries and references to the Trust Agreement, the Mello-Roos Act, the Local Obligations Indenture and to other statutes and documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement including any amendment or supplement hereto is intended to be deposited with one or more depositories.

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, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES SET FORTH ON THE INSIDE FRONT COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

**CITY OF FOLSOM  
COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)**

**BOUNDARY MAP**

**CITY OF FOLSOM  
COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)  
IMPROVEMENT AREA NO. 1**

**AUTHORITY GOVERNING BOARD/CITY COUNCIL**

Kerri Howell, *Chair / Mayor*  
Rosario Rodriguez, *Vice Chair / Vice Mayor*  
Sarah Aquino, *Member / Councilmember*  
YK Chalamcherla, *Member / Councilmember*  
Mike Kozlowski, *Member / Councilmember*

**AUTHORITY/CITY STAFF**

Elaine Andersen, *Executive Director / City Manager*  
Stacey Tamagni, *Treasurer / Finance Director*  
Steven Wang, Esq., *General Counsel / City Attorney*  
Christa Freemantle, *Secretary / City Clerk*

**SPECIAL SERVICES**

**BOND AND DISCLOSURE COUNSEL**

Orrick, Herrington & Sutcliffe LLP

**MUNICIPAL ADVISOR**

Fieldman, Rolapp & Associates, Inc.

**TRUSTEE**

U.S. Bank Trust Company, National Association

**SPECIAL TAX CONSULTANT**

NBS

**APPRAISER**

Integra Realty Resources

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**\$13,235,000\***  
**FOLSOM RANCH FINANCING AUTHORITY**  
**CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23**  
**(FOLSOM RANCH) IMPROVEMENT AREA NO. 1**  
**SPECIAL TAX REVENUE BONDS**  
**SERIES 2022**

**INTRODUCTION**

The description and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the Trust Agreement (defined below) or the Local Obligations Indenture (defined below), as applicable.

**General**

This Official Statement, including the cover page, the inside cover page and the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the Folsom Ranch Financing Authority (the “Authority”) of \$13,235,000\* aggregate principal amount of Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “Bonds”).

**Authority for Issuance**

The Bonds will be issued pursuant to the provisions of the Trust Agreement (the “Trust Agreement”) among the Authority, the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “District”), and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), as authorized pursuant to a resolution of the Authority. The Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The Bonds will be issued as fully registered bonds in book-entry form, in denominations of \$5,000 each or any integral multiple thereof and will be dated the date of delivery thereof and bear interest at the rates set forth on the inside front cover page hereof. See “THE BONDS—Description of the Bonds.”

**Purpose**

The Bonds are being issued to finance the purchase of the limited obligation special tax bonds (the “Local Obligations”), issued by the District pursuant to an Indenture (as supplemented and amended, the “Local Obligations Indenture”) between the District and U.S. Bank Trust Company, National Association, as successor trustee to U.S. Bank National Association, as successor trustee to MUFG Union Bank, N.A., as trustee (the “Local Obligations Trustee”), as supplemented and amended by a First Supplemental Indenture (the “First Supplemental Indenture”) between the District and the Local Obligations Trustee. The purchase price of the Local Obligations will be used to finance the acquisition and construction of certain public facilities, fund a debt service reserve account, fund capitalized interest to September 1, 2022, and pay certain costs of issuance of the Local Obligations and Bonds. See “PLAN OF FINANCE” and “THE IMPROVEMENT AREA.”

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\* Preliminary, subject to change.

The Local Obligations are authorized pursuant to (i) the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311, *et seq.* of the California Government Code (the “Mello-Roos Act”), (ii) a resolution of the City Council of the City of Folsom (the “City”) as legislative body of the District adopted on April 12, 2022, and (iii) the Local Obligations Indenture. The Local Obligations are payable from the special taxes authorized to be levied and collected annually upon taxable real property within Improvement Area No. 1 of the District (the “Improvement Area”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—General.”

### **Security for the Bonds**

The Bonds are special, limited obligations of the Authority, payable from and secured by the Trust Estate (as defined herein) received by the Authority consisting primarily of payments received from the District as debt service payments on the Local Obligations.

The Local Obligations will be issued with an annual scheduled debt service schedule that results in at least 110% annual debt service coverage for the Local Obligations and the 2020 IA1 Obligations from Effective Tax Rate Evaluation Maximum Facilities Special Tax revenues for Developed Property and Effective Tax Rate Evaluation Minimum Facilities Revenues for Small Lot Final Map Property expected to be generated in the Improvement Area (except for Lots C and D), net of Priority Administrative Expenses (each as defined below). Although the scheduled payments under the Local Obligations are sufficient, in the aggregate, to provide the Authority with moneys to pay the principal of, premium, if any, and interest on the Bonds when due (see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”), investment in the Bonds involves a substantial degree of risk that may not be appropriate for some investors. See “CERTAIN RISKS TO BONDHOLDERS” below.

The Local Obligations are secured by a pledge of special taxes received by the District (the “Special Tax” or the “Special Taxes,” as the context requires) (including any prepayment thereof and proceeds from foreclosure sales pursuant to the Local Obligations Indenture), net of Priority Administrative Expenses, and the Local Obligations Reserve Account established under the Local Obligations Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” The Special Taxes are included on the regular property tax bill sent to the record owners of taxable properties within the Improvement Area. The District has covenanted in the Local Obligations Indenture to commence judicial foreclosure proceedings against property with delinquent Special Taxes and to diligently pursue such proceedings to completion; provided, however, that the District is not obligated under the Local Obligations Indenture to commence such judicial foreclosure proceedings on any delinquent installment of the Special Tax for any Fiscal Year in which the District has received one hundred percent (100%) of the amount of such installment from the County of Sacramento (the “County”) pursuant to the Teeter Plan (described below). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Payment of the Local Obligations,” “—Special Tax Authorization,” “—Covenant for Foreclosure” and “—The Teeter Plan.”

The Special Taxes secure only the Local Obligations and the 2020 IA1 Obligations (as defined herein). For this reason, a delinquency or default in the payment of Special Taxes could cause a default in the payments of principal and interest on the Bonds if moneys in the Local Obligations Reserve Account are insufficient to make up the deficit in debt service for the Local Obligations caused by such delinquency or nonpayment.

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE DISTRICT, THE AUTHORITY, THE STATE OF CALIFORNIA (THE “STATE”) OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER. EXCEPT FOR THE TRUST ESTATE, NO



OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY, THE DISTRICT OR THE CITY, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE, DERIVED PRIMARILY FROM DEBT SERVICE PAYMENTS ON THE LOCAL OBLIGATIONS FROM THE PAYMENT OF THE SPECIAL TAXES LEVIED WITHIN THE IMPROVEMENT AREA AS MORE FULLY DESCRIBED HEREIN.

### **The Improvement Area**

*General.* The Improvement Area is located in the southern portion of the City, east of East Bidwell Street, west of Placerville Road, north of Mangini Parkway and south of U.S. Highway 50 and consists of over 205 total gross acres, of which approximately 109 acres are subject to the Special Tax. Presently, the Improvement Area includes properties in varying stages of development, including partially-improved lots, improved lots, homes under construction and completed homes. Collectively, these properties are planned to include 441 single-family high density units, 222 multi-family low density units and 265 multi-family high density units that are expected to be constructed as apartments.

*Formation Proceedings.* The District was formed by the City pursuant to the Mello-Roos Act. The Mello-Roos Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Mello-Roos Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities, development-related fees, and services. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Mello-Roos Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Mello-Roos Act, the City Council undertook proceedings to form the District, initially designating six separate improvement areas therein, including the Improvement Area, and called an election to authorize the incurring of bonded indebtedness and authorize the levy of special taxes within the District. On May 26, 2020, elections were held within the District for each improvement area therein at which the eligible voters in each improvement area approved the levy of special taxes in accordance with the respective Rate and Method of Apportionment of Special Tax for such improvement area. In addition, the eligible voters in the Improvement Area authorized the issuance of bonds in an amount not to exceed \$76,000,000 for the Improvement Area. The Rate and Method of Apportionment for Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 (the “Rate and Method of Apportionment”) is included as APPENDIX A hereto and summarized herein under ‘SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Analysis.’ In December 2021, a seventh improvement area was designated within the District and change proceedings were conducted for Improvement Area No. 3.

### **Property Ownership and Development Status**

The development planned within the Improvement Area is comprised of eight sequentially numbered “Villages” and three additional lots referred to as “Village 10,” “Lot C” and “Lot D.” Development within the Improvement Area is planned to ultimately include 441 single-family high density units, 222 multi-family low density units and 265 multi-family high density units, for an aggregate total of 928 residential units. Both the single-family high density units and the multi-family low density units, representing 663 total residences, are being developed as detached single-family homes. The 265 multi-family high density units are expected to be constructed as for-rent apartments. See “PROPOSED PROPERTY DEVELOPMENT—Development Entitlements—Tentative and Final Mapping” for a discussion of these zoning entitlements within the Improvement Area. At full

development, the Improvement Area is also planned to include an elementary school, a police substation, a fire station, parks, trails and additional acreage planned for open space.

Property within the Improvement Area is in varying stages of development and is in the process of being completed in three main phases (referred to herein as “Phase 2A,” “Phase 2B” and “Phase 2C”). Phase 2A of development within the Improvement Area includes Villages 4, 7, 8 and 10 and Lots C and D and is entitled for a total of 560 units at the time of full build-out, comprised of 73 single-family high density units, 222 multi-family low density units and 265 multi-family high density units. Phase 2B of development includes Villages 1 and 2 and is entitled for a total of 162 single-family high density units at the time of full build-out. Phase 2C of development includes Villages 3, 5 and 6 and is entitled for a total of 206 single-family high density units at the time of full build-out. “PROPOSED PROPERTY DEVELOPMENT—Development Entitlements—Tentative and Final Mapping.”

The majority of the property within the Improvement Area is owned by various merchant builders, including KB HOME Sacramento Inc., a California corporation (“KB HOME Sacramento”), Tri Pointe Homes Holdings, Inc., a Delaware corporation (“Tri Pointe”), Lennar Homes of California, LLC (“Lennar”), Beazer Homes Holdings, LLC (“Beazer”) and FR 68 Lots LLC (“FR 68 Lots”). FR 68 Lots is managed by Signature Homes, Inc., a California corporation, and is owned by three separate members, each of which is affiliated with a member of the executive team of Signature Homes, Inc. Due to their affiliation, FR 68 Lots and Signature Homes, Inc. are each referred to herein as “Signature Homes.” KB HOME Sacramento, Tri Pointe, Lennar, Beazer and Signature Homes are referred to herein collectively as the “Merchant Builders.”

East Carpenter Improvement Company, LLC (“ECIC”) and CMB Improvement Company, LLC (“CMB”), the master developers responsible for the initial improvement of the lots, also own portions of the taxable property within the Improvement Area. Both ECIC and CMB are managed by the same three individuals. As of March 8, 2022, 76 homes were owned by individual homeowners. See “PROPOSED PROPERTY DEVELOPMENT—Property Ownership.” ECIC and CMB are under contract to sell the remaining portion of their taxable parcels to A.G. Spanos Company (“Spanos”) and Tri Pointe, respectively.

ECIC and CMB have made significant progress in the initial grading and improvement of the taxable properties in the Improvement Area. ECIC completed the mass grading and backbone infrastructure for Phase 2A (consisting of Villages 4, 7, 8 and 10 and Lots C and D) in 2020 along with the development of the initial subdivisions for the 295 single-family residential lots and the 10-acre multifamily site (Lots C and D) planned for 265 multi-family high density units. CMB commenced development of Phase 2B (Villages 1 and 2) in October 2020 with grading and backbone roadway improvements for Westwood Drive and Savannah Parkway. The Phase 2B subdivision improvements commenced in April 2021 and were significantly completed in December 2021, and the landscaping, fencing and punch-list related work is underway and scheduled for completion in April 2022. ECIC’s initial grading and improvement work for Phase 2C (Villages 3, 5 and 6) is scheduled to occur in two phases. The grading and backbone work for Village 3 began in February 2022 and is expected to be completed by the fourth quarter of 2022. The grading and backbone work for Villages 5 and 6 is expected to begin in April 2022 and is expected to be completed by the fourth quarter of 2022.

To date, final maps have been approved and recorded for Villages 1, 2, 4, 7, 8 and 10, and tentative maps have been approved for Villages 3, 5 and 6. Final maps for Villages 3, 5 and 6 are expected to be approved and recorded by June 30, 2022. A final small lot map is not required for the development of the 265 multi-family high density units on Lots C and D. However, a boundary line adjustment to remove the existing parcel line between Lots C and D will be required to be reviewed and approved by the City and recorded with the Office of the County Recorder of the County of Sacramento

prior to building permit issuance for Lots C and D. It is anticipated that the required boundary line adjustment for Lots C and D will be completed by Spanos during the second quarter of 2022.

The following table summarizes the current landowners, the current or anticipated merchant builders, the phase for development (2A, 2B or 2C), the status of the final maps and the number of units expected at full build-out.

<b>Property</b>	<b>Current Owner</b>	<b>Builder</b>	<b>Development Phase</b>	<b>Map Status</b>	<b>Total Units</b>
<b>Village 1</b>	CMB/Tri Pointe <sup>(1)</sup>	Tri Pointe	2B	final small lot	88
<b>Village 2</b>	CMB/Tri Pointe <sup>(1)</sup>	Tri Pointe	2B	final small lot	74
<b>Village 3</b>	Beazer	Beazer	2C	tentative small lot	53
<b>Village 4</b>	KB HOME Sacramento	KB HOME Sacramento	2A	final small lot	73
<b>Village 5</b>	KB HOME Sacramento	KB HOME Sacramento	2C	tentative small lot	83
<b>Village 6</b>	KB HOME Sacramento	KB HOME Sacramento	2C	tentative small lot	70
<b>Village 7</b>	FR 68 Lots	Signature Homes	2A	final small lot	68
<b>Village 8</b>	KB HOME Sacramento	KB HOME Sacramento	2A	final small lot	36
<b>Village 10</b>	Lennar	Lennar	2A	final small lot	118
<b>Lots C and D</b>	ECIC <sup>(2)</sup>	Spanos	2A	no final map required	265 <sup>(2)</sup>

<sup>(1)</sup> Tri Pointe has contracted to purchase the Village 1 and Village 2 properties through three separate takedowns, the first of which occurred in January 2022 for 54 lots. No assurance can be given that the conveyance of the remaining two takedowns totaling 108 lots will occur as expected. See “PROPOSED PROPERTY DEVELOPMENT—Property Ownership—Tri Pointe Purchase and Sale Agreement.”

<sup>(2)</sup> Spanos has contracted to purchase the Lot C and Lot D properties. See “PROPOSED PROPERTY DEVELOPMENT Development Entitlements—Tentative and Final Mapping.”  
Source: ECIC.

The following table summarizes, as of March 8, 2022, the current or anticipated merchant builders; the phase for development (2A, 2B or 2C); the zoning designation (single-family high density “SFHD,” multi-family low density “MLD” or multi-family high density “MHD”) for the lots; the number of homes under construction; the number of completed homes not yet sold; the number of homes under contract to be sold to individual home buyers; the number of homes closed; the number of building permits issued; the number of finished lots (without vertical home construction); the number of partially improved lots (including those that have only been initially graded for further development); the number of undeveloped lots; and the number of units expected at full build-out.

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Property	Merchant Builder	Development Phase	Zoning	Homes Under Construction	Homes Completed But Not Closed	Homes Under Contract	Homes Closed	Building Permits Issued	Finished Lots (Without Vertical Home Construction)	Partially Improved Lots	Undeveloped Lots	Total Proposed Units <sup>(3)</sup>
Village 1	Tri Pointe <sup>(1)</sup>	2B	SFHD	12 <sup>(4)</sup>	0	0	0	12	76	0	0	88
Village 2	Tri Pointe <sup>(1)</sup>	2B	SFHD	16 <sup>(5)</sup>	0	0	0	16	58	0	0	74
Village 3	Beazer	2C	SFHD	0	0	0	0	0	0	53	0	53
Village 4	KB HOME Sacramento	2A	SFHD	50	2 <sup>(6)</sup>	50	19	71	2	0	0	73
Village 5	KB HOME Sacramento	2C	SFHD	0	0	0	0	0	0	83	0	83
Village 6	KB HOME Sacramento	2C	SFHD	0	0	0	0	0	0	70	0	70
Village 7	Signature Homes	2A	MLD	31	3 <sup>(6)</sup>	21	31	65	3	0	0	68
Village 8	KB HOME Sacramento	2A	SFHD	4	0	4	0	34	32	0	0	36
Village 10	Lennar	2A	SFHD	40	4 <sup>(6)</sup>	63	26	70	48	0	0	118
Lots C and D	Spanos <sup>(2)</sup>	2A	MHD	0	0	0	0	0	0	265	0	265
<b>TOTAL</b>				<b>153</b>	<b>9</b>	<b>138</b>	<b>76</b>	<b>268</b>	<b>219</b>	<b>471</b>	<b>0</b>	<b>928</b>

<sup>(1)</sup> Tri Pointe has contracted to purchase the Village 1 and Village 2 properties through three separate takedowns, the first of which occurred in January 2022 for 54 lots. No assurance can be given that the conveyance of the remaining two takedowns totaling 108 lots will occur as expected. See “PROPOSED PROPERTY DEVELOPMENT—Property Ownership—Tri Pointe Purchase and Sale Agreement.”

<sup>(2)</sup> Spanos has contracted to purchase the Lot C and Lot D properties. See “PROPOSED PROPERTY DEVELOPMENT—Development Entitlements—Tentative and Final Mapping.”

<sup>(3)</sup> Amounts equal to the total from the following columns: (i) “Homes Under Construction,” (ii) “Homes Completed But Not Closed,” (iii) “Homes Closed,” (iv) “Finished Lots (Without Vertical Home Construction),” (v) “Partially Improved Lots” and (vi) “Undeveloped Lots.”

<sup>(4)</sup> Includes 12 Lonestar production homes. The two Lonestar model homes are being constructed in Village 2, where the Eastwood homes are being constructed.

<sup>(5)</sup> Includes four model homes (two for the Eastwood product and two for the Lonestar product) and 12 Eastwood production homes.

<sup>(6)</sup> Represents model homes.

Source: ECIC and the Merchant Builders

## **Property Values**

An appraisal of the taxable property within the Improvement Area dated March 11, 2022 (the “Appraisal”) was prepared by Integra Realty Resources, Sacramento, California (the “Appraiser”). The purpose of the appraisal was to estimate the aggregate value of the fee simple interest, subject to the special tax and based upon a hypothetical condition, for all of the taxable property within the Improvement Area. Subject to the assumptions, extraordinary assumption, hypothetical condition and limiting conditions contained in the Appraisal, the Appraiser estimated that the taxable property within the Improvement Area had an estimated aggregate value of \$183,319,655 as of February 18, 2022. See “THE IMPROVEMENT AREA—Property Values.”

## **Bondholders Risks**

Investment in the Bonds involves a substantial degree of risk that may not be appropriate for some investors. For a discussion of certain considerations relevant to an investment in the Bonds, in addition to the other matters set forth herein, see “CERTAIN RISKS TO BONDHOLDERS.” Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

## **Continuing Disclosure**

The District will agree to provide certain annual financial information and operating data by not later than April 1 in each year, commencing April 1, 2023 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices will be filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access database (“EMMA”). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX D—“FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12.

KB HOME Sacramento and Tri Pointe will covenant for the benefit of the Bondholders to provide certain information relating to it, its development plan and its financing plan no later than March 31 and September 30 in each year, commencing September 30, 2022 (collectively, the “Disclosure Reports”), and to provide notices of the occurrence of certain enumerated events. The Disclosure Reports and notices will be filed with EMMA. The specific nature of the information to be contained in the Disclosure Reports or the notices of enumerated events is set forth in APPENDIX D—“FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS.” The obligations of KB HOME Sacramento and Tri Pointe will terminate upon the occurrence of certain events as set forth in the applicable Continuing Disclosure Certificate for KB HOME Sacramento and Tri Pointe, including when the property owned by KB HOME Sacramento and Tri Pointe within the Improvement Area, respectively, is no longer obligated to pay 20% or more of the Special Taxes within the Improvement Area.

## **Summaries Not Definitive**

Brief descriptions of the Bonds; the Local Obligations; the security for the Bonds, the City, the Improvement Area and the status of development within the Improvement Area are included in this Official Statement together with summaries of certain provisions of the Bonds, the Trust Agreement and the Local Obligations Indenture. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Trust Agreement and the Local Obligations Indenture are qualified in their entirety by reference to such documents, copies of which are available for inspection at the office of Trustee.

## FOLSOM PLAN AREA

### General Folsom Plan Area Plan of Finance

In 2001, the City commenced plans to expand its sphere of influence area to include an area south of US Route 50. The area, known as the Folsom Plan Area is bordered to the west by Prairie City Road, the east by the Sacramento/El Dorado County boundary line, the north by US Route 50, and the south by White Rock Road. In November 2004, the citizens of the City adopted Measure W (“Measure W”), which specified certain requirements for annexing the Folsom Plan Area into the City. In June 2011, the City adopted its Folsom Plan Area Specific Plan (the “Specific Plan”). The Local Agency Formation Commission approved the City’s plan to annex the Folsom Plan Area on January 18, 2012.

As described below, the Folsom Plan Area is an area of approximately 3,500 acres in the southern portion of the City that has been approved for development of approximately 11,461 units of residential development, plus 274.5 acres of commercial/industrial development (including mixed use development). Over the build out of the property, the City anticipates using community facilities districts under the Mello-Roos Act to finance a large portion of the public infrastructure required for the development, plus certain maintenance obligations of public improvements and facilities.

The City has previously issued a series of bonds for its Community Facilities District No. 17 (Willow Hill Pipeline) (“CFD 17”) to finance certain public capital improvements for the benefit of the Folsom Plan Area in the principal amount of \$6,675,000, of which \$6,015,000 are currently outstanding. The City has also formed its Community Facilities District No. 18 (Folsom Plan Area – Area-Wide Improvements and Services) (“CFD 18”) to finance certain water and sewer improvements and a regional aquatic center along with maintenance and certain services. CFD 18 encompasses all of the property within the Folsom Plan Area, which is the CFD 17 property plus approximately 190 acres bordering El Dorado County in the eastern portion of the City south of US Route 50. The City has authorized the issuance of up to \$200,000,000 in bonds for CFD 18. The timing of issuance of bonds for CFD 18 is dependent upon market conditions and development within the Folsom Plan Area, and the City currently anticipates that an initial series of CFD 18 bonds will be issued in the second half of 2022 to help finance the required Phase 2 Water Facilities (as defined herein). See “PROPOSED PROPERTY DEVELOPMENT—Development Entitlements—*Water Supply Infrastructure*.” The boundaries of CFD 17 and CFD 18 encompass nearly all of the property in the Folsom Plan Area, including the property in the Improvement Area. The Improvement Area represents approximately 6.1% by acres of CFD 17 and approximately 5.9% by acres of CFD 18. The allocable portion of bonds previously issued for CFD 17 and any bonds to be issued for CFD 18 constitute overlapping debt. See “THE IMPROVEMENT AREA—Overlapping Debt.”

### Public Facilities Financing Plan

Measure W, adopted by City of Folsom residents in November 2004, required, among other things, that residents north of US Route 50 not bear the cost for infrastructure and public facilities serving the Folsom Plan Area. The City adopted a Public Facilities Financing Plan (“PFFP”) for the Folsom Plan Area on January 14, 2014. The PFFP provides an overview of how the infrastructure required for the development of the Folsom Plan Area will be financed and constructed and how various public facilities will be financed and maintained to ensure that public facilities and infrastructure will be available for the orderly development of the Folsom Plan Area without cost to the residents of the City north of US Route 50 and without an adverse impact on the service levels provided to future residents of the Folsom Plan Area.

The PFFP contemplates that the primary sources of funding for the construction of the public infrastructure and facilities in the Folsom Plan Area are community facilities districts, development impact fees collected upon permit issuance (including development impact fees of the Folsom Cordova Unified School District), direct developer financing, and matching state school grants and other school funding (including the school facilities improvement district described under “THE IMPROVEMENT AREA—Overlapping Debt”). Subdivision improvements are not included as part of the PFFP.

On September 8, 2015, the City approved Resolution No. 9641, in which the City Council adopted a Nexus Study to collect certain impact fees for the Specific Plan to be collected in accordance with City Ordinance No. 1234. In addition, on the same date, the City approved Resolution No. 9642, in which the City Council adopted a Nexus Study for the Specific Plan Infrastructure Fees (the “SPIF”) to be collected for the Specific Plan and in accordance with Ordinance No. 1235 and Chapter 3.130 of the Folsom Municipal Code. Most recently, on January 9, 2018, the City of Folsom approved Resolution No. 10040, amending Resolution No. 9641, to adjust the initial Folsom Plan Area Development Impact Fees. On the same date, the City approved Resolution No. 10059, adopting the Nexus Study Fiscal Year 2017-18 Update for the SPIF, and setting the updated infrastructure fees. On July 28, 2020, the City approved Resolution No. 10491, in which the City adopted the Nexus Study Fiscal Year 2020-21 Update for the Folsom Plan Area SPIF. On this date, the City also introduced and had the first reading for City Ordinance No. 1307, in which the City amended sections 3.130.010(JJ) and 3.130.030(E)(1)(c) of the Folsom Municipal Code pertaining to the SPIF Set-Aside Component of the SPIF. The SPIF Set-Aside was amended to include a new SPIF Off-Site Water Set-Aside Component to repay the City for water treatment plant costs the City had previously incurred. On August 25, 2020, the City conducted the second reading and approved Ordinance No. 1307.

*Phasing of Development.* For purposes of setting the PFFP costs, the City projected single family units would be sold and occupied within 13 years, multi-family low density units within 15 years, and multi-family medium and high density units within 18 years.

*Backbone Infrastructure.* The PFFP provides for the financing or collection of impact fees for and the construction of the backbone infrastructure required before construction in the Folsom Plan Area can proceed. Specifically, the PFFP recognizes the need for roadway improvements, on-site water system improvements, off-site water system improvements, recycled water system improvements, sanitary sewer system improvements, storm drainage system improvements, habitat mitigation, and construction of two freeway interchanges and improvements to an existing freeway interchange.

*Public Facilities – the Folsom Plan Area.* The PFFP describes plans for the financing of public schools, parks, transit services, trails, police and fire facilities and equipment, municipal service center, a corporation yard, solid waste facilities, a library, general capital improvements, transportation, and a community and aquatic center. The PFFP anticipates that the land for the public facilities will be dedicated to the City without cost to the City.

The Folsom Plan Area is currently being served by the existing fire resources of the City as well as other Sacramento County, El Dorado County and Placer County fire agencies through mutual aid agreements with the City. The City is currently undertaking general planning for the type and staffing needs of the first fire station. As noted in the PFFP, the City’s goal is to maintain a level of service that represents a rate of 1 station per 12,000 population, which the City expects to resolve by commencing construction on the first fire station servicing the Folsom Plan Area when there are approximately 1,400 residential units occupied within the Folsom Plan Area.

The estimated total cost of the backbone infrastructure and public facilities for the Folsom Plan Area at build-out is \$876,669,484 (in 2017 dollars), of which the City anticipates that a portion will be

financed through the Folsom Plan Area SPIF and the issuance of bonds for CFD 18, the Improvement Area or other community facilities districts and improvement areas. This estimate is subject to a variety of construction and market risks. The City and the District can provide no assurances that the overall costs will not increase, even significantly, in the future. The following table shows the breakdown of overall estimated costs for each category of improvement within the Folsom Plan Area as a whole.

**Table 1**  
**City of Folsom**  
**Folsom Plan Area Public Facilities Financing Plan**  
**Estimated Budget (2017\$)**

Infrastructure	Estimated Cost	Public Improvements	Estimated Cost
Roadways	\$270,335,001	Public Schools <sup>(1)(2)</sup>	\$134,250,000
Dry Utility	32,476,778	Parks	74,116,000
On-Site Water	54,966,951	Transit Services	17,129,000
Off-Site Potable Water	41,655,691	Housing Trust <sup>(2)</sup>	39,680,000
Recycled Water	10,931,440	Trails	14,420,000
Wastewater (Sewer)	21,434,147	Fire Facilities and Equipment	12,736,582
Storm Drainage	65,467,614	Police Facilities and Equipment	5,843,000
Habitat Mitigation	6,978,281	Municipal Service Center	5,434,000
<b>Total:</b>	<b>\$504,245,902</b>	Corporation Yard	8,020,000
		Solid Waste	5,542,000
		Branch Library	2,833,000
		Community and Aquatic Center <sup>(3)</sup>	37,860,000
		General Capital	13,800,000
		Transportation <sup>(2)</sup>	760,000
		<b>Total:</b>	<b>\$372,423,582</b>

Source: Folsom Specific Plan Infrastructure Fee Nexus Study Fiscal Year 2017-2018 Update (“Nexus Study Update”); City of Folsom; EPS.

- (1) Assumed no active-adult units in calculation of estimated school fee revenue. Certain developments within the Folsom Plan Area are expected to include active-adult units.
- (2) Based on estimated fee revenue generated from existing fee programs.
- (3) Community and Aquatic Center was not included in the Nexus Study Update. Estimated cost based on original PFFP costs in 2013 dollars increased by 3.02%, similar to the cost increases for the Folsom Plan Area Specific Plan Stand Alone Fee facilities included in the Nexus Study Update.

Development within the Folsom Plan Area, including within the Improvement Area, is dependent upon completion of certain of the above described infrastructure. For more information on status of construction of improvements and development necessary for development to occur within the Improvement Area, see “PROPOSED PROPERTY DEVELOPMENT.” See also “THE IMPROVEMENT AREA—Overlapping Debt.”

## PLAN OF FINANCE

### Facilities to be Financed

The Bonds are issued for the purpose of providing funds to purchase the Local Obligations. The Local Obligations are being issued to finance the acquisition and construction of certain public capital improvements more particularly described in the Resolution of Formation adopted by the City Council of the City on May 26, 2020. The City entered into an acquisition and shortfall agreement (the “Acquisition Agreement”) with ECIC on June 25, 2020, wherein the City agrees to use a portion of the proceeds of the Local Obligations to finance the acquisition from ECIC of those facilities set forth in the Acquisition Agreement. Such facilities consist of certain transportation improvements, water system improvements,



recycled water system improvements, drainage system improvements, wastewater system improvements, park, parkway and open space improvements, Specific Plan Infrastructure Fee program improvements and certain Specific Plan Infrastructure Fee obligations (collectively, the “Facilities”). Construction of the Facilities is required for development within the Improvement Area and the District to be completed.

Proceeds from the Local Obligations are expected to finance some, but not all, of the Facilities eligible to be financed within the District, and the District expects to issue one or more series of bonds to finance the acquisition of additional facilities in the future. See “PROPOSED PROPERTY DEVELOPMENT – Development Plans of Finance.”

## **THE BONDS**

### **General**

The Bonds are secured by a pledge of amounts paid with respect to the Local Obligations. The Local Obligations are secured by a pledge of Special Taxes (net of Priority Administrative Expenses) levied against taxable property within the Improvement Area. See “DEBT SERVICE SCHEDULE” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” The Local Obligations are secured by a pledge of Special Taxes (net of Priority Administrative Expenses) on parity with the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020 (the “2020 IA1 Obligations”) and any Additional Local Obligations (defined below).

The Local Obligations Indenture establishes a Local Obligation Reserve Fund and a Local Obligations Reserve Account therein with respect to the Local Obligations. Amounts available from the Local Obligations Reserve Account are available to pay debt service on the Local Obligations. The Local Obligations Indenture requires the funding of separate debt service reserve accounts for the Local Obligations, the 2020 IA1 Obligations and any Additional Local Obligations, each of which may be used only to pay the principal of and interest on the related series of special tax bonds issued under the Local Obligations Indenture. There is no reserve fund with respect to the Bonds. Amounts available from the Local Obligations Reserve Account are not available to cure a deficiency generally in the Trust Estate to make debt service payments on the Bonds.

### **Description of the Bonds**

*General.* The Bonds will be dated their date of delivery and mature on September 1, as set forth on the inside front cover page hereof (each, a “Principal Payment Date”). Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2022 (each, an “Interest Payment Date”).

The Bonds will be issued as fully registered bonds, without coupons, in denominations of \$5,000, or any integral multiple thereof. The Bonds will be issued in book-entry only form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. So long as the Bonds are in book-entry only form, principal of and redemption premium, if any, on the Bonds will be payable to DTC or its nominee, who will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F—“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Principal of, and redemption premium, if any, on the Bonds is payable at the corporate trust office of the Trustee. Interest on the Bonds will be paid only to the registered owners as shown on the Trustee’s books as of the fifteenth day of the calendar month next preceding each Interest Payment Date (the “Record Date”), except that in the case of an owner of \$1,000,000 or more in aggregate principal amount

of Bonds outstanding, payment will be made at the owner'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 continental United States of America according to instructions provided by such owner to the Trustee and received no later than the Record Date for such Interest Payment Date.

The Bonds are special, limited obligations of the Authority. The Bonds are payable solely from and secured by the Trust Estate of the Authority pledged under the Trust Agreement, consisting primarily of payments received by the Authority from the District under the Local Obligations, which payments are secured by a lien of the Special Taxes (defined herein) (net of Priority Administrative Expenses) levied upon property within the Improvement Area, as more fully described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Payments under the Local Obligations are calculated to be sufficient to permit the Authority to pay the principal of, and interest on, the Bonds when due. Pursuant to the Local Obligations Indenture, a Local Obligations Reserve Account is established for the Local Obligations. Amounts available from the Local Obligations Reserve Account are *not* available to cure a deficiency in the Trust Estate available to pay debt service of the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Terms of the Local Obligations—Local Obligations Reserve Account."

*No Additional Bonds under the Trust Agreement.* The Trust Agreement does not permit the Authority to issue any additional bonds on parity with the Bonds. However, subject to certain conditions contained in the Local Obligations Indenture, the District may at any time issue bonds (the "Additional Local Obligations") payable from the net proceeds of the Special Tax (after payment of Priority Administrative Expenses) on parity with the Local Obligations and the 2020 IA1 Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Terms of the Local Obligations – Additional Local Obligations."

#### **Redemption Provisions\***

*Optional Redemption.* The Bonds are subject to optional redemption by the Authority prior to their respective maturity dates as a whole or in part on any date on or after \_\_\_\_\_, 20\_\_, from any source of available funds other than Minimum Sinking Fund Payments and Special Tax Prepayments, at the following redemption prices (computed upon the principal amount of the Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

103% if redeemed on any date on or after \_\_\_\_\_, 20\_\_ through \_\_\_\_\_, 20\_\_;

102% if redeemed on any date from \_\_\_\_\_, 20\_\_ through \_\_\_\_\_, 20\_\_;

101% if redeemed on any date from \_\_\_\_\_, 20\_\_ through \_\_\_\_\_, 20\_\_; and

100% if redeemed on \_\_\_\_\_, 20\_\_ and any date thereafter.

*Extraordinary Redemption from Prepayment of Special Taxes.* The Bonds are subject to extraordinary redemption by the Authority prior to their respective maturity dates, as a whole or in part on

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\* Preliminary, subject to change.

any Interest Payment Date on or after \_\_\_\_\_, 20\_\_, solely from funds derived from the extraordinary redemption of Local Obligations from Special Tax Prepayments, at the following redemption prices (computed upon the principal amount of the Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

103% if redeemed on an Interest Payment Date on or after \_\_\_\_\_, 20\_\_ through \_\_\_\_\_, 20\_\_;

102% if redeemed on an Interest Payment Date on \_\_\_\_\_, 20\_\_ and \_\_\_\_\_, 20\_\_;

101% if redeemed on an Interest Payment Date on \_\_\_\_\_, 20\_\_ and \_\_\_\_\_, 20\_\_; and

100% if redeemed on \_\_\_\_\_, 20\_\_ and any Interest Payment Date thereafter.

Prepayments from prepaid Special Taxes could be made by any of the owners of any of the property within the Improvement Area, including ECIC, CMB, any of the Merchant Builders, any other developers or homebuilders owning Taxable Property in the Improvement Area or any individual owner; and they could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. The resulting redemption of Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such Bonds. See "CERTAIN RISKS TO BONDHOLDERS—Potential Early Redemption of Bonds from Prepaid Special Taxes."

*Mandatory Sinking Fund Redemption of Bonds.* The Bonds maturing on September 1, 20\_\_ are subject to mandatory redemption in part on September 1 of each year commencing September 1, 20\_\_, at a redemption price equal to one hundred percent (100%) of the principal amount thereof called for redemption together with accrued interest thereon to the date fixed for redemption:

Minimum Sinking Fund Payment Date (September 1)	Bonds Minimum Sinking Fund Payment
	\$

†

† Maturity.

The Bonds maturing on September 1, 20\_\_ are subject to mandatory redemption in part on September 1 of each year commencing September 1, 20\_\_, at a redemption price equal to one hundred percent (100%) of the principal amount thereof called for redemption together with accrued interest thereon to the date fixed for redemption:

Minimum Sinking Fund Payment Date (September 1)	Bonds Minimum Sinking Fund Payment
	\$

†

† Maturity.

If the Bonds subject to mandatory redemption are redeemed in part prior to their stated maturity date other than from Minimum Sinking Fund Payments, the Minimum Sinking Fund Payments for such Bonds shall be reduced proportionately by the principal amount of such Bonds so redeemed.

*Redemption Instructions.* Upon any prepayment of a Local Obligation, the Authority shall deliver to the Trustee a Written Order of the Authority designating the amounts and maturities of the Bonds to be redeemed, which shall be in the manner necessary to enable the Authority to deliver a Cash Flow Certificate satisfying the requirements described below. In the event only a portion of the Outstanding Bonds of any maturity are to be redeemed at any one time, the Trustee shall select the particular Bonds of each maturity date to be redeemed in accordance with DTC procedures or, if the Bonds are not then in book-entry, in a manner that it deems appropriate and fair. The Trustee shall redeem Bonds in Authorized Denominations.

Upon any redemption of a portion but not all of the Outstanding Bonds, the Authority shall deliver to the Trustee a Cash Flow Certificate to the effect that, assuming all payments are made with respect to the Local Obligations, (i) the Revenues, together with moneys on deposit in other funds and accounts held under the Trust Agreement, will be sufficient to pay all Principal Installments, Minimum Sinking Fund Payments and interest payments on the Bonds when due; and (ii) the redemption premiums, if any, on the Local Obligations, together with other Revenues available to the Trustee for such purpose, are sufficient to offset any difference between the interest to accrue on the Bonds to be paid or redeemed with the proceeds of prepayment of such Local Obligations (plus any redemption premium payable upon redemption of such Bonds) and the income to be earned on any investment of such proceeds (assured as of the date of payment thereof), in each case until the date of payment or redemption of Bonds, such that in no event will the prepayment of Local Obligations cause the Trustee to have insufficient funds to pay debt service on the Bonds when due.

In no event shall Bonds be redeemed if upon such redemption the principal amount of the Local Obligations remaining outstanding will be less than the total principal amount of Outstanding Bonds. Such Written Order of the Authority may specify that optional redemption of the Bonds will be conditioned upon receipt of funds or other events.

*Notice of Redemption.* Subject to receipt of the Written Order of the Authority described under “—Redemption Instructions”, the Trustee shall give notice of redemption; provided, that Bonds, identified by CUSIP numbers, serial numbers and maturity date, have been called for redemption and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof that has been

called for redemption (or if all the Outstanding Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), 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, subject to any conditions to such redemption specified in the Written Order of the Authority, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Bonds (or portions thereof) so to be redeemed will cease to accrue on and after such date and that from and after such date such Bond (or such portion thereof) shall no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof shall have no rights in respect of 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. If sufficient monies for the payment of the redemption price of all Bonds to be redeemed are not then on deposit with the Trustee, such notice shall also state that redemption is conditioned upon the timely deposit of sufficient funds therefor with the Trustee.

Such notice shall be mailed by first class mail, in a sealed envelope, postage prepaid, at least thirty (30) but not more than sixty (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 last appear on the Bond Register; provided, that neither the failure of an Owner to receive notice of redemption of Bonds nor any error in such notice shall affect the validity of the proceedings for the redemption of Bonds.

Any notice of optional redemption may be rescinded by written notice given by the Authority to the Trustee no later than three Business Days prior to the date specified for redemption. The Trustee shall give notice of rescission of the notice of optional redemption or non-satisfaction of any conditions specified in the notice of optional redemption as soon as practicable to the same parties and in the same manner as the notice of redemption was given.

So long as the Bonds are in book-entry only form, notices of redemption will be given directly by the Trustee to DTC and not to the Beneficial Owners of the Bonds. See APPENDIX F—“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

*Purchase in Lieu of Redemption.* In lieu of redemption of any Bond, amounts on deposit in the Proceeds Fund, the Principal Fund or in the Redemption Fund may be used and withdrawn by the Trustee at any time prior to a notice of redemption having been delivered, upon a Written Order for the purchase of such Bonds at public or private sale as and when and at such prices as the Authority may in its discretion determine, but not in excess of the lower of the highest or then current redemption price thereof plus accrued interest to the purchase date; and all Bonds so purchased shall be delivered to the Trustee for cancellation.

*Payment of Redeemed Bonds.* If notice of redemption has been given and not rescinded and if the conditions to such redemption specified therein, if any, have been satisfied, each as provided in the Trust Agreement, the Bonds or portions thereof called for redemption will become irrevocably due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Bonds to be redeemed at the office specified in the notice of redemption. If less than the full principal amount of a Bond is called for redemption, the Authority is required to execute and deliver and the Trustee is required to 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 specified by the Owner.

If any Bond or any portion thereof has been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, has been made or

provided for by the Authority, then interest on such Bond or such portion will cease to accrue from such date, and from and after such date such Bond or such portion will no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof will 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.

**ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds from the sale of the Bonds will be used to purchase the Local Obligations. The proceeds of the Local Obligations in turn will be used to finance construction and acquisition of the Facilities and pay costs of issuance of the Local Obligations and Bonds. The following table sets forth the estimated sources and uses of the funds as allocated to the Bonds:

<b>Sources of Funds</b>	
Principal Amount	\$
<i>[Plus/Less]:</i> [Net] Original Issue [Premium/Discount]	
Total Sources	\$
<b>Uses of Funds</b>	
Acquisition and Construction Fund	\$
Underwriter’s Discount	
Deposit to Local Obligations Reserve Account <sup>(1)</sup>	
Deposit to Local Obligations Capitalized Interest Account <sup>(2)</sup>	
Deposit to Costs of Issuance Fund <sup>(3)</sup>	
Total Uses	\$

<sup>(1)</sup> A portion of the purchase price of the Local Obligations will be deposited into the Local Obligations Reserve Account for the Local Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

<sup>(2)</sup> To pay interest on the Local Obligations and, in turn, the Bonds, to September 1, 2022.

<sup>(3)</sup> A portion of the purchase price of the Local Obligations will be used to pay costs of issuance including fees of Bond Counsel and the Municipal Advisor, the initial fees of the Trustee, noncontingent fees of the Appraiser, printing costs and other miscellaneous expenses.

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## DEBT SERVICE SCHEDULE

The annual scheduled debt service schedule for both the Bonds and the 2020 IA1 Obligations, assuming no early redemption other than from mandatory sinking fund installments, is set forth in Table 2A below. The Local Obligations are sized to provide 100% of the debt service on the Bonds when due and have the same principal amortization as the Bonds. The Local Obligations will be issued with an annual scheduled debt service schedule that, when combined with the scheduled debt service for the 2020 IA1 Obligations, results in at least 110% annual debt service coverage from the revenues of the Effective Tax Rate Evaluation Maximum Facilities Special Tax (as defined herein) for Developed Property and the Effective Tax Rate Evaluation Minimum Facilities Revenues for Small Lot Final Map Property expected to be generated in the Improvement Area, except those revenues expected from Lots C and D, net of Priority Administrative Expenses (defined below). The District expects that Additional Local Obligations will be issued on parity with the Local Obligations and the 2020 IA1 Obligations as the Improvement Area develops. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Terms of the Local Obligations – *Additional Local Obligations.*”

**Table 2A**  
**Folsom Ranch Financing Authority**  
**City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1**  
**Special Tax Revenue Bonds, Series 2022**  
**Debt Service Schedule\***

Period Ending (September 1)	2020 IA1 Obligations Debt Service	Series 2022 Principal	Series 2022 Interest	Total Series 2022 Debt Service	Total Debt Service
2022 <sup>(1)</sup>	\$615,050	\$	\$	\$	\$
2023	626,900				
2024	643,300				
2025	654,100				
2026	669,450				
2027	679,200				
2028	696,600				
2029	708,000				
2030	723,600				
2031	738,200				
2032	751,800				
2033	764,400				
2034	781,000				
2035	796,400				
2036	815,600				
2037	828,400				
2038	845,000				
2039	865,200				
2040	878,800				
2041	881,000				
2042	882,200				
2043	882,400				
2044	881,600				
2045	879,800				
2046	882,000				
2047	883,000				
2048	882,800				
2049	881,400				
2050	878,800				
2051	--				
2052	--				
TOTAL	\$22,896,00	\$	\$	\$	\$

\* Preliminary, subject to change

<sup>(1)</sup> Local Obligations debt service capitalized through September 1, 2022.

Source: Piper Sandler & Co.

The following table shows the expected debt service coverage for the Bonds for Fiscal Year 2022-23, taking into account the debt service on both the Local Obligations and the 2020 IA1 Obligations for that Fiscal Year, based on the revenues of the Effective Tax Rate Evaluation Maximum Facilities Special Tax (as defined herein) for all taxable properties in the Improvement Area other than Lots C and D, net of Priority Administrative Expenses in the amount of \$20,400.

**Table 2B**  
**City of Folsom Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1**  
**Fiscal Year 2022-23**  
**Debt Service and Debt Service Coverage – Local Obligations and 2020 IA1 Obligations\***

Fiscal Year	Effective Tax Rate Maximum Facilities Special Tax Revenue <sup>(1)(2)</sup>	Priority Administrative Expense <sup>(3)</sup>	Net Effective Tax Rate Evaluation Maximum Facilities Special Tax Revenue	2020 IA1 Obligations Debt Service	Local Obligations Debt Service*	Total Improvement Area Debt Service*	Improvement Area Debt Service Coverage*
2022-23	\$1,410,822	\$20,400	\$1,390,422	\$626,900	\$624,550	\$1,251,450	111.1%

\* Preliminary, subject to change

(1) The Effective Tax Rate Evaluation Maximum Facilities Special Tax escalates annually at 2%.

(2) Excludes the Effective Tax Rate Evaluation Maximum Facilities Special Tax revenues from Lots C and D.

(3) The Priority Administrative Expense amount was established at \$20,000 for Fiscal Year 2021-22 and escalates annually at 2%.

Source: Piper Sandler & Co. for Local Obligations debt service figures; Trustee for 2020 IA1 Obligations debt service figures; NBS for all other amounts.

### SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are secured by a lien on and pledge of the Trust Estate, consisting primarily of payments received by the Authority from the District under the Local Obligations, which payments are secured by Special Taxes (net of Priority Administrative Expenses) levied upon property within the Improvement Area and received by the District.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE DISTRICT, THE AUTHORITY, THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER. EXCEPT FOR THE TRUST ESTATE, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY, THE DISTRICT OR CITY, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE, DERIVED PRIMARILY FROM PAYMENTS ON THE LOCAL OBLIGATIONS FROM THE PAYMENT OF THE SPECIAL TAXES LEVIED WITHIN THE IMPROVEMENT AREA AS MORE FULLY DESCRIBED HEREIN.

The Trust Agreement does not permit the Authority to issue any additional bonds on parity with the Bonds. However, subject to certain conditions contained in the Local Obligations Indenture, the District may at any time issue Additional Local Obligations payable from the net proceeds of the Special Tax (after payment of Priority Administrative Expenses) on parity with the Local Obligations and the



2020 IA1 Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Terms of the Local Obligations – *Additional Local Obligations*.”

## **General**

The Trust Estate consists of the Revenues, the amounts in certain of the funds established and held under the Trust Agreement, and the Local Obligations. The Revenues consist of amounts received by the Trustee as the payment of interest on, or the equivalent thereof, and the payment or return of principal of, or redemption premiums, if any, on, or the equivalent thereof, the Local Obligations, whether as a result of scheduled payments, or redemption premiums, Special Tax Prepayments or remedial proceedings taken in the event of a default thereon, and all investment earnings on any money held in the Funds held under the Trust Agreement (except the Rebate Fund).

The principal of and the interest on the Local Obligations are payable from the annual Special Taxes levied and to be collected on all real property within the Improvement Area subject to the Special Taxes and the proceeds, if any, from the sale of such property for delinquency of such Special Taxes, after payment of Priority Administrative Expenses. The Local Obligations are secured by a pledge on the Special Taxes (net of Priority Administrative Expenses) on parity with the pledge of such Special Taxes for the 2020 IA1 Obligations and any Additional Local Obligations issued under the Local Obligations Indenture. See “—Payment of the Local Obligations” and “—Terms of the Local Obligations.”

The District may not issue indebtedness payable from the Special Taxes except as provided in the Local Obligations Indenture. See APPENDIX C—“SUMMARY OF PRINCIPAL DOCUMENTS—SUMMARY OF THE LOCAL OBLIGATIONS INDENTURE—Authorization and Issuance of Bonds—*Additional Bonds; Subordinate Bonds*.” The City has, however, formed CFD 17, which has issued bonds secured by special taxes with a co-equal lien on property within the Improvement Area and has formed CFD 18, which is authorized to issue bonds secured by special taxes with a co-equal lien on property within the Improvement Area. See “FOLSOM PLAN AREA.” The Authority, the District and the City have no control over the amount of additional debt payable from taxes or assessments on all or any portion of the property within the Improvement Area that may be issued in the future by other governmental entities or districts having jurisdiction over all or a portion of the land within the Improvement Area. To the extent such debt is payable from other assessments or special taxes levied pursuant to the applicable law, such assessments or special taxes may have a lien on the property within the Improvement Area on parity with the lien of the Special Taxes.

## **Flow of Funds**

*Receipt and Deposit of Revenues.* As noted above, Revenues consist of amounts received by the Trustee as the payment of interest on, or the equivalent thereof, and the payment or return of principal of, or redemption premiums, if any, on, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments, or redemption premiums, Special Tax Prepayments or remedial proceedings taken in the event of a default thereon, and all investment earnings on any money held under the Trust Agreement (except the Rebate Fund). All Revenues, other than Revenues derived from the early redemption of Local Obligations from Special Tax Prepayments received by the Trustee from the Authority, will be deposited into the Revenue Fund. On each Interest Payment Date and each Principal Payment Date, the Trustee will transfer Revenues from the Revenue Fund, in the amounts required in the order of priority as set forth below, with the requirements of each fund being fully satisfied, leaving no deficiencies therein, prior to any deposit into any fund later in priority:

*First:* To the Interest Fund, an amount of Revenues which together with amounts on deposit therein, is equal to the interest due and payable on the Bonds due on such Interest Payment Date;

*Second:* To the Principal Fund (i) on each Principal Payment Date from the Revenue Fund an amount of Revenues which, together with any amounts then on deposit in the Principal Fund (other than amounts previously deposited on account of any Bonds which have matured but which have not been presented for payment) is sufficient to pay the Principal Installments on the Bonds due on such Principal Payment Date and (ii) on each September 1 on which a Minimum Sinking Fund Payment is required to be made (for deposit in the Sinking Fund Account) from the Revenue Fund an amount of Revenues which is equal to the Minimum Sinking Fund Payment due and payable on such date. On each Principal Payment Date, the Trustee shall pay the principal or redemption price due and payable on the Bonds on such date from the Principal Fund.

Following such deposits, any remaining money in the Revenue Fund is required to be transferred to the Local Obligations Trustee for application under the Local Obligations Indenture. For additional information regarding the Flow of Funds, see “—Local Obligations Flow of Funds.”

*Revenues Derived from Special Tax Prepayments.* All Revenues derived from early redemption of Local Obligations from Special Tax Prepayments received by the Trustee will be immediately deposited into the Redemption Fund to be applied to the extraordinary redemption of Bonds. See “THE BONDS—Redemption Provisions—*Extraordinary Redemption from Prepayment of Special Taxes.*”

### **Description of Local Obligations**

The District will issue the Local Obligations in the principal amount of \$13,235,000.\* The Local Obligations are secured solely by the Special Taxes (net of Priority Administrative Expenses) levied upon certain real property within the Improvement Area and proceeds of foreclosure sales in the Improvement Area.

The pledge of Special Taxes (net of Priority Administrative Expenses) levied within the Improvement Area is on parity with the pledge thereof securing the 2020 IA1 Obligations and any Additional Local Obligations issued under the Local Obligations Indenture. The District may issue Additional Local Obligations secured on parity with the pledge of the Special Taxes (net of Priority Administrative Expenses) within the Improvement Area only in accordance with the Local Obligations Indenture. See APPENDIX C—“SUMMARY OF PRINCIPAL DOCUMENTS—SUMMARY OF THE LOCAL OBLIGATIONS INDENTURE—Authorization and Issuance of Bonds—*Additional Bonds; Subordinate Bonds.*”

A description of the Improvement Area is set forth under the caption, “THE IMPROVEMENT AREA.”

### **Issuance of Local Obligations**

The Local Obligations are authorized pursuant to the Mello-Roos Act and are issued under a resolution of the City Council of the City, as legislative body of the District and the Local Obligations Indenture. The Mello-Roos Act was enacted by the State Legislature to provide an alternate method of

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\* Preliminary, subject to change.

financing certain essential public capital facilities and services, especially in developing areas of the State. Subject to approval by a two-thirds vote of qualified electors and compliance with the provisions of the Mello-Roos Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

The Local Obligations constitute special tax obligations of the District payable as to both principal and interest from the annual Special Tax (after payment of the District's Priority Administrative Expenses) to be levied by the District on land within the Improvement Area, including proceeds from the sale of property within the Improvement Area collected as a result of foreclosure of the lien of the Special Taxes and certain funds and accounts held under the Local Obligations Indenture. The District's sole recourse in the event of a delinquency or failure to pay Special Taxes on a particular parcel is to institute foreclosure proceedings with respect to that parcel. However, the District is not obligated under the Local Obligations Indenture to enforce the lien of any delinquent installment of the Special Tax for any Fiscal Year in which the District has received one hundred percent (100%) of the amount of such installment from the County pursuant to the Teeter Plan. See "—Covenant for Foreclosure" and "—The Teeter Plan" herein.

### **Payment of the Local Obligations**

The Local Obligations constitute the limited obligations of the District payable as to both principal and interest from the annual Special Tax (net of Priority Administrative Expenses) levied by the District on Taxable Property within the Improvement Area, including proceeds from the sale of property within the Improvement Area collected as a result of foreclosure of the lien on the Special Taxes and certain funds and accounts held under the Local Obligations Indenture. The District's sole recourse in the event of a delinquency or failure to pay Special Taxes on a particular parcel is to institute foreclosure proceedings with respect to that parcel.

The term "Priority Administrative Expenses" means an amount equal to (a) for Fiscal Year 2021-22, \$20,000, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Priority Administrative Expenses on each July 1, from and including the July 1 immediately following the end of the then current Fiscal Year to and including the July 1 in such Fiscal Year by 2% of the amount in effect for the previous Fiscal Year.

THE LOCAL OBLIGATIONS ARE SPECIAL TAX OBLIGATIONS OF THE DISTRICT, AND THE INTEREST ON AND PRINCIPAL OF AND REDEMPTION PREMIUMS, IF ANY, ON THE LOCAL OBLIGATIONS ARE PAYABLE SOLELY FROM THE PROCEEDS OF THE SPECIAL TAX (INCLUDING ANY PREPAYMENTS THEREOF AND PROCEEDS FROM THE SALE OF PROPERTY COLLECTED PURSUANT TO THE FORECLOSURE PROVISIONS OF THE LOCAL OBLIGATIONS INDENTURE FOR THE DELINQUENCY OF THE SPECIAL TAX), NET OF PRIORITY ADMINISTRATIVE EXPENSES, AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED IN THE LOCAL OBLIGATIONS INDENTURE, AND THE DISTRICT IS NOT OBLIGATED TO PAY THE LOCAL OBLIGATIONS EXCEPT FROM SUCH FUNDS. THE GENERAL FUND OF THE CITY AND THE FUNDS OF THE DISTRICT ARE NOT LIABLE, AND NEITHER THE FULL FAITH AND CREDIT OF THE DISTRICT NOR THE CITY ARE PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE LOCAL OBLIGATIONS. 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 LOCAL OBLIGATIONS. THE LOCAL OBLIGATIONS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF OR CHARGE, LIEN OR ENCUMBRANCE UPON ANY PROPERTY OF THE DISTRICT OR ANY OF ITS INCOME OR RECEIPTS EXCEPT THE PROCEEDS OF THE SPECIAL TAX (INCLUDING

ANY PREPAYMENTS THEREOF AND PROCEEDS FROM THE SALE OF PROPERTY COLLECTED PURSUANT TO THE FORECLOSURE PROVISIONS OF THE LOCAL OBLIGATIONS INDENTURE FOR THE DELINQUENCY OF THE SPECIAL TAX), NET OF PRIORITY ADMINISTRATIVE EXPENSES, AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED IN THE LOCAL OBLIGATIONS INDENTURE, AND NEITHER THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE LOCAL OBLIGATIONS IS A GENERAL DEBT, LIABILITY OR OBLIGATION OF THE DISTRICT. THE LOCAL OBLIGATIONS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND NEITHER THE CITY COUNCIL NOR THE DISTRICT NOR ANY OFFICER OR EMPLOYEE THEREOF SHALL BE LIABLE FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE LOCAL OBLIGATIONS OTHERWISE THAN FROM THE PROCEEDS OF THE SPECIAL TAX (INCLUDING ANY PREPAYMENTS THEREOF AND PROCEEDS FROM THE SALE OF PROPERTY COLLECTED PURSUANT TO THE FORECLOSURE PROVISIONS OF THE LOCAL OBLIGATIONS INDENTURE FOR THE DELINQUENCY OF THE SPECIAL TAX), NET OF PRIORITY ADMINISTRATIVE EXPENSES, AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED IN THE LOCAL OBLIGATIONS INDENTURE.

Although the Special Tax will constitute a lien on property subject to taxation in the Improvement Area, it will not constitute a personal indebtedness of the owners of such property. There is no assurance that the owners will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. The risk of nonpayment by property owners is more fully described in “CERTAIN RISKS TO BONDHOLDERS—Collection of Special Tax.”

### **Local Obligations Flow of Funds**

*Application of Special Tax Fund.* Pursuant to the Local Obligations Indenture, the District agrees and covenants that it will deposit the Special Tax proceeds in the Community Facilities Fund, which fund is established in the treasury of the City. All money in the Community Facilities Fund shall be used and withdrawn by the District solely for the benefit of the District in accordance with the Mello-Roos Act, including payment of Expenses. Pursuant to the Local Obligations Indenture, the District further agrees and covenants that, after payment of Priority Administrative Expenses, it will transfer to the Local Obligations Trustee from the Community Facilities Fund amounts sufficient and in sufficient time for the Local Obligations Trustee to make the transfers required by it, and the Local Obligations Trustee shall deposit such proceeds as and when received in the Special Tax Fund. All money in the Special Tax Fund is required to be set aside by the Local Obligations Trustee in the following respective special account and fund within the Special Tax Fund in the following order of priority, and all money in each such account and fund shall be applied, used and withdrawn only for the purposes specified in the Local Obligations Indenture:

- (1) Redemption Account; and
- (2) Local Obligations Reserve Fund.

*Redemption Account.* On or before March 1 and September 1 in each year, the Local Obligations Trustee shall, from the money in the Special Tax Fund, transfer to and deposit in the Redemption Account an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations on such March 1 or September 1, as the case may be, and on or before September 1 in each year, the Local Obligations Trustee shall, from the then remaining money in the Special Tax Fund, transfer to and deposit

in the Redemption Account an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding serial Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations on such September 1 plus all Minimum Sinking Fund Account Payments required to be made on such September 1 into the Sinking Fund Subaccount; provided, that all of the aforesaid payments shall be made without priority of any payment over any other payment, and in the event that money in the Special Tax Fund on any March 1 or September 1 is not equal to the amount of interest becoming due on all Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations on such date, or in the event that the money in the Special Tax Fund on any September 1 is not equal to the amount of principal of the Local Obligations, 2020 IA1 Obligations and Additional Local Obligations becoming due on such date, as the case may be, then such money shall be applied pro rata in such proportion as such interest and principal and Minimum Sinking Fund Account Payments bear to each other.

No deposit need be made into the Redemption Account if the amount of money contained therein is at least equal to the amount required by the terms of the preceding paragraph to be deposited therein at the times and in the amounts provided in the Local Obligations Indenture.

All money in the Redemption Account shall be used and withdrawn by the Local Obligations Trustee to pay the interest on the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations as it shall become due and payable (including accrued interest on any Local Obligations, 2020 IA1 Obligations or any Additional Local Obligations purchased or redeemed prior to maturity) plus the principal of and redemption premiums, if any, on the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations as they shall mature or upon the prior redemption thereof, except that any money in the Sinking Fund Subaccount shall be used only to purchase or redeem or retire the term Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations as provided in the Local Obligations Indenture.

*Local Obligations Reserve Fund.* On or before March 1 and September 1 in each year, the Local Obligations Trustee shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in each Local Obligations Reserve Account within the Local Obligations Reserve Fund such amount of money as shall be required to restore each such Local Obligations Reserve Account to a sum equal to the Required Bond Reserve (as defined herein) for the applicable series of Local Obligations, 2020 IA1 Obligations or Additional Local Obligations, *pro rata*, to the extent that amounts are available in the Special Tax Fund for such purpose; and for this purpose all investments in each Local Obligations Reserve Account shall be valued on March 1 and September 1 of each year at the face value thereof if such investments mature within twelve (12) months from the date of valuation, or if such investments mature more than twelve (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 (i) the cost of such investments plus the amortization of any premium or minus the amortization of any discount, or (ii) the market value of such investments. For purposes of allocating remaining money in the Special Tax Fund between more than one Local Obligations Reserve Account, any such transfers to and deposits in each Local Obligations Reserve Account shall be made equally and ratably.

No deposit need be made into a Local Obligations Reserve Account if the value of the investments contained therein is at least equal to the Required Bond Reserve for the applicable series of Local Obligations, 2020 IA1 Obligations or Additional Local Obligations.

All money in each Local Obligations Reserve Account shall be used and withdrawn by the Local Obligations Trustee solely for the purpose of paying the interest on or principal of the corresponding series of Local Obligations, 2020 IA1 Obligations or Additional Local Obligations in the event there is insufficient money in the Redemption Account available for this purpose; provided, that if as a result of any of the foregoing valuations or due to redemption as a result of property owner prepayments it is

determined that the amount of money in a Local Obligations Reserve Account exceeds or will exceed the Required Bond Reserve for the applicable series of Local Obligations, 2020 IA1 Obligations or Additional Local Obligations, the Local Obligations Trustee shall withdraw the amount of money representing such excess from such fund and shall deposit such amount of money in the Redemption Account. For the avoidance of doubt, amounts in a Local Obligations Reserve Account are not available to make up a deficiency for the payment of principal and interest on any series of Local Obligations, 2020 IA1 Obligations or Additional Local Obligations, other than the specific series of Local Obligations, 2020 IA1 Obligations or Additional Local Obligations to which that Local Obligations Reserve Account relates.

### **Special Tax Authorization**

The Special Tax is to be levied and collected against all Taxable Property within the Improvement Area in accordance with the rate and method of apportionment (the “Rate and Method of Apportionment”). See APPENDIX A—“RATE, METHOD OF APPORTIONMENT AND MANNER OF COLLECTION OF SPECIAL TAX.” The Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected, and, except as otherwise provided in the covenant for foreclosure 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. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Covenant for Foreclosure” and “CERTAIN RISKS TO BONDHOLDERS—Collection of Special Tax.”

The Rate and Method of Apportionment of the Special Tax, subject to the maximum rates set forth therein, apportions the total debt service requirement (principal, interest, and mandatory sinking fund payments), restoration of the Required Bond Reserve, current annual expenses, pay as you go improvement costs and other costs each year among the taxable land in the Improvement Area. See APPENDIX A—“RATE, METHOD OF APPORTIONMENT AND MANNER OF COLLECTION OF SPECIAL TAX.”

Pursuant to the Local Obligations Indenture, so long as any Local Obligations, 2020 IA1 Obligations or Additional Local Obligations are Outstanding, the District is required annually to levy the Special Tax against all Taxable Property in the Improvement Area and make provision for the collection of such 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 the agreements, conditions, covenants and terms contained in the Local Obligations Indenture, and which in any event will be sufficient to pay the interest on and principal of and Minimum Sinking Fund Account Payments for and redemption premiums, if any, on the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations as they become due and payable, to replenish each reserve account within the Local Obligations Reserve Fund to the Required Bond Reserve and to pay all current Expenses as they become due and payable.

Under the Mello-Roos Act, the Facilities Special Tax levied in any fiscal year against private residential property may not be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the Improvement Area by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. Under the Rate and Method of Apportionment, property is considered “Residential Property” and is subject to the aforementioned limitation once a building permit could be issued for the purposes of constructing one or more residential units. See “CERTAIN RISKS TO BONDHOLDERS—Maximum Special Tax.”

## Covenant for Foreclosure

The Local Obligations 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 below 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 *ad valorem* property taxes.

Pursuant to Section 53356.1 of the Mello-Roos Act, in the event of any delinquency in the payment of the Special Tax, the District may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the District has covenanted in the Local Obligations Indenture that it will annually on or before September 1 of each year review the public records of the County relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if it determines on the basis of such review that the amount so collected is deficient by more than five percent (5%) of the total amount of the Special Tax levied in such Fiscal Year within the Improvement Area, it will within sixty (60) days thereafter institute foreclosure proceedings as authorized by the Mello-Roos Act in order to enforce the lien of the delinquent installments of the Special Tax against each lot or parcel of land in the Improvement Area, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that irrespective of the foregoing if the District determines on the basis of such review that property owned by any single property owner in the Improvement Area is delinquent by more than four thousand dollars (\$4,000) with respect to the Special Tax due and payable by such property owner by such delinquency date, then the District will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided in the Local Obligations Indenture against such property owner; provided further, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California; and provided further, that the District is not obligated under the Local Obligations Indenture to enforce the lien of any delinquent installment of the Special Tax for any Fiscal Year in which the District has received one hundred percent (100%) of the amount of such installment from the County pursuant to the Teeter Plan (described herein).

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the Bonds (if the Local Obligations Reserve Account has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the District of the proceeds of sale. However, within the limits of the Special Tax, the District may adjust the Special Tax levied on Taxable Property in the Improvement Area (subject to the limitation on the Maximum Special Tax, defined herein), to provide an amount required to pay interest on and principal of the Local Obligations and any additional obligations payable from the Special Tax, and the amount, if any, necessary to replenish each subaccount of the Local Obligations Reserve Fund to an amount equal to the Required Bond Reserve and to pay all current Expenses for the Improvement Area. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against Taxable Property (as defined in the Rate and Method of Apportionment) in the Improvement Area will be at all times sufficient to pay the amounts required to be paid by the Local Obligations Indenture, even if the Special Tax is levied at the Maximum Special Tax rates. See "CERTAIN RISKS TO BONDHOLDERS—Maximum Special Tax."

No assurance can be given that the real property subject to sale or foreclosure will be sold, or if sold, that the proceeds of sale will be sufficient to pay any delinquent installments of the Special Tax. The Mello-Roos Act does not require the District to purchase or otherwise acquire any lot or parcel of property to be sold if there is no other purchaser at such sale. The Mello-Roos Act and the Local

Obligations Indenture do specify that the Special Tax will have the same lien priority as for *ad valorem* property taxes in the case of delinquency. Section 53356.6 of the Mello-Roos Act requires that property within the Improvement Area that is sold pursuant to 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 at least 75% of the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations issued under the Local Obligations Indenture is obtained.

### **No Required Advances from Available Surplus Funds**

Neither the City nor the District is obligated to advance available surplus funds available from the City treasury to pay debt service on the Local Obligations or to replenish the Local Obligations Reserve Account; provided, that nothing shall affect the right of the District under the Mello-Roos Act to make advances to cure any deficiencies.

### **Terms of the Local Obligations**

*General.* The City Council of the City established the District and designated the Improvement Area therein on May 26, 2020. On that same date, the eligible voters of the District in the Improvement Area authorized the issuance of bonds in an amount not to exceed \$76,000,000 for the Improvement Area. However, based on the expected Special Tax revenues, the District expects that obligations issued to finance improvements in the Improvement Area will be issued for the Improvement Area in a total amount of approximately \$33,160,000\*. This amount may vary depending on the timing of the issuance of the Additional Local Obligations and the applicable interest rates at the time of any such issuance. The 2020 IA1 Obligations were issued in the aggregate principal amount of \$12,925,000 pursuant to the Mello-Roos Act and the Local Obligations Indenture and are currently outstanding in the amount of \$12,925,000. The District may issue Additional Local Obligations on parity with the Local Obligations and the 2020 IA1 Obligations in accordance with the Local Obligations Indenture.

The Local Obligations will be the second issuance of bonds for the Improvement Area. The Local Obligations will be issued in the aggregate principal amount of \$13,235,000\* pursuant to the Mello-Roos Act and the Local Obligations Indenture. The Local Obligations will be dated the date of delivery of the Bonds. The Local Obligations are secured by a pledge of the Special Tax (net of Priority Administrative Expenses) levied within the Improvement Area.

*Local Obligations Reserve Account.* The Local Obligations Indenture establishes, for this series of the Local Obligations specifically, a Local Obligations Reserve Account within the Local Obligations Reserve Fund to be held by the Local Obligations Trustee. The Local Obligations Indenture requires that there be maintained in the Local Obligations Reserve Account an amount equal to the Required Bond Reserve. "Required Bond Reserve" is defined to mean, for the Local Obligations specifically, as of any date of calculation, the least of: (a) the Maximum Annual Debt Service, (b) one hundred twenty-five percent (125%) of the Average Annual Debt Service or (c) ten (10%) percent of the original proceeds of the Local Obligations; provided that the Required Bond Reserve shall be calculated on the date of issuance of the Local Obligations issued under the Local Obligations Indenture and shall not increase thereafter; and provided further that such requirement (or any portion thereof) may be satisfied by the provision of one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank, the obligations insured by which insurer or issued by which bank, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit equal to "AA" or higher (without regard to qualifier) assigned by Fitch or "Aa" or higher

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\* Preliminary, subject to change.



(without regard to qualifier) assigned by Moody's or "AA" or higher (without regard to qualifier) assigned by S&P.

The Local Obligations Reserve Account is established specifically for the Local Obligations, and amounts in the Local Obligations Reserve Account are not available to make up a deficiency for the payment of principal and interest on the 2020 IA1 Obligations or any Additional Local Obligations. Pursuant to the Local Obligations Indenture, each reserve account within the Local Obligations Reserve Fund is only available for paying the interest on or principal of the corresponding series of Local Obligations, 2020 IA1 Obligations or Additional Local Obligations for which it was created.

The Required Bond Reserve with respect to the Local Obligations upon their date of issuance will be \$ \_\_\_\_\_.

All money in the Local Obligations Reserve Account will be used and withdrawn by the Local Obligations Trustee solely for the purpose of paying the interest on and principal of the Local Obligations in the event there is insufficient money available for the purpose; provided, that if as a result of any of the valuation of a Required Bond Reserve or as a result of any property owner prepayment it is determined that the amount of money in the Local Obligations Reserve Account exceeds the Required Bond Reserve, the Local Obligations Trustee shall withdraw the amount of money representing such excess from such fund and shall deposit such amount of money in the Redemption Account. Amounts on deposit in the Local Obligations Reserve Account are not available to cure a deficiency in Revenues available to pay debt service on the Bonds.

*Additional Local Obligations.* The District may at any time, by a supplement to the Local Obligations Indenture, issue Additional Local Obligations that are payable from the proceeds of the Special Tax (after payment of Priority Administrative Expenses) on parity with the Local Obligations and the 2020 IA1 Obligations, subject to the following conditions, which conditions are precedent to the issuance of such Additional Local Obligations:

(i) The District shall be in compliance with all agreements, conditions, covenants and terms contained in the Local Obligations Indenture and in all Supplemental Indentures required to be observed or performed by it, and no Event of Default under the Local Obligations Indenture or under any Supplemental Indenture shall have occurred and shall be then continuing;

(ii) The District shall establish a separate subaccount of the Local Obligations Reserve Fund for the payment of such Additional Local Obligations in an amount equal to the Required Bond Reserve; and

(iii) (a) In each year until the maturity date for the Additional Local Obligations, the Maximum Facilities Special Tax for Taxable Property classified as Developed Property, plus the Effective Tax Rate Evaluation Minimum Facilities Revenue (as defined in the Rate and Method of Apportionment) for Taxable Property not classified as Developed Property less Priority Administrative Expenses is estimated to cover at least one hundred ten percent (110%) of the sum of the Annual Debt Service for each year on the Local Obligations, 2020 IA1 Obligations and all Additional Local Obligations, including such Additional Local Obligations to be issued, and (b) the Value of all Taxable Property, in aggregate, is at least three (3) times the aggregate Lien on such Taxable Property.

"Facilities Special Tax" is the annual Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Facilities Special Tax Requirement in accordance with the Rate and Method of Apportionment (each as defined in the Rate and Method of Apportionment).

“Developed Property” means, for purposes of the requirement described above relating to the issuance of Additional Local Obligations, Taxable Property for which a building permit for new construction has been issued as of the date of calculation.

“Maximum Facilities Special Tax” is the total maximum annual Facilities Special Tax, determined in accordance with the provisions of Section C of the Rate and Method of Apportionment, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property (each as defined in the Rate and Method of Apportionment).

“Value” is defined as the current assessed valuation of the Taxable Property and/or the appraised value of the Taxable Property determined by a MAI appraiser. “Lien” is defined in the Local Obligations Indenture as the aggregate principal amount of all overlapping debt and bonds (including the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations) outstanding that are secured by a special tax levied pursuant to the Mello-Roos Act or a special assessment levied on property within the Improvement Area, including any overlapping debt or bonds for community facilities districts or special assessment districts that is reasonably allocated to property within the Improvement Area.

Notwithstanding the foregoing, the District may issue one or more series of Additional Local Obligations (the “Refunding Local Obligations”) without meeting the requirements summarized in paragraph (iii) above if, after the issuance and delivery of such Refunding Local Obligations, either (i) none of the Local Obligations, 2020 IA1 Obligations and Additional Local Obligations theretofore issued under the Local Obligations Indenture will be Outstanding or (ii) the Debt Service in each Bond Year that begins after the issuance of such Refunding Local Obligations is not increased by reason of the issuance of such Refunding Local Obligations.

*Redemption of the Local Obligations.\** The Local Obligations are subject to extraordinary redemption by the District from funds derived by the District from prepayments of the Special Tax. The Local Obligations are also subject to optional and mandatory redemption by the District. A description of the redemption prices and terms of the Local Obligations is set forth under APPENDIX C—“SUMMARY OF PRINCIPAL DOCUMENTS—SUMMARY OF THE LOCAL OBLIGATIONS INDENTURE—Redemption of Bonds.”

*Selection of Local Obligations for Redemption.* If less than all the outstanding Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations are to be redeemed as a result of prepayments of the Special Tax at any one time, the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations shall be redeemed pro rata by maturity. If less than all the outstanding Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations are to be redeemed at the option of the District at any one time, the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations of the latest maturity date or dates shall be redeemed prior to or simultaneously with the redemption of the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations maturing prior thereto, and if less than all the outstanding Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations of any one maturity date are to be redeemed at any one time, the Trustee shall select the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations or the portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) in a manner that it deems appropriate and fair.

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\* Preliminary, subject to change.

## Special Tax Analysis

The following is a synopsis of the provisions of the Rate and Method of Apportionment, which should be read in conjunction with the complete text of the Rate and Method of Apportionment which is attached as APPENDIX A. The definitions of the capitalized terms used under this caption “—Special Tax Analysis” are as set forth in APPENDIX A. This section provides only a summary of the Rate and Method of Apportionment, and is qualified by more complete and detailed information contained in the entire Rate and Method of Apportionment attached as APPENDIX A.

The Special Tax is to be levied and collected against all Taxable Property within the Improvement Area in accordance with the Rate and Method of Apportionment approved by the landowner electors of the Improvement Area. The total annual levy of the Special Tax is calculated to satisfy the annual debt service during the ensuing Fiscal Year, to replenish the reserve fund for the Local Obligations, the allocable portion of administrative expenses, the amount necessary to cure any delinquencies or to fund any deficiency of the amount to be available for the payment of principal or interest on bonds which are expected to occur in the ensuing Fiscal Year, to fund authorized facilities funded on a pay-as-you-go basis, to fund authorized services expenses and to pay amounts required to establish or replenish certain funds related to authorized services, less any available capitalized interest and earnings on the funds that may be used to fund the aforementioned costs.

*Assignment to Land Use Categories.* Each Fiscal Year, all Assessor’s Parcels within the Improvement Area will be classified by the CFD No. 23 IA1 Administrator as either Taxable Property or Exempt Property. Taxable Property will be further classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, or Undeveloped Property and shall be subject to the levy of the annual Special Tax.

“*Developed Property*” means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to June 30 of the previous Fiscal Year.

“*Small Lot Final Map Property*” means, for each Fiscal Year, all Taxable Property for which a Small Lot Final Subdivision Map was recorded prior to June 30 of the previous Fiscal Year.

“*Permit Ready Multi-Family/Non-Residential Property*” means an Assessor’s Parcel of Taxable Property zoned for multi-family or non-residential land use for which all discretionary entitlements have been obtained, including without limitation, development plan review and improvement plan approval, such that building permits may be issued without further approvals for the construction of multi-family Residential Units or non-residential buildings within such Assessor’s Parcel. The City shall have sole discretion, based upon available development information, in classifying an Assessor’s Parcel as Permit Ready Multi-Family/Non-Residential Property.

“*Large Lot Property*” means, for each Fiscal Year, all Taxable Property for which a Large Lot Map was recorded prior to June 30 of the previous Fiscal Year, excluding any portion(s) thereof classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property. Large Lot Property also means, for each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property as of June 30 of the previous Fiscal Year.

“*Small Lot Final Map Remainder Property*” means an Assessor’s Parcel that is created from the subdivision of Large Lot Property by the recordation of a Small Lot Final Subdivision Map that has not yet been mapped for final development approval. Small Lot Final Map Remainder Property is that portion of property for which the Small Lot Final Subdivision Map definition does not apply (i.e., does not contain individual lots for which building permits may be issued for Residential Units without further

subdivision of such property). Each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property, as of June 30 of the previous Fiscal Year, will be considered Large Lot Property.

“*Undeveloped Property*” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property or Large Lot Property.

“*Single-Family Detached Property – MLD Zoning*” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more detached or attached Residential Units with a permitted density range of 7-12 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“*Single-Family Detached Property – SF/SFHD Zoning*” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more Residential Units. Single-Family Detached Property – SF/SFHD Zoning shall consist of either single-family property with a permitted density range of 1-4 Residential Units per Acre or single-family high density property with a permitted density range of 4-7 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“*MMD Multi-Family Attached Property*” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of 12-20 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“*MHD Multi-Family Attached Property*” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of greater than 20 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council. MHD Multi-Family Attached Property shall also include an Assessor’s Parcel or that portion of an Assessor’s Parcel designated as a Mixed Use Residential Parcel.

“*Mixed Use Residential Parcel*” means a mixed use Assessor’s Parcel that is designated for residential land use. If the mixed use Assessor’s Parcel contains a combination of residential land use and non-residential land use, only that portion of an Assessor’s Parcel designated for residential land use shall be classified as a Mixed Use Residential Parcel and the remaining non-residential land use of the Assessor’s Parcel shall be classified as Non-Residential Property.

“*Non-Residential Property*” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing non-residential buildings.

*Maximum Special Tax.* The Rate and Method of Apportionment is used to allocate the amount of the Special Tax required among the Taxable Property, based upon land use categories, subject to the Maximum Special Tax Rate that may be levied against each land use category.

The following table shows the Effective Tax Rate Evaluation Minimum Facilities Special Tax rates and the Maximum Special Tax rates within the Improvement Area for all anticipated allocable land use categories in Fiscal Year 2022-23. The Effective Tax Rate Evaluation Minimum Facilities Special Tax rates are the minimum rates for the Effective Tax Rate Evaluation Maximum Facilities Special Tax.

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**Table 3**  
**City of Folsom**  
**Communities Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1**  
**Maximum Special Tax Rate Categories**  
**Fiscal Year 2022-23**

<b>Tax Category</b>	<b>Residential Floor Area</b>	<b>Effective Tax Rate Evaluation Minimum Facilities Special Tax Rate<sup>(1)</sup></b>	<b>Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate<sup>(1)</sup></b>	<b>Maximum Services Special Tax Rate<sup>(2)</sup></b>	<b>Maximum Annual Special Tax<sup>(3)</sup></b>
<b>Developed Property (\$ amounts per residential unit)</b>					
Single-Family Detached Property - SF/SFHD Zoning	≥ 3,600	\$1,976	\$2,431	\$221	\$2,652
Single-Family Detached Property - SF/SFHD Zoning	3,200 - 3,599	1,976	2,431	221	2,652
Single-Family Detached Property - SF/SFHD Zoning	2,800 - 3,199	1,976	2,431	221	2,652
Single-Family Detached Property - SF/SFHD Zoning	2,400 - 2,799	1,976	2,340	221	2,561
Single-Family Detached Property - SF/SFHD Zoning	2,000 - 2,399	1,976	2,193	221	2,414
Single-Family Detached Property - SF/SFHD Zoning	< 2,000	1,976	1,976	221	2,197
Single-Family Detached Property - MLD Zoning	≥ 3,600	2,286	2,635	164	2,799
Single-Family Detached Property - MLD Zoning	3,200 - 3,599	2,286	2,635	164	2,799
Single-Family Detached Property - MLD Zoning	2,800 - 3,199	2,286	2,635	164	2,799
Single-Family Detached Property - MLD Zoning	2,400 - 2,799	2,286	2,635	164	2,799
Single-Family Detached Property - MLD Zoning	2,000 - 2,399	2,286	2,452	164	2,616
Single-Family Detached Property - MLD Zoning	< 2,000	2,286	2,286	164	2,450
<b>Developed Property (\$ amounts per acre)</b>					
MMD Multi-Family Attached Property	N/A	\$31,212	\$31,212	\$526	\$31,738
MHD Multi-Family Attached Property	N/A	12,173	12,173	1,052	13,225
Non-Residential Property	N/A	12,173	12,173	1,052	13,225
<b>Small Lot Final Map Property (\$ amounts per residential lot)</b>					
Single-Family Detached Property - SF/SFHD Zoning	N/A	N/A	\$1,976	\$221	\$2,197
Single-Family Detached Property - MLD Zoning	N/A	N/A	2,286	164	2,450
<b>Permit Ready Multi-Family/Non-Residential Property (\$ amounts per acre)</b>	N/A	N/A	\$12,173	\$ 1,052	\$13,225
<b>Large Lot Property (\$ amounts per acre)</b>	N/A	N/A	\$23,409	\$1,473	\$24,882
<b>Undeveloped Property (\$ amounts per acre)</b>	N/A	N/A	\$23,409	\$1,473	\$24,882

(1) Increases by 2% each Fiscal Year.

(2) Increases by the annual June consumer price index change for the San Francisco-Oakland-San Jose area, not to exceed 4% each Fiscal Year. Available to pay debt service on the Local Obligations, the 2020 IA1 Obligations and any Additional Local Obligations in the event of a shortfall in the Facilities Special Tax (as defined in the Local Obligations Indenture). Estimated to increase by 2% for Fiscal Year 2022-23.

(3) The sum of the Effective Tax Rate Evaluation Maximum Facilities Special Tax and the Maximum Services Special Tax.

Source: NBS and the District.

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The total Special Tax generated by the Improvement Area may change from time to time if there are amendments or modifications to the development plan. The District covenants in the Local Obligations Indenture to not approve any amendments, changes or modifications relating to development of the property within the Improvement Area that would reduce the amount of the Maximum Facilities Special Tax less Priority Administrative Expenses to equal less than one hundred ten percent (110%) of the sum of the Annual Debt Service on the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations in any year until the maturity date for the Local Obligations, 2020 IA1 Obligations and any Additional Local Obligations.

Tables 4 and 5 under “—Special Tax Calculation” collectively show the estimated maximum and projected actual amounts of Special Tax revenue for Fiscal Year 2022-23 using the development status of the properties as of March 8, 2022 (unless otherwise noted). Table 4 shows the Fiscal Year 2022-23 estimated Effective Tax Rate Evaluation Maximum Facilities Special Tax revenues, based on the development status of the properties as of March 8, 2022 (unless otherwise noted). If changes are made to development plans for the Improvement Area, the projected Effective Tax Rate Evaluation Maximum Facilities Special Tax revenues may decrease from the amounts shown in that table, but in no event will the Effective Tax Rate Evaluation Maximum Facilities Special Tax revenues decrease below the Effective Tax Rate Evaluation Minimum Facilities Revenue. Table 5 shows the estimated total Special Tax levy for Fiscal Year 2022-23 based on the properties’ development status as of March 8, 2022 (unless otherwise noted), including both the estimated Facilities Special Tax levy and the estimated Services Special Tax levy for Fiscal Year 2022-23, and the percentage of the estimated Special Tax levy allocable to each of the projected property owners.

Included below are additional relevant defined terms used in the Rate and Method of Apportionment.

“*Effective Tax Rate Evaluation Minimum Facilities Revenue*” means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 23 IA1 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of the Rate and Method of Apportionment.

“*Effective Tax Rate Evaluation Maximum Facilities Special Tax*” means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“*Effective Tax Rate Evaluation*” means an evaluation of the Total Effective Tax Rate of Residential Property at the time of such evaluation. The Effective Tax Rate Evaluation will be based upon a prepared Price Point Study to determine the Total Effective Tax Rate for Residential Property, based upon the calculated Total Estimated Tax Burden.

“*Total Effective Tax Rate*” means the percentage of the Total Estimated Tax Burden as compared to the estimated average sales price identified in the Price Point Study for each land use category of Residential Property.

“*Total Estimated Tax Burden*” means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated average sales price identified in the Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall

reflect the actual property tax rates levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

*Future Assessor's Parcel Changes.* The Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised total Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue is not less than the total Effective Tax Rate Evaluation Minimum Facilities Revenue amount described in the Rate and Method of Apportionment.

*Method of Apportionment – Facilities Special Tax.* The CFD No. 23 IA1 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year as follows:

- First:* The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.
- Second:* If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.
- Third:* If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.
- Fourth:* If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.
- Fifth:* If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

*Method of Apportionment – Services Special Tax.* The CFD No. 23 IA1 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Taxes equals the Services Special Tax Requirement. The Services Special Tax shall be

levied each Fiscal Year as follows:

- First:* The Services Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.
- Second:* If additional monies are needed to satisfy the Services Special Tax Requirement after the first step has been completed, the Services Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.
- Third:* If additional monies are needed to satisfy the Services Special Tax Requirement after the first two steps have been completed, the Services Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.
- Fourth:* If additional monies are needed to satisfy the Services Special Tax Requirement after the first three steps have been completed, the Services Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

“*Special Tax*” means the annual Facilities Special Tax and Services Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Facilities Special Tax Requirement and the Services Special Tax Requirement.

“*Facilities Special Tax Requirement*” means that amount of Special Tax revenue required in any Fiscal Year for the Improvement Area to: (i) Pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 23 IA1 Administrator pursuant to the Indenture.

“*Services Special Tax Requirement*” means the amount of Services Special Tax revenue required in any Fiscal Year for the Improvement Area to: (i) Pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor’s Parcel of Taxable Property is insufficient to pay the Facilities Special Tax Requirement in that Fiscal Year (Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs), and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 23 IA1 Administrator.



In accordance with the flow of Special Tax proceeds under the Local Obligations Indenture, in the event of a shortfall in the Facilities Special Tax to pay the Facilities Special Tax Requirement, the proceeds of the Services Special Tax will be applied to help cover the Facilities Special Tax shortfall before being applied to fund Authorized Services. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Local Obligations Flow of Funds.”

*Residential Property Limitation.* Under no circumstances will the Facilities Special Tax levied in any fiscal year against Residential Property be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the Improvement Area by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. Pursuant to the Rate and Method of Apportionment, property is considered “Residential Property” once a building permit could be issued for the purposes of constructing one or more Residential Units, including either single family detached homes or multi-family attached properties, such as apartments. See “CERTAIN RISKS TO BONDHOLDERS—Maximum Special Tax.”

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## Special Tax Calculation

The following tables reflect the estimated Effective Tax Rate Evaluation Maximum Facilities Special Tax revenues for Fiscal Year 2022-23 (Table 4) and the estimated total Special Tax levy for Fiscal Year 2022-23 (Table 5), each based on the development status of the properties as of March 8, 2022 (unless otherwise noted). For Table 4, the estimated Effective Tax Rate Evaluation Maximum Facilities Special Tax revenues for Small Lot Final Map Property are equal to the Effective Tax Rate Evaluation Minimum Facilities Revenues until a building permit is issued for such property. The following tables do not necessarily reflect the Special Tax that will be actually levied in any year. See “PROPOSED PROPERTY DEVELOPMENT—Development Entitlements” for a discussion of the anticipated timing of the final map approval for Villages 3, 5 and 6.

**Table 4**  
**City of Folsom**  
**Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1**  
**Estimated 2022-23 Effective Tax Rate Evaluation Maximum Facilities Revenue**  
**Development Status as of March 8, 2022 (unless otherwise noted)**

<u>Property</u>	<u>Planned Units</u>	<u>Appraised Value<sup>(1)</sup></u>	<u>Estimated 2022-23 Effective Tax Rate Evaluation Maximum Facilities Revenue<sup>(2)(3)</sup></u>	<u>Percentage of Estimated 2022-23 Effective Tax Rate Evaluation Maximum Facilities Revenue</u>
<b>Developed Property:</b>				
Single-Family Detached Property - SF/SFHD Zoning	80	\$30,160,608	\$174,223	11%
Single-Family Detached Property - MLD Zoning	<u>140</u>	<u>62,835,567</u>	<u>335,936</u>	<u>22%</u>
<b>Developed Property Total:</b>	<b>220</b>	<b>\$92,996,175</b>	<b>\$510,159</b>	<b>33%</b>
<b>Small Lot Final Map Property<sup>(4)(7)</sup>:</b>				
Single-Family Detached Property - SF/SFHD Zoning	361	\$65,145,871	\$713,231	46%
Single-Family Detached Property - MLD Zoning	<u>82</u>	<u>21,081,481</u>	<u>187,432</u>	<u>12%</u>
<b>Small Lot Final Map Property Total:</b>	<b>443</b>	<b>\$86,227,352</b>	<b>\$900,663</b>	<b>58%</b>
<b>Remaining Lots:</b>				
Permit Ready Multi-Family/Non-Residential Property <sup>(5)</sup>	<u>265</u>	<u>4,096,128</u>	<u>\$129,882</u>	<u>8%</u>
<b>Remaining Lots Total:</b>	<b>265</b>	<b>4,096,128</b>	<b>\$129,882</b>	<b>8%</b>
<b>Total Effective Tax Rate Maximum Facilities Revenue<sup>(6)</sup>:</b>	<b>928</b>	<b>\$183,319,655</b>	<b>\$1,540,704</b>	<b>100%</b>

(1) Appraised value amounts provided by the Appraiser.

(2) Increases by 2% each Fiscal Year.

(3) The 2022-23 Effective Tax Rate Evaluation Minimum Facilities Revenue amount is \$1,498,023.

(4) Villages 3, 5 and 6 Small Lot Final Maps are scheduled to record prior to June 30, 2022.

(5) Dollar amounts per acre.

(6) Totals may not sum due to rounding.

(7) Reflects the estimated Fiscal Year 2022-23 Effective Tax Rate Evaluation Minimum Facilities Revenues, which is equal to the Effective Tax Rate Evaluation Maximum Facilities Special Tax revenues until a building permit is issued for such properties.

Source: NBS.

**Table 5**  
**City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1**  
**Estimated 2022-23 Special Tax Levy**  
**Development Status as of March 8, 2022 (unless otherwise noted)**

Property and Owner	Development Status	Planned Units	Estimated Facilities Special Tax Levy <sup>(1)</sup>	Percent of Estimated Facilities Special Tax Levy	Estimated Services Special Tax Levy	Estimated Total Special Tax Levy	Percent of Estimated Total Special Tax Levy
Village 4 – KB HOME Sacramento	Developed Property	38	\$80,746	6%	\$8,396	\$89,142	6%
Village 4 – KB HOME Sacramento	Small Lot Final Map Property	20	33,417	3%	4,419	37,836	3%
Village 5 – KB HOME Sacramento <sup>(2)</sup>	Small Lot Final Map Property	83	145,365	11%	19,223	164,587	12%
Village 6 – KB HOME Sacramento <sup>(2)</sup>	Small Lot Final Map Property	70	110,277	9%	14,583	124,859	9%
Village 8 – KB HOME Sacramento	Developed Property	2	4,921	0%	328	5,249	0%
Village 8 – KB HOME Sacramento	Small Lot Final Map Property	34	65,724	5%	5,580	71,304	5%
<b>Total for KB HOME Sacramento:</b>		<b>247</b>	<b>\$440,450</b>	<b>35%</b>	<b>\$52,529</b>	<b>\$492,979</b>	<b>35%</b>
Village 1 – CMB/Tri Pointe <sup>(3)</sup>	Developed Property	11	\$26,105	2%	\$2,430	\$28,535	2%
Village 1 – CMB/Tri Pointe <sup>(3)</sup>	Small Lot Final Map Property	77	128,656	10%	17,013	145,669	10%
Village 2 – CMB/Tri Pointe <sup>(3)</sup>	Developed Property	16	35,703	3%	3,535	39,238	3%
Village 2 – CMB/Tri Pointe <sup>(3)</sup>	Small Lot Final Map Property	58	96,910	8%	12,815	109,725	8%
<b>Total for Tri Pointe:</b>		<b>162</b>	<b>\$287,374</b>	<b>23%</b>	<b>\$35,794</b>	<b>\$323,168</b>	<b>23%</b>
Village 10 – Lennar	Developed Property	51	\$119,070	9%	\$8,371	\$127,441	9%
Village 10 – Lennar	Small Lot Final Map Property	44	85,055	7%	7,222	92,276	7%
<b>Total for Lennar:</b>		<b>95</b>	<b>\$204,125</b>	<b>16%</b>	<b>\$15,592</b>	<b>\$219,717</b>	<b>16%</b>
Village 3 – Beazer Homes <sup>(2)</sup>	Small Lot Final Map Property	53	\$88,556	7%	\$11,710	\$100,266	7%
Village 7 – Signature Homes	Developed Property	36	\$88,846	7%	\$5,909	\$94,755	7%
Village 7 – Signature Homes	Small Lot Final Map Property	4	7,732	1%	657	8,389	1%
<b>Total for Signature Homes:</b>		<b>40</b>	<b>\$96,578</b>	<b>8%</b>	<b>\$6,565</b>	<b>\$103,143</b>	<b>7%</b>
Individual Homeowners	Developed Property	66	\$154,767	12%	\$11,685	\$166,452	12%
Lots C and D – ECIC	Permit Ready Multi-Family/Non-Residential Property	265	--	--	\$11,227	\$11,227	1%
<b>Totals<sup>(4)</sup>:</b>		<b>928</b>	<b>\$1,271,850</b>	<b>100%</b>	<b>\$145,102</b>	<b>\$1,416,952</b>	<b>100%</b>

(1) Based on estimated debt service requirements for the Bonds plus Priority Administrative Expenses of \$20,400.

(2) Small Lot Final Maps for Villages 3, 5 and 6 are scheduled to record prior to June 30, 2022.

(3) Tri Pointe has contracted to purchase the Village 1 and Village 2 properties through three separate takedowns, the first of which occurred in January 2022 for 54 lots. No assurance can be given that the conveyance of the remaining two takedowns totaling 108 lots will occur as expected. See “PROPOSED PROPERTY DEVELOPMENT—Property Ownership—Tri Pointe Purchase and Sale Agreement.”

(4) Totals may not sum due to rounding.

Source: NBS.

## **The Teeter Plan**

In 1949, the State Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the Teeter Plan, is now set forth in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of the Teeter Plan by a county board of supervisors, local agencies for which the county acts as “bank” and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. The Sacramento County Board of Supervisors has adopted the Teeter Plan. Once adopted, a county’s Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. See “CERTAIN RISKS TO BONDHOLDERS—Teeter Plan Termination.”

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of special taxes and assessments (if a county has elected to include assessments), 100% of the special tax delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the special tax. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

The Special Tax for the District will be submitted to the County for direct levy. By submitting the Special Tax to the County, the District has agreed to allow the District to participate in the County’s Teeter Plan. The County annually determines whether to include a particular direct levy and may make that determination on a district by district basis or a parcel by parcel basis. In addition, the County may not decide to include a particular parcel or district that had been included in its Teeter Plan in the previous year. The District can provide no assurance that the County will continue to include the District or any improvement area therein, including the Improvement Area, in the Teeter Plan.

To the extent that the County’s Teeter Plan continues in existence and is carried out as adopted, the County’s Teeter Plan may help protect the Owners of the Bonds from the risk of delinquencies in Special Taxes.

## **THE AUTHORITY**

The Authority was created by a Joint Exercise of Powers Agreement, effective April 20, 2015 (the “JPA Agreement”), between the City and the City of Folsom South of 50 Parking Authority. The JPA Agreement was entered into pursuant to the Joint Exercise of Powers Act, Chapter 5 of Division 7 of Title 1 of the Government Code of the State. The Authority was created for the purpose of facilitating financing of public improvement facilities within the City south of US Route 50.

## **THE CITY**

The Improvement Area is located in the City, which is located in the easterly section of the Sacramento metropolitan area approximately 22 miles east of the central business district of the City of Sacramento.

Certain economic and demographic information with respect to the City is contained in APPENDIX B. This information is presented solely as background information. The Local Obligations are not general obligations of the City but, rather, are special tax obligations of the District secured solely by the Special Taxes to be paid by the owners of property in the Improvement Area and funds held pursuant to the Local Obligations Indenture.

## **THE IMPROVEMENT AREA**

### **General Description and Location**

The District is a community facilities district organized by the City Council as the legislative body of the District under the Mello-Roos Act for the purpose of providing for the acquisition and construction of certain public improvements and the financing of certain services to serve property within the District. The City established the District on May 26, 2020, and designated six separate improvement areas therein, including the Improvement Area. On May 26, 2020, elections were held within the Improvement Area and the other improvement areas within the District at which the eligible voters in each improvement area approved the levy of special taxes in accordance with the respective Rate and Method of Apportionment of Special Tax for such improvement area. In addition, the eligible voters in the Improvement Area authorized the issuance of bonds in an amount not to exceed \$76,000,000 for the Improvement Area. The District expects that such bonds and any bonds issued for the other improvement areas within the District from time to time will be issued to finance the authorized public facilities for the benefit of the District. With respect to the Improvement Area, such bonds will be issued only in accordance with the provisions of the Local Obligations Indenture. The total bonded indebtedness authorized in the Improvement Area will be limited by the requirements of the Local Obligations Indenture, including the following requirements relating to any Additional Local Obligations: a 3:1 overlapping value to lien ratio on all land projected to be subject to the levy of the Special Tax and 110% annual coverage from the Maximum Facilities Special Tax for Taxable Property classified as Developed Property (as defined in the Local Obligations Indenture), plus the Effective Tax Rate Evaluation Minimum Facilities Revenue for Taxable Property not classified as Developed Property (as defined in the Local Obligations Indenture) less Priority Administrative Expenses. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS— Terms of the Local Obligations—*Additional Local Obligations.*”

The Improvement Area is located in the southern portion of the City, east of East Bidwell Street, west of Placerville Road, north of Mangini Parkway and south of U.S. Highway 50 and consists of over 205 total gross acres, of which approximately 109 acres are expected to constitute Taxable Property subject to the Special Tax. The remainder of the property will include an elementary school, a fire station, a police substation, parks, trails and additional acreage planned for open space. Development

within the Improvement Area is planned to include, at the time of full build-out, 441 single-family high density units, 222 multi-family low density units and 265 multi-family high density units, for a total of 928 units. Both the single-family high density units and the multi-family low density units, representing 663 total residences, are expected to be developed as detached single-family homes, and the 265 multi-family high density units are expected to be constructed as for-rent apartments. The maps appearing on the inside cover pages show the general location of the District and the Improvement Area.

Presently, the Improvement Area includes properties in varying stages development, including partially-improved lots, improved lots, homes under construction and completed homes. Collectively, these properties are planned to include 441 single-family high density units, 222 multi-family low density units and 265 multi-family high density units that are expected to be constructed as for-rent apartments. Construction of the public improvements and backbone infrastructure in the Improvement Area is currently underway and has been completed for some properties, as more particularly described “PROPOSED PROPERTY DEVELOPMENT—Development Plans of Finance.”

The Improvement Area is located southwest of a residential community under current development known as Russell Ranch that is expected to include over 1,000 single family dwellings at full build-out, is immediately north of Mangini Ranch, a partially developed residential community that is also expected to include over 1,000 single family dwelling units at full build-out, and is northwest of an additional residential community known as White Rock Springs that is also under development and expected to include over 420 single family dwellings.

### **Property Values**

An appraisal of the land within the Improvement Area has been prepared by the Appraiser in connection with the issuance of the Bonds. The appraisal estimates the land value as of February 18, 2022 (the “Appraisal”). The Appraisal is attached to this Official Statement as APPENDIX G.

As of the date of inspection, the Appraiser notes that development of the property is underway. The subject property was valued based on the hypothetical conditions that (i) proceeds from the Bonds will be used to reimburse infrastructure improvements and (ii) the improvements to be financed by proceeds of the Bonds have been completed. The Appraisal is based on land values at the time of inspection. The Appraisal is also based on the extraordinary assumption expressed therein that the Improvement Area is located in a tax rate area with a corresponding, effective ad valorem property tax rate of 1.4377%, which may change.

Subject to the assumptions, extraordinary assumption, hypothetical condition and limiting conditions, the Appraiser estimated that the value of the land within the Improvement Area, as of February 18, 2022, in aggregate, is \$183,319,655. See “PROPOSED PROPERTY DEVELOPMENT—Development Plan and Status of Development” below and APPENDIX G – “APPRAISAL.”

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## Value-to-Lien Analysis

The following tables set forth the ratios of the appraised bulk value of the land to the total liens on the property in the Improvement Area. Table 6 shows the value-to-lien ratios for the Improvement Area as well as for the individual villages, Table 7 shows the value-to-lien ratios for the Improvement Area based on the development status of the property and Table 8 shows the value-to-lien ratios for the Improvement Area based on the owner of the property (which in some cases reflects the expected future owner). See “PROPOSED PROPERTY DEVELOPMENT—Development Entitlements.” The value-to-lien ratio for the Improvement Area based solely on the Local Obligations, the 2020 IA1 Obligations and the appraised aggregate value of the land within the Improvement Area is 7.0\*:1.0. The overall value to overlapping debt ratio including direct and overlapping assessment and special tax debt is 5.9\*:1.0 (see “—Overlapping Debt”). Any bonds secured by special assessments or special taxes issued from time to time may have the effect of reducing the value to lien ratio on property within the Improvement Area.

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\* Preliminary, subject to change.

**Table 6**  
**City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1**  
**Appraised Value-to-Lien Ratios**

<b>Development Status<sup>(1)</sup></b>	<b>Planned Units</b>	<b>Estimated 2022-23 Effective Tax Rate Evaluation Maximum Facilities Revenue<sup>(2)</sup></b>	<b>Estimated 2022-23 Facilities Special Tax Levy<sup>(3)</sup></b>	<b>Appraised Value<sup>(4)</sup></b>	<b>Share of Local Obligations<sup>(5)*</sup></b>	<b>Share of 2020 IA1 Obligations<sup>(5)</sup></b>	<b>Overlapping Debt</b>	<b>Appraised Value To Lien<sup>(6)*</sup></b>	<b>Appraised and Overlapping Debt Value to Lien Ratio<sup>(6)*</sup></b>
Village 2 – Developed/Small Lot Final Map Property	74	\$150,294	\$132,613	\$18,972,239	\$1,379,986	\$1,347,663	\$310,723	7.0	6.2
Village 4 – Developed/Small Lot Final Map Property	73	151,929	145,832	28,218,011	1,517,543	1,481,998	889,232	9.4	7.3
Village 7 – Developed/Small Lot Final Map Property	68	167,517	166,106	31,621,912	1,728,514	1,688,027	748,647	9.3	7.6
Village 8 – Developed/Small Lot Final Map Property	36	82,637	70,645	10,369,541	735,141	717,922	441,550	7.1	5.5
Village 10 – Developed/Small Lot Final Map Property	118	273,214	257,696	41,925,595	2,681,611	2,618,800	1,188,217	7.9	6.5
Village 1 – Small Lot Final Map Property	88	178,234	154,761	22,176,842	1,610,456	1,572,735	401,379	7.0	6.2
Village 3 – Small Lot Final Map Property <sup>(7)</sup>	53	104,713	88,556	4,422,226	921,518	899,934	209,651	2.4	2.2
Village 5 – Small Lot Final Map Property <sup>(7)</sup>	83	171,887	145,365	12,235,249	1,512,681	1,477,250	341,017	4.1	3.7
Village 6 – Small Lot Final Map Property <sup>(7)</sup>	70	130,397	110,277	9,281,913	1,147,551	1,120,672	254,470	4.1	3.7
Remaining Lots C and D	265	129,882	--	4,096,128	--	--	327,682	N/A	12.5
<b>Total</b>	<b>928</b>	<b>\$1,540,704</b>	<b>\$1,271,850</b>	<b>\$183,319,655</b>	<b>\$13,235,000</b>	<b>\$12,925,000</b>	<b>\$5,112,568</b>	<b>7.0</b>	<b>5.9</b>

\* Preliminary, subject to change.

(1) As of March 8, 2022, unless otherwise noted.

(2) Increases by 2% each Fiscal Year. The 2022-23 Effective Tax Rate Evaluation Minimum Facilities Revenue amount is \$1,498,023.

(3) Based on estimated debt service requirements for the Bonds plus Priority Administrative Expenses of \$20,400.

(4) Appraised value amounts provided by the Appraiser. See “—Property Values.”

(5) Allocated based on the projected Fiscal Year 2022-23 Special Tax levy assuming the final small lot map for Villages 3, 5 and 6 record prior to June 30, 2022.

(6) Value to lien ratio is for the Local Obligations. Local Obligations are issued in the same principal amount of the Bonds.

(7) Small lot final maps for Villages 3, 5 and 6 are scheduled to record prior to June 30, 2022.

Source: Except as otherwise noted, NBS.



**Table 7**  
**City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1**  
**Appraised Value-to-Lien Ratios**

<b>Development Status<sup>(1)</sup></b>	<b>Planned Units</b>	<b>Estimated 2022-23 Effective Tax Rate Evaluation Maximum Facilities Revenue<sup>(2)</sup></b>	<b>Estimated 2022-23 Facilities Special Tax Levy<sup>(3)</sup></b>	<b>Appraised Value<sup>(4)</sup></b>	<b>Share of Local Obligations<sup>(5)*</sup></b>	<b>Share of 2020 IA1 Obligations<sup>(5)</sup></b>	<b>Overlapping Debt</b>	<b>Appraised Value To Lien<sup>(6)*</sup></b>	<b>Appraised and Overlapping Debt Value to Lien Ratio<sup>(6)*</sup></b>
Developed Property	220	\$510,159	\$510,159	\$92,996,175	\$5,308,763	\$5,184,417	\$2,144,126	8.9	7.4
Small Lot Final Map Property <sup>(7)</sup>	443	900,663	761,691	86,227,352	7,926,237	7,740,583	2,640,759	5.5	4.7
Remaining Lots C and D	265	129,882	--	4,096,128	--	--	327,682	N/A	12.5
<b>Total</b>	<b>928</b>	<b>\$1,540,704</b>	<b>\$1,271,850</b>	<b>\$183,319,655</b>	<b>\$13,235,000</b>	<b>\$12,925,000</b>	<b>\$5,112,568</b>	<b>7.0</b>	<b>5.9</b>

\* Preliminary, subject to change.

(1) As of March 8, 2022, unless otherwise noted.

(2) Increases by 2% each Fiscal Year. The 2022-23 Effective Tax Rate Evaluation Minimum Facilities Revenue amount is \$1,498,023.

(3) Based on estimated debt service requirements for the Bonds plus Priority Administrative Expenses of \$20,400.

(4) Appraised value amounts provided by the Appraiser. See “—Property Values.”

(5) Allocated based on the projected Fiscal Year 2022-23 Special Tax levy assuming the final small lot map for Villages 3, 5 and 6 record prior to June 30, 2022.

(6) Value to lien ratio is for the Local Obligations. Local Obligations are issued in the same principal amount of the Bonds.

(7) Small lot final maps for Villages 3, 5 and 6 are scheduled to record prior to June 30, 2022.

Source: Except as otherwise noted, NBS.

**Table 8**  
**City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1**  
**Appraised Value-to-Lien Ratios by Ownership Group**

Ownership Group	Planned Units	Estimated 2022-23 Effective Tax Rate Evaluation Maximum Facilities Revenue <sup>(1)</sup>	Estimated 2022-23 Facilities Special Tax Levy <sup>(2)</sup>	Appraised Value <sup>(3)</sup>	Share of Local Obligations <sup>(4)*</sup>	Share of 2020 IA1 Obligations <sup>(4)</sup>	Overlapping Debt	Appraised Value To Lien <sup>(5)*</sup>	Appraised and Overlapping Debt Value to Lien Ratio <sup>(5)*</sup>
KB HOME Sacramento	247	\$505,181	\$440,450	\$50,279,713	\$4,583,368	\$4,476,013	\$1,737,856	5.6	4.7
Tri Pointe/CMB	162	328,529	287,374	41,149,081	2,990,442	2,920,398	712,102	7.0	6.2
Lennar	95	219,643	204,125	27,320,595	2,124,145	2,074,392	950,590	6.5	5.3
Beazer	53	104,713	88,556	4,422,226	921,518	899,934	209,651	2.4	2.2
Signature Homes	40	97,989	96,578	12,581,912	1,005,001	981,461	446,715	6.3	5.2
Individual Homeowners	66	154,767	154,767	43,470,000	1,610,525	1,572,803	727,972	13.7	11.1
Remaining Lots C and D - ECIC	265	129,882	--	4,096,128	--	--	327,682	N/A	12.5
<b>Total</b>	<b>928</b>	<b>\$1,540,704</b>	<b>\$1,271,850</b>	<b>\$183,319,655</b>	<b>\$13,235,000</b>	<b>\$12,925,000</b>	<b>\$5,112,568</b>	<b>7.0</b>	<b>5.9</b>

\* Preliminary, subject to change.

<sup>(1)</sup> Increases by 2% each Fiscal Year. The 2022-23 Effective Tax Rate Evaluation Minimum Facilities Revenue amount is \$1,498,023.

<sup>(2)</sup> Based on estimated debt service requirements for the Bonds plus Priority Administrative Expenses of \$20,400.

<sup>(3)</sup> Appraised value amounts provided by the Appraiser. See “—Property Values.”

<sup>(4)</sup> Allocated based on the projected Fiscal Year 2022-23 Special Tax levy assuming the final small lot map for Villages 3, 5 and 6 record prior to June 30, 2022.

<sup>(5)</sup> Value to lien ratio is for the Local Obligations. Local Obligations are issued in the same principal amount of the Bonds.

Source: Except as otherwise noted, NBS.

## Estimated Tax Burden on Single Family Home

The following table sets forth the estimated total tax burden on single-family high density residential property (SFHD) and multi-family low density residential property (MLD) within the Improvement Area, presented as an estimate of the majority of proposed homes to be constructed in the Improvement Area, based on estimated tax rates for Fiscal Year 2021-22.

**Table 9**  
**City of Folsom**  
**Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1**  
**Single Family Residential Property Sample Property Tax Bill**  
**Estimated Charges for Fiscal Year 2021-22**

	<b>SFHD</b>	<b>MLD</b>
<b>Assessed Value<sup>(1)</sup></b>	<b>\$655,000</b>	<b>\$635,000</b>
Less: Homeowner Exemption	(7,000)	(7,000)
<b>Net Assessed Value</b>	<b>\$648,000</b>	<b>\$628,000</b>
<b>Ad Valorem<sup>(2)</sup></b>	<b>Tax Rate</b>	
General Purpose Ad Valorem Tax (Proposition 13)	1.0000%	\$6,480.00
Los Rios College General Obligation	0.0249%	161.35
Folsom-Cordova Unified School District Improvement Dist. 2	0.0247%	160.06
Folsom-Cordova Unified School District Improvement Dist. 3	0.3881%	2,514.89
<b>Total Ad Valorem Taxes</b>	<b>1.4377%</b>	<b>\$9,316.30</b>
<b>Special/Direct Assessments and Taxes</b>		
Folsom Community Facilities District No. 23 (Folsom Ranch) – Facilities <sup>(3)</sup>	\$1,936.98	\$2,240.94
Folsom Community Facilities District No. 23 (Folsom Ranch) – Services <sup>(4)</sup>	216.62	160.92
Folsom Community Facilities District No. 17 (Willow Hill Pipeline) <sup>(5)</sup>	75.45	46.78
Folsom Community Facilities District No. 18 (Folsom Plan Area) <sup>(5)</sup>	1,016.80	751.39
Sacramento Area Flood Control <sup>(6)</sup>	1.50	1.50
<b>Total Special/Direct Assessments and Taxes</b>	<b>\$3,247.35</b>	<b>\$3,201.53</b>
<b>Total Estimated Annual Property Taxes</b>	<b>\$12,563.65</b>	<b>\$12,230.29</b>
<b>Effective Tax Rate<sup>(7)</sup></b>	<b>1.9181%</b>	<b>1.9260%</b>

(1) Estimated based upon the minimum appraisal value for a sample single-family high density unit and a sample multi-family low density unit, per the Appraisal prepared by the Appraiser.

(2) Based upon 2021-22 Sacramento County ad valorem property tax rates for TRA 04-035 and 04-036.

(3) 2021-22 Effective Tax Rate Evaluation Maximum Annual Facilities Special Tax for a single-family high density unit and a multi-family low density unit with less than 2,000 square feet. The Effective Tax Rate Evaluation Maximum Annual Facilities Special Tax escalates annually at 2%.

(4) 2021-22 Maximum Annual Services Special Tax for a single-family high density unit and a multi-family low density unit with less than 2,000 square feet. The Maximum Annual Services Special Tax escalates annually based upon the annual June CPI Change, for the San Francisco-Oakland-San Jose are, not to exceed 4%.

(5) 2021-22 Maximum Annual Special Tax. The Maximum Annual Special Tax excludes the Willow Hill Pipeline Special Tax, which is currently reflected under Folsom Community Facilities District No. 17 (Willow Hill Pipeline). The Area-Wide Special Tax escalates annually at 2% and the Maintenance Special Tax and TDM Services Special Tax escalate annually based upon the annual June CPI Change, for the San Francisco-Oakland-San Jose are, not to exceed 4%.

(6) Approximate assessment for residential lots, based on size.

(7) Estimate of annual property taxes does not include any new special financing district fees, assessments, and/or special taxes imposed by the state, county, or local agencies that are yet to be established or any future annexation into existing special financing districts required by conditions for approval of development or any other imposed requirement. Information contained within is based upon records and official documents provided by various governmental agencies and third-party sources.

**Overlapping Debt**

Set forth below is an overlapping debt table showing the existing authorized indebtedness payable with respect to property within the Improvement Area. Additional indebtedness could be authorized by other public agencies at any time. Further, a portion of the overlapping debt shown in the table below is based on the assessed value of the underlying property, which can be expected to increase over time as development occurs and the assessed value grows. This table has been prepared by California Municipal Statistics, Inc. as of March 1, 2022, and is included for general information purposes only. Other than with respect to CFD 17, the table below allocates overlapping debt based on the assessed value of property and not on taxes paid. The District and the Authority have not reviewed the data for completeness or accuracy and make no representations in connection therewith.

CFD 17 authorized up to \$8,000,000 of bonds. In addition to CFD 17 and the District, the City has formed CFD 18, which the District overlaps, and the City Council of the City has authorized the issuance of \$200,000,000 in bonds to be secured by a special tax on property within CFD 18 on parity with the Special Tax in the Improvement Area. The timing of issuance of bonds for CFD 18 is dependent upon market conditions and development within the Folsom Plan Area, and the City currently anticipates that an initial series of CFD 18 bonds will be issued in the second half of 2022 to help finance the required Phase 2 Water Facilities (as defined herein). A portion of any bonds issued for CFD 18 will constitute overlapping debt. Other community facilities districts formed in the Folsom Ranch area will overlap CFD 18 and potentially CFD 17 but are not expected to overlap the District.

Direct assessments and levies payable with respect to property within the Improvement Area could potentially include up to \$750 million of general obligation bonds for the School Facilities Improvement District No. 3 of the Folsom Cordova Unified School District (“SFID 3”), approved by voters on March 27, 2007. SFID 3 encompasses approximately 52.6 square miles of land including the District and additional territory outside of the District, including territory in the City of Rancho Cordova and unincorporated Sacramento County. As of February 7, 2022, general obligation bonds in the aggregate principal amount of approximately \$195.6 million had been issued and approximately \$188.4 million were outstanding for SFID 3. At the time of the election approving the SFID 3 general obligation bonds, the ballot summary indicated the average tax rate per \$100,000 assessed valuation would be \$73.61. For 2021-22, the actual SFID 3 tax rate per \$100,000 was approximately \$388.10. The following table sets forth the ad valorem tax rates for SFID 3 over the past five years. The future tax levy per property owner in SFID 3 may vary depending on future bond issuance and/or changes in assessed value.

**Table 10**  
**City of Folsom**  
**Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1**  
**SFID 3 Ad Valorem Rates**

Year	Rate <sup>(1)</sup>
2021-22	0.3881%
2020-21	0.2065%
2019-20	0.1366%
2018-19	0.1451%
2017-18	0.1878%

<sup>(1)</sup> TRAs 04-035 and 04-036  
Source: NBS.

**Table 11**  
**City of Folsom**  
**Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1**  
**Overlapping Debt**

2021-22 Local Secured Assessed Valuation: \$68,922,617 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/22</u>
Los Rios Community College District	0.030%	\$ 148,927
Folsom-Cordova Unified School District School Facilities Improvement District No. 2	0.430	59,974
Folsom-Cordova Unified School District School Facilities Improvement District No. 3	2.407	4,532,976
City of Folsom Community Facilities District No. 17	6.315	370,691
<b>City of Folsom Community Facilities District No. 23, I.A. 1</b>	<b>100.</b>	<b><u>12,925,000</u><sup>(1)</sup></b>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$18,037,568
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Sacramento County General Fund Obligations	0.036%	\$ 46,199
Sacramento County Pension Obligation Bonds	0.036	225,165
Sacramento County Board of Education Certificates of Participation	0.036	949
City of Folsom General Fund Obligations	0.416	<u>4,160</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$276,473
Less: Sacramento County supported obligations		<u>4,947</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$271,526
COMBINED TOTAL DEBT		\$18,314,041 <sup>(2)</sup>

(1) Excludes Mello-Roos Bonds to be sold.

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

Ratios to 2021-22 Local Secured Assessed Valuation:

<b>Direct Debt (\$12,925,000)</b> .....	<b>18.75%</b>
Total Direct and Overlapping Tax and Assessment Debt.....	26.17%
Combined Total Debt.....	26.57%

Source: California Municipal Statistics, Inc.

## PROPOSED PROPERTY DEVELOPMENT

### Development Entitlements

*Specific Plan.* On June 28, 2011, the City Council approved the Specific Plan for the development of 10,210 residential homes along with commercial, industrial/office park, open space, public schools, parks, infrastructure and other land uses on the 3,513.4 acre site of the Folsom Plan Area. At build out, projected to occur over a 20-year time frame, the Folsom Plan Area is projected to have a population of approximately 24,362 persons. Along with the 1,455.6 acres of residential development, the adopted Specific Plan called for 511.3 acres of commercial, office/industrial and mixed-use, 309.5 acres of public and quasi-public use (public and private schools, parks and infrastructure); 173.6 acres of major roads and 1,063 acres of open space.

Various property owners have submitted and received approvals of Specific Plan Amendments (“SPA’s”) since the 2011 City Council adoption. These approved SPA’s have resulted in various land use changes compared to the Specific Plan that was originally approved in 2011, including an increase in the total entitled unit count to 11,461 dwelling units and reduction to approximately 2.8 million square feet of commercial, office/industrial and mixed use.

Through a Minor Administrative Modification for the Improvement Area, the Specific Plan was modified to allow for the adjustment of a common lot line between an elementary school site and seven residential lots in order to accommodate a wider street path that provides improved emergency access. The minor modification was approved by the City’s Community Development Director and confirmed through a letter dated April 20, 2020.

The Specific Plan is designed to guide and regulate the development for the area within the City south of US Route 50.

*Tentative and Final Mapping.* On February 13, 2018, the City Council approved a large lot vesting tentative map and a small lot vesting tentative map for the subject property known as “Mangini Ranch Phase 2,” which corresponds to the Improvement Area. The large lot final map was recorded on July 2, 2019 and consisted of 26 large lot parcels corresponding to the approved land use plan for residential and non-residential parcels, including future City-owned parcels offered for dedication. Subsequent to the large lot final map recording, the following small lot final maps were recorded: (i) for Village 7 on December 17, 2019, (ii) for Villages 4 and 8 on August 10, 2020, (iii) for Village 10 on January 21, 2021 and (iv) for Villages 1 and 2 on October 28, 2021. Also, in February 2021, a Specific Plan Amendment, Planned Development and Design Review Permit was approved by the City, which completed the required rezoning of Lot C to allow for the eventual development of the 265 multi-family high density units on Lots C and D.

To date, final maps have been approved and recorded for Villages 1, 2, 4, 7, 8 and 10, and tentative maps have been approved for Villages 3, 5 and 6. Final map approval for Villages 3, 5 and 6 is expected prior to June 30, 2022. [KB Home Sacramento (Villages 5 and 6) and Beazer (Village 3) believe that all of the tentative map conditions, other than administrative and immaterial items, have been satisfied for their respective properties in Villages 3, 5 and 6 (which represent the remaining taxable parcels in the Improvement Area, other than Lots C and D).] The original small lot tentative map approval did not include specific design review permits for each of the planned subdivisions, and each of the Merchant Builders are responsible for obtaining design review permits for each of their respective subdivisions. A final small lot map is not required for the development of the 265 multi-family high density units on Lots C and D. However, a boundary line adjustment to remove the existing parcel line between Lots C and D will be required to be reviewed and approved by the City and recorded with the Office of the County Recorder of the County of Sacramento prior to building permit issuance for Lots C and D. The only remaining discretionary entitlements within the Improvement Area are design review approval for Villages 3, 5 and 6, which provides for City review of the home plans, architecture and conformance to certain development standards, and the recordation of small lot final maps for Villages 3, 5 and 6.

Based on the current tentative and final subdivision maps and zoning entitlements, the property within the Improvement Area is entitled to be developed into 441 single-family high density units (in Villages 1 through 6), 222 multi-family low density units (in Villages 7, 8 and 10) and 265 multi-family high density units (in Lots C and D). The single-family high density zoned properties can include 4 to 7 dwelling units per gross acre and can include either single-family dwellings or two-family dwellings. The multi-family low density zoned properties can include 7 to 12 dwelling units per gross acre, and the multi-family high density zoned property can include 20 to 30 dwelling units per gross acre. ECIC, CMB and the Merchant Builders all anticipate that the portions of the Improvement Area zoned for single-family high density properties and multi-family low density properties will be developed exclusively with single family detached units.

The following table describes the status of final maps for the Villages 1 through 8 and 10 and Lots C and D within the Improvement Area:

**Table 13**  
**City of Folsom**  
**Communities Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1**  
**Final Map Status**

<u>Village</u>	<u>Owner</u>	<u>Zoning</u>	<u>Number of Units</u>	<u>Typical Lot Sizes</u>	<u>Status of Maps</u>	<u>Expected Date</u>
1	CMB/Tri Pointe <sup>(1)</sup>	SFHD	88	4,000	Recorded	
2	CMB/Tri Pointe <sup>(1)</sup>	SFHD	74	4,050	Recorded	
3	Beazer	SFHD	53	4,125	Tentative Small Lot	by June 30, 2022
4	KB HOME Sacramento	SFHD	73	4,000	Recorded	
5	KB HOME Sacramento	SFHD	83	4,000	Tentative Small Lot	by June 30, 2022
6	KB HOME Sacramento	SFHD	70	4,000	Tentative Small Lot	by June 30, 2022
7	Signature Homes	MLD	68	3,075	Recorded	
8	KB HOME Sacramento	MLD	36	4,000	Recorded	
10	Lennar	MLD	118	3,150	Recorded	
Lots C/D	ECIC <sup>(2)</sup>	MHD	265	N/A	No Final Map Required	N/A
<b>TOTAL</b>			<b>928</b>			

<sup>(1)</sup> Tri Pointe has contracted to purchase the Village 1 and Village 2 properties through three separate takedowns, the first of which occurred in January 2022 for 54 lots. No assurance can be given that the conveyance of the remaining two takedowns totaling 108 lots will occur as expected. See “PROPOSED PROPERTY DEVELOPMENT—Property Ownership—Tri Pointe Purchase and Sale Agreement.”

<sup>(2)</sup> Spanos has contracted to purchase the Lot C and Lot D properties. See “PROPOSED PROPERTY DEVELOPMENT—Development Entitlements—Tentative and Final Mapping.”

Source: ECIC.

*Development Conditions/Building Permit Limitations.* Certain provisions of the PFFP for the Folsom Plan Area, as implemented through the tentative subdivision map conditions, place limits on the number of building permits that can be issued before certain facilities and/or backbone infrastructure is in place. These provisions/conditions could, but are not expected to, affect build-out of the Improvement Area.

For example, tentative map conditions require a fire station to be operational prior to the occupancy of the 1,500<sup>th</sup> home in the Folsom Plan Area. See “FOLSOM PLAN AREA—Public Facilities Financing Plan—Public Facilities—the Folsom Plan Area” for details on the City’s plans for construction of the fire station. The City is responsible for building and operating this fire station and would expect to waive or modify this condition as it deems necessary to balance development within the Folsom Plan Area and the increasing fire service needs of the Folsom Plan Area as development progresses.

Within the Improvement Area, there are building permit thresholds relating to traffic signal installations. There was a requirement that a traffic signal be installed at the intersection of Alder Creek Parkway and East Bidwell prior to the issuance of the 236<sup>th</sup> building permit. This traffic signal was installed and operational as of late March 2022. There is also a requirement that a separate traffic signal be installed at the intersection of Savannah Parkway and East Bidwell prior to the issuance of the 496<sup>th</sup> building permit. ECIC has commenced the design process for this additional traffic signal and anticipates that it will be completed and installed by the second quarter of 2023. ECIC, CMB and the Merchant Builders do not believe that this requirement will materially impede the issuance of building permits or the development of the Improvement Area.

During initial planning of water infrastructure needs, the City estimated that the Phase 1 Water Facilities (as defined herein) would have capacity to serve approximately 2,800 dwelling units in the Folsom Plan Area. The City currently estimates that the Phase 1 Water Facilities have the capacity to

deliver a sustained maximum day demand of up to 2 million gallons of water and, based on actual water usage within the Folsom Plan Area and a study prepared by Peterson Brustad, Inc. in April 2019, that water usage within the Folsom Plan Area will exceed the Phase 1 Water Facility capacity when approximately 2,800 to 3,300 dwelling units within the Folsom Plan Area have been occupied. The Phase 2 water backbone facilities, which include a water pipeline, booster pump and storage tank (collectively, the “Phase 2 Water Facilities”), are required to be constructed to provide expanded water transmission conveyance capabilities to deliver water from the water treatment plant to the Folsom Plan Area. The City continues to evaluate water usage and needs within the Folsom Plan Area. The City reserves the right to restrict new building permits within the Folsom Plan Area if the City determines that the new construction would cause residential water usage to exceed the capacity of the Phase 1 Water Facilities. See “—Development Entitlements—*Water Supply Infrastructure*” below for details on the status of the Phase 2 Water Facilities and the current plan for their construction and financing.

As of March 1, 2022, final maps had been approved and recorded for 2,731 dwelling units. [There are currently 4 additional final maps submitted to the City for review with approximately 274 dwelling units. It is anticipated that all of these final maps will be recorded by April 2022]. Also as of March 1, 2022, 1,964 building permits and 1,222 certificates of occupancy had been issued in the Folsom Plan Area for other projects underway, including the City of Folsom Community Facilities District No. 19 (Mangini Ranch) (“CFD 19”), the City of Folsom Community Facilities District No. 20 (Russell Ranch) (“CFD 20”) and the City of Folsom Community Facilities District No. 21 (White Rock Springs Ranch) (“CFD 21”). Collectively, CFD 19, CFD 20, CFD 21 and the Improvement Area are expected to include 3,350 dwelling units, [ ] of which had been issued building permits and [ ] of which had received final map approval as of March 1, 2022. [As of that same date, no building permits had been issued and no final maps had been approved for the expected dwelling units in the City of Folsom Community Facilities District No. 22 (Folsom Heights) (“CFD 22”).]

ECIC, CMB, the Merchant Builders and the District do not believe that these conditions will materially impede development of the Improvement Area. However, multiple other development projects are underway in the Folsom Plan Area, and if there were an unforeseen and significant delay in construction in the Improvement Area it is possible that other development within the Folsom Plan Area will overtake development of the Improvement Area, resulting in the need for construction of the fire station and Phase 2 Water Facilities before all building permits could be issued for the Improvement Area.

External access to the project site will be provided via East Bidwell Road to the west, Alder Creek Parkway to the north and Placerville Road to the east. Internal vehicular circulation is accessed from Westwood Drive and Old Ranch Way. Pedestrian circulation is provided by a combination of street separated sidewalks, open space trails, park trails and pathway connections. Proposed on-site improvements include: underground utilities, drainage improvements, retaining walls, driveways, on-street parking, curbs/gutters, sidewalks, pathways, trails, fencing, site lighting, site landscaping, and park enhancements.

The Folsom Ranch Central District Design Guidelines (of which the Improvement Area is a part) were approved by the City concurrent with the Tentative Map approvals on June 23, 2015. The design guidelines provide for the orderly development of the proposed single family residential subdivision. The primary purpose of these design guidelines is to articulate the general architectural and design expectations for the proposed residential neighborhood, the landscapes, hardscapes, open spaces, fencing, entry features and site lighting. The goal of the design guidelines is to establish a regulatory framework for the design of individual homes on the residential lots. The final design details of the homes are subject to review and approval by the City’s Planning Commission as part of a future Design Review application.



*Army Corps of Engineers Wetland Permitting, Biological Opinion, Streambed Alteration Agreements and Section 106 Compliance.* On May 22, 2014, the U.S. Army Corps of Engineers (the “USACOE”) issued a Record of Decision (“ROD”) for the Folsom South of U.S. Highway 50 Specific Plan Project - City of Folsom Backbone Infrastructure. This wetland permit covered the wetland permitting requirements for the entire backbone infrastructure necessary to serve the Folsom Plan Area. To the extent backbone infrastructure was required within a property owner’s land, the backbone wetland permit authorized the filling of waters of the U.S. necessary for such construction. Each landowner thereafter is required to obtain their own wetland permit for the fill of jurisdictional wetlands not included in the footprint of the backbone wetland permit. As discussed in greater detail below, the Folsom Plan Area has received all required environmental permits.

*Development Agreement.* Through City Ordinance No. 1149, the City approved a Tier 1 Development Agreement between the City and the property owners within the Folsom Plan Area on July 12, 2011. The effective date of the ordinance was August 11, 2011. The Tier 1 Development Agreement vests certain rights of the property owners and of the City, commits each party to the agreements to subsequent actions before development may proceed within the Folsom Plan Area. Separate First Amended and Restated Tier 1 Development Agreements (the “ARDAs”) were entered into among certain property owners and the City for their applicable properties, as approved by the City through City Ordinance No. 1211. The ARDAs for the property owners comprising the property within the Improvement Area were recorded in the official records of the County of Sacramento in July 2014. The City entered into Amendment No. 1 to the ARDA with Carpenter East, which was recorded in the official records of the County of Sacramento in January 2016. The City also entered into Amendment Nos. 1 and 2 to the ARDA with Folsom Real Estate South, which were each recorded in the official records of the County of Sacramento in January 2016. See “—Property Ownership.”

Article 2.5 (commencing with Section 65864), of Chapter 4, Division 1, Title 7 of the State Government Code, pertaining to development agreements, has the general effect of authorizing development to continue in accordance with then existing General Plan, Specific Plan, zoning and subdivision regulations notwithstanding any subsequently enacted conflicting regulations, except for regulations the failure of which to enact would place the residents in a condition which is dangerous to their health or safety or both.

*Environmental Permits and Approvals.* The California Environmental Quality Act (“CEQA”), constituting Division 13 of the State Public Resources Code (commencing with Section 21000) requires that an Environmental Impact Report (an “EIR”), detailing the significant environmental effects of the project and proposed mitigation measures, be prepared, considered and certified as complete by a public agency prior to its taking discretionary action on any project which may have a significant effect on the environment.

In June 2011, after statutorily required public notice, hearing and comment, the City Council certified as adequate and complete a final EIR/EIS for the Specific Plan for the development of the Folsom Plan Area. The EIR/EIS satisfied both CEQA and the National Environmental Policy Act for the entirety of the Folsom Plan Area. In February 2015, the City Council adopted the South of Highway 50 Backbone Infrastructure Project Initial Study/Mitigated Negative Declaration (Backbone Infrastructure MND), dated December 9, 2014. This CEQA project level document satisfied the required environmental review for the construction of backbone infrastructure for the entire Folsom Plan Area, including the Improvement Area.

The Folsom Plan Area has received all required environmental permits, including a Section 404 Permit for the entire Folsom Plan Area pursuant to Section 404 of the federal Clean Water Act. This permit allows for any necessary fill of jurisdictional wetlands and streambed alterations for the

construction of backbone infrastructure to serve the entire Folsom Plan Area at build-out. In addition, a Biological Opinion has been obtained from the US Fish and Wildlife Service for the entire Folsom Plan Area, together with a California Department of Fish and Wildlife Master Streambed Alteration Permit with conditions for the whole of the Folsom Plan Area. All of the property in the Improvement Area subject to the Special Tax has received its Section 404 Permit and a subnotification approval from the California Department of Fish and Wildlife.

*Water Supply.* The City entered into an agreement (the “Water Supply Agreement”) with the property owners in the Folsom Plan Area providing for a water supply for new development south of US Route 50. The Water Supply Agreement was supported by an addendum to the EIR. The Water Supply Agreement provides adequate water supply for full build out of the Improvement Area and the rest of the Folsom Plan Area (except the portion of the Folsom Plan Area serviced by the El Dorado Irrigation District). The amount of water provided in the Water Supply Agreement to meet the build-out demands of the Folsom Plan Area project is projected to be 5,600 acre-feet annually.

*Water Supply in Folsom Generally.* The primary water supply source for the City of Folsom is Folsom Reservoir, which provides the water supply for all of the City south of the American River. The City has water rights and contracts for up to 34,000 acre-feet annually (“afa”) through three different contracts with the United States Bureau of Reclamation (“Reclamation”). The surface water supplies were developed through different circumstances and, as such, are subject to unique conditions and limitations. These attributes and issues affect the volume of water available under certain conditions. Surface water supply for the portions of the City north of the American River is obtained through a contract with the San Juan Water District, and therefore is not a directly owned City supply. The surface water supplies for the City’s water service area are listed below.

- A pre-1914 appropriative water right for 22,000 acre-feet per year (Agreement with Reclamation)
- A pre-1914 appropriative water right for 5,000 acre-feet per year (Co-Tenancy agreement with Golden State Water Company)
- A Central Valley Project (“CVP”) water service contract for 7,000 acre-feet per year (Partial Assignment from Sacramento County Water Agency to the City of Folsom and used in the City’s East Area)

The City’s 22,000 acre-foot entitlement is based on a pre-1914 appropriative right from the South Fork of the American River established by the Natoma Water Company (“Natoma”) in 1851. Natoma’s original pre-1914 water right established a maximum diversion rate “to fill a Canal Eight feet wide and Four feet deep with a current running Ten miles per hour.” This correlates to a diversion rate of 60 cubic feet per second and a maximum allocation of 32,000 afa. This right is held with Golden State Water Company pursuant to a co-tenancy agreement. The City’s 5,000 acre-foot entitlement is also based on Natoma’s pre-1914 appropriative right from the South Fork of the American River. In November 1994, the City executed a contract with Southern California Water Company-Folsom Division (“SCWC”) under which the City acquired the right to lease 5,000 afa (of SCWC’s remaining 10,000 afa under the original Natoma purchase) for an indefinite period. This right is held with Golden State Water Company pursuant to a co-tenancy agreement. This water right was also formally recognized in the settlement agreement between Reclamation and the City. As authorized by Public Law No. 101-514, the City was a subcontractor under Sacramento County Water Agency’s (SCWA) CVP water-service contract for 7,000 afa. In 2016, the United States, the City and SCWA completed an assignment of this portion of SCWA’s CVP water-service contract from SCWA to the City.

Under the agreements with Reclamation for 22,000 afa and 5,000 afa, Reclamation delivers this entire water supply without reduction on a permanent basis. Under the agreement with Reclamation for 7,000 afa of CVP water, this water supply faces possible reductions pursuant to Reclamation’s Municipal and Industrial Water Shortage Policy. In 1994, the City entered into an agreement with Golden State Water Company (f/k/a Southern California Water Company, herein “GSWC”) to acquire the right to divert up to 5,000 acre feet of pre-1914 water rights annually (the “GSWC Agreement”), subject to the terms and conditions of that agreement. Under the GSWC Agreement, the City is required to pay for the entire 5,000 acre-feet annual water supply regardless of whether the City is able to divert and use that quantity of water. The City has been using the supplies provided in the GSWC Agreement to serve the existing portion of the City known as the “East Area.” The cost of water under the GSWC Agreement has, in the past, been paid for by East Area landowners and water customers.

*Source of Water for the Folsom Plan Area.* The City has determined that its Water Systems Optimization Review Program and implementation of metered rates will provide additional water supplies in an estimated amount of 6,450 acre-feet per year, which is in addition to the present and forecasted demands of the City’s existing water users. The City intends to use a portion of this 6,450 acre-feet per year of available water to meet present and future water demand in the East Area in order to make the 5,000 acre-feet per year of GSWC Agreement water supply available for use in the Folsom Plan Area, on the terms and conditions of that Agreement. To meet this intent, the City has converted the East Area water supply from the GSWC Agreement to the less expensive CVP water service contract. The City would meet the additional build-out water demand of the Folsom Plan Area with approximately 600 acre-feet per year of water produced by the Water Systems Optimization Review Program that is in excess of the water demand in the East Area. The water made available under the GSWC Agreement and Water Systems Optimization Review Program will be sufficient to supply the projected water demand in the Folsom Plan Area. Pursuant to the provisions of Sections 860 *et seq.* of the State Code of Civil Procedure and Government Code Sections 53511 and 53589.5, the City filed a complaint in the Superior Court of the State for the County of Sacramento to validate the agreement. The Superior Court determined that the agreement: (a) is lawful, valid, enforceable and in the best interests of the City and all persons in any way interested therein and (b) is consistent with all applicable laws and obligations, including the Measure W water supply requirement.

The City’s Community Facilities District No. 2013-1 (Water Facilities and Supply) (the “Water CFD”), was formed by the City in 2014. The cost of the GSWC Agreement water will initially be paid for by the Folsom Plan Area through special taxes collected for the Water CFD on certain property in the Folsom Plan Area, including the Improvement Area. When a building permit has been issued and a customer billing account has been established, the developed parcel is no longer subject to the levy of the special tax for the Water CFD and thereafter pays for water through water rates.

*Water Conservation.* The City adopted Ordinance 1118, Chapter 13.26 of the Folsom Municipal Code (“FMC”), Water Conservation. Chapter 13.26 establishes a five stage water conservation program with conservation goals and water use restrictions. The City Manager is authorized to implement and enforce whatever conservation measures are deemed necessary to achieve the water reduction requirements of the declared conservation stage.

*Water Supply Infrastructure.* Existing water infrastructure and pipelines run to the north side of US Route 50. For the first phase of infrastructure, the developers of the Folsom Plan Area constructed improvements to connect this water supply and extend water infrastructure pipelines to serve the initial phases of development in the Folsom Plan Area (the “Phase 1 Water Facilities”). In the next phase, the Folsom Plan Area developers will be required to construct improvements at the existing City water treatment plant to include a water booster pump station and construct a new water pipeline transmission main from the water treatment plant site into the Folsom Plan Area along with two storage tanks and a

pump station improvement to serve the area-wide development with potable water. In order for each individual parcel to access that water supply, the developers of those parcels will need to extend infrastructure to their sites.

The Phase 1 Water Facilities were completed in August 2018. The City estimates that the Phase 1 Water Facilities have the capacity to deliver a sustained maximum day demand of up to 2 million gallons of water. The Phase 2 Water Facilities (which include the new water pipeline transmission main, a booster pump station and a storage tank) are required to be constructed to provide expanded water transmission conveyance capabilities to deliver water from the water treatment plant to the Folsom Plan Area.

During initial planning of water infrastructure needs, the City estimated that the Phase 1 Water Facilities would have capacity to serve approximately 2,800 dwelling units in the Folsom Plan Area. Based on actual water usage within the Folsom Plan Area and a study prepared by Peterson Brustad, Inc. in April 2019, the City currently estimates that water usage within the Folsom Plan Area will exceed the Phase 1 Water Facility capacity when approximately 2,800 to 3,300 dwelling units within the Folsom Plan Area have been occupied. The City continues to evaluate water usage and needs within the Folsom Plan Area. The City reserves the right to restrict new building permits within the Folsom Plan Area if the City determines that the new construction would cause residential water usage to exceed the capacity of the Phase 1 Water Facilities.

As of March 1, 2022, for the Folsom Plan Area, final maps had been approved and recorded for approximately 2,731 dwelling units, 1,964 building permits had been issued, and 1,222 certificates of occupancy had been issued. [There are currently 4 additional final maps submitted to the City for review with approximately 274 dwelling units. It is anticipated that all of these final maps will be recorded by April 2022]. During summer 2021 as a result of high levels of construction activity, the maximum day water demand exceeded 2 million gallons for several days with no service interruption to the water system. Developers within the Folsom Plan Area have made various arrangements for alternative water sources during the next two years to alleviate usage of the Phase 1 Water Facilities and in response to drought concerns. See “PROPOSED PROPERTY DEVELOPMENT – Development Entitlements – Drought Conditions and Construction Water Usage” for more information. Based on current development plans and discussions with the developers within the Folsom Plan Area, and subject to variations due to water usage for construction within the Folsom Plan Area, the City estimates that the Phase 1 Water Facilities will reach their maximum day capacity in the summer of 2024. An increase in residential water demand, an event impacting the capacity of the Phase 1 Water Facilities, or other factors that increase water demand or decrease capacity could cause the City to reevaluate this estimated date and could adversely impact the ability of the City to issue building permits if the City expects demand to exceed capacity before the Phase 2 Water Facilities are complete.

In February 2018, the first round of developers within the Folsom Plan Area began conducting alignment studies for the Phase 2 Water Facilities and, as of December 13, 2018, developers within the Folsom Plan Area engaged Hydrosience Engineers for the design of the Phase 2 Water Facilities. The City has commenced review of the construction documents for the Phase 2 Water Facilities and anticipates completing its review in summer 2022. ECIC anticipates the bidding for the construction work of the Phase 2 Water Facilities to begin in summer 2022, with the construction expected to start by fall 2022. Once commenced, ECIC anticipates that construction of the Phase 2 Water Facilities will last about 18 months and be completed by summer 2024, in time to meet the demands for projected growth within the Folsom Plan Area. ECIC expects that if the Phase 2 Water Facilities are completed by summer 2024 that the projected timing of development described in this Official Statement will not be affected. However, delays in the construction of the Phase 2 Water Facilities, increased residential or construction water usage amounts or a reduction in the capacity of the current water facilities could cause the City to

restrict the continued development of the Folsom Plan Area, including within the Improvement Area. See “CERTAIN RISKS TO BONDHOLDERS – Failure to Develop.”

Based on a preliminary analysis prepared by ECIC and its consultants, the Phase 2 Water Facilities are projected to cost approximately \$29 million but may cost more depending on the cost of supplies, the cost of labor and other factors at the time construction commences. ECIC anticipates the Phase 2 Water Facilities to be funded through bonds issued for CFD 18 and certain pay-go proceeds from CFD 17 and CFD 18 special taxes. Based on current cost projections, ECIC expects the sources of revenues from CFD 17 and CFD 18 to be sufficient to fund the Phase 2 Water Facilities costs.

In addition to the Phase 2 Water Facilities, the City anticipates that an additional water tank and pump station improvement will be needed to accommodate the increased development once there are approximately 1,600 occupied dwelling units in zones 4, 5 and 6 of the Folsom Plan Area (the “Zone 4 Water Facilities”). These zones are east of Placerville Road (and east of the District) and generally constitute the areas covered by CFD 20, CFD 21 and CFD 22. The Zone 4 Water Facilities and the Phase 2 Water Facilities are separate water improvements, and, if needed, the Phase 2 Water Facilities can be constructed and completed separately from the Zone 4 Water Facilities, thereby allowing development to continue in the Folsom Plan Area generally, including within the Improvement Area. The Zone 4 Water Facilities are projected to cost approximately \$10 million but may cost more depending on the cost of supplies, the cost of labor and other factors at the time construction commences. To the extent CFD 18 bond proceeds are available, the developers within the Folsom Plan Area anticipate using proceeds from CFD 18 bonds to finance the Zone 4 Water Facilities. Neither the City nor the Merchant Builders expect that the need for a Zone 4 Water Facilities will adversely impact the timeline or cost estimates for development of the Improvement Area otherwise described in this Official Statement.

*Wastewater Treatment.* The Sacramento Regional County Sanitation District has an existing wastewater treatment plant with its ongoing and permitted improvement projects projected to accommodate all wastewater from development in the Folsom Plan Area. Existing sewer transmission mains are capable of conveying wastewater from the Folsom Plan Area and initial development sites (including the Improvement Area) to the existing treatment plant.

*Flood Zones.* According to the Federal Emergency Management Agency flood map, the Improvement Area is in Zone X, which consists of areas determined to be outside of the 500-year flood plain.

*Fire Zones.* The Improvement Area is located within an area identified as a moderate fire hazard severity zone. More information regarding Fire Hazard Severity Zones can be found at the California Department of Forestry and Fire Protection website at <https://frap.fire.ca.gov>, though such website is not incorporated herein by reference. The development within the Improvement Area is subject to mitigation measures set forth in a fuel modification plan approved by the City Fire Department. The mitigation measures include, among others, limitations on the type of vegetation that may be planted within fuel modification zones established in open space areas along certain portions of the perimeter of the Improvement Area, minimum setback of structures and irrigation requirements of the fuel modification zones. Maintenance of such zones is expected to initially be the responsibility of the property owners but upon build-out of the Improvement Area and dedication of the open space to the City will be maintained by the City from funds provided through CFD 18. Homeowner’s insurance is expected to be available to property owners within the Improvement Area, and the coverage provided by such insurance typically insures against fire damage, although there is no assurance that homeowners within the Improvement Area will purchase or maintain such insurance.

*Drought Conditions and Construction Water Usage.* In response to drought conditions in 2021, the City imposed a mandatory 20% reduction in water use on its water customers. In addition, use of City water for construction purposes required City approval. At the time, the City allowed construction within the Folsom Plan Area to proceed, including the use of City water. However, prolonged drought conditions in 2022 could result in mandatory reductions in water usage that may adversely impact the ability of the developers within the Improvement Area to develop the Improvement Area in the timeline described in this Official Statement.

To help alleviate the demand on the current water facilities, certain developers within the Folsom Plan Area have made arrangements to obtain construction water from the El Dorado Irrigation District (“EID”), an alternative water provider that has existing facilities adjacent to the Folsom Plan Area. For instance, Lennar has previously received construction water from EID for its Russell Ranch project in CFD 20. Such arrangements augment, but do not replace, the need for and the use of City water, which is currently provided through the Phase 1 Water Facilities. Due to such alternative arrangements for construction water and the amount of development that has already occurred in the Folsom Plan Area, the City anticipates that the demand for construction water will likely be lower in summer 2022 than it has been in some of the recent past years.

*Affordable Housing.* The City and ECIC entered into an Inclusionary Housing Agreement for the single-family high density and multi-family low density properties in the Improvement Area, which is recorded in the official records of the County of Sacramento and provides for ECIC’s compliance with the City’s inclusionary housing requirement by payment of an in-lieu fee to the City. Any inclusionary housing plan for Lots C and D would be a separate entitlement and would be conditioned for that project specifically, if required. ECIC is not aware of any proposed inclusionary housing for Lots C and D.

*Utilities.* All typical urban utility services for finished lots will be extended to the lots. These utilities include electric power, natural gas, telephone, cable television, water, refuse, and sanitary sewer and storm water facilities. The City provides water, sewer, refuse and storm water facilities, and police and fire services. Pacific Gas & Electric provides natural gas and the Sacramento Municipal Utility District (SMUD) provides electric service. Comcast provides cable service.

## **Property Ownership**

**The information in this section has been provided by ECIC, CMB and the Merchant Builders. The District and the Underwriter believe this information to be reliable, but can give no assurances that it is accurate or complete. There may be material adverse changes in this information after the date of this Official Statement.**

**Information in this section is included because it may be considered relevant to some investors to an informed evaluation and analysis of the taxable property within the Improvement Area and any existing or future improvements thereon as security for the Bonds. The information contained in this section does not guarantee that property ownership will not change or that the current or any subsequent property owners will pay the Special Tax when due. In fact, as described herein, ownership of much of the taxable property in the Improvement Area will change prior to development thereof. The Special Tax will constitute a lien on parcels subject to taxation within the Improvement Area and not a personal indebtedness of the owners of property within the Improvement Area. There is no assurance that the present property owners or any subsequent owners will have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay the Special Taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the District nor any Bond Owner will have the ability at any time to seek payment directly from the owners of property within the Improvement Area of**

**the Special Tax or the principal or interest on the Local Obligations, or the ability to control who becomes a subsequent owner of any property within the Improvement Area.**

The proposed development plan within the District is known as “Improvement Area No. 1,” which is ultimately expected to be developed into 928 residential units. ECIC and CMB, the master developers responsible for the initial improvement of the lots, are in the process of selling their remaining portions of the taxable property in the Improvement Area to merchant builders. The Merchant Builders currently own a majority of the taxable property in the Improvement Area. Since September 2019, ECIC has sold to KB HOME Sacramento the following taxable properties in the Improvement Area (i) the 73 single-family high density lots in Village 4, (ii) the 36 multi-family low density lots in Village 8, (iii) the 83 undeveloped, single-family high density lots in Village 5 and (iv) the 70 undeveloped, single-family high density lots in Village 6. In February 2020, ECIC sold 68 multi-family low density lots to Signature Homes, representing the properties in Village 7; in January 2021, ECIC sold 118 multi-family low density lots to Lennar, representing the properties in Village 10; and in November 2021, ECIC sold 53 undeveloped, single-family high density lots to Beazer, representing the properties in Village 3. For Villages 5 and 6 (KB HOME Sacramento) and Village 3 (Beazer), ECIC has entered into construction and license agreements in connection with these sales, pursuant to which it has been contracted to complete the initial development to finished lot status. KB HOME Sacramento and Beazer will be responsible for the costs to develop Villages 5 and 6 and Village 3, respectively, to finished lot status, up to a maximum cost of \$14 million for Villages 5 and 6, collectively, and \$6 million for Village 3. Any costs beyond these amounts required to develop the parcels to finished lot status will be ECIC’s responsibility.

ECIC is under contract with Spanos to sell Lots C and D as a finished building pad with all utilities stubbed to the site for the eventual development of 265 multi-family high density housing units. Spanos will be responsible for the on-site utilities to serve Lots C and D. ECIC expects to close its sale of Lots C and D to Spanos in the second quarter of 2022. Also, CMB is under contract with Tri Pointe for the sale of 162 finished lots comprising Villages 1 and 2 (the “Tri Pointe Purchase and Sale Agreement”).

***Tri Pointe Purchase and Sale Agreement.*** CMB and Tri Pointe entered into the Tri Pointe Purchase and Sale Agreement, dated November 4, 2020, in connection with the sale of the 88 lots in Village 1 and the 74 lots in Village 2. These lots will be sold to Tri Pointe in finished lot condition for a total amount of \$28.6 million, and the transfers from CMB to Tri Pointe are expected to occur through three takedowns of 54, 48 and 60 lots, respectively. The first takedown and transfer of the first 54 lots occurred in January 2022, and the remaining takedowns are expected to occur in April 2022 and July 2022. No assurance can be given that the conveyance of the remaining two takedowns totaling 108 lots will occur as expected. Under the Tri Pointe Purchase and Sale Agreement, CMB is responsible for the construction of all infrastructure necessary to develop the Village 1 and 2 properties into finished lots, and the final takedown of 60 lots is conditioned on CMB’s completion of certain landscaping improvements for Villages 1 and 2. CMB has commenced work on the required landscaping improvements and expects to have them completed in the second quarter of 2022.

***ECIC.*** The initial main developer of the property in the Improvement Area was ECIC, a California limited liability company formed in August 2019. ECIC is comprised of three partnership interests: Class A, Class B and Class C. The Class A participants are comprised of seven different individuals with varying participating membership interests. The Class B member, also the managing member, is HBT ECIC, LLC (“HBT ECIC”). The Class C member is Cargini Investors, which was the land seller and held a promissory note. The members of HBT ECIC include GTFG Mangini, LLC (an affiliate of Goodfellow Bros. California, LLC), William Bunce, John Hagenbuch and John Telischak whom are also principals in projects adjacent to the Improvement Area where they have significant land holdings and control more than 1,800 acres with the potential for more than 5,500 residential units and

non-residential land uses. As of March 2022, WestLand (as defined herein) and its affiliates have completed transactions on approximately 600 acres and 2,800 residential units with an additional 95 acres (approximately 900 units) and a 10.0-acre commercial parcel in escrow.

All decisions of ECIC are made by the appointed officers who are Messers. Bunce (President), Hagenbuch (Vice President) and Telischak (Vice President). Messers. Bunce, Hagenbuch and Telischak also serve as the president, Chairman and Managing Director of WestLand Capital Partners, L.P. (“WestLand”), respectively. The three managers are supported by other staff and consultants of WestLand including Project Managers Rob Aragon and Rick Jordan and CFO Kim Harms. In addition, ECIC retained Development Consulting Services, Inc., a professional construction management company, to oversee the project on a full-time basis. Mr. Bunce, as President, is responsible for all operating decisions but consults regularly with the other officers on most operating decisions and all strategic decisions.

As of March 1, 2022, ECIC had sold all of its taxable property within the Improvement Area, except for Lots C and D, which are under contract with Spanos.

CMB: CMB, a California limited liability company, is the other initial master developer of the taxable property in the Improvement Area. CMB currently owns a portion of Villages 1 and 2, which are under contract to Tri Pointe. CMB is comprised of two partnership interests; Class A and Class B. The Class A member, also the managing member, is HBT CMB, LLC (“HBT CMB”). The Class B member is South Savannah Investors, LLC. The members of HBT CMB include GFTG Mangini, LLC (an affiliate of Goodfellow Bros. California, LLC), William Bunce, John Hagenbuch and John Telischak, who also manage ECIC and are described in the description of ECIC above.

All decisions of CMB are made by the appointed officers who are Messers. Bunce (President), Hagenbuch (Vice President) and Telischak (Vice President). Messers. Bunce, Hagenbuch and Telischak also serve as the president, Chairman and Managing Director of WestLand, respectively. The three managers are supported by other staff and consultants of WestLand including Project Managers Rob Aragon and Rick Jordan and CFO Kim Harms. In addition, CMB retained Development Consulting Services, Inc., a professional construction management company owned by Duane Cobb, to oversee the project on a full-time basis. Mr. Bunce, as President, is responsible for all operating decisions but consults regularly with the other officers on most operating decisions and all strategic decisions.

KB HOME Sacramento: KB HOME Sacramento Inc., a California corporation (previously defined herein as “KB HOME Sacramento”) is a wholly-owned subsidiary of KB Home, a Delaware corporation (“KB Home”), whose principal executive offices are located in Los Angeles, California. KB Home is a publicly traded company listed on the New York Stock Exchange under the ticker symbol “KBH.”

Founded in 1957, KB Home constructs and sells homes through its operating divisions under the name KB Home. KB Home’s ongoing principal operations are in nine states, including California, Arizona, Nevada, Colorado, Texas, Florida, North Carolina, Idaho and Washington within 45 major markets. KB Home first developed homes in California in 1963. KB Home’s homebuilding operations offer a variety of homes designed primarily for first-time, move-up and active adult homebuyers, including attached and detached single-family homes, townhomes and condominiums.

KB Home is subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith is obligated to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). Such filings set forth, among other things, certain data relative to the



consolidated results of operations and financial position of KB Home and its subsidiaries. KB Home's SEC filings are available to the public over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov), and at KB Home's website at [www.kbhome.com](http://www.kbhome.com).

*The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. KB HOME Sacramento and KB Home are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the City, the District or the Underwriter.*

Signature Homes: FR 68 Lots is a California limited liability company and the owner of the parcels in Village 7 of the Improvement Area. FR 68 Lots is managed by Signature Homes, Inc., a California corporation, and is owned by three separate members, each of which is affiliated with a member of the executive team of Signature Homes, Inc. Due to their affiliation, FR 68 Lots and Signature Homes, Inc. are referred to herein collectively as "Signature Homes." Signature Homes, Inc. is responsible for making the decisions relating to the development of Village 7. Signature Homes, Inc. is based in Pleasanton, California, has been constructing homes in northern California since 1983 and, as of March 1, 2022, has successfully delivered 15,500 homes. Key decisions for Signature Homes, Inc. are principally made by its executive team, which consists of Jim Ghielmetti, Chairman of the Board and Chief Executive Officer; Gary Galindo, President; Steve Miller, Executive Vice President of Land Acquisition & Forward Planning; Juliann Cretsinger, Vice President of Sales and Marketing; and Ron Buck, Vice President of Operations. Additional information on Signature Homes Inc., including certain biographical information for the executive team, can be found on the "our culture" tab of [www.sighomes.com](http://www.sighomes.com). *This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.*

Beazer: Beazer is a subsidiary of Beazer Homes USA, Inc. ("Beazer Homes"), a public company whose common stock is traded on the New York Stock Exchange under the symbol "BZH." Founded in 1985 and headquartered in Atlanta, Georgia, Beazer Homes constructs and sells homes through its operating divisions in 13 states. For the years ended September 30, 2021 and 2022, Beazer Homes closed 5,287 and 5,492 homes, respectively. Copies of Beazer Homes' Annual Report and each of its other quarterly and current reports, including any amendments, are available from Beazer's website at <http://ir.beazer.com/>. *This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.*

Lennar: On February 1, 2022, Lennar Homes of California, Inc., a California corporation, was converted to a California limited liability company and is now known as Lennar Homes of California, LLC, a California limited liability company (as previously defined herein, "Lennar"). All references herein to Lennar prior to February 1, 2022 shall mean Lennar Homes of California, Inc., a California corporation, and all references herein to Lennar on and after February 1, 2022 shall mean Lennar Homes of California, LLC, a California limited liability company.

Lennar is based in Irvine, California. Lennar has been in the business of developing residential real estate communities in California since 1996. Lennar is wholly-owned by U.S. Home Corporation, a Delaware corporation (“U.S. Home”). U.S. Home is wholly-owned by Lennar Corporation, which is based in Miami, Florida. Founded in 1954, Lennar Corporation completed its initial public offering in 1971 and listed its common stock on the New York Stock Exchange in 1972. Lennar Corporation’s Class A and Class B common stock are listed on the New York Stock Exchange under the symbols “LEN” and “LEN.B.” respectively. Lennar Corporation is one of the largest homebuilders in the United States based on home sales revenues and net earnings, and operates under a number of brand names, including Lennar and U.S. Home. Lennar primarily develops residential communities both within the Lennar family of builders and through consolidated and unconsolidated partnerships in which Lennar maintains an interest.

Lennar Corporation is subject to the informational requirements of the Exchange Act, and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Lennar Corporation and its consolidated subsidiaries, including Lennar, as of such dates.

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

Copies of Lennar Corporation’s Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Lennar Corporation’s website at [www.lennar.com](http://www.lennar.com). On October 30, 2017 Lennar Corporation announced that it would acquire CalAtlantic Group Inc. (now known as CalAtlantic Group, LLC, “CalAtlantic”) for \$5.7 billion in a combination of cash and stock, creating the largest home builder in the United States by revenue. The transaction closed in February 2018. Both Lennar Corporation’s (stock symbol “LEN”) and CalAtlantic’s (stock symbol “CAA”) public filings with the SEC are accessible over the internet at the SEC’s website. The acquisition of CalAtlantic by Lennar Corporation will not affect Lennar’s developments in the Improvement Area as described herein.

*The internet addresses referenced in the paragraphs above are included for reference purposes only and the information on these internet sites are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on these internet sites.*

**Tri Pointe:** “Tri Pointe” is Tri Pointe Homes Holdings, Inc., a Delaware corporation, which is an indirect, wholly-owned subsidiary of Tri Pointe Homes, Inc., a Delaware corporation (“Tri Pointe Homes”), a publicly traded company whose common stock is listed on the New York Stock Exchange under the ticker symbol “TPH”. Tri Pointe Homes is engaged in the design, construction and sale of innovative single-family attached and detached homes in 15 markets across ten states and the District of Columbia. Effective January 15, 2021, Tri Pointe Homes changed its corporate name from “TRI Pointe Group, Inc.” to “Tri Pointe Homes, Inc.” and consolidated its six regional homebuilding brands into one unified name—Tri Pointe Homes.

Tri Pointe Homes is subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports, proxy statements, and other information, including financial statements, with the SEC. Such filings, particularly Tri Pointe Homes’ Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as filed with the SEC on February 18, 2022, set forth, among

other things, certain data relative to the consolidated results of operations and financial position of Tri Pointe Homes and its consolidated subsidiaries, including Tri Pointe, as of such dates.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Tri Pointe Homes. The address of such Internet web site is *www.sec.gov*. All documents filed by Tri Pointe Homes pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of Tri Pointe Homes' most recent Annual Report on Form 10-K and each of its other quarterly and current reports, including any amendments, are available in the "investors" portion of its website at *www.tripointehomes.com*.

*The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Tri Pointe Homes and Tri Pointe are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the City, the District or the Underwriter.*

#### **Development Plan and Status of Development**

**Unless otherwise indicated, the information provided in this section has been provided by ECIC, CMB and the Merchant Builders and has been included because it may be considered relevant to an informed evaluation and analysis of the Bonds and the Improvement Area. No assurance can be given, however, that the proposed development of the property within the Improvement Area will occur in a timely manner or in the configuration or to the density described herein, or that ECIC, CMB, the Merchant Builders, any owners or affiliates thereof, or any other current or subsequent property owners, will or will not retain ownership of its respective property within the Improvement Area. The City, the District and the Underwriter can provide no assurances as to the accuracy of the information in this section. There may be material adverse changes in this information after the date of this Official Statement.**

#### ***Development Plan:***

ECIC, CMB and the Merchant Builders have collectively secured entitlements for the eventual development of up to 928 residential units in the Improvement Area. At the time of full development, it is anticipated that the Improvement Area will include 441 single-family high density units, 222 multi-family low density units and 265 multi-family high density units. The Improvement Area is also planned to include an elementary school, a police substation, a fire station, parks and trails. The development plans take advantage of the site's topography with single-loaded streets through much of the site to maximize scenic vistas of the valley to the west, and open space areas on the property.

The Improvement Area is comprised of eight sequentially numbered "Villages" and three additional lots referred to as "Village 10," "Lot C" and "Lot D," respectively. Property within the Improvement Area is in varying stages of development, including partially-improved lots, improved lots, homes under construction and completed homes, and it is anticipated that development will be completed in three main phases: Phase 2A, Phase 2B and Phase 2C. Phase 2A of development within the

Improvement Area includes Villages 4, 7, 8 and 10 and Lots C and D and is entitled for a total of 560 units at the time of full build-out, comprised of 73 single-family high density units, 222 multi-family low density units and 265 multi-family high density units. Phase 2B of development includes Villages 1 and 2 and is entitled for a total of 162 single-family high density units at the time of full build-out. Phase 2C of development includes Villages 3, 5 and 6 and is entitled for a total of 206 single-family high density units at the time of full build-out. Below is a summary of product types by project phase.

**Table 14**  
**City of Folsom**  
**Communities Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1**  
**Summary of Product Types by Project Phase**

Phase	Builder	Typical Lot Size/Density	Home Size (Estimated Average)	Total Units
<b>Phase 2A</b>				
Village 4	KB HOME Sacramento	4,000 square feet	2,256 square feet	73
Village 7	Signature Homes	3,075 square feet	2,178 square feet	68
Village 8	KB HOME Sacramento	4,000 square feet	2,000 square feet	36
Village 10	Lennar	3,150 square feet	1,857 square feet	118
Lots C and D	Spanos <sup>(1)</sup>	26 units/acre	1,000 square feet	265
<b>Phase 2A Subtotal</b>				<b>560</b>
<b>Phase 2B</b>				
Village 1	Tri Pointe <sup>(2)</sup>	4,000 square feet	2,683 square feet	88
Village 2	Tri Pointe <sup>(2)</sup>	4,050 square feet	2,044 square feet	74
<b>Phase 2B Subtotal</b>				<b>162</b>
<b>Phase 2C</b>				
Village 3	Beazer	4,125 square feet	2,044 square feet	53
Village 5	KB HOME Sacramento	4,000 square feet	2,256 square feet	83
Village 6	KB HOME Sacramento	4,000 square feet	2,256 square feet	70
<b>Phase 2C Subtotal</b>				<b>206</b>
<b>Total</b>				<b>928</b>

<sup>(1)</sup> Spanos has contracted to purchase the Lot C and Lot D properties. See “PROPOSED PROPERTY DEVELOPMENT—Development Entitlements—Tentative and Final Mapping.”

<sup>(2)</sup> Tri Pointe has contracted to purchase the Village 1 and Village 2 properties from CMB through three separate takedowns, the first of which occurred in January 2022 for 54 lots. No assurance can be given that the conveyance of the remaining two takedowns totaling 108 lots will occur as expected. See “PROPOSED PROPERTY DEVELOPMENT—Property Ownership—Tri Pointe Purchase and Sale Agreement.”

Source: ECIC, CMB and the Merchant Builders.

ECIC and CMB have made significant progress in the initial grading and improvement of the taxable properties in the Improvement Area. ECIC completed the mass grading and backbone infrastructure for Phase 2A (consisting of Villages 4, 7, 8 and 10 and Lots C and D) in 2020 along with the development of the initial subdivisions for the 295 single-family residential lots and the 10-acre multifamily site (Lots C and D) planned for 265 multi-family high density units. CMB commenced development of Phase 2B (Villages 1 and 2) in October 2020 with grading and backbone roadway improvements for Westwood Drive and Savannah Parkway. The Phase 2B subdivision improvements commenced in April 2021 and were significantly completed in December 2021, and the landscaping, fencing and punch-list related work is underway and scheduled for completion in April 2022. ECIC’s initial grading and improvement work for Phase 2C (Villages 3, 5 and 6) is scheduled to occur in two phases. The grading and backbone work for Village 3 began in February 2022 and is expected to be completed by the fourth quarter of 2022. The grading and backbone work for Villages 5 and 6 is expected to begin in April 2022 and is expected to be completed by the fourth quarter of 2022.

Public project amenities include a future 5.6-acre neighborhood park, a 26-acre community park, an elementary school, a fire station, a police substation and additional acreage for open space. The community will also feature a network of several miles of on- and off-street bicycle and pedestrian trails. While the open space, trails and common area landscaping will be developed by ECIC, the park, fire station, police substation and school sites will be transferred to the City and the Folsom-Cordova Unified School District, respectively, for future development. Additionally, undisturbed natural preserve areas have been set aside to protect sensitive biological habitat and provide passive open spaces throughout the community.

The map below reflects the lot mix and the zoning of development within the Improvement Area reflecting planned development of 928 total units.

**City of Folsom  
Community Facilities District No. 23 (Folsom Ranch)  
Improvement Area No. 1  
Master Plan**



***Status of Development:***

To date, final maps have been approved and recorded for Villages 1, 2, 4, 7, 8 and 10, and tentative maps have been approved for Villages 3, 5 and 6. Final maps for Villages 3, 5 and 6 are expected to be approved and recorded by June 30, 2022. ECIC is not aware of any requirements for a final map to be approved for the 265 multi-family high density units on Lots C and D and is not aware of any plans by Spanos to propose a final map for these properties. However, a boundary line adjustment to remove the existing parcel line between Lots C and D will be required to be reviewed and approved by the City of Folsom and recorded with the Office of the County Recorder of the County of Sacramento prior to building permit issuance for Lots C and D. The only remaining discretionary entitlements within the Improvement Area are design review approval and the recordation of small lot final maps for Villages 3, 5 and 6.

The following table summarizes, as of March 8, 2022, the current or anticipated merchant builders; the phase for development (2A, 2B or 2C); the zoning designation (single-family high density “SFHD,” multi-family low density “MLD” or multi-family high density “MHD”) for the lots; the number of homes under construction; the number of completed homes not yet sold; the number of homes under contract to be sold to individual home buyers; the number of homes closed; the number of building permits issued; the number of finished lots (without vertical home construction); the number of partially improved lots (including those that have only been initially graded for further development); the number of undeveloped lots; and the number of units expected at full build-out.

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**Table 15**  
**City of Folsom**  
**Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1**  
**Development Status as of March 8, 2022**

Property	Merchant Builder	Development Phase	Zoning	Homes Under Construction	Homes Completed But Not Closed	Homes Under Contract	Homes Closed	Building Permits Issued	Finished Lots (Without Vertical Home Construction)	Partially Improved Lots	Undeveloped Lots	Total Proposed Units <sup>(3)</sup>
Village 1	Tri Pointe <sup>(1)</sup>	2B	SFHD	12 <sup>(4)</sup>	0	0	0	12	76	0	0	88
Village 2	Tri Pointe <sup>(1)</sup>	2B	SFHD	16 <sup>(5)</sup>	0	0	0	16	58	0	0	74
Village 3	Beazer	2C	SFHD	0	0	0	0	0	0	53	0	53
Village 4	KB HOME Sacramento	2A	SFHD	50	2 <sup>(6)</sup>	50	19	71	2	0	0	73
Village 5	KB HOME Sacramento	2C	SFHD	0	0	0	0	0	0	83	0	83
Village 6	KB HOME Sacramento	2C	SFHD	0	0	0	0	0	0	70	0	70
Village 7	Signature Homes	2A	MLD	31	3 <sup>(6)</sup>	21	31	65	3	0	0	68
Village 8	KB HOME Sacramento	2A	SFHD	4	0	4	0	34	32	0	0	36
Village 10	Lennar	2A	SFHD	40	4 <sup>(6)</sup>	63	26	70	48	0	0	118
Lots C and D	Spanos <sup>(2)</sup>	2A	MHD	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>265</u>	<u>0</u>	<u>265</u>
<b>TOTAL</b>				<b>153</b>	<b>9</b>	<b>138</b>	<b>76</b>	<b>268</b>	<b>219</b>	<b>471</b>	<b>0</b>	<b>928</b>

<sup>(1)</sup> Tri Pointe has contracted to purchase the Village 1 and Village 2 properties through three separate takedowns, the first of which occurred in January 2022 for 54 lots. No assurance can be given that the conveyance of the remaining two takedowns totaling 108 lots will occur as expected. See “PROPOSED PROPERTY DEVELOPMENT—Property Ownership—Tri Pointe Purchase and Sale Agreement.”

<sup>(2)</sup> Spanos has contracted to purchase the Lot C and Lot D properties. See “PROPOSED PROPERTY DEVELOPMENT—Development Entitlements—Tentative and Final Mapping.”

<sup>(3)</sup> Amounts equal to the total from the following columns: (i) “Homes Under Construction,” (ii) “Homes Completed But Not Closed,” (iii) “Homes Closed,” (iv) “Finished Lots (Without Vertical Home Construction),” (v) “Partially Improved Lots” and (vi) “Undeveloped Lots.”

<sup>(4)</sup> Includes 12 Lonestar production homes. The two Lonestar model homes are being constructed in Village 2, where the Eastwood homes are being constructed.

<sup>(5)</sup> Includes four model homes (two for the Eastwood product and two for the Lonestar product) and 12 Eastwood production homes.

<sup>(6)</sup> Represents model homes.

Source: ECIC and the Merchant Builders

*KB HOME Sacramento:* Construction of homes on the 262 residential lots within Villages 4, 5, 6 and 8 is anticipated to be completed by KB HOME Sacramento as homebuilder in two product lines known as “Soleil at Folsom Ranch,” anticipated to contain 109 single-family detached homes at completion within Village 4 (73 lots) and Village 8 (36 lots), and “Esquire at Folsom Ranch,” anticipated to contain 153 single-family detached homes at completion within Village 5 (83 lots) and Village 6 (70 lots).

*Soleil.* The anticipated product mix of the 109 homes proposed to be constructed within Village 4 (73 lots) and Village 8 (36 lots) consists of two one-story and two two-story floorplans ranging in square footage from approximately 1,429 square feet to approximately 2,689 square feet and with estimated base home prices as of March 8, 2022 ranging from approximately \$668,990 to approximately \$816,515. Base home prices are subject to change and are exclusive of lot premiums, options and extras and any incentives or price reductions that may be offered.

Home construction and sales are underway within Soleil. KB HOME Sacramento commenced vertical construction of the models and first phase of production homes in Soleil in December 2020 and opened the models in April 2021. As of March 8, 2022, within the Soleil neighborhood, KB HOME Sacramento had completed and conveyed 19 homes to individual homeowners, owned two completed models, had 56 homes under construction, and had 32 finished lots without any vertical home construction thereon (none with building permits issued). As of March 8, 2022, within the Soleil neighborhood, 56 homes were under contract for sale to individual homeowners but had not closed escrow. Homes under contract may not result in closed escrows as sales contracts are subject to cancellation by the homebuyers. KB HOME Sacramento conveyed its first homes within Soleil in November 2021 and expects to complete construction of all 109 homes within the Soleil neighborhood and convey such homes to individual homeowners by the end of the third quarter of 2023.

*Esquire.* The anticipated product mix of the 153 homes proposed to be constructed within constructed within Village 5 (83 lots) and Village 6 (70 lots) consists of four floorplans ranging in square footage from approximately 1,409 square feet to approximately 2,674 square feet. Initial base sales prices of the homes have yet to be finalized.

KB HOME Sacramento anticipates that the final small lot maps for Villages 5 and 6 will be recorded by June 30, 2022, and that ECIC will develop the parcels in Village 5 and 6 to finished lot status by December 2022. ECIC’s grading and backbone development of Villages 5 and 6 is expected to begin in April 2022, with completion anticipated for the fourth quarter of 2022. Vertical home construction within Esquire is expected to commence in December 2022, following ECIC’s development of the 153 lots to finished lot status. KB HOME Sacramento anticipates holding the grand opening and releasing the first homes to the general public in [\_\_\_\_], 2023.

*Signature Homes:* Construction of homes on the 68 residential lots within Village 7 is anticipated to be completed by Signature Homes as homebuilder. Signature Homes anticipates that the 68 homes in Village 7 will range in size from 1,940 to 2,408 square feet and will be priced from \$679,900 to \$739,900. Signature Homes’ design review package for the 68 proposed homes was approved by the City on June 17, 2020. Signature Homes submitted its model home architectural plans to the City in July 2020 and expects to obtain building permits and begin construction for the model homes in October 2020 and begin delivering completed homes in May 2021.

As of March 8, 2022, for Village 7, Signature Homes had obtained 65 building permits, had completed construction on 3 model homes, had 31 production homes under construction, had 21 homes under contract with homebuyers, had closed 31 homes to homebuyers and had 3 finished lots that had not yet commenced vertical home construction.



*Beazer:* Construction of homes on the 53 residential lots within Village 3 is anticipated to be completed by Beazer as homebuilder. Beazer anticipates that the 53 homes in Village 3 will range in size from 1,662 to 2,369 square feet and will have base prices from \$655,990 to \$719,990. Beazer anticipates that the final small lot map for Village 3 will be recorded by June 30, 2022, and that ECIC will develop the parcels in Village 3 to finished lot status by October 2022. Beazer further expects to commence construction in Village 3 by October 2022, begin home sales in January 2023 and close on the first Village 3 homes by April 2023. As of March 8, 2022, ECIC had commenced the grading and backbone development of Village 3, with completion anticipated for the fourth quarter of 2022.

*Lennar:* Construction of homes on the 118 residential lots within Village 10 is anticipated to be completed by Lennar as homebuilder. Lennar anticipates that the 118 homes in Village 10 will range in size from 1,638 to 2,018 square feet and will be priced from \$638,990 to \$731,990. Lennar's design review package for the 118 proposed homes was approved by the City in August 2020. Lennar commenced its home construction in Village 10 in December 2020 and is currently constructing and selling homes to individual homebuyers.

As of March 8, 2022, for Village 10, Lennar had obtained 70 building permits, had 40 homes under construction, had completed construction on 4 model homes, had 63 homes under contract with homebuyers, had closed 26 homes to homebuyers and had 48 finished lots that had not yet commenced vertical home construction.

*Tri Pointe:* Construction of homes on the 162 residential lots within Villages 1 and 2 is anticipated to be completed by Tri Pointe as homebuilder in two product lines known as "Lonestar at Folsom Ranch," anticipated to contain 90 single-family detached homes at completion, and "Eastwood at Folsom Ranch," anticipated to contain 72 single-family detached homes at completion. Pursuant to the Tri Pointe Purchase and Sale Agreement, dated November 4, 2020, entered into between CMB and Tri Pointe, Tri Pointe expects to acquire the 162 lots within Villages 1 and 2 in three takedowns, following CMB's development of the lots to finished lot condition. The first takedown of the first 54 lots occurred in January 2022, and the remaining two takedowns of 48 and 60 lots are expected to occur in April 2022 and July 2022, respectively. No assurance can be given that the conveyance of the remaining two takedowns totaling 108 lots will occur as expected.

As of March 8, 2022, CMB had substantially completed the backbone infrastructure and subdivision improvements within Villages 1 and 2. The remaining landscaping, fencing and punch-list related work is underway and scheduled for completion in April 2022.

*Lonestar.* The anticipated product mix of the 90 homes proposed to be constructed within the Lonestar neighborhood consists of three two-story floorplans ranging in square footage from approximately 2,444 square feet to approximately 2,995 square feet. Initial base sales prices of the homes have yet to be finalized. Tri Pointe anticipates holding the grand opening and releasing the first homes to the general public in April 2022.

Home construction is underway. Tri Pointe commenced vertical construction of the models in November 2021 and first phase of production homes in February 2022, and expects to open the models in April 2022. As of March 8, 2022, within the Lonestar neighborhood, Tri Pointe owned 14 homes under construction (including two models) and 13 finished lots without any vertical home construction thereon (none with building permits issued), and the 63 remaining lots were owned by CMB. Assuming Tri Pointe acquires the remaining lots as planned, Tri Pointe expects to complete construction of all 90 homes within the Lonestar neighborhood and convey such homes to individual homeowners by the second quarter of 2024.

*Eastwood.* The anticipated product mix of the 72 homes proposed to be constructed within the Eastwood neighborhood consists of one one-story and two two-story floorplans ranging in square footage from approximately 1,500 square feet to approximately 2,404 square feet. Initial base sales prices of the homes have yet to be finalized. Tri Pointe anticipates holding the grand opening and releasing the first homes to the general public in April 2022.

Home construction is underway. Tri Pointe commenced vertical construction of the models in November 2021 and first phase of production homes in February 2022, and expects to open the models in April 2022. As of March 8, 2022, within the Eastwood neighborhood, Tri Pointe owned 14 homes under construction (including two models) and 13 finished lots without any vertical home construction thereon (none with building permits issued), and the 45 remaining lots were owned by CMB. Assuming Tri Pointe acquires the remaining lots as planned, Tri Pointe expects to complete construction of all 74 homes within the Eastwood neighborhood and convey such homes to individual homeowners by fourth quarter of 2023.

### **COVID-19 Impact**

The planned development within the Improvement Area is subject to disruption due to the COVID-19 pandemic and related public health and governmental authorities' orders and actions, which could have a material adverse effect on ECIC's, CMB's and the Merchant Builders' ability to complete their proposed development within the Improvement Area and sell completed lot or homes in the time frames and budgets, and at the sales prices, described in this Official Statement. ECIC, CMB and the Merchant Builders have largely continued, with certain modifications, their development, home construction and sales activities in the Improvement Area to date, including taking steps at the model home sites, sales offices and jobsites, as applicable, to limit the spread of the COVID-19 outbreak and implementing certain changes to the home sales process in an effort to mitigate the spread of COVID-19. The Merchant Builders have provided, or expect to provide, the option of touring homes virtually online, by appointment, or currently, in person. However, in the event that ECIC, CMB and/or the Merchant Builders believe it is advisable to, or are required to, implement additional measures in response to a resurgence of COVID-19 or other public health risks, they may experience further negative impacts on their businesses and operations.

ECIC, CMB and the Merchant Builders have experienced increases in certain construction costs, supply chain delays, labor shortages, and increased cycle time for construction projects generally. However, the builders have not experienced any significant development delays resulting from work stoppages, reduced attendance of workers, or the ability to obtain necessary inspections and approvals for homes, which may be attributed, directly or indirectly, to the COVID-19 pandemic. While the cost increases and delays may have been and may continue to be intermittently affected by COVID-19, the majority of cost increases and delays can be attributable to production backlogs due to prior shutdowns or shelter in place orders, the strength of the housing market and the result of vendors not anticipating the scale of the demand for housing materials.

The COVID-19 outbreak is ongoing and, among other things, the ultimate geographic spread of the virus, the emergence and spread of new strains or variants of COVID-19, the duration and severity of the outbreak, the availability and acceptance of effective vaccines, adequate testing and treatments and the prevalence of widespread immunity to COVID-19, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to address its impact remain uncertain. The ultimate effects of COVID-19 on the Improvement Area, ECIC's, CMB's and the Merchant Builders' operations and financial condition, homebuyers' willingness and ability to pay the Special Tax when due, and the real estate market and United States economy in general are unknown. Such effects, if and as they arise, could have a material adverse effect on the ability to complete the development within the

Improvement Area and/or sell homes or lots as planned, and no assurance can be provided that the Merchant Builders will be able to (a) complete in whole or in any part, or within any particular time, their construction of homes within the Improvement Area; (b) avoid additional material increases in development costs or delays resulting from work stoppages, reduced attendance of workers, shortages or delays in the delivery of building materials, and/or delays in obtaining necessary inspections and approvals; or (c) sell homes, and close home sales or not experience purchase contract cancellations, due in each case to public health or governmental restrictions, further spread of COVID-19, an economic downturn driven by the pandemic, or otherwise. See “CERTAIN RISKS TO BONDHOLDERS—Potential Impact of Health Crises or Concerns” herein.

### **Development Plans of Finance**

*ECIC Plan of Finance.* ECIC’s remaining infrastructure and development of the Improvement Area will be funded through a combination of the following sources:

- (1) ECIC equity
- (2) Proceeds from sale of bonds, including the possible sale of Additional Local Obligations for the Improvement Area
- (3) Proceeds from sales of lots to homebuilders
- (4) Proceeds from school site sale
- (5) Reimbursement of eligible SPIF facilities from the City of Folsom

In addition to residential lot sales, ECIC will receive proceeds from the sale of an approximately 10-acre elementary school site. The Folsom Cordova Unified School District (FCUSD) intends to purchase the 10-acre elementary school site at a time to be determined by the FCUSD. There are no agreements in place with respect to the FCUSD’s acquisition of the school site at this time.

Another source of funds will come from reimbursement of eligible SPIF improvements or fee credits. ECIC will provide fee credits to future builders within the Improvement Area. However, it is anticipated that ECIC will have outstanding reimbursements of approximately \$2.3 million after all available fee credits have been applied to builders within the Improvement Area. ECIC would receive reimbursement from the City on a priority based upon when the eligible improvements were constructed. Additionally, ECIC intends to sell fee credits to other builders within the Folsom Plan Area as provided in the Development Agreement.

As of March 1, 2022, ECIC had incurred total development costs of \$45.5 million for the Phase 2A work. As of that same date, ECIC’s remaining development costs for Phase 2C were estimated at \$34.8 million. The remaining Phase 2C development work is expected to occur in two phases, with the grading and backbone work for Village 3 beginning in February 2022 with an anticipated completion by the fourth quarter of 2022, and the grading and backbone work for Villages 5 and 6 is expected to begin in April 2022 with an anticipated completion by the fourth quarter of 2022. ECIC estimates its development improvement costs for Village 3 at 15.5 million and for Villages 5 and 6 at 19.3 million.

The following tables describe ECIC’s plan of finance, including its estimated sources and uses of funds for Phase 2C (Table 16), and the estimated grading, backbone and subdivision improvements for Phase 2C, including both hard costs and soft costs (Tables 17 and 18).

**Table 16**  
**City of Folsom**  
**Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1 – Phase 2C (Villages 3, 5 and 6)**  
**ECIC Plan of Finance – Sources and Uses of Funds**  
**(amounts in thousands)**

<b>Cash Sources</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Partnership Interest Contribution	\$3,571	-	-	-	-	\$3,571
Lot Sale Revenue	10,955	\$7,822	\$36,434	\$13,522	-	68,733
Construction Progress Payments <sup>(1)</sup>	1,851	9,708	2,994	17,096	-	31,649
CFD #23 Proceeds (Gross)	-	7,672	3,526	9,302	3,000	23,500
School Site Sale	-	-	-	6,000	-	6,000
Fee Credits	-	-	(354)	(258)	8,745	8,133
Construction Loan	9,867	25,559	5,454	-	-	40,880
<b>Total cash sources</b>	<b>\$26,244</b>	<b>\$50,761</b>	<b>\$48,054</b>	<b>\$45,662</b>	<b>\$11,745</b>	<b>\$182,466</b>
<b>Cash Uses</b>						
Land Acquisition	\$5,000	-	\$13,000	-	-	\$18,000
Interest On Seller Financing	94	\$332	1,086	-	-	1,512
Construction Costs	10,598	26,761	4,330	\$31,577	-	73,266
Interest on Construction Loan	142	580	12	-	-	734
Repayment of Construction Loan	1,709	23,477	15,694	-	-	40,880
Sales Commissions	82	80	362	297	-	821
Lot Closing Costs	39	16	75	116	-	246
Soft/Miscellaneous Costs	2,049	3,561	3,078	8,537	\$1,457	18,682
<b>Total cash uses</b>	<b>\$19,713</b>	<b>\$54,807</b>	<b>\$37,637</b>	<b>\$40,527</b>	<b>\$1,457</b>	<b>\$154,141</b>
<b>Increase (Decrease) for period</b>	<b>6,531</b>	<b>(4,046)</b>	<b>10,417</b>	<b>5,135</b>	<b>10,288</b>	<b>28,325</b>
Cash at beginning of year	-	6,531	2,485	12,902	18,037	-
<b>Cash available for Partnership Interest Distributions</b>	<b>\$6,531</b>	<b>\$2,485</b>	<b>\$12,902</b>	<b>\$18,037</b>	<b>\$28,325</b>	<b>\$28,325</b>

<sup>(1)</sup> Refers to the payments made by KB HOME Sacramento, Signature Homes and Beazer to ECIC under the respective purchase and sale agreements and post-closing license agreements in connection with the delivery of finished lots.

Source: ECIC.

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**Table 17**  
**City of Folsom**  
**Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1 – Phase 2C (Village 3)**  
**ECIC Plan of Finance – Grading and Backbone and Subdivision Improvement Costs**

<b>Phase 2C (Village 3)</b>	
	<b><u>Est. Cost</u></b>
<b><u>Grading</u></b>	
Earthwork & SWPPP	\$ 1,751,230
Blasting	\$ 396,688
Comm. Park East Grading	\$ 800,000
Storm Drain	\$ 150,000
Erosion Control/SWPPP	\$ 250,000
General Conditions	\$ 235,000
Overhead & Markup	\$ 315,000
<b><u>Backbone Improvements</u></b>	
Savanna Parkway	\$ 3,500,000
Storm Drain	\$ 150,000
Soundwalls	\$ 50,000
Landscaping and Fencing	\$ 1,200,000
<b><u>Subdivision Improvements</u></b>	
Village 3	\$ 2,800,000
Blasting for Utilities	\$ 300,000
Retaining Walls	\$ 350,000
Landscape	\$ 500,000
General Conditions	\$ 650,000
Overhead and Markup	\$ 900,000
<b>Total Development Costs</b>	<b>\$ 14,297,918</b>
<b><u>Soft Costs</u></b>	
Environmental Mitigation	\$ 227,000
Backbone Soft Costs	\$ 1,419,688
Subdivision Soft Costs	\$ 1,042,500
<b>Total Soft Costs</b>	<b>\$ 2,689,188</b>
<b>Total Costs</b>	<b>\$ 16,987,105</b>

Source: ECIC.

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**Table 18**  
**City of Folsom**  
**Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1 – Phase 2C (Villages 5 and 6)**  
**ECIC Plan of Finance – Grading and Backbone and Subdivision Improvement Costs**

<u>Phase 2C (Villages 5 and 6)</u>		
<u>Grading</u>		<u>Est. Cost</u>
Finish pads and undercut streets	\$	1,500,000
<b><u>Backbone Improvements</u></b>		
Alder Creek Parkway frontage	\$	321,150
Westwood Drive (sidewalk)	\$	43,000
Landscape (Westwood)	\$	250,000
Landscape (Alder Creek Parkway)	\$	350,000
HMB 8 (pro-rata share)	\$	1,900,000
<b><u>Subdivision Improvements</u></b>		
Villages 5 and 6	\$	9,180,000
Retaining Walls	\$	650,000
Soundwalls	\$	850,000
Landscape	\$	250,000
General Conditions	\$	750,000
Overhead and Markup	\$	950,000
<hr/>		
<b>Total Development Costs</b>	<b>\$</b>	<b>16,994,150</b>
<b><u>Soft Costs</u></b>		
Environmental Mitigation	\$	--
Backbone Soft Costs	\$	654,623
Subdivision Soft Costs	\$	1,602,000
<hr/>		
<b>Total Soft Costs</b>	<b>\$</b>	<b>2,256,623</b>
<b>Total Costs</b>	<b>\$</b>	<b>19,250,773</b>

Source: ECIC.

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*CMB Plan of Finance.* CMB’s remaining infrastructure and development of the Improvement Area will be funded through a combination of the following sources:

- (1) CMB equity
- (2) Proceeds from sale of bonds, including the possible sale of Additional Local Obligations for the Improvement Area
- (3) Proceeds from sales of lots to homebuilders

Another source of funds will come from a cost sharing agreement with ECIC for common infrastructure constructed by CMB. Under the terms of this agreement, ECIC is expected to reimburse CMB for approximately \$3.0 million of its share of the common infrastructure improvements. A portion of the \$3.0 million is also eligible for SPIF Fee reimbursement, and an allocable share is expected to be assigned to ECIC upon completion of the work. Under the cost sharing agreement with ECIC, CMB forecasts \$8.5 million of eligible SPIF fee reimbursements from its construction costs in Phase 2B. CMB estimates \$2.4 million of the \$8.5 million SPIF reimbursement will be assigned to ECIC in conjunction with its allocable share reimbursement of the common infrastructure. In summary, CMB’s total SPIF reimbursement earned from the construction is projected at \$8.5 million, with \$5.6 million reserved for credits assigned to Tri Pointe in Villages 1 and 2. CMB expects to transfer \$2.4 million of credits under its cost sharing agreement with ECIC, resulting in a projected SPIF reimbursement balance of \$0.5 million due to CMB from third parties in future development phases.

Also, CMB has obtained financing from Goodfellow Bros. California, LLC (“Goodfellow”). CMB and Goodfellow entered into a \$7.3 million loan at the end of 2021. This loan was secured and subordinated to the existing Deposit Deeds of Trust benefitting Tri Pointe. The Goodfellow loan financed the remaining improvements for Villages 1 and 2 and the projected improvement costs forecasted as of December 31, 2021. Repayment of the loan is expected to occur through lot sale proceeds at the time of Tri Pointe’s lot purchases. Tri Pointe’s first takedown in January 2022 included a \$1.8 million repayment toward the \$7.3 million loan. As of March 1, 2022, the loan balance was \$3.7 million, which is expected to be paid with proceeds from the remaining Tri Pointe lot takedowns or with proceeds of the Bonds, whichever occurs first.

CMB’s development of Phase 2B commenced in October 2020 with grading and backbone roadway improvements for Westwood Drive and Savannah Parkway. Subdivision improvements commenced in April 2021 and were significantly completed in December 2021. Landscaping, fencing and punch-list related work is currently underway and scheduled for completion in April 2022. CMB estimates total development costs for Phase 2B at approximately \$25.0 million, with \$3.0 million of cost allocated to ECIC (Phase 2A) for its share of the common infrastructure, resulting in a net overall cost of \$22.0 million for Phase 2B.

The following tables describe CMB’s plan of finance, including its estimated sources and uses of funds for Phase 2B (Table 19), and the estimated grading, backbone and subdivision improvements for Phase 2B, including both hard costs and soft costs, and the costs incurred to March 1, 2022 (Table 20).

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**Table 19**  
**City of Folsom**  
**Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1 – Phase 2B (Villages 1 and 2)**  
**CMB Plan of Finance – Sources and Uses of Funds**  
**(amounts in thousands)**

<u>Cash Sources</u>	2020	2021	2022	2023	Total
Partnership Interest Contribution	\$248	-	-	-	\$248
Lot Sale Revenue	8,352	\$9,610	\$10,114	\$250	28,326
CFD #23 Proceeds (Gross)	-	-	6,200	1,000	7,200
<b>Total cash sources</b>	<b>\$8,600</b>	<b>\$9,610</b>	<b>\$16,314</b>	<b>\$1,250</b>	<b>\$35,774</b>
<u>Cash Uses</u>	2020	2021	2022	2023	Total
Land Acquisition	\$2,865	-	-	-	\$2,865
Construction Costs	1,879	\$14,867	\$2,678	\$518	19,942
Construction Cost Payable	(757)	(6,627)	7,384	-	-
Sales Commissions	-	-	226	-	226
Lot Closing Costs	-	-	138	-	138
Soft/Miscellaneous Costs	649	1,161	1,446	741	3,997
<b>Total cash uses</b>	<b>\$4,636</b>	<b>\$9,401</b>	<b>\$11,872</b>	<b>\$1,259</b>	<b>\$27,168</b>
<b>Increase (Decrease) for period</b>	<b>3,964</b>	<b>209</b>	<b>4,442</b>	<b>(9)</b>	<b>8,606</b>
Cash at beginning of year	-	3,964	4,173	8,615	-
<b>Cash available for Partnership Interest Distributions</b>	<b>\$3,964</b>	<b>\$4,173</b>	<b>\$8,615</b>	<b>\$8,606</b>	<b>\$8,606</b>

Source: CMB.

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**Table 20**  
**City of Folsom**  
**Community Facilities District No. 23 (Folsom Ranch)**  
**Improvement Area No. 1 – Phase 2B (Villages 1 and 2)**  
**CMB Plan of Finance – Grading and Backbone and Subdivision Improvement Costs**

<b>Phase 2B (Villages 1 and 2)</b>			
<b><u>Grading</u></b>		<b><u>Est. Cost</u></b>	<b><u>Costs Through</u></b>
			<b><u>March 1, 2022</u></b>
Earthwork & SWPPP	\$	1,948,000	\$ 1,948,000
Blasting	\$	880,375	\$ 880,375
Retaining Walls	\$	7,531	\$ 7,531
Storm Drain	\$	124,067	\$ 124,067
Erosion Control/SWPPP	\$	235,158	\$ 235,158
General Conditions	\$	438,115	\$ 438,115
Overhead & Markup	\$	405,165	\$ 405,165
<b><u>Backbone Improvements</u></b>			
Westwood Drive (North)	\$	893,965	\$ 780,939
Westwood Drive (South)	\$	699,277	\$ 645,612
Savannah Parkway	\$	2,151,681	\$ 2,123,433
Soundwalls	\$	302,000	\$ 302,000
Landscaping and Fencing	\$	1,500,000	\$ -
Traffic Signal (EBW & Savannah)	\$	500,000	\$ -
Aggregate Operations	\$	230,926	\$ 223,434
ECIC Cost Share <sup>(1)</sup>	\$	(3,000,000)	\$ (2,084,000)
<b><u>Subdivision Improvements</u></b>			
Village 1	\$	4,676,138	\$ 4,495,823
Village 2	\$	3,564,213	\$ 3,398,370
Blasting	\$	-	\$ -
Retaining Walls	\$	1,132,000	\$ 940,665
General Conditions	\$	1,115,000	\$ 858,572
Overhead and Markup	\$	1,439,565	\$ 1,158,150
Contingency	\$	700,000	\$ -
Subcontractor Retention	\$	-	\$ -
<b>Total Development Costs</b>	<b>\$</b>	<b>19,943,176</b>	<b>\$ 16,881,409</b>
<b><u>Soft Costs</u></b>			
Environmental Mitigation	\$	229,000	\$ 229,000
Backbone Soft Costs	\$	834,000	\$ 834,000
Subdivision Soft Costs	\$	991,000	\$ 991,000
<b>Total Soft Costs</b>	<b>\$</b>	<b>2,054,000</b>	<b>\$ 2,054,000</b>
<b>Total Costs</b>	<b>\$</b>	<b>21,997,176</b>	<b>\$ 18,935,409</b>

<sup>(1)</sup> CMB and ECIC entered into a cost sharing agreement for improvements that CMB constructed that benefitted ECIC's property. The ECIC costs are estimated to be \$3.0 million of the total shown above and, under the terms of that agreement, will be paid to CMB based on a "true-up" analysis at the completion of construction.

Source: CMB.

KB HOME Sacramento Plan of Finance. KB HOME Sacramento expects to use internal funding (which may include homes sales revenue and funding from its parent company) to complete its home construction of its property within the Improvement Area. KB HOME Sacramento estimates that its remaining construction costs to complete the development of the 262 proposed homes to be constructed by KB HOME Sacramento in the Improvement Area, including approximately \$17 million in remaining land acquisition costs to be paid to ECIC upon its completion (and KB HOME Sacramento's acceptance) of the work needed to create finished lots and complete all other requisite entitlement and offsite work, will be approximately \$[ ] million.

*Although KB HOME Sacramento expects to have sufficient funds available to complete its planned development in the Improvement Area as described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining land acquisition, development and home construction costs will be available from KB HOME Sacramento or any other source when needed. While KB HOME Sacramento has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither KB HOME Sacramento, nor any of its related entities are under any legal obligation of any kind to expend funds or obtain loans for land acquisition or the development of and construction of homes on its property in the Improvement Area. Any contributions by KB HOME Sacramento to fund the costs of such land acquisition or development are entirely voluntary.*

*If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by KB HOME Sacramento within the Improvement Area and other financing by KB HOME Sacramento is not put into place, there could be a shortfall in the funds required to complete the planned development by KB HOME Sacramento of its property in the Improvement Area.*

Signature Homes Plan of Finance. Signature Homes expects to use internally generated funds to complete its site development and home construction of its property within the Improvement Area. Signature Homes has also secured a loan from Housing Capital Company sufficient to fund the land acquisition and development costs of its property in the Improvement Area. It also obtained a revolving loan to finance additional home construction costs. Signature Homes estimates that its site development and construction costs to complete the development of the 68 proposed homes to be constructed by Signature Homes in the Improvement Area will be approximately \$40 million.

*Although Signature Homes expects to have sufficient funds available to complete its planned development in the Improvement Area as described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining land acquisition, development and home construction costs will be available from Signature Homes or any other source when needed. While Signature Homes has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Signature Homes, nor any of its related entities are under any legal obligation of any kind to expend funds or obtain loans for land acquisition or the development of and construction of homes on its property in the Improvement Area. Any contributions by Signature Homes to fund the costs of such land acquisition or development are entirely voluntary.*

*If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Signature Homes within the Improvement Area and other financing by Signature Homes is not put into place, there could be a shortfall in the funds required to complete the planned development by Signature Homes of its property in the Improvement Area.*

Beazer Plan of Finance. Beazer expects to use home sales revenue and internally generated

funds to complete its site development and home construction of its property within the Improvement Area. Beazer estimates that its site development and construction costs to complete the development of the 53 proposed homes to be constructed by Beazer in the Improvement Area, including the amounts to be paid to ECIC to develop the properties to finished lot status, will be approximately \$6.25 million.

*Although Beazer expects to have sufficient funds available to complete its planned development in the Improvement Area as described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining land acquisition, development and home construction costs will be available from Beazer or any other source when needed. While Beazer has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Beazer, nor any of its related entities are under any legal obligation of any kind to expend funds or obtain loans for land acquisition or the development of and construction of homes on its property in the Improvement Area. Any contributions by Beazer to fund the costs of such land acquisition or development are entirely voluntary.*

*If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Beazer within the Improvement Area and other financing by Beazer is not put into place, there could be a shortfall in the funds required to complete the planned development by Beazer of its property in the Improvement Area.*

Lennar Plan of Finance. Lennar expects to use home sales revenue and internally generated funds to complete its site development and home construction of its property within the Improvement Area.

*Although Lennar expects to have sufficient funds available to complete its planned development in the Improvement Area as described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining land acquisition, development and home construction costs will be available from Lennar or any other source when needed. While Lennar has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Lennar, nor any of its related entities are under any legal obligation of any kind to expend funds or obtain loans for land acquisition or the development of and construction of homes on its property in the Improvement Area. Any contributions by Lennar to fund the costs of such land acquisition or development are entirely voluntary.*

*If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Lennar within the Improvement Area and other financing by Lennar is not put into place, there could be a shortfall in the funds required to complete the planned development by Lennar of its property in the Improvement Area.*

Tri Pointe Plan of Finance. Tri Pointe expects to use internal funding (which may include homes sales revenue and funding from its parent company) to complete its land acquisition and home construction of its property within the Improvement Area. Tri Pointe estimates that its remaining land acquisition and construction costs to complete the development of the 162 proposed homes to be constructed by Tri Pointe in the Improvement Area will be approximately \$74 million.

*Although Tri Pointe expects to have sufficient funds available to complete its planned development in the Improvement Area as described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining land acquisition, development and home construction costs will be available from Tri Pointe or any other source when needed. While Tri Pointe has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Tri Pointe, nor any of its related entities are under any legal obligation of*

*any kind to expend funds or obtain loans for land acquisition or the development of and construction of homes on its property in the Improvement Area. Any contributions by Tri Pointe to fund the costs of such land acquisition or development are entirely voluntary.*

*If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Tri Pointe within the Improvement Area and other financing by Tri Pointe is not put into place, there could be a shortfall in the funds required to complete the planned development by Tri Pointe of its property in the Improvement Area.*

*Backbone and Common Infrastructure.* As described above, ECIC has completed the onsite grading and backbone and common infrastructure for development of Phase 2A and is in the early stages that development for Phase 2C. As of March 1, 2022, ECIC estimates that it had incurred total grading and backbone and common infrastructure development costs of approximately \$24.4 million for the Phase 2A work. As of that same date, ECIC's remaining grading and backbone and common infrastructure for development costs for Phase 2C were estimated at approximately \$13.2 million.

CMB is underway on completing the onsite backbone and common infrastructure for development of Phase 2B. As of March 1, 2022, CMB estimates that it had spent a total of approximately \$6.0 million on these improvements and anticipates spending approximately an additional \$5.8 million before the end of the year to finalize the development of the Phase 2B properties. See “—Development Plan and Status of Development.”

*Subdivision Improvements.* The subdivision improvements for Phase 2A have been completed by ECIC. Remaining infrastructure for development of the Improvement Area includes, among other things, intract infrastructure such as underground utilities, subdivision roadways, street lighting, soundwalls and landscaping improvements. Such subdivision improvements are being constructed by ECIC for Phase 2C and by CMB for Phase 2B.

As of March 1, 2022, the total remaining subdivision improvements in the Improvement Area are estimated at approximately \$19.9 million, including all design, construction staking, plan check, inspection, habitat mitigation and other project related soft costs.

*Specific Plan Infrastructure Fee Credits and Improvements.* The SPIF is administered by the City for the purposes of collecting impact fees for plan area wide improvements for the construction of roadways, water, sewer, drainage, dry utilities, recycled water and habitat mitigation in the Folsom Plan Area. The purpose of the SPIF is to require each landowner to pay its fair share of Folsom Plan Area area-wide improvements and to be reimbursed for any amount expended in excess of a landowner's fair share requirement. Under the terms of the SPIF Ordinance adopted by the City, property owners in the Folsom Plan Area will be eligible to enter into an agreement with the City and receive future reimbursements (that are convertible to fee credits for use within the owner's property) in exchange for the construction of eligible SPIF improvements. Based on the amount of improvements eligible for SPIF reimbursement, all of the properties within the Improvement Area are anticipated to fully cover their SPIF obligations through the conversion of these SPIF reimbursements to SPIF fee credits. After applying the SPIF reimbursements as SPIF fee credits to all properties in the Improvement Area, all amounts expended in excess of the project's SPIF obligation are expected to be reimbursed from the City as other SPIF fees are collected in the Folsom Plan Area.

Within the Folsom Plan Area, initial development will be required to pay a “SPIF Set-Aside” component to address initial water and sewer facility costs. This is a loan of SPIF collections to help the cash flow for the initial water and sewer costs. It will be repaid or equalized to all properties through the SPIF program as well as through CFD 18. The SPIF Set-Aside will apply to the first 2,500 Folsom Plan

Area dwelling units that would be subject to the SPIF. A portion of the SPIF will be required to be paid regardless of whether a developer/property owner has advance-funded eligible SPIF infrastructure and has executed a Fee Reimbursement Agreement through the City. An exception to this rule is that a property owner who constructs certain water or sewer infrastructure for which the SPIF Set-Aside is being collected may take a credit against the SPIF Set-Aside. This is applicable to ECIC in relationship to prior entities controlled by WestLand having advance-funded Phase I water and sewer costs for which the SPIF Set-Aside was created to partially fund.

ECIC has purchased SPIF Set-Aside credits from Mangini Improvement Company (“MIC”), which retains the rights to the SPIF Set-Aside reimbursements from facilities that were constructed in CFD 19. The transfer or sale of the SPIF Set-Aside credits is allowed under the terms of the Development Agreement(s) affecting the Improvement Area. MIC and ECIC have entered into a separate agreement to sell SPIF Set-Aside credits to ECIC, which in turn, will transfer the SPIF Set-Aside credit to its homebuilders.

In addition, in August 2020, the City approved an ordinance amending certain provisions of the SPIF ordinance to include a new SPIF – Offsite Water Set-Aside. This new SPIF – Offsite Water Set-Aside will be payable at the building permit stage and will not be eligible to be offset by fee credits.

### **CERTAIN RISKS TO BONDHOLDERS**

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

#### **Risks of Real Estate Secured Investments Generally**

The owners of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of Improvement Area, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure, including as a result of tax reform; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, fires and floods), which may result in uninsured losses.

No assurance can be given that ECIC, CMB, any of the Merchant Builders, any of the other property owners or any future homeowners within the Improvement Area will pay the Special Tax in the future or that they will be able to pay such Special Tax on a timely basis. See “— Bankruptcy” below, for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels. Further, many homes within the Improvement Area will have a higher-than-average price point as compared to other homes in the region, which may impact the absorption of the residential units within the Improvement Area.

## **Levy of the Special Tax**

The principal source of payment of debt service on the Local Obligations, from which funds for the payment of the Bonds are derived, is the proceeds of the annual levy and collection of the Special Tax against property in the Improvement Area. The annual levy of the Special Tax is subject to the Maximum Special Tax rates authorized within the Improvement Area. The levies cannot be made at higher rates even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available moneys, will not be sufficient to pay debt service on the Local Obligations. Other funds which might be available include funds derived from the payment of delinquent Special Tax and funds derived from the tax sale or foreclosure and sale of related Taxable Property on which levies of the Special Tax are delinquent.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular Taxable Property and the amount of the levy of the Special Tax against such parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of such parcels and the proportionate share of debt service on the Local Obligations, and certainly not a direct relationship.

The Special Tax levied in any particular tax year on a Taxable Property is based upon the revenue needs and application of the Rate and Method of Apportionment. Application of the Rate and Method of Apportionment will, in turn, be dependent upon certain development factors with respect to each Taxable Property by comparison with similar development factors with respect to the other Taxable Property in the Improvement Area. Thus, in addition to annual variations of the revenue needs from the Special Tax, the following are some of the factors which might cause the levy of the Special Tax on any particular Taxable Property to vary from the Special Tax that might otherwise be expected:

- Reduction in the number of Taxable Property for such reasons as acquisition of Taxable Property by the federal government or an agency thereof, asserting immunity (however, see "Exempt Properties" below) from taxation, thereby resulting in an increased tax burden on the remaining Taxable Property.
- Failure of the related owners of Taxable Property to pay the Special Tax and delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, thereby resulting in an increased tax burden on the remaining parcels, subject to the related Maximum Special Tax.

## **Collection of Special Tax**

In order for the District to pay debt service on the Local Obligations, from which funds for the payment of the Bonds are derived, it is necessary that the Special Tax levied against land in the Improvement Area be paid in a timely manner. The District has established the Local Obligations Reserve Account under the Local Obligations Indenture in the amount of the Required Bond Reserve to pay debt service on the Local Obligations, in the event that a portion of the Special Taxes for the Local Obligations are not paid on time.

The Local Obligations 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 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. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

Pursuant to the Mello-Roos Act, in the event of any delinquency in the payment of the Special Tax, the District may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the District has covenanted that it will annually on or before September 1 of each year 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 if it determines on the basis of such review that the amount so collected is deficient by more than 5% of the total amount of the Special Tax levied in such Fiscal Year, it will within 60 days thereafter institute foreclosure proceedings as authorized by the Mello-Roos Act in order to enforce the lien of the delinquent installments of the Special Tax against each lot or parcel of land in the Improvement Area, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that irrespective of the foregoing if the District determines on the basis of such review that property owned by any single property owner in the Improvement Area is delinquent by more than \$4,000 with respect to the Special Tax due and payable by such property owner by such delinquency date, then the District will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against such property owner; provided further, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Mello-Roos Act; and provided further that the District is not obligated under the Local Obligations Indenture to enforce the lien of any delinquent installment of the Special Tax for any Fiscal Year in which the District has received one hundred percent (100%) of the amount of such installment from the County pursuant to the Teeter Plan.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the District of the proceeds of sale if the Local Obligations Reserve Account with respect to the Local Obligations is depleted. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Covenant for Foreclosure.”

The District may be unable to make full or timely payment of debt service on the Local Obligations if property owners in the Improvement Area fail to pay installments of the Special Tax when due, if the Local Obligations Reserve Account is depleted, or if the District is unable to sell related foreclosed parcels for amounts sufficient to cover the delinquent installments of the Special Tax.

### **Shapiro v. San Diego**

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *Shapiro v. San Diego City Council*, 117 Cal. Rptr. 2d 631, 96 Cal. App. 4th 904 (2002). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego, much like a community facilities district established under the provisions of the Mello-Roos Act. The CCFD is comprised of all of the real property in all of the City of San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties.

At the election to authorize such special tax, the electorate was limited to owners of hotel properties and lessees of certain of such hotel properties. Thus, the election was a landowner election limited to owners and lessees of properties on which the special tax would be levied, and not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was based on Section 53326(c) of the Mello-Roos Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because

Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

In the case of the CCFD, at the time of the election there were many, many registered voters within the CCFD (viz., all of the registered voters in the City of San Diego). There were no registered voters within the Improvement Area at the time of the election to authorize the Special Tax. In City of San Diego, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Mello-Roos Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court's holding does not apply to the Special Tax election in the Improvement Area. Moreover, Section 53341 of the Mello-Roos Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters." The Special Tax with respect to the Improvement Area was approved by the voters on May 26, 2020. Based on Section 53341 of the Mello-Roos Act and its analysis of existing laws, regulations, rulings and court decisions, the District does not believe that a challenge to the Special Tax may now be brought.

### **Concentration of Ownership**

Currently, a significant portion of the Taxable Property in the Improvement Area is owned by the Merchant Builders, and consequently, a large portion of the Special Tax within the Improvement Area will be paid by the Merchant Builders until the land is developed and sold. Additional land within the Improvement Area is owned by ECIC and CMB, both of which are managed by the same three individuals. See "PROPOSED PROPERTY DEVELOPMENT—Property Ownership."

ECIC and CMB have entered into purchase and sale agreements to sell their remaining taxable portions of the Improvement Area to merchant builders. No assurance can be given that the property sales will close when anticipated. See "PROPOSED PROPERTY DEVELOPMENT—Property Ownership." Generally, the risk of delinquency or nonpayment of Special Taxes at levels which do not permit the timely payment of principal of and interest on the Bonds is inversely correlated to the diversity of ownership of Taxable Property within the Improvement Area. The fact that a substantial portion of the property providing the ultimate security for the payment of Local Obligations is controlled by a few owners means that timely payment of the respective Special Tax and, therefore, the Bonds, will depend initially upon the willingness and ability of these owners to pay the Special Tax when due. The only assets of ECIC, CMB or the Merchant Builders that constitute security for the Local Obligations are their real property holdings located within the Improvement Area.

There can be no assurance that the undeveloped property will be fully developed and that property ownership will be further diversified as a result. See "CERTAIN RISKS TO BONDHOLDERS—Failure to Develop."

### **Payment of the Special Tax is Not a Personal Obligation of a Property Owner**

A PROPERTY OWNER IS NOT PERSONALLY OBLIGATED TO PAY THE SPECIAL TAX. RATHER, THE SPECIAL TAXES ARE OBLIGATIONS ONLY AGAINST THE PROPERTY. IF THE VALUE OF THE PARCELS OF PROPERTY IS NOT SUFFICIENT, TAKING INTO ACCOUNT OTHER OBLIGATIONS ALSO PAYABLE THEREBY, TO FULLY DISCHARGE THE SPECIAL TAX, THE DISTRICT WILL HAVE NO RECOURSE AGAINST THE PROPERTY OWNER.



## **Potential Early Redemption of Bonds from Prepaid Special Taxes**

Property owners within the Improvement Area are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such payments will result in a redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Trust Agreement following the receipt of the prepayment. The resulting redemption of Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See “THE BONDS—Redemption Provisions—Extraordinary redemption from Prepayment of Special Taxes.”

## **Special Tax Delinquencies**

The Special Taxes are billed to the properties within the Improvement Area on the *ad valorem* property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments. In each year the County includes the Improvement Area in the Teeter Plan, the County will be obligated to pay the District 100% of the amount of the Special Taxes actually levied in the Improvement Area, regardless of any delinquencies. However, the County is required to terminate the Teeter Plan if two-thirds of the participants so petition the Board of Supervisors and may discontinue the Teeter Plan as to the Improvement Area if the delinquency rate in the Improvement Area exceeds 3%. Moreover, the County determines annually whether to include a particular district in the Teeter Plan. See “—Teeter Plan Termination” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—The Teeter Plan.” Significant delinquencies in the payment of annual Special Tax installments, or delays in the prosecution of foreclosure proceedings to collect such Special Taxes, could result in a default in the payment of the debt service on the Bonds. See “—Bankruptcy” and “—FDIC/Federal Government Interests in Properties” below, for a discussion of the limitations on the District’s ability to foreclose on the lien of the Special Taxes in certain circumstances and the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes.

## **Teeter Plan Termination**

The County has implemented its Teeter Plan as an alternate procedure for the distribution of certain property tax and assessment levies on the secured roll. The County determines annually which special taxes and assessment levies to include in the Teeter Plan. Pursuant to its Teeter Plan, once the County determines to include special taxes and assessment levies in the Teeter Plan, the County provides the local agency and taxing area with full tax and assessment levies instead of actual tax and assessment collections. In return, the County is entitled to retain all delinquent tax and assessment payments, penalties and interest. Thus, the County’s Teeter Plan may help protect Owners from the risk of delinquencies in the payment of Special Taxes. However, the County is entitled, and under certain circumstances could be required, to terminate its Teeter Plan with respect to all or part of the local agencies and taxing areas covered thereby. In addition, the County may decide not to include certain special taxes and assessment levies, including the Improvement Area, in the Teeter Plan in any fiscal year. Any termination of the Teeter Plan with respect to the Improvement Area would eliminate such protection from delinquent Special Taxes. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—The Teeter Plan.”

## **Land Values**

If a property owner defaults in the payment of the Special Tax, from which funds for the payment of the Bonds are derived, the District’s only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. The value of taxable property in

the Improvement Area is therefore an important consideration in evaluating the security for the Bonds. Land values could be adversely affected by economic factors beyond the District's control, such as relocation of employers out of the area, stricter land use regulations, the absence of water, or destruction of property caused by, among other eventualities, earthquake, flood or other natural disaster, or by environmental pollution or contamination.

### **Appraisal Risks**

The Appraiser has estimated the market value of the property in the Improvement Area on the basis of certain assumptions which the Appraiser believes to be reasonable under the circumstances. See the Appraisal included in APPENDIX G hereto. However, certain of the assumptions made by the Appraiser may prove to be untrue.

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

See "THE IMPROVEMENT AREA—Property Values" for a further discussion of estimated property values in the Improvement Area.

### **Zoning and Land Use Decisions**

The Special Taxes, from which funds for the payment of the Bonds are derived, are to be levied annually based upon the land use categories in effect for the property. Decisions made by the City Council, which has control over zoning and land use decisions for property in the City, will affect the prospective use of the property and, therefore, the tax base for the Special Tax. The Rate and Method does not permit land use changes to reduce the tax base to below the Special Tax Requirement.

### **Exempt Properties**

Certain properties within the Improvement Area are or may become exempt from the Special Tax in accordance with the Rate and Method of Apportionment. In addition, the Mello-Roos Act provides that properties or entities of the state, federal or local government are exempt from Special Tax; provided, however, that property acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. In addition, the Mello-Roos Act provides that if property subject to Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay Special Tax with respect to that property is to be treated as if it were a special assessment. Further, properties receiving a welfare exemption under subsection (g) of Section 214 of the California Revenue and Taxation Code are exempt from the Special Tax unless debt is outstanding and the property was subject to the Special Tax prior to receiving the exemption. Neither the District, ECIC or CMB are aware of any property within the Improvement Area currently receiving a welfare exemption. The constitutionality and operation of these provisions of the Mello-Roos Act have not been tested.

In particular, insofar as the Mello-Roos Act requires payment of a special tax by a federal entity acquiring property within the community facilities district, it may be unconstitutional. If for any reason property within the Improvement Area becomes exempt from taxation, then, subject to the Rate and Method of Apportionment, including the limitation on the maximum special tax rates set out in the Rate and Method of Apportionment, the special tax will be reallocated to the remaining taxable properties within the Improvement Area. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of land within the Improvement Area becomes exempt from the Special Tax because of public ownership, or otherwise, the maximum rate that could be levied upon the remaining property might not be sufficient to pay principal of and interest on the related Local Obligations and could adversely affect the ability of the District to pay principal of and interest on the Bonds when due.

### **Maximum Special Tax**

Within the limits of the Special Tax, the District may adjust the Special Tax on all property in the Improvement Area to provide an amount required to pay interest on, principal of, Minimum Sinking Fund Payments for and redemption premiums, if any, on the Local Obligations, and the amount, if any, necessary to cure delinquencies and replenish the Local Obligations Reserve Account to an amount equal to the Required Bond Reserve, and to pay all current Expenses.

Although the Maximum Special Tax is designed to provide Special Tax revenues on an annual basis, there is no assurance that the Maximum Special Tax on the property in the Improvement Area will be sufficient to pay the amounts required to be paid by the Local Obligations Indenture at all times, from which funds for the payment of the Bonds are derived. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Special Tax Authorization” and APPENDIX A—“RATE, METHOD OF APPORTIONMENT AND MANNER OF COLLECTION OF SPECIAL TAX.”

Pursuant to Section 53321 of the Mello-Roos Act as applied to the Improvement Area, under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the Improvement Area by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. Under the Rate and Method of Apportionment, property is considered “Residential Property” and is subject to the aforementioned limitation once a building permit could be issued for the purposes of constructing one or more residential units.

### **Ballot Initiatives and Measures**

From time to time constitutional initiatives or other initiative measures may be adopted by State voters or voters of the City. For example, Measure W, adopted by City residents in November 2004, required, among other things, that residents north of State Highway 50 not bear the cost for infrastructure and public facilities serving the Folsom Plan Area. The adoption of any such initiative in the future might place limitations on the ability of the State or any political subdivisions thereof, including the Authority or the City, to increase revenues or to increase appropriations, the ability of the landowners to complete their developments, or the ability of the District to collect the Special Tax.

### **Recent Changes to Federal Income Tax Law**

H.R. 1 of the 115<sup>th</sup> U.S. Congress was enacted into law on December 22, 2017 (the “Tax Act”). The Tax Act makes significant changes to many aspects of the Code. The District, the City, the

Authority, ECIC, CMB and the other property owners within the Improvement Area cannot predict the effect that the Tax Act may have on the cost of home ownership, the price of homes in the Improvement Area, the rate at which homes in the Improvement Area are sold to individual homeowners by ECIC or merchant builders, the ability or willingness of homeowners to pay Special Tax or property taxes on Taxable Property within the Improvement Area, or the values contained in this Official Statement or in the Appraisal.

### **Disclosures to Future Purchasers**

The District has recorded notice of the Special Tax Lien in the Office of the County Recorder of the County of Sacramento. 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 such Special Tax obligation in the purchase of a parcel of land, a home or a commercial or industrial facility in the Improvement Area or the lending of money thereon. The Mello-Roos Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. State Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax, from which funds for the payment of the Bonds are derived, when due.

### **Parity Taxes and Special Assessments**

The ability or willingness of a property owner in the Improvement Area to pay the Special Tax, from which funds for the payment of the Bonds are derived, could be affected by the existence of other taxes and assessments imposed upon the property either currently existing or imposed in the future. The assessments and any penalties thereon constitute a lien against the lots and parcels of land on which they have been levied until they are paid. Such lien is on parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes and other special assessments regardless of when they are imposed upon the same property. The Special Tax has priority over all existing and future private liens imposed on the property. In addition, other public agencies whose boundaries overlap those of the Improvement Area could, with or in some circumstances without the consent of the owners of the land in the Improvement Area, impose additional taxes or assessment liens on the property in the Improvement Area in order to finance public improvements to be located inside or outside of the Improvement Area.

Although the District has covenanted not to impose additional special taxes or assessments on property within the Improvement Area except in accordance with the Local Obligations Indenture, the Authority and the District have no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property in the Improvement Area. The imposition of additional liens on parity with the assessments could reduce the ability or willingness of the owners of parcels in the Improvement Area to pay the Special Tax and increases the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes or the principal of and interest on the Local Obligations when due. As described under "FOLSOM PLAN AREA—Public Facilities Financing Plan," and "THE IMPROVEMENT AREA—Overlapping Debt" the City plans to issue additional obligations secured by special taxes from time to time to finance backbone infrastructure and public improvements within the Folsom Plan Area and the boundaries of the Improvement Area. For example, CFD 18 authorized the issuance of up to \$200,000,000 in obligations.

The special taxes securing such additional obligations would be payable on parity with the Special Taxes. In addition, property owners may choose to participate in a residential PACE program (a mechanism for financing energy efficiency and renewable energy improvements on private property), consenting to assessments on their parcels that would be on a parity with the Special Taxes. The District does not currently have a timeline as to when any such obligations would be issued.

### **Bankruptcy**

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. 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 lien of the Special Tax to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale of tax sale proceedings, thereby delaying such proceedings perhaps for an extended period. Any such delays would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent tax installments not being paid in full. To the extent that property in the Improvement Area continues to be owned by a limited number of property owners, the chances are increased that the Local Obligations Reserve Fund could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Local Obligations Reserve Account to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Local Obligations on a timely basis. The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax could be delayed by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting rights of creditors generally or by the laws of the State relating to judicial foreclosure. Further, should remedies be exercised under the federal bankruptcy laws against parcels in the Improvement Area, payment of the Special Tax may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the Special Tax in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

### **Geologic, Topographic and Climatic Conditions**

The value of the property in the Improvement Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts and wildfire.

The occurrence of seismic activity in the Improvement Area could result in substantial damage to properties in the Improvement Area which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay the Special Tax on their property. The Improvement Area is not located in any existing special study zone delineated by the Chief of the Division of Mines and Geology of the State of California as an area of known active faults and is not

otherwise known to be located within an area of any significant seismic activity. However, it may be expected that one or more of such conditions may occur and may result in damage to improvements of varying seriousness, that 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, the value of the property may decline.

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. In general, property damage due to wildfire could result in a significant decrease in the market value of property in the Improvement Area and in the ability or willingness of property owners to pay Special Taxes.

The Improvement Area is located within an area identified as a moderate fire hazard severity zone. More information regarding Fire Hazard Severity Zones can be found at the California Department of Forestry and Fire Protection website at <https://frap.fire.ca.gov>, though such website is not incorporated herein by reference. The development within the Improvement Area is subject to mitigation measures set forth in a fuel modification plan approved by the City Fire Department. The mitigation measures include, among others, limitations on the type of vegetation that may be planted within fuel modification zones established in open space areas along certain portions of the perimeter of the Improvement Area, minimum setback of structures and irrigation requirements of the fuel modification zones. Maintenance of such zones is expected to initially be the responsibility of the property owners but upon build-out of the Improvement Area and dedication of the open space to the City will be maintained by the City from funds provided through CFD 18. Homeowner's insurance is expected to be available to property owners within the Improvement Area, and the coverage provided by such insurance typically insures against fire damage, although there is no assurance that homeowners within the Improvement Area will purchase or maintain such insurance.

In the event of a wildfire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the Improvement Area. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the Improvement Area could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Folsom Dam, located on the American River within the jurisdictional boundaries of the City, was built in 1955 by the United States Army Corps of Engineers and is owned by the United States Bureau of Reclamation. An auxiliary spillway to enable the dam to more easily release water as it nears capacity was completed by the Army Corps of Engineers in October 2017. The City, together with the County and other local agencies, have established a hazard mitigation plan in the event of a dam failure. Geologic, topographic and climatic conditions, if severe, could result in damage to the dam which could further cause damage to the surrounding region and may limit water supply for the City and the Improvement Area.

### **Potential Impact of Global Health Crises or Concerns**

The ability or willingness of property owners to develop property in the Improvement Area, the speed at which property owners develop property in the Improvement Area, the ability or willingness of property owners to sell property in the Improvement Area, the speed at which property owners are able to sell property in the Improvement Area, the ability or willingness of property owners to pay the Special

Tax on property in the Improvement Area when due, the value of the property in the Improvement Area, or the ability of the District to collect delinquent Special Taxes through judicial foreclosure could be adversely affected by a global, national or localized outbreak of an infectious disease, such as COVID-19, a new strain of coronavirus, or by the fear of such an outbreak. The construction industry in the United States relies heavily on international trade for myriad construction materials. A global, national or localized outbreak could impact the availability of workers in countries producing construction materials, potentially resulting in supply chain shutdowns, which may result in substantial construction delays and project cost overruns.

The spread of COVID-19 and the response to its spread has altered the behavior of businesses and people in a manner that has had and is continuing to have a negative impact on global and local economies, and which has resulted in a volatile stock market response and a general disruption of financial markets in the United States and globally. In response to COVID-19, California instituted a statewide stay-at-home order and many California counties issued similar orders. While many COVID 19 restrictions in California and its various counties have ceased or been eased, the same or additional restrictions could be reinstated if the outbreak again worsens, due to the currently increasing spread of any variant of COVID-19, or otherwise, or another similar event occurs. Essential services, including housing construction, were generally exempt from the orders and continued during the pandemic. However, the economic and financial impacts of the stay-at-home orders and the economic downturn related to COVID-19 are predicted to last for multiple years. Executive and legislative efforts have also been made during the COVID-19 pandemic and may be made again in the future that either require or allow county tax collectors to cancel or waive penalties, costs and other charges associated with the delinquent payment of property taxes and the Special Tax upon a showing of property owner hardship caused by the COVID-19 pandemic or related or similar stay-at-home orders. These efforts may affect a property owner's willingness to pay the Special Taxes before they are delinquent.

These events and other factors resulting from such an outbreak, particularly if prolonged, could result in, or increase the likelihood of, the occurrence of certain of the other potential adverse effects described in this Official Statement, including those relating to declines in the value of property, the failure to complete the development of property, the inability to sell, lease and/or operate property, the inability or unwillingness to pay the Special Tax, and delays in (or insufficient funds received from) the collection of delinquent Special Taxes through judicial foreclosure. A future outbreak of COVID-19 or another infectious disease or the threat of any such outbreak could have similar or additional adverse effects. The Authority cannot predict the ultimate effects of the COVID-19 outbreak or any future outbreak or potential future outbreak of an infectious disease, or whether any such effects would have a material adverse effect on the ability to develop the Improvement Area as planned, the ability or willingness of property owners to pay Special Taxes when due, or the ability of the Authority to pay debt service on the Bonds when due.

### **Failure to Develop**

Land development operations are subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. It is possible that the approvals necessary to complete development of all taxable property within the Improvement Area are not obtained on a timely basis or that litigation could be filed regarding approvals. Failure to obtain any such agency approval or satisfy any such government requirement or any litigation concerning such agency approval or government requirement could adversely affect land development operations. In addition, current and future governmental restrictions, including, but not limited to, governmental policies restricting or controlling development within the Improvement Area, could be enacted, and future land use initiatives approved by

the voters in the City could add more restrictions and requirements on development within the Improvement Area, which restrictions may increase the cost to develop the Improvement Area. One such governmental restriction is the requirement to install rooftop photovoltaic solar systems for residential buildings under three stories constructed starting in 2020. Costs associated with the installation of solar to the homebuilders may reduce the willingness of homebuilders to construct homes and increased costs of those homes may decrease the willingness of homeowners to buy such homes.

Moreover, there can be no assurance that the means and incentive to conduct land development operations within the Improvement Area will not be adversely affected by a deterioration of the real estate market or economic conditions generally, future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, acts of war or terrorism, or other factors.

A portion of the Taxable Property in the Improvement Area is presently undeveloped. Undeveloped property is less valuable per acre than developed property, especially if there are no plans to develop such property or if there are severe restrictions on the development of such property, and therefore provides less security to the owners of the Bonds should it be necessary for the District to foreclose due to the nonpayment of the Special Taxes. Delays in any property owner's ability to obtain discretionary approvals (including any delays caused by litigation) would in turn delay the construction of improvements and development of the Taxable Property within the Improvement Area. Furthermore, an inability to develop the land within the Improvement Area as currently proposed would result in slower rates of diversification of property ownership within the Improvement Area. Concentration of ownership increases the risk of a failure to collect sufficient Special Taxes to pay debt service on the Bonds, all other things being equal. The timely payment of Special Taxes levied on undeveloped property depends primarily upon the ability and willingness of owners of such property to pay such taxes when due. Certain infrastructure improvements are required before development in the Improvement Area can progress intract. The Phase 2 water infrastructure described under the heading "PROPOSED PROPERTY DEVELOPMENT—Development Entitlements—*Water Supply*" is anticipated to be needed before approximately 2,500 to 3,300 homes are occupied in the Folsom Plan Area. A slowdown in or cessation of the development of land within the Improvement Area could reduce the ability and willingness of such owners to make Special Tax payments, and could greatly reduce the value of such property in the event it has to be foreclosed upon to collect delinquent special taxes. See "—Bankruptcy" above for a discussion of certain limitations on the ability of the District to pursue judicial foreclosure proceedings with respect to taxpayers with delinquent Special Taxes.

### **Future Private Indebtedness**

At the present time, the Improvement Area included properties that are undeveloped, undergoing development or are developed. In order to develop any improvements on that undeveloped land, the property owners will need to construct private improvements, the cost of which may increase the private debt for which the land in the Improvement Area or other land or collateral owned by the property owners is security over that contemplated by the Local Obligations, and such increased debt could reduce the ability or desire of the property owners to pay the Special Tax secured by the land in the Improvement Area. It should be noted however, that the lien of any private financing secured by the land within the Improvement Area would be subordinate to the lien of the Special Tax.

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

Property within the Improvement Area is comprised of separate and distinct projects as described above. Payment of Special Taxes are inherently dependent upon the development within the Improvement Area, and, with respect to residential properties, the ability of the buyers of completed



homes to pay. The Authority, the District, and the Underwriter have not reviewed any business plan for continued ownership, development and/or operation of the property within the Improvement Area. Similarly, the Authority, the District and the Underwriter have not conducted any independent evaluation of the existing or projected economic viability or profitability of any of the plans for development, including review and/or evaluation of financial statements of any owner or developer of any parcel subject to the Special Tax. The information contained herein regarding the proposed development and the owners of the parcels within the Improvement Area has been supplied by such owners and the Underwriter has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of such information.

In the event an owner or developer experiences financial difficulties, including difficulties resulting from construction or operation of the development within the Improvement Area, the value of the affected parcel within the Improvement Area may decline and/or such owner or developer may elect to refrain from payment of future Special Taxes for such parcel. See also “—Failure to Develop.”

### **Endangered Species**

During recent years, there has been an increase in activity at the State of California and federal level related to the possible listing of certain plant and animal species found in California as endangered species. An increase in the number of endangered species is expected to curtail development in a number of areas. The property within the Improvement Area contains protected habitat and species, including but not limited to Swainson’s hawk and tri-colored blackbird foraging habitats and wetlands regulated by state and federal agencies. Foraging habitat mitigation credits have been satisfied by ECIC or Folsom Real Estate South (a prior owner of the property in the Improvement Area that was acquired by CMB) for all backbone projects and all Improvement Area No. 1 project phases. At present, the property within the Improvement Area is not known to be inhabited by any other plant or animal species listed as threatened or endangered under either the State or federal endangered species acts or which either the California Fish and Game Commission or the United States Fish and Wildlife Service has proposed for addition to the respective endangered species list. Notwithstanding this fact, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal governments to protect species located on or adjacent to undeveloped property could negatively affect the developer’s ability to complete development as planned. This, in turn, could reduce the likelihood of timely payment of the Special Tax, from which funds for the payment of the Bonds is derived, and would likely reduce the value of the land and the potential revenues available at a foreclosure sale for delinquent Special Taxes. See “CERTAIN RISKS TO BONDHOLDERS—Land Values.”

### **Hazardous Substances**

While governmental taxes, assessments, and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value of a parcel in the Improvement Area is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel 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 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 parcels in the Improvement Area 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.

Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the financial and legal liability of a property owner to develop the affected parcel or other parcels, as well as the value of the property that is realizable upon a delinquency and foreclosure.

The appraised value of property in the Improvement Area does not take into account the possible reduction in marketability and value of any of the parcels by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. While the District is not aware that the owner (or operator) of any of parcels has such a current liability with respect to any of the parcels, it is possible that such liabilities do currently exist and that the District is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel within the Improvement Area that is realizable upon a delinquency.

### **Naturally Occurring Asbestos**

California Air Resource Board (“CARB”) adopted the Airborne Toxic Control Measure (“ATCM”) for Construction, Grading, Quarrying and Surface Mining Operations. This statewide regulation is applicable to grading or any other projects disturbing soil in areas of California where asbestos may exist, as determined by the California Geological Survey (“CGS”). The ATCM applies to any size construction project although there are additional notification requirements for projects that exceed one acre. Areas and parcels moderately likely to contain naturally occurring asbestos are located in the eastern parts of Sacramento County, including in the City.

Natural weathering or human disturbance can break the asbestiform minerals down to microscopic fibers, which are easily suspended in air. There is no health threat if asbestos fibers in soil remain undisturbed and do not become airborne. When inhaled, these thin fibers irritate tissues and resist the body’s natural defenses. Asbestos causes cancers of the lung (such as mesothelioma) and the lining of internal organs, asbestosis, and other diseases that inhibit lung function. Scientists consider certain types of asbestos fibers (i.e., tremolite fibers and similarly structured amphibole asbestos particles) that are frequently identified in the City to be more potent than other types in causing mesothelioma.

The EIR for the Folsom Plan Area required all new development to undertake a site investigation to determine the presence of naturally occurring asbestos and, if necessary, prepare and implement an asbestos dust control plan. ECIC has undertaken an asbestos dust control plan with respect to development within the Improvement Area and the costs of development in this Official Statement reflect the costs associated with asbestos mitigation.

The health concerns associated with the presence of naturally occurring asbestos in the Improvement Area may adversely affect the marketability of property in the area.

### **Naturally Occurring Arsenic**

Arsenic is a naturally occurring element that is commonly found in soil, among other locations, and is considered to be cancer-causing. Arsenic traces, in elevated concentrations as compared to

naturally occurring background levels, were identified in open space areas adjacent to Village 1. No grading has occurred, nor is any planned in this portion of the Improvement Area. Additionally, ECIC has implemented monitoring protocols and identified mitigation measures should naturally occurring arsenic be found during any grading activities nearby.

The health concerns associated with the presence of naturally occurring arsenic in the Improvement Area may adversely affect the marketability of property in the area.

### **FDIC/Federal Government Interests in Properties**

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

Under the Supremacy Clause of the United States Constitution, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the Improvement Area but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments. Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson*, 597 F.2d 174 (1979), the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

Neither the Authority nor the District have 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 Improvement Area, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

In the event that any financial institution making any loan which is secured by real property within the Improvement Area is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, then the ability of the Authority to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect

before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-ad *valorem* taxes, including special 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 has 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. According to information available from the Sacramento County assessment roll, the FDIC does not currently own any of the property in the Improvement Area.

The Authority and the District 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 Improvement Area in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at foreclosure sale. Such an outcome could cause a draw on the reserve account for the Local Obligations and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Local Obligations and the Bonds.

#### **No Acceleration Provision**

The Local Obligations Indenture does not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms thereof.

#### **Loss of Tax Exemption**

As discussed under "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the District subsequent to the issuance of the Bonds in violation of the District's covenants with respect to the Bonds. Should interest become includable in gross income, the Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed pursuant to optional or mandatory redemption.

### **LEGAL MATTERS**

The validity of the Bonds, the Local Obligations and certain other legal matters are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"). Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement and expresses no opinion as to the matters set forth herein. Certain legal matters will be passed upon for the District and the Authority by the City Attorney. Certain legal matters relating to the Local Obligations will be passed upon by Orrick, Herrington & Sutcliffe LLP, as bond counsel to the District. The fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance of the Bonds.

## TAX MATTERS

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 alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth as APPENDIX E hereto.

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

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

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

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's 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, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, the City or the District, 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, the City and the District 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, the District 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, 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, the City or the District 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, the District or the Beneficial Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners

(including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **NO LITIGATION**

At the time of delivery of and payment for the Bonds and the Local Obligations, the Authority and/or the District, as applicable, will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or regulatory agency, public board or body pending or threatened against the Authority or the District affecting their existence, or the titles of their respective officers, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds or the Local Obligations, the application of the proceeds thereof in accordance with the Trust Agreement, or the collection or levy of the Special Taxes to pay the principal of and interest on the Local Obligations, or in any way contesting or affecting the validity or enforceability of the Local Obligations and the Bonds, the Trust Agreement, the Local Obligations Indenture, the Bond Purchase Contract entered into among the Authority, the District and the Underwriter or any other applicable agreements or any action of the Authority or the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or the District or their authority with respect to the Bonds or the Local Obligations or any action of the Authority or the District contemplated by any of said documents, nor, to the knowledge of the Authority, is there any basis therefor.

### **NO RATING**

The Authority has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds. The absence of a rating may significantly adversely affect the ability of the owner of Bonds to sell such Bonds.

### **MUNICIPAL ADVISOR**

The District has retained Fieldman, Rolapp & Associates, Inc. as municipal advisor (the "Municipal Advisor") with respect to the issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

Compensation of the Municipal Advisor relating to the issuance of the Bonds is contingent upon the issuance of the Bonds.

### **UNDERWRITING**

The Bonds are being purchased by Piper Sandler & Co. (the "Underwriter") pursuant to a Bond Purchase Contract (the "Purchase Contract"), by and among the Authority, the District and the Underwriter. Pursuant to the Purchase Contract, the Underwriter has agreed to purchase all of the Bonds from the Authority at a purchase price of \$\_\_\_\_\_, being the aggregate principal amount of the Bonds of \$\_\_\_\_\_, [plus/less] [an/ a net] original issue [premium/discount] of \$\_\_\_\_\_ and less an Underwriter's discount of \$\_\_\_\_\_. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside front cover page hereof.

## CONTINUING DISCLOSURE

### **The District**

The District has covenanted for the benefit of the Owners to provide certain financial information and operating data relating to the Bonds by not later than nine months following the end of the District's fiscal year (which fiscal year currently ends June 30) commencing with the report for the 2021-22 Fiscal Year (the "Annual Report"), which is due April 1, 2023, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed with EMMA, and the first Annual Report may include the filing of or reference to this Official Statement. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is contained within APPENDIX D—"FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The District is committed to complete and accurate continuing disclosure in accordance with its continuing disclosure obligations under the federal securities laws, including rules and regulations promulgated by the SEC and the MSRB, as those rules may be amended from time to time. [However, during the past five years, there were specific instances where complete and accurate disclosure was not achieved by the City or its related agencies, including, (1) the City failed to include revenue fund balances for certain of the Folsom Public Financing Authority's revenue bonds issued in 2007 in the annual reports for Fiscal Years 2015 through 2017, and (2) a notice of listed event for a ratings upgrade on October 12, 2018, was not timely filed for certain of the Folsom Public Financing Authority's water revenue bonds. The description of these instances of non-compliance in this Official Statement is not an acknowledgement that any such non-compliance was material. Further, the City has made remedial filings to address these instances of non-compliance for those issues that are still outstanding and has policies and procedures in place in order to achieve compliance with its continuing disclosure undertakings.]

### **KB HOME Sacramento and Tri Pointe**

Pursuant to separate certificates, KB HOME Sacramento and Tri Pointe have each covenanted for the benefit of the Bondholders to provide certain information relating to it, its development plan and its financing plan (the "Disclosure Reports"), and to provide notices of the occurrence of certain enumerated events until the obligation to so provide such information, data and notices is otherwise terminated in accordance with the provisions of such certificate. A form of the Continuing Disclosure Certificate for KB HOME Sacramento and Tri Pointe is included in APPENDIX D—"FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS." Such information is to be provided semiannually not later than March 31 and September 30 of each year, commencing with the Disclosure Report due September 30, 2022. The Disclosure Reports are to be filed with EMMA.

The Authority and the District have not considered, or reached any conclusion as to, whether or not KB HOME Sacramento or Tri Pointe are an obligated person under the Rule. The Authority takes no responsibility for the form or content or for the adequacy of the respective Continuing Disclosure Certificates for KB HOME Sacramento or Tri Pointe for their intended purpose.

The obligations of KB HOME Sacramento and Tri Pointe under the respective Continuing Disclosure Certificate will terminate when the property within the Improvement Area owned by KB HOME Sacramento and Tri Pointe, respectively, is no longer obligated to pay 20% or more of the Special Taxes within the Improvement Area.



*KB HOME Sacramento Prior Continuing Disclosure Compliance:* KB HOME Sacramento's Sacramento Division will be responsible for compliance with KB HOME Sacramento's obligations under its Continuing Disclosure Certificate. KB HOME Sacramento represents that, based on a review of prior continuing disclosure compliance obligations in northern California, except as described in the following paragraph, the Sacramento Division of KB HOME Sacramento has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities districts in northern California within the past five years.

However, in connection with the phased acquisition of lots from the master developer of property within California Statewide Communities Development Authority Community Facilities District No. 2015-01, Improvement Area No. 2 (University District) ("CSCDA CFD No. 2015-01, IA No. 2"), KB HOME South Bay Inc. ("KB South Bay") executed a Continuing Disclosure Certificate – Developer, dated December 18, 2017, with respect to the initial acquisition of 30 lots within CSCDA CFD No. 2015-01, IA No. 2, a Continuing Disclosure Certificate – Developer, dated June 14, 2018, with respect to a second acquisition of 30 additional lots within CSCDA CFD No. 2015-01, IA No. 2, a Continuing Disclosure Certificate – Developer, dated October 16, 2018, with respect to a third acquisition of 47 additional lots within CSCDA CFD No. 2015-01, IA No. 2 and a Continuing Disclosure Certificate – Developer, dated December 21, 2018, with respect to a fourth acquisition of 57 additional lots within CSCDA CFD No. 2015-01, IA No. 2 (each, a "CDC" and, collectively, the "CDCs"). Each CDC required the filing of an Annual Report by December 15 of each year with respect to the property referenced in the applicable CDC unless the obligation had previously terminated. KB South Bay believed that its reporting obligation pursuant to each of the first three CDCs terminated prior to the December 15, 2018 Annual Report date because the property referenced in each such CDC was not responsible for 20% or more of the special taxes within CSCDA CFD No. 2015-01, IA No. 2. Consequently, KB South Bay did not file such Annual Report. KB South Bay filed a Notice of Termination of its obligations under all of the CDCs on EMMA on November 13, 2019. [KB HOME TO CONFIRM its April 1<sup>st</sup> report for West Patterson Financing Authority CFD 2018-1 (Villages of Patterson) Special Tax Bonds Series 2021 and March 31<sup>st</sup> report for County of Placer CFD 2017-1 (Riolo Vineyard Specific Plan) IA 1 are timely filed.]

*Tri Pointe Prior Continuing Disclosure Compliance:* Tri Pointe's Sacramento Division will be responsible for compliance with Tri Pointe's obligations under its Continuing Disclosure Certificate. Tri Pointe represents that, based on a review of prior continuing disclosure compliance obligations in northern California, the Sacramento Division of Tri Pointe has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities districts in northern California within the past five years.

#### MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Authority, the District and the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City or the District since the date hereof.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of such documents and reports are available

for inspection at the office of the Finance Director, City of Folsom, City Hall, 50 Natoma Street, Folsom, California 95630.

The execution and delivery of the Official Statement by the Authority and the District has been duly authorized by the Board of Directors of the Authority and the City Council, respectively.

**FOLSOM RANCH FINANCING AUTHORITY**

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

**CITY OF FOLSOM COMMUNITY FACILITIES  
DISTRICT NO. 23 (FOLSOM RANCH)**

By: \_\_\_\_\_  
City of Folsom Finance Director

**APPENDIX A**

**RATE, METHOD OF APPORTIONMENT AND MANNER OF  
COLLECTION OF SPECIAL TAX**

## APPENDIX B

### ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF FOLSOM

*This Appendix contains certain economic and demographic information relating to the City. Neither the faith and credit nor the taxing power of the City, the Authority, the State of California or any political subdivision thereof is pledged to the payment of the Bonds. Except for the Trust Estate, no other revenues or taxes are pledged to the payment of the Bonds. The Bonds are not general obligations of the Authority, the District or the City but are limited obligations of the Authority payable solely from the Trust Estate, derived primarily from payments on the Local Obligations from the payment of the Special Taxes levied within the District, as more fully described in the Official Statement to which this Appendix is appended. The information set forth herein that has been obtained from sources other than the City is believed to be reliable, but such information is not guaranteed as to accuracy or completeness. Statements contained herein that involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. Information contained in this Appendix B is presented as general background data. The taxing power of the City, the State of California, or any political subdivision thereof is not pledged to the payment of the Bonds.*

#### **General**

The City is located in the eastern portion of Sacramento County (the “County”), approximately 110 miles northeast of San Francisco and 20 miles east of Sacramento. The City is located along the eastern end of the Highway 50 corridor in an area of the Sacramento Valley that has experienced considerable growth over the past 30 years.

#### **City Government**

The City was incorporated in 1946 and chartered in 1990. The City’s primary governing body is the City Council, composed of five members who are elected at large and who serve four-year terms. The council members choose a mayor and vice mayor from among their members. Current City Council members are:

<u>Member</u>	<u>Term Expires</u>
Kerri Howell (Mayor)	11/2022
Rosario Rodriguez (Vice Mayor)	11/2024
Sarah Aquino	11/2022
YK Chalamcherla	11/2024
Mike Kozlowski	11/2022

The City operates under a Council-Manager form of government. The City Manager is responsible for daily administration of City affairs. Elaine Andersen has served as City Manager since 2018. The City Manager is appointed by and serves at the will of the City Council. The City Manager is responsible for implementation of City Council policy, enforcement of City laws and ordinances, appointment and discipline of City officers and employees, oversight of City departments, preparation and submission of the City budget to the City Council, and other related functions.

#### **City Budget Process**

The City’s annual budget is adopted by the City Council on or before the last working day of June. If the City Council fails to adopt a budget by such date, the budget proposed by the City Manager

shall be deemed adopted. The City Manager may transfer moneys between departments and divisions, and programs and accounts within departments and divisions, but only the City Council may by resolution transfer moneys between funds and from un-appropriated balances or fund balances to any fund or appropriation account. The City Council adopted the Fiscal Year 2021-22 budget on May 11, 2021.

Budget information is adopted on an annual basis for the General Fund, special revenue funds and debt service funds. The budget is adopted on a project length basis for capital projects funds. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- A. Department heads prepare a budget request based upon the previous year's expenditures.
- B. Meetings are held between the department heads, the Chief Financial Officer and City Manager for the purpose of reviewing and prioritizing budget requests.
- C. The City Manager submits the proposed city budget to the City Council, who makes decisions regarding department budgets.
- D. Transfers between funds and changes in the total budget must be approved by the City Council.

Budget information is presented for the General Fund, Successor to the Redevelopment Agency, Special Revenue Funds, Capital Projects Funds, Proprietary Funds and Internal Service Fund as required supplementary information. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations and unexpended grant appropriations, lapse at the end of each fiscal year.

Revenues and expenditures relating to the City's general governmental operations are budgeted and accounted for in the City's General Fund, including public safety, highways and streets, health and welfare and culture and recreation. General taxes and fees support most of these activities. The City's Fiscal Year 2021-22 adopted budget includes over \$220.2 million in expenditures across all funds. Of this amount, approximately \$92.5 million was allocated to the General Fund of the City.

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## Population

The historic population of the City, the County and the State is shown in the following table.

### City of Folsom, Sacramento County and State of California Population Estimates (As of January 1)

<u>Year</u>	<u>City of Folsom</u>	<u>Sacramento County</u>	<u>State of California</u>
1990 <sup>(1)</sup>	29,798	1,066,789	29,811,427
2000 <sup>(1)</sup>	51,884	1,223,499	33,871,648
2010 <sup>(1)</sup>	72,203	1,418,788	37,253,956
2016	76,260	1,495,620	39,103,587
2017	77,050	1,511,390	39,352,398
2018	77,598	1,525,099	39,519,535
2019	78,666	1,538,054	39,605,361
2020	81,106	1,553,157	39,648,938
2021	82,303	1,561,014	39,466,855

<sup>(1)</sup> Based on United States Census Bureau data as of April 1 in such year.

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2011-2021, with 2010 Census Benchmark, Sacramento, California, May 2021.

## Building Activity

Residential building activity for the past five calendar years for the City is shown in the following table.

### BUILDING PERMITS AND VALUATIONS City of Folsom 2017-2021

<u>Permit Valuation</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
New Single-Family	\$49,876,243	\$133,853,629	\$168,004,023	\$181,531,127	\$351,482,252
New Multi-Family	44,567,106	18,535,990	15,533,653	11,039,625	6,621,585
Res. Alterations/Additions	9,213,460	8,634,352	10,055,289	11,214,031	13,200,936
Res. Other	21,854,701	24,467,871	26,537,274	34,630,673	43,832,114
Total Residential <sup>(1)</sup>	\$125,511,510	\$185,491,842	\$220,130,239	\$238,415,456	\$415,136,887
New Commercial	\$1,440,277	\$735,936	\$1,384,871	\$230,698	\$570,954
New Industrial	3,374,395	--	--	--	--
Comm./Ind.	21,432,333	19,013,485	26,361,400	10,117,261	11,622,910
Alterations/Additions					
Other Comm./Ind.	14,023,780	9,171,404	14,185,636	2,011,887	9,611,894
Total Non-Residential <sup>(1)</sup>	\$40,270,785	\$28,920,825	\$41,931,907	\$12,359,846	\$21,805,758

<sup>(1)</sup> Totals may not add to sum because of rounding.

Source: City of Folsom.

**Employment**

The table below reflects recent employment information for the City’s largest employers for the fiscal year ended June 30, 2021.

**PRINCIPAL EMPLOYERS  
City of Folsom  
Fiscal Year 2020-21**

<u>Business Name</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Intel Corporation	5,992	16.11%
California State Prison	1,547	4.16
Folsom Cordova Unified School District <sup>(1)</sup>	1,198	3.22
Folsom State Prison	1,002	2.69
Mercy Hospital of Folsom	732	1.97
California Independent System Operator	639	1.72
City of Folsom	452	1.22
SAFE Credit Union <sup>(2)</sup>	378	1.02
Micron Technology, Inc.	372	1.00
Costco Wholesale	<u>350</u>	<u>0.94</u>
Total Top Employers	12,662	34.04%
Total Labor Force <sup>(3)</sup>	37,200	100.00%

<sup>(1)</sup> Includes both certified and classified employees in Folsom only.

<sup>(2)</sup> Includes both the corporate and Folsom branch.

<sup>(3)</sup> Total Folsom labor force provided by EDD Labor Force Data.

Source: MuniServices, LLC/ Avenu Insights & Analytics

The unemployment rate in the Sacramento—Roseville—Arden-Arcade, CA Metropolitan Statistical Area (“Sacramento MSA”), which includes Sacramento, Placer, El Dorado, and Yolo Counties, was approximately 6.2% in 2021, down from the 2020 estimate of approximately 8.7%. This compares with an unadjusted unemployment rate of 7.3% for California and 5.3% for the nation during the same period. The unemployment rate was 5.7% in El Dorado County, 5.0% in Placer County, 7.0% in Sacramento County and 5.8% in Yolo County for 2021.

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The table below provides information about employment rates and employment by industry type for the Sacramento MSA for calendar years 2017 through 2021.

**Sacramento—Roseville—Arden-Arcade, CA Metropolitan Statistical Area  
Labor Force, Employment and Unemployment Yearly Average<sup>(1)</sup>**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Civilian Labor Force <sup>(2)</sup>	1,074,000	1,088,300	1,100,800	1,091,700	1,099,300
Employment	1,024,800	1,046,900	1,060,300	994,000	1,028,800
Unemployment	49,200	41,500	40,500	97,700	70,500
Unemployment Rate	4.6%	3.8%	3.7%	9.0%	6.4%
<u>Wage and Salary Employment <sup>(3)</sup></u>					
Total Farm	9,800	9,100	8,700	8,300	9,000
Mining and Logging	400	500	500	600	700
Construction	58,700	64,500	69,400	70,200	74,100
Manufacturing	35,700	36,000	36,800	36,100	37,500
Wholesale Trade	26,500	28,400	28,600	26,500	26,400
Retail Trade	101,400	102,000	100,500	95,200	101,100
Transportation, Warehousing and Utilities	27,400	29,500	32,200	34,300	37,100
Information	12,600	12,400	11,900	10,200	10,000
Finance and Insurance	37,400	36,700	35,200	34,800	34,300
Real Estate and Rental and Leasing	15,200	16,800	17,300	16,900	17,400
Professional and Business Services	132,400	136,000	137,200	132,500	136,700
Educational and Health Services	153,600	159,800	166,600	164,000	168,400
Leisure and Hospitality	103,300	106,200	109,600	83,900	92,800
Other Services	33,000	34,200	35,400	31,000	32,600
Federal Government	14,200	14,100	14,200	14,800	14,500
State Government	118,400	120,400	121,900	121,700	126,800
Local Government	<u>102,600</u>	<u>103,500</u>	<u>105,300</u>	<u>98,900</u>	<u>98,000</u>
Total, All Industries <sup>(4)</sup>	982,500	1,009,900	1,031,300	979,700	1,017,200

<sup>(1)</sup> Data not adjusted for seasonality.

<sup>(2)</sup> Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

<sup>(3)</sup> Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

<sup>(4)</sup> Data may not add due to rounding.

Source: State of California Employment Development Department.

### Retirement Programs

**General.** The City contributes to two plans in the California Public Employees’ Retirement System (“CalPERS”). The safety plan covers all of the City’s full-time sworn uniformed fire employees, sworn uniformed police employees, and all chiefs in both departments. The miscellaneous plan covers all remaining eligible employees.

As of June 30, 2020, the date of the most recent actuarial study report, the safety plan and the miscellaneous plan were 61.9% funded and 64.1% funded, respectively. For the safety plan, the actuarial accrued liability was \$224.7 million and the market value of assets was \$139.1 million, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$85.6 million. For the miscellaneous plan, the actuarial accrued liability was \$252.2 million and the market value of assets was \$161.7 million, resulting in a UAAL of \$90.5 million.

For the year ended June 30, 2021, the City’s annual pension cost of \$8,506,647 for the safety plan and \$9,775,127 for the miscellaneous plan were equal to the City’s required contributions. Based on the City’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021 (the “Fiscal Year 2021 CAFR”), the three-year trend information for the safety and miscellaneous plans combined is as follows:

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (“APC”)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2019	\$14,319,476	100%	–
6/30/2020	17,445,069	100%	–
6/30/2021	18,281,774	100%	–

**Other Post-Employment Benefits.** In 2004, the Government Accounting Standards Board (“GASB”) issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions (“GASB 45”). GASB 45 requires governmental agencies to change their accounting for Other Post-Employment Benefits (“OPEB”) from a pay-as-you-go to an accrual basis. The City has implemented the requirements of GASB 45, including financial statement reporting and disclosure requirements. Among other things, employers that participate in single-employer or agent multiple-employer defined benefit OPEB plans are required to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting. Annual OPEB cost is equal to the employer’s annual required contribution to the plan, with certain adjustments. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. An employer’s net OPEB obligation is defined as the cumulative difference between annual OPEB cost and the employer’s contributions to a plan.

The City sponsors and administers a single-employer defined benefit post-employment healthcare plan (the “Healthcare Plan”) to provide healthcare insurance benefits to eligible retired employees and their dependents. The City pre-funds the Healthcare Plan through a Futuris Public Entity Investment Trust and a Retirement Board of Authority made up of the Mayor, one at large City Council member, the City Manager, the Finance Director, and the Human Resources Director. The Retirement Board of Authority delegated authority of the trust to the Benefit Trust Company. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. For Fiscal Year 2022, the City contributed \$500,000 to the plan for current premiums.

For more information regarding the City’s OPEB liabilities, see note 12 to the City’s Fiscal Year 2021 CAFR.

## **Capital Improvement Program**

The City's Capital Improvement Program ("CIP") is a multi-year plan that forecasts spending for all anticipated capital projects and is considered to be the link between the City's development and financing planning process. CIP funding comes mainly from impact fees and a number of other special revenue funds, as well as grants and loans. Within each program category, the City identifies resources that it will commit to priority capital projects. CIP costs include both one-time expenses and recurring expenses related to capital rehabilitation. The City's CIP for Fiscal Year 2022 is approved at \$72.8 million, which is approximately 76.7% more than the City's approved CIP for Fiscal Year 2021 of \$41.2 million.

## **Investment Policy**

The City's Investment Policy is codified in Section 3.30.030 of the City of Folsom Municipal Code and is set forth below:

It is the primary duty of the city officers having responsibility for investing city moneys to protect, preserve and maintain cash and investments placed in their trust on behalf of the citizens of the city. To that end, those investment officers shall comply with the following guidelines and procedures:

- A. Interest yield on investments shall be secondary to the basic requirements of safety and liquidity of moneys.
- B. The city investment portfolio shall be designed to equal or exceed the rate of return of the state's local agency investment fund (LAIF) throughout budgetary and economic cycles, taking into account the city's risk constraints, cash flow characteristics of the investment portfolio, this chapter, this code and state law.
- C. The city investment portfolio shall be diversified to minimize risks regarding specific security types or individual financial institutions.
- D. All city investment officers shall adhere to the guidance provided by the "prudent investor standard" as set out in the California Government Code Section 53600.3.
- E. All participants in the investment process shall act as custodians of the public trust. Investment officers shall recognize that the investment portfolio is subject to public review and evaluation.
- F. The city's chief investment officer shall quarterly submit an investment report to the city council, which report shall include all required elements as prescribed by California Government Code Section 53646. The city's chief investment officer shall monthly submit a report of transactions to the city council as prescribed in California Government Code Section 53607. In both instances the city chief investment officer may include such other information as deemed appropriate.
- G. The finance director shall develop a system of internal controls over investments, which control system shall be documented in writing according to California Debt and Investment Advisory Commission guidelines. The system shall be designed to prevent losses of public moneys arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by city employees or officers.

- H. Financial institutions in which the city has investments shall be monitored as to financial condition throughout the period in which the city has moneys deposited or invested, to assure that the condition of the institution does not materially deteriorate so as to risk the city's investments.
- I. A statement of investment policy shall be developed, and changes to the policy submitted to the city council as needed.
- J. Security purchases and holdings shall be maintained within the limits permitted by the City Charter, this chapter and the California Government Code, whichever is the most restrictive both as to percentages of the total investment portfolio which might be invested in the various types of securities and as to the maximum length of maturity.

The following table shows the type of investments and other information on the portfolio as of June 30, 2021.

**CITY OF FOLSOM  
PORTFOLIO SUMMARY  
As of June 30, 2021**

<b>Investments by Fair Value Level</b>	<b>Balance</b>
<b>City Pooled Investments</b>	
Certificate of Deposit	\$8,138,000
Corporate Notes	13,547,590
Municipal Obligations (City)	38,737,190
Municipal Obligations (FRFA)	133,397,944
Municipal Obligations (FPFA)	48,061,731
Federal Home Loan Bank	2,000,000
 <b>Investments Not Measured at Fair Value or Subject to Fair Value Hierarchy</b>	
Local Agency Investment Funds	114,965,257
Money Market Mutual Funds	<u>3,345,638</u>
Total Investments Not Measured at Fair Value or Subject to Fair Value Hierarchy	<u>118,310,895</u>
 <b>Total City's Pooled Investments</b>	 <u>362,193,350</u>
 <b>Investments Held with Fiscal Agent Not Measured at Fair Value</b>	
JPA (CAMP)	203,279
Money Market Mutual Funds	<u>19,602,104</u>
 <b>Investments Held with Fiscal Agent by Fair Value Level</b>	
OPEB Plan Investments – Mutual Funds	9,116,721
Total Investments Held with Fiscal Agents	<u>28,922,104</u>
 <b>Total Investments</b>	 <u><b>\$391,115,454</b></u>

Source: City of Folsom.

## Insurance, Risk Pooling and Joint Powers Arrangements

The City participates in pooled insurance programs offered by the Northern California Cities Self Insurance Fund (“NCCSIF”), a joint powers agency that provides the City with a shared risk layer of coverage above its self-insured \$100,000 retention for liability and workers’ compensation. NCCSIF also provides claims servicing to the City for its banking layer, which represents the City’s self-insurance. NCCSIF consists of 18 member cities, all located within California, and is governed by a board of directors appointed by the member cities. It provides pooled claims processing administrative services, risk management services, and actuarial studies. The City’s deposit for the fiscal year ended June 30, 2021, was \$2,852,642, and for the fiscal year ended June 30, 2020, was \$3,978,049. For the Fiscal Year ended June 30, 2021, NCCSIF had net assets of \$23,979,056 and a net loss of \$566,837.

## Sales Taxes

The following table shows taxable transactions in the City during calendar years 2016 through 2020 and through the third quarter of 2021.

**TAXABLE SALES**  
**City of Folsom**  
**2016-2021<sup>(1)</sup>**  
**(in Thousands)**

<i>Year</i>	<i>Retail Permits</i>	<i>Retail and Food Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2016	1,588	\$1,595,641	2,404	\$1,828,059
2017	1,614	1,663,432	2,459	1,944,041
2018	1,593	1,721,452	2,501	1,983,797
2019	1,616	1,741,755	2,602	2,093,411
2020	1,652	1,579,786	2,741	1,795,390
2021 <sup>(1)</sup>	1,598	1,380,939	2,637	1,538,688

<sup>(1)</sup> Through the third quarter of 2021.

Source: City of Folsom.

## Community Facilities

The four-county Sacramento Metropolitan Area offers multiple parks, playgrounds, theaters and golf courses. Recreational activities offered along the American and Sacramento Rivers include fishing, swimming, boating, biking, horseback riding and hiking. Varied cultural opportunities include art galleries and museums, two major symphonies, three ballet companies, scores of movie theaters showing first run films and many theater groups offering live stage plays. In February 2011, the \$50 million performing arts complex Harris Center – Three Stages at Folsom Lake College opened. The state of the art facility is one of the largest college performing arts centers in the state and hosts theatre, symphonies, and ballets.

Media outlets in the four-county area consist of more than 30 newspapers, nine television stations (four network, four independent, one public) and 30 radio stations.

## **Education**

The Folsom-Cordova Unified School District operates schools both in the City and in the Sacramento suburb of Rancho Cordova, which borders the City to the west. In the City, the school district now has three high schools, two middle schools, and ten elementary schools.

Institutions of higher learning situated in the Sacramento area include California State University, Sacramento, and the University of California at Davis, which includes a medical school and law school. Private universities, such as William Jessup University, the University of Sacramento, and National University also have campuses in the Sacramento region. Other institutions include the McGeorge School of Law (University of the Pacific), and extensions and satellites of schools such as the University of Southern California, University of San Francisco, Golden Gate University, and Drexel University among others. There are a number of Community Colleges in the region, including Folsom Lake College. In addition to the main campus located within the City, the Folsom Lake College operates the El Dorado and Rancho Cordova centers and enrolls more than 8,000 students.

## **Utilities**

The City's water treatment plant produces and delivers high-quality drinking water, supplying water to the portion of the City south of the American River. The Water Division of the City's Environmental and Water Resources Department inspects and maintains, as of December 31, 2021, the 376 miles of water mains, 23,186 service connections and 3,800 fire hydrants. The City also provides sewage collection services for the entire City. The Sewer Division of the City's Environmental and Water Resources Department inspects and maintains, as of December 31, 2021, the 274 miles of pipeline, 109 miles of sewer laterals, 17 pump stations, and 24,270 service connections. Sewage treatment is provided by the Sacramento Regional County Sanitation District.

The City also provides solid waste collection services. The Solid Waste Division of the City's Public Works Department operates a fleet of solid waste vehicles for collection, as well as providing recycling, household hazardous waste pickup and disposal, and neighborhood clean-up services for the entire City.

**APPENDIX C**

**SUMMARY OF PRINCIPAL DOCUMENTS**

## APPENDIX D

### FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

#### DISTRICT CONTINUING DISCLOSURE CERTIFICATE

THIS DISTRICT CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”), dated as of \_\_\_\_\_, 2022, is executed and delivered by the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “District”) relative to the Folsom Ranch Financing Authority (the “Authority”) in connection with the issuance by the Authority of the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement (the “Trust Agreement”), among the District, the Authority and U.S. Bank Trust Company, National Association (the “Trustee”). The District covenants and agrees as follows.

**SECTION 1. Purpose of the Disclosure Certificate.** The Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

“Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

“Annual Report Date” means the date in each year that is nine months after the end of the District’s fiscal year, which date, as of the date of this Disclosure Certificate, is April 1.

“Dissemination Agent” shall mean NBS, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“EMMA System” means the MSRB’s Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

“Financial Obligation” means, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(7), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include Municipal Securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” means any of the events listed in subsection (a) of Section 5 hereof.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto.

“Official Statement” means the Official Statement, dated \_\_\_\_\_, 2022, relating to the Bonds.

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



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

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 hereof, not later than the Annual Report Date, commencing with the report for the 2021-22 Fiscal Year. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the District’s fiscal year changes, it shall, or shall instruct the Dissemination Agent to, give notice of such change in the same manner as for a Listed Event under subsection (e) of Section 5 hereof. The first Annual Report may include the filing of or reference to the Official Statement. The first Annual Report may include the filing of or reference to the Official Statement.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent.

(c) If the Dissemination Agent is other than the District, then not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent. If the District is unable to provide the Annual Report to the MSRB by the Annual Report Date, the District shall send a notice to the MSRB in substantially the form attached as Exhibit A to the Disclosure Certificate.

(d) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was so provided.

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

(a) The District’s audited financial statements, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 3 hereof, the Annual Report shall contain unaudited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available. If the District’s financial statement is included or consolidated with the financial statement for the City of Folsom (the “City”), then the District shall file the City’s audited financial statements as its own.

(b) The following information:

(i) The principal amount of Bonds and any bonds secured by Additional Local Obligations (as defined in the Official Statement) Outstanding as of the December 31 next

preceding the Annual Report Date along with debt service schedules for the Bonds and any bonds secured by Additional Local Obligations (as defined in the Official Statement) Outstanding as of such date;

(ii) The balance in each reserve account for the Local Obligations, and a statement of the required bond reserve amount, as of the December 31 next preceding the Annual Report Date;

(iii) The total assessed value of all parcels within the Improvement Area on which the Special Taxes are levied, as shown on the assessment roll of the Sacramento County Assessor last equalized prior to the December 31 next preceding the Annual Report Date, and a statement of assessed value-to-lien ratios therefor based on special tax and assessment debt, either by individual parcel or by categories (e.g., "below 3:1," "3:1 to 4:1" etc.);

(iv) The Special Tax delinquency rate for the Improvement Area as of the December 31 next preceding the Annual Report Date; the number of parcels within the Improvement Area delinquent in payment of special taxes as of the December 31 next preceding the Annual Report Date; the amount of each delinquency; the length of time delinquent and the date on which foreclosure was commenced, or similar information pertaining to delinquencies deemed appropriate by the District; provided, however, that parcels with aggregate delinquencies of \$1,000 or less (excluding penalties and interest) may be grouped together and such information may be provided by category;

(v) The status of foreclosure proceedings and a summary of the results of any foreclosure sales in the Improvement Area as of the December 31 next preceding the Annual Report Date;

(vi) The identity of any property owner, representing more than 5% of the Special Tax levy, delinquent in payment of special taxes as of the December 31 next preceding the Annual Report Date;

(vii) All tentative and final maps approved and/or recorded within the Improvement Area, describing the gross acres, the planned commercial acres and the number and type of planned residential dwelling units;

(viii) The number of new building permits issued and a description of the purpose of such permits (e.g., new single-family, new multi-family, new commercial, new industrial);

(ix) A land ownership summary listing the top ten Special Tax payers for the Improvement Area, as shown on the assessment roll of the Sacramento County Assessor last equalized prior to the December 31 next preceding the Annual Report Date; and

(x) For the current Fiscal Year, the amount of the Effective Tax Rate Evaluation Maximum Facilities Special Tax, the Maximum Special Tax, the actual Facilities Special Tax levied within the Improvement Area and the actual Special Tax levied within the Improvement Area, with such amounts reported separately for Developed Property, Small Lot Final Map Property and Large Lot Property; provided, however, that once all Taxable Property within the Improvement Area is Developed Property, the Maximum Special Tax and the actual Facilities Special Tax and the actual Special Tax levied may each be shown on an aggregate basis in the Annual Report. For the purposes of this subparagraph (x), all capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Rate and Method of Apportionment for the Improvement Area.

In addition to any of the information expressly required to be provided under this Section, as set forth above, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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 District or related public entities, which have been submitted to the MSRB through the EMMA System. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the District shall give notice, or cause notice to be given, not less than ten Business Days after the occurrence of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) 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-exempt status of the security.

- (vi) Defeasances.
- (vii) Tender offers.
- (viii) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (ix) Rating changes.

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial Obligation of the District, any of which reflect financial difficulties.

(b) The District shall give notice, or cause notice to be given, not less than ten Business Days after the occurrence of any of the following events with respect to the Bonds, if material:

(i) Modifications to rights of Bond holders.

(ii) Bond calls.

(iii) Release, substitution or sale of property securing repayment of the Bonds.

(iv) Non-payment related defaults.

(v) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vi) Appointment of a successor or additional trustee or the change of name of a trustee.

(vii) Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or similar terms of a Financial Obligation of the District, any of which affect Bondholders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event described in subsection (b) above, the District shall determine if such event would be material under applicable federal securities laws.

(d) If the District learns of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable federal securities laws, the District shall notify the Dissemination Agent thereof in writing and instruct the Dissemination Agent to report the occurrence pursuant to subsection (e) of this Section. If in response to a request under subsection (b) of this Section, the District determines that the Listed Event would not be material under applicable Federal securities law, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e) of this Section.

(e) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through the EMMA System. Notwithstanding the foregoing, notice of Listed Events described in paragraph (vii) of subsection (a) of this Section and paragraph (ii) of subsection (b) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Trust Agreement.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give

notice of such termination in the same manner as for a Listed Event under subsection (e) of Section 5 hereof.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to the Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 3 hereof, Section 4 hereof or subsections (a) and (b) of Section 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

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

If an amendment is made to 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 shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial statements or information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be given in the same manner as for a Listed Event under subsection (e) of Section 5 hereof.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure

Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of outstanding Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under the Disclosure Certificate in the event of any failure of the District to comply with the Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee under the Trust Agreement. The Dissemination Agent shall not be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the District has executed this Disclosure Certificate as of the date first above written.

**CITY OF FOLSOM COMMUNITY  
FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)**

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

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Folsom Ranch Financing Authority  
Name of Issue: Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022  
Date of Issuance: \_\_\_\_\_, 2022

NOTICE IS HEREBY GIVEN that the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated \_\_\_\_\_, 2022, executed by the District for the benefit of the Holders and Beneficial Owners of the above-referenced bonds. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

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

**CITY OF FOLSOM COMMUNITY  
FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)**

By: \_\_\_\_\_  
Finance Director of the City of Folsom

## CONTINUING DISCLOSURE CERTIFICATE – HOME BUILDER

This Continuing Disclosure Certificate – Home Builder (the “Disclosure Certificate”) dated as of \_\_\_\_\_, 2022, is executed and delivered by [KB HOME Sacramento Inc./Tri Pointe Homes Holdings, Inc.] (the “Developer”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of May 1, 2022 (the “Trust Agreement”), among the Folsom Ranch Financing Authority (the “Issuer”), the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “District”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Developer for the benefit of the holders and beneficial owners of the Bonds. The Developer acknowledges that the Issuer and the District have undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Certificate, and has no liability to any person, including any holder or beneficial owner of the Bonds, with respect to this Disclosure Certificate.

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

“Affiliate” of another Person means (a) any Person directly or indirectly owning, controlling, or holding with power to vote, 50% or more of the outstanding voting securities of such other Person, (b) any Person 50% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person, and (c) any Person directly or indirectly controlling, controlled by, or under common control with, such other Person; for purposes hereof, control means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person.

“Assumption Agreement” means an agreement containing terms substantially similar to this Disclosure Certificate, whereby a Major Developer agrees to provide Semi-Annual Reports and notices of significant events with respect to the portion of the Property owned by such Major Developer and its Affiliates, and with respect to the improvements or payments necessary to cause the Planned Development Stage to be reached that such Major Developer, or an Affiliate thereof, intends or is obligated (contractually or otherwise) to make or cause to be made.

“Bonds” means the \$\_\_\_\_\_ Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022.

“Developer” means [KB HOME Sacramento Inc./Tri Pointe Homes Holdings, Inc.].

“Development Plan” means with respect to a Major Developer, the specific improvements such Major Developer intends to make, or cause to be made, in order for the Planned Development Stage to be reached, and the time frame in which such improvements are intended to be made; the Developer’s Development Plan, as of the date hereof, is described in the Official Statement under the caption [KB Home Sacramento: “PROPOSED PROPERTY DEVELOPMENT—Development Plan and Status of Development—KB HOME Sacramento”/Tri Pointe: “PROPOSED PROPERTY DEVELOPMENT—Development Plan and Status of Development—Tri Pointe.”]



“Disclosure Certificate” means this Disclosure Certificate as the same may be amended from time to time.

“Dissemination Agent” means initially, the Developer, and any successor Dissemination Agent designated in writing by the Developer and which has filed with the District a written acceptance of such designation.

“District” means City of Folsom Community Facilities District No. 23 (Folsom Ranch), as the same may be modified by the City Council of the City from time to time.

“Event of Bankruptcy” means, with respect to a Person, that such Person files a petition or institutes a proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby such Person asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of such Person’s debts or obligations, or offers to such Person’s creditors to effect a composition or extension of time to pay such Person’s debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of such Person’s debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character is filed or instituted or taken against such Person, or if a receiver of the business or of the property or assets of such Person is appointed by any court, or if such Person makes a general assignment for the benefit of such Person’s creditors.

“Financing Plan” means, with respect to a Major Developer, the method by which such Major Developer intends to finance its Development Plan, including specific sources of funding for such Development Plan; the Developer’s Financing Plan, as of the date hereof, is described in the Official Statement under the caption [KB HOME Sacramento: “PROPOSED PROPERTY DEVELOPMENT – Development Plans of Finance – *KB HOME Sacramento Plan of Finance*”/Tri Pointe: “PROPOSED PROPERTY DEVELOPMENT – Development Plans of Finance – *Tri Pointe Plan of Finance*.”]

“Improvement Area” means Improvement Area No. 1 of the District.

“Listed Event” means any of the events listed in Section 5 hereof.

“Major Developer” means any property owner, which owns (itself or through Affiliates) Taxable Property that is responsible in the aggregate for 20% or more of the Special Taxes levied on all of the Taxable Property for the then current Fiscal Year.

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

“Official Statement” means the final, executed Official Statement relating to the Bonds.

“Participating Underwriter” shall mean Piper Sandler & Co., the original underwriter of the Bonds.

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

“Planned Development Stage” means, with respect to any portion of the Property, the stage of development at which such portion of the Property is ready to be presented to the marketplace as a finished residential unit.

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

“Semiannual Report” shall mean any Semiannual Report provided by the Developer on or prior to March 31 and September 30 of each year, commencing with the Semiannual Report due March 31, 2021, pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Special Taxes” means the special taxes levied on the Taxable Property within the Improvement Area.

“State” shall mean the State of California.

“Taxable Property” means the real property within the boundaries of the Improvement Area that is not exempt from the Special Taxes authorized to be levied in the Improvement Area.

“Trust Agreement” means the Trust Agreement, dated as of May 1, 2022, among the Issuer, the District and the Trustee, and as further amended and supplemented from time to time.

“Trustee” means U.S. Bank Trust Company, National Association, as trustee under the Trust Agreement, or any successor as trustee.

**SECTION 3. Provision of Semiannual Reports.** So long as the Developer’s obligations hereunder have not been terminated pursuant to Section 7, the Developer shall provide to the MSRB and the District a Semiannual Report which is consistent with the requirements of Section 4, not later than March 31 and September 30 of each year, commencing September 30, 2022. If, in any year, March 31 or September 30 falls on a Saturday, Sunday or holiday, such deadline shall be extended to the next following business day. The Semiannual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Sections 4 or 5 hereof.

**SECTION 4. Content of Semiannual Reports.** The Developer’s Semiannual Report shall contain or incorporate by reference the following information:

(a) If information regarding such Major Developer has not previously been included in a Semiannual Report or in the Official Statement, the Development Plan and Financing Plan of such Major Developer or, if information regarding such Major Developer has previously been included in a Semiannual Report or in the Official Statement, a description of the progress made in the Development Plan of such Major Developer since the date of such information and a description of any significant changes in such Development Plan and the Financing Plan and the causes or rationale for such changes.

(b) Identification of the conveyance by the Developer of any portion of its Taxable Property that is responsible in the aggregate for 20% or more of the Special Taxes levied on all of the Taxable Property within the Improvement Area to an entity that is not an Affiliate since the Official Statement or a more recent Semiannual Report.

(c) The number of building permits issued with respect to such Major Developer's Taxable Property during the six-month period ending on December 31 and June 30 for the respective Semiannual Report date.

(d) The number of lots that have not reached the Planned Development Stage sold within the Taxable Property owned by the Developer since the date of the Official Statement or a more recent Semiannual Report, and, if any such lots were sold to a Major Developer, the identity of the Major Developer.

(e) The number of finished homes sold and conveyed to individual homeowners by the Developer in the Improvement Area during the six-month period ending on December 31 and June 30 for the respective Semiannual Report date.

(f) Any material amendments to land use entitlements for Taxable Property of the Developer, if such amendments would prevent or significantly delay the implementation of the Developer's Development Plan as described in the Official Statement or in any previous Semiannual Report.

The Developer's Semiannual Reports required to be provided under Section 4 hereof must be filed in accordance with Section 3.

SECTION 5. Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Developer shall promptly give, or cause to be given, notice of the occurrence of any of the following events with respect to the Developer:

(a) Any failure of the Developer, or any Affiliate of the Developer, to pay by the date due general property taxes or assessments due with respect to its Taxable Property, to the extent such failure is not promptly cured by the Developer upon discovery thereof.

(b) Any denial or termination of credit, any denial or termination of, or default under, any line of credit or loan or any other loss of a source of funds that could have a material adverse effect on the Developer's most recently disclosed Financing Plan or Development Plan or on the ability of the Developer, or any Affiliate of the Developer owning any Taxable Property, to pay any Special Taxes with respect to its Taxable Property when due.

(c) The occurrence of an Event of Bankruptcy with respect to the Developer, or any Affiliate, that could have a material adverse effect on the Developer's most recently disclosed Financing Plan or Development Plan or on the ability of the Developer, or any Affiliate of the Developer owning any Taxable Property, to pay Special Taxes with respect to its Taxable Property when due.

(d) Any previously undisclosed governmentally-imposed preconditions to commencement or continuation of development on the Developer's Taxable Property, if such preconditions would prevent or significantly delay the Developer's Development Plan as described in the Official Statement or in any previous Semiannual Report.

(e) Any previously undisclosed legislative, administrative or judicial challenges to development on the Developer's Taxable Property, if such challenges would prevent or significantly delay the Developer's Development Plan as described in the Official Statement or in any previous Semiannual Report.

Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall promptly report the occurrence of the Listed Event by filing a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 6. Assumption of Obligations. If any portion of the Taxable Property owned by the Developer, or any Affiliate of the Developer, is conveyed such that, upon such conveyance, such new owner will be a Major Developer, the obligations of the Developer under this Disclosure Certificate with respect to the Taxable Property transferred by the Developer shall be assumed by such Major Developer pursuant to an Assumption Agreement.

SECTION 7. Termination of Reporting Obligation. All of the Developer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. The Developer's obligations under this Disclosure Certificate shall terminate upon the earliest to occur of (a) the date on which the Developer is no longer a Major Developer, as defined herein, or (b) the date on which all of the Developer's obligations are assumed under one or more Assumption Agreements entered into pursuant to Section 6 hereof, or (c) the date on which all Special Taxes levied on the Taxable Property owned by the Developer and its Affiliates are paid or prepaid in full. Upon the occurrence of any such termination prior to the final maturity of the Bonds, the Developer shall give notice of such termination in the same manner as for a Listed Event under Section 5 hereof.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision hereof, the Developer may amend provisions of this Disclosure Certificate and any provision hereof may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3, 4 or 5 hereof, it may be made in connection with a change in circumstances that arises from a change in legal requirements, change in law; and

(b) The proposed amendment or waiver either (i) 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 (ii) does not, in the opinion of bond counsel approved by the District, materially impair the interests of the holders or beneficial owners of the Bonds.

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

SECTION 10. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Developer. The Developer shall be responsible for paying the fees and expenses of the Dissemination Agent.

SECTION 11. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may

be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Developer, the Participating Underwriter, the District and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other Person.

SECTION 13. Notices. Any notices or communications to the Developer and the other parties described herein may be given as set forth in Exhibit A hereto or such other address that shall be specified by the Developer or the other parties described herein from time to time.

SECTION 14. Governing Law. This Disclosure Certificate and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Certificate as of the day and year written above.

[KB HOME Sacramento Inc./Tri Pointe Homes Holdings,  
Inc.]

By: \_\_\_\_\_  
[ ]  
[ ]

**EXHIBIT A TO CONTINUING DISCLOSURE CERTIFICATE – HOME BUILDER**

Any notices or communications to the Developer or the other parties described in the Continuing Disclosure Certificate – Home Builder may be given as follows:

To the Developer: [KB HOME Sacramento Inc./Tri Pointe Homes Holdings, Inc.]  
[\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_]

To the Issuer: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Email: \_\_\_\_\_  
Phone: \_\_\_\_\_

To the Dissemination Agent: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Email: \_\_\_\_\_  
Phone: \_\_\_\_\_

To the Participating Underwriter: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Email: \_\_\_\_\_  
Phone: \_\_\_\_\_

**APPENDIX E**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

Folsom Ranch Financing Authority  
Folsom, California

Folsom Ranch Financing Authority  
City of Folsom Community Facilities District No. 23 (Folsom Ranch)  
Improvement Area No. 1  
Special Tax Revenue Bonds, Series 2022  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Folsom Ranch Financing Authority (the “Issuer”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “Bonds”), issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985 (constituting Article 4, Chapter 5, Division 7, Title 1 of the California Government Code) and a trust agreement, dated as of May 1, 2022 (the “Trust Agreement”), among the Issuer, the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Trust Agreement provides that the Bonds are issued for the stated purpose of enabling the Issuer to acquire certain local obligations to be issued by the Community Facilities District. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed and delivered by the Issuer, the Community Facilities District and the City of Folsom; opinions of counsel to the Issuer, the Community Facilities District and the Trustee; certificates of the Issuer, the Community Facilities District, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

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

events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities and community facilities districts in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated \_\_\_\_\_, 2022, or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute the valid and binding limited obligations of the Issuer.
2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, including the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in the Funds established pursuant to the Trust Agreement (except the Rebate Fund), subject 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.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,  
ORRICK, HERRINGTON & SUTCLIFFE LLP

per



## APPENDIX F

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of principal of, premium, if any, and interest on the Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Authority believes to be reliable, but the Authority does not take responsibility for the completeness or accuracy thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Principal, redemption price, and interest payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority on a payable date in accordance with their respective holdings shown on DTC 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 or its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to Cede & Co. (or such

other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE. ANY FAILURE OF CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

**APPENDIX G**

**APPRAISAL**

## **ATTACHMENT 6**

**CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX BONDS, SERIES 2022**

**LOCAL OBLIGATION PURCHASE CONTRACT**

[ \_\_\_\_\_ ], 2022

City of Folsom  
Community Facilities District No. 23  
(Folsom Ranch)  
City of Folsom, City Hall  
50 Natoma Street  
Folsom, California 95630

Ladies and Gentlemen:

The undersigned Folsom Ranch Financing Authority (the “Authority”) offers to enter into this Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) with you, the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”), which, upon acceptance, will be binding upon the Community Facilities District and the Authority; and except as otherwise provided herein, all capitalized terms used herein shall have the meanings attributed to them in the Indenture, dated as of October 1, 2020 (the “Original Indenture”), as supplemented by the First Supplemental Indenture, dated as of May 1, 2022 (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”), each between the Community Facilities District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”).

1. Purchase, Sale and Delivery of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations and agreements set forth herein, the Authority hereby agrees to purchase from the Community Facilities District, and the Community Facilities District hereby agrees to sell to the Authority, all (but not less than all) of the \$[ \_\_\_\_\_ ] aggregate principal amount of the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022 (the “Local Obligations”) issued under the Indenture, dated the date of their initial delivery, bearing interest payable on the dates and at the interest rates, and maturing on the dates and in the amounts and subject to the optional, extraordinary and mandatory redemption provisions, as set forth in Exhibit A attached hereto and incorporated herein.

The purchase price for the Local Obligations shall be \$[ \_\_\_\_\_ ], which

purchase price shall be paid from the proceeds of sale of the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022, issued under the Trust Agreement, dated as of May 1, 2022, by and among the Authority, the Community Facilities District and U.S. Bank Trust Company, National Association, as trustee (the "Trust Agreement"), which bonds issued under the Trust Agreement are referred to herein as the "Authority Bonds."

The Local Obligations shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indenture.

(b) At 8:30 a.m., California time, on [\_\_\_\_\_], 2022, or at such earlier or later time or date as shall be agreed by the Community Facilities District and the Authority (such time and date being herein referred to as the "Closing Date"), the Community Facilities District will deliver to the Authority at the offices of Orrick, Herrington & Sutcliffe LLP, Sacramento, California (or such other location as may be designated by the Authority and approved by the Community Facilities District) the Local Obligations in definitive forms, duly executed by the Community Facilities District and authenticated by the Trustee, and will deliver to the Authority the other documents herein mentioned; and the Authority will accept such delivery and pay the total purchase price of the Local Obligations as set forth in paragraph (a) of this section as provided in the Indenture (such delivery and payment being herein referred to as the "Closing").

2. Representations and Agreements of the Community Facilities District.  
The Community Facilities District represents to and agrees with the Authority that:

(a) The Community Facilities District is and will be at the Closing Date duly organized and existing as a community facilities district under and by virtue of the laws of the State of California, with full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by the Local Obligations, this Local Obligation Purchase Contract, the First Supplemental Indenture and the Trust Agreement (collectively, the "Financing Documents"), and the Financing Documents are and will be at the Closing Date valid and binding obligations of the Community Facilities District;

(b) When delivered to and paid for by the Authority at the Closing in accordance with the provisions of this Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the Community Facilities District in conformity with, and entitled to the benefit and security of, the Indenture;

(c) By official action of the Community Facilities District, prior to or concurrently with the acceptance hereof, the Community Facilities District has authorized and approved the execution and delivery of the Financing Documents and the Original Indenture, and authorized and approved the performance by the Community Facilities District of the obligations on its part contained in the Financing Documents and the Original Indenture and has authorized and approved the consummation by the Community Facilities District of all other transactions contemplated by this Local Obligation Purchase Contract;

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in

equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the Community Facilities District, threatened against the Community Facilities District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Local Obligations, (ii) in any way contesting or affecting the validity or enforceability of any of the Financing Documents or the Original Indenture, any proceedings of the Community Facilities District taken concerning the issuance or sale of the Local Obligations, the collection of the special tax securing the Local Obligations (the "Special Tax") or the existence or powers of the Community Facilities District relating to the issuance of the Local Obligations or (iii) which, if determined adversely to the Community Facilities District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Financing Documents or the Original Indenture or on the operations of the Community Facilities District with respect to the Local Obligations;

(e) The execution and delivery of the Financing Documents and the delivery of the Original Indenture, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Community Facilities District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Community Facilities District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the Original Indenture or the operations of the Community Facilities District with respect to the Local Obligations;

(f) The Community Facilities District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the Original Indenture, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default under any such instrument;

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the Community Facilities District of its obligations under the Financing Documents or the Original Indenture have been duly obtained, and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the Community Facilities District is or will be required for the issue and sale of the Local Obligations or the consummation by the Community Facilities District of the other transactions described in the Financing Documents or



the Original Indenture;

(h) The Special Tax constituting the security for the Local Obligations has been duly and lawfully authorized under and pursuant to the Mello-Roos Community Facilities District Act of 1982 (the "Act") within Improvement Area No. 1 of the Community Facilities District (the "Improvement Area") and such Special Tax is secured by a valid and legally binding continuing lien on the land subject to the Special Tax as provided in the Act;

(i) The City Council, as legislative body of the Community Facilities District, has authorized and will annually levy and collect the Special Tax, in addition to amounts necessary to pay debt service on the Local Obligations, in an amount sufficient (subject to any maximum special tax permitted by law) to pay the Expenses arising directly from the administration or enforcement of the Local Obligations.

The execution and delivery of this Local Obligation Purchase Contract by the Community Facilities District shall constitute a representation by the Community Facilities District to the Authority that the representations and agreements contained in this Section 2 are true as of the date hereof; provided, that as to all matters of law the Community Facilities District is relying on the advice of counsel to the Community Facilities District; and provided further, that no member of the City Council, as legislative body of the Community Facilities District, shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Conditions to the Purchase of the Local Obligations by the Authority. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to (i) the accuracy in all material respects of the representations and agreements on the part of the Community Facilities District contained herein as of the date hereof and as of the Closing Date, (ii) the accuracy in all material respects of the statements of the officers and other officials of the City for and on behalf of the Community Facilities District made in any certificates or other documents, furnished pursuant to the provisions hereof, and (iii) the performance by the Community Facilities District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Financing Documents and the Original Indenture shall be in full force and effect in the form heretofore submitted to the Authority and there shall have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated thereby and by this Local Obligation Purchase Contract, all such actions as, in the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), shall be necessary and appropriate;

(b) At the Closing Date, the Financing Documents and the Original Indenture shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority;

(c) At or prior to the Closing Date, the Authority and the Trustee shall have received the following documents, in each case satisfactory in form and substance to the Authority:

(1) An executed copy of each of the Financing Documents and a copy of the Original Indenture;

(2) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the Community Facilities District, as to the validity of the Local Obligations;

(3) An opinion of the City Attorney, dated the Closing Date and addressed to the Community Facilities District and the Authority, in substantially the form attached hereto as Exhibit B; and

(4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence compliance by the Community Facilities District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Community Facilities District contained herein, and the due performance or satisfaction by the Community Facilities District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities District.

If the Community Facilities District shall be unable to satisfy the conditions to the Authority's obligations contained in this Local Obligation Purchase Contract, this Local Obligation Purchase Contract shall terminate and neither the Authority nor the Community Facilities District shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the Community Facilities District and the Authority incident to the authorization, issuance and sale of the Local Obligations and the Authority Bonds, including fees and expenses of consultants, the Trustee, the appraiser, Bond Counsel and counsel for the Community Facilities District and the underwriting fees and expenses incurred by the Authority in connection with the sale of the Authority Bonds shall be paid by the Community Facilities District or the City on its behalf, and the Community Facilities District agrees that it will pay such expenses and costs from the proceeds of the Local Obligations.

5. Notices. Any notice or other communication to be given to the Community Facilities District under this Local Obligation Purchase Contract may be given by delivering the same in writing at the Community Facilities District's address set forth above, Attention: Finance Director, and any such notice or other communications required to be given to the Authority may be given by delivering the same in writing to the Authority at 50 Natoma Street, Folsom, California 95630, Attention: Treasurer. The approval of the Authority when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Authority and delivered to the Community Facilities District.

6. Parties In Interest; Governing Law. This Local Obligation Purchase Contract is made solely for the benefit of the Community Facilities District, the Authority and the Trustee and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. This Local Obligation Purchase Contract shall be governed by the laws of the State of California.

7. Pledge; Assignment. The Community Facilities District hereby approves the pledge and assignment of all the Authority's right, title and interest in the Local Obligations to the Trustee under the Indenture for the benefit of the owners of the Authority Bonds.

8. Limitation on Liability. The Authority shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the Authority Bonds available therefor held by the Trustee under, and subject to the conditions set forth in, the Indenture. The Community Facilities District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the Local Obligations (including the Special Tax levied and collected in the Improvement Area) pursuant to the terms thereof.

9. Counterparts. This Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

**FOLSOM RANCH FINANCING AUTHORITY**

By \_\_\_\_\_  
Stacey Tamagni  
Treasurer

ACCEPTED AND AGREED TO:

**CITY OF FOLSOM  
COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)**

By \_\_\_\_\_  
Stacey Tamagni  
Finance Director of the City of Folsom

Exhibit A

**Local Obligations Maturity Schedule and Redemption Provisions**

Maturity Schedule

<u>Maturity Date</u> <u>September 1</u>	<u>Principal Amount</u> \$	<u>Interest Rate</u> %
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\* Term Bonds

Redemption Provisions

Extraordinary Redemption. The Local Obligations are subject to extraordinary redemption by the Community Facilities District prior to their respective maturity dates, as a whole or in part on any interest payment date on or after September 1, 20[\_\_\_], from funds derived by the Community Facilities District from prepayments of the Special Tax, upon mailed notice as provided in the Indenture, at the following redemption prices (computed upon the principal amount of the Local Obligations or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption, to wit:

103% if redeemed on an interest payment date on or after September 1, 20[\_\_\_] through March 1, 20[\_\_\_];

102% if redeemed on an interest payment date on September 1, 20[\_\_\_] or March 1, 20[\_\_\_];

101% if redeemed on an interest payment date on September 1, 20[\_\_\_] or March 1, 20[\_\_\_]; and

100% if redeemed on September 1, 20[\_\_\_] or any interest payment date thereafter.

Optional Redemption. The Local Obligations are subject to optional redemption by the Community Facilities District prior to their respective maturity dates as a whole or in part on any date on or after September 1, 20[ ], from funds derived by the Community Facilities District from any source other than such Minimum Sinking Fund Account Payments deposited in the Sinking Fund Subaccount or such prepayments of the Special Tax, upon mailed notice as provided in the Indenture, at the following redemption prices (computed upon the principal amount of the Local Obligations or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

103% if redeemed on any date on or after September 1, 20[ ] through August 31, 20[ ];

102% if redeemed on any date from September 1, 20[ ] through August 31, 20[ ];

101% if redeemed on any date from September 1, 20[ ] through August 31, 20[ ]; and

100% if redeemed on September 1, 20[ ] and any date thereafter.

Mandatory Sinking Fund Account Redemption of the Local Obligations. The Local Obligations maturing on September 1, 20[ ], are subject to mandatory redemption by the Community Facilities District prior to their maturity date in part on September 1 in each of the years 20[ ] through 20[ ], both years inclusive; and the Local Obligations maturing on September 1, 20[ ], are subject to mandatory redemption by the Community Facilities District prior to their maturity date in part on September 1 in each of the years 20[ ] through 20[ ], both years inclusive, in each case solely from Minimum Sinking Fund Account Payments deposited in the Sinking Fund Subaccount, upon mailed notice as provided in the Indenture, at a redemption price equal to one hundred per cent (100%) of the principal amount thereof called for redemption together with accrued interest thereon to the date fixed for redemption.

Minimum Sinking Fund Account Payments are established for the mandatory redemption and payment of the Local Obligations described in the paragraph above, which payments shall become due during the years ending on the dates and in the amounts as set forth in the following schedules (except that if any of the Local Obligations shall have been optionally redeemed or redeemed from property owner prepayments, the amounts of the Minimum Sinking Fund Account Payments shall be reduced proportionately by the principal amount of all such Local Obligations so redeemed), namely:

Local Obligation Maturing September 1, 20[ ]

<u>Year</u> <u>Ending</u> <u>September 1</u>	<u>Minimum</u> <u>Sinking Fund</u> <u>Account Payment</u> \$
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\* Maturity.

Local Obligation Maturing September 1, 20[ ]

<u>Year</u> <u>Ending</u> <u>September 1</u>	<u>Minimum</u> <u>Sinking Fund</u> <u>Account Payment</u> \$
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\* Maturity.

**Exhibit B**

[Form of City Attorney Opinion]

[Closing Date]

Folsom Ranch Financing Authority  
Folsom, California

City of Folsom  
Community Facilities District No. 23  
(Folsom Ranch)  
Folsom, California

Piper Sandler & Co.  
Sacramento, California

U.S. Bank Trust Company, National Association  
Los Angeles, California

City of Folsom Community Facilities District No. 23  
(Folsom Ranch) Improvement Area No. 1  
Special Tax Bonds, Series 2022

Ladies and Gentlemen:

I have served as counsel to the City of Folsom (the “City”) in connection with the issuance, sale and delivery of the above-referenced securities (collectively, the “Local Obligations”) by the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”), and this letter is being delivered pursuant to the Local Obligation Purchase Contract dated as of [\_\_\_\_], 2022 (the “Local Obligation Purchase Contract”) by and between the Folsom Ranch Financing Authority (the “Authority”) and the Community Facilities District, and all capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Local Obligation Purchase Contract.

As such counsel, I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the Community Facilities District, including Resolution No. 10435, duly adopted by the City on May 26, 2020, establishing the Community Facilities District and designating various improvement areas therein, including Improvement Area No. 1 (the “Improvement Area”); (ii) Resolution No. [\_\_\_\_] of the City Council approving the issuance of the Local Obligations, the issuance of the Authority Bonds, the Financing Documents and the Official Statement (such resolutions referenced in (i) and (ii), together the “Resolutions”); (iii) all necessary documentation of the Community Facilities District relating to the authorization, execution and delivery of the Local Obligations and all of the Financing Documents; (iv) the Official Statement, dated [\_\_\_\_], 2022 (the “Official Statement”) relating to the Authority Bonds; and (v) the Continuing Disclosure Certificate of the Community Facilities District, dated the date hereof (the “Continuing Disclosure Certificate”)



relating to the Authority Bonds.

Based on the foregoing, I am of the opinion that:

1. The Community Facilities District is a community facilities district duly organized and existing pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California.

2. The Resolutions have been duly adopted at meetings of the City Council, acting as the legislative body of the Community Facilities District, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolutions are in full force and effect and have not been modified, amended, rescinded or repealed since the date of their respective adoption.

3. The Community Facilities District has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Financing Documents, the Original Indenture and the Continuing Disclosure Certificate, including the right and power under the Act to execute the Indenture.

4. The Community Facilities District has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Financing Documents, the Original Indenture and the Continuing Disclosure Certificate, and the Original Indenture is in full force and effect.

5. The Financing Documents; the Original Indenture; the Continuing Disclosure Certificate; the Letter of Representations of the Community Facilities District, dated [\_\_\_\_], 2022 (the "Community Facilities District Letter of Representations" and, together with the Financing Documents, the Original Indenture and the Continuing Disclosure Certificate, the "Community Facilities District Documents") and the Official Statement have each been duly and lawfully authorized, executed and delivered by the Community Facilities District, are each in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid and binding agreement of the Community Facilities District enforceable against it in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against community facilities districts in the State of California.

6. The First Supplemental Indenture and the Local Obligations have been duly and validly authorized, sold, executed, authenticated and delivered, as applicable, in accordance with the Act and with the Indenture.

7. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Community Facilities District of the Financing Documents or the Continuing Disclosure Certificate or the performance by the Community Facilities District of its respective obligations thereunder or

under the Original Indenture.

8. The execution and delivery of the Financing Documents and the Continuing Disclosure Certificate by the Community Facilities District, and compliance with the provisions thereof and with the provisions of the Original Indenture, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Community Facilities District, or any commitment, agreement or other instrument to which the Community Facilities District is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, resolution, judgment, order or decree to which the Community Facilities District (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Community Facilities District and its affairs.

9. The Local Obligations are valid and binding special tax obligations of the Community Facilities District payable from proceeds of the Special Tax and the other funds provided in the Indenture for such payment and are enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles where equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against community facilities districts in the State of California, and the terms of the Act and of the Indenture;

10. Based upon my review of the Official Statement, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to my attention which would lead me to believe that the Official Statement (excluding therefrom the financial statements and the statistical data and the information concerning The Depository Trust Company, the book-entry system and the appendices thereto, as to which no opinion is expressed) as of its date and the date hereof contained or contains any untrue statement of a material fact with respect to the Community Facilities District or omitted or omits to state any material fact with respect to the Community Facilities District necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

11. Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City or the Community Facilities District) or, to my knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City or the Community Facilities District, or the titles of their members and officers to their respective offices; or (b) affect the validity of the Community Facilities District Documents or restrain or enjoin the repayment of the Local Obligations or in any way contest or affect the validity of the Community Facilities District Documents or contest the authority of the Community Facilities District to enter into or perform its obligations under any of the Community Facilities District Documents or under which a determination adverse to the City or the Community Facilities District would have a material adverse effect upon the financial condition or the revenues of the City or the Community Facilities District, questions the right of the Community Facilities District to use the Special Tax levied within the Improvement Area for the repayment of the Local Obligations or affects in any manner the right or ability of

the Community Facilities District to collect or pledge the Special Tax levied within the Improvement Area for the repayment of the Local Obligations.

Very truly yours,

City Attorney

## ATTACHMENT 7

§ \_\_\_\_\_  
**FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS  
SERIES 2022**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2022

Folsom Ranch Financing Authority  
50 Natoma Street,  
Folsom, California 95630

Ladies and Gentlemen:

Piper Sandler & Co., as underwriter (the “**Underwriter**”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the Folsom Ranch Financing Authority (the “**Authority**”), which upon acceptance will be binding upon the Underwriter and the Authority. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Authority purchasing from the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “**Community Facilities District**”) the Community Facilities District’s Improvement Area No. 1 Special Tax Bonds, Series 2022 (the “**Special Tax Bonds**”) in the aggregate principal amount of \$\_\_\_\_\_, and upon the Authority and the Community Facilities District satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the Authority’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 8:00 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Trust Agreement, dated as of May 1, 2022 (the “**Trust Agreement**”), by and among the Authority, U.S. Bank Trust Company National Association, as trustee (the “**Trustee**”) and the Community Facilities District. The Special Tax Bonds are being issued pursuant to an Indenture dated as of October 1, 2020, as supplemented by a First Supplemental Indenture dated as of May 1, 2022 (collectively, the “**District Indenture**”), each by and between the Community Facilities District and U.S. Bank Trust Company National Association, as trustee (the “**District Trustee**”).

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth 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 the \$\_\_\_\_\_ aggregate principal amount of the Folsom Ranch Financing Authority City of Folsom Community

Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “**Bonds**”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$ \_\_\_\_\_ (being 100% of the aggregate principal amount thereof [plus/less] [net] original issue [premium/discount] of \$ \_\_\_\_\_ and less an Underwriter’s discount of \$ \_\_\_\_\_). From the proceeds of the Bonds, the Authority agrees to purchase the Special Tax Bonds from the Community Facilities District pursuant to the terms of the Local Obligation Purchase Contract (the “**Local Obligation Purchase Contract**”), dated \_\_\_\_\_, 2022, by and between the Community Facilities District and the Authority.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Revenues as provided in the Trust Agreement, the Official Statement (as hereinafter defined), and the Marks-Roos Local Bond Pooling Act of 1985, as amended, being Article 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “**Bond Law**”). The issuance of the Bonds has been duly authorized by the Authority pursuant to Resolution No. \_\_\_\_\_-Folsom Ranch FA (the “**Authority Resolution**”) adopted by the Governing Board on April 12, 2022. The net proceeds of the Bonds will be used to purchase the Special Tax Bonds.

The Special Tax Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from Special Tax (as defined in the District Indenture) on a parity with the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2020 (the “**2020 Special Tax Bonds**”), as provided in the District Indenture.

The Special Tax Bonds are issued under the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “**Community Facilities District Act**”). The issuance of the Special Tax Bonds, the preparation and distribution of the Preliminary Official Statement and the Local Obligation Purchase Contract have been duly authorized by the City Council of the City of Folsom (the “**City Council**”) acting as the legislative body for the Community Facilities District, pursuant to Resolution No. \_\_\_\_\_ (the “**Community Facilities District Resolution**”). The net proceeds of the Special Tax Bonds will be used, as indicated in the District Indenture, for the following purposes: (1) finance the acquisition and construction of certain public facilities; (2) fund a debt service reserve account; (3) fund capitalized interest to September 1, 2022; and (4) pay certain costs of issuance of the Bonds and the Special Tax Bonds.

Prior to the acceptance of this Purchase Agreement by the Authority, the Authority shall have caused to be delivered to the Underwriter: (i) the Letter of Representations of the Community Facilities District (the “**District Letter of Representations**”) in substantially the form set forth in Exhibit B hereto; (ii) a Letter of Representations (the “**ECIC Letter of Representations**”) of East Carpenter Improvement Company, LLC ( “**ECIC**”) in substantially the form set forth in Exhibit C hereto; (iii) a Letter of Representations (the “**CMB Letter of Representations**”) of CMB Improvement Company, LLC ( “**CMB**”) in substantially the form set forth in Exhibit D hereto; (iv) a letter of representations of each of KB HOME Sacramento Inc. (“**KB HOME**”), Tri Pointe Homes IE-SD, Inc. (“**Tri Pointe**”), Lennar Homes of California, LLC (“**Lennar Homes**”), Beazer Homes Holdings, LLC (“**Beazer**”) , FR 68 Lots LLC (“**FR 68 Lots**”), and Signature Homes, Inc. (“**Signature Homes**” and, together with KB HOME, Tri Pointe, Lennar Homes, Beazer and FR 68 Lots, the “**Merchant Builders**”) in the form set forth in Exhibit H hereto.

A. The Authority acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations and agreements made by the Authority herein and by the Community Facilities District in the District Letter of Representations, and the Authority shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation or agreement made by the Authority herein is incorrect in any material respect.

The Authority acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement 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 such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Authority, the Community Facilities District or the City of Folsom (the "City") with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority, the Community Facilities District or the City on other matters); and (iv) the Authority, the Community Facilities District and the City have consulted their own legal, financial and other advisors to the extent that they have deemed appropriate.

B. Pursuant to the authorization of the Authority, the Underwriter has distributed copies of the Preliminary Official Statement dated \_\_\_\_\_, 2022, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the "**Preliminary Official Statement**." By its acceptance of this Purchase Agreement, the Authority hereby ratifies the use by the Underwriter of the Preliminary Official Statement, and the Authority agrees to execute a final official statement relating to the Bonds (including any supplements and/or amendments thereto, the "**Official Statement**") which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Orrick Herrington & Sutcliffe LLP, the Community Facilities District's and the Authority's Bond Counsel ("**Bond Counsel**") and Disclosure Counsel ("**Disclosure Counsel**"), and the Underwriter, and to provide copies thereof to the Underwriter as set forth in Section 3.N hereof. The Authority hereby authorizes the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Authority further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Trust Agreement, the District Indenture, this Purchase Agreement, the Local Obligation Purchase Contract and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Authority, the Community Facilities District or the City to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

C. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"), the Community Facilities District will undertake for and on behalf of the Authority pursuant to the Continuing Disclosure Certificate, in the form attached to the Official Statement as Appendix D (the "**Continuing Disclosure Certificate**"), to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

D. Except as the Underwriter and the Authority may otherwise agree, the Authority will deliver to the Underwriter, at the offices of Bond Counsel in Sacramento, California,

or at such other location as may be mutually agreed upon by the Underwriter, the Community Facilities District and the Authority, the documents hereinafter mentioned; and the Authority will deliver to the Underwriter through the facilities of The Depository Trust Company (“DTC”) in New York, New York, the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Authority and authenticated by the Trustee in the manner provided for in the Trust Agreement and the Bond Law at 8:00 a.m. California time, on May \_\_, 2022 (the “Closing Date”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in the first paragraph of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “Closing”). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. Public Offering and Establishment of Issue Price.

A. The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial offering prices.

B. The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit J, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Authority under this section to establish the issue price of the Bonds may be taken on behalf of the Authority by Fieldman, Rolapp & Associates, Inc. (the “Municipal Advisor”) and any notice or report to be provided to the Authority may be provided to the Municipal Advisor.

C. Except as otherwise set forth in Exhibit A, the Authority will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of the Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

D. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column “Hold the Offering Price Rule Used,” as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test



has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or
2. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Authority when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

E. The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to: (1) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public; and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Authority acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on: (A) in the event that a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires; and (B) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

1. “**public**” means any person other than an underwriter or a related party;
2. “**underwriter**” means: (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public; and (B) any person that agrees pursuant to

a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

3. a purchaser of any of the Bonds is a “**related party**” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

4. “**sale date**” means the date of execution of this Purchase Agreement by all parties.

3. Representations and Covenants of the Authority. The Authority represents and covenants to the Underwriter that:

A. The Authority is a joint exercise of powers authority, duly organized and existing under the Constitution and laws of the State of California (the “**State**”), and formed pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code (the “**JPA Act**”), with full right, power and authority: (i) to enter into this Purchase Agreement; (ii) to enter into the Trust Agreement; (iii) to adopt the Authority Resolution authorizing the issuance of the Bonds and entry into this Purchase Agreement and the Trust Agreement and to take all other actions on the part of the Authority relating thereto (the “**Authority Proceedings**”); (iv) to issue, sell and deliver the Bonds to the Underwriter as provided herein; (v) to purchase the Special Tax Bonds; and (vi) to carry out and consummate the transactions on its part contemplated by this Purchase Agreement, the Trust Agreement and the Official Statement.

The Trust Agreement, the Bonds, the Local Obligation Purchase Contract and this Purchase Agreement are collectively referred to herein as the “**Authority Documents.**”

B. By all necessary official action of the Authority, the Authority has duly authorized and approved the execution and delivery by the Authority of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents, and has approved the use by the Underwriter of the Preliminary Official Statement and the Official Statement and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties thereto, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable upon the Authority in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally. The Authority has complied, and will at the Closing Date be in compliance in all respects, with the terms of the Authority Documents that are applicable to the Authority.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Authority and the Bonds (other than statements pertaining to the book-entry

system, as to which no view is expressed), does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Authority will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Authority will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term “**End of the Underwriting Period**” means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be a written notice delivered to the Authority and the City at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

E. As of the time of acceptance hereof and as of the Closing Date, except as otherwise disclosed in the Official Statement, the Authority is not, and as of the Closing Date, will not be, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject; and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; which breach, default or event could have an adverse effect on the Authority’s ability to perform its obligations under the Authority Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Authority Documents and compliance by the Authority with the provisions of each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

F. At the time of acceptance hereof there is, and as of the Closing Date, there will be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an “**Action**”) pending (notice of which has been served on the Authority) or to the knowledge of the Authority threatened, in which any such Action: (i) in any way questions the corporate existence of the Authority or the

titles of the officers of the Authority to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Revenues (as defined in the Trust Agreement) or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Authority Documents or the consummation of the transactions on the part of the Authority contemplated thereby; (iii) contests the exclusion of the interest on the Bonds from federal or state income taxation or contests the powers of the Authority which may result in any material adverse change relating to the financial condition of the Authority; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any 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; and, as of the time of acceptance hereof, there is, and as of the Closing Date, there will be no known basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

G. The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter and at the expense of the Underwriter as the Underwriter may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds, provided; however, that the Authority will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

H. The Authority Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement. The Authority represents that the Bonds, when issued, executed and delivered in accordance with the Trust Agreement and sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the Authority, entitled to the benefits of the Trust Agreement. The Trust Agreement creates a valid pledge of the moneys in certain funds and accounts established pursuant to 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.

I. The Authority has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Authority is a bond issuer whose arbitrage certifications may not be relied upon.

J. Any certificate signed by any authorized officer of the Authority and delivered to the Underwriter in connection with the issuance and sale of the Bonds shall be deemed to be a representation and covenant by the Authority to the Underwriter as to the statements made therein.

K. The Authority will apply the proceeds of the Bonds in accordance with the Trust Agreement.

L. Between the date of this Purchase Agreement and the Closing Date, the Authority will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

M. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Authority will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Trust Agreement.

N. The Preliminary Official Statement was deemed final by a duly authorized officer of the Authority prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Authority hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Authority shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board.

The Authority hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The Authority hereby ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offering and sale of the Bonds, of the Preliminary Official Statement, the Official Statement, this Purchase Agreement and all information contained herein, and all other documents, certificates and written statements furnished by the Authority to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The execution and delivery of this Purchase Agreement by the Authority shall constitute a representation to the Underwriter that the representations contained in this Section 3 are true as of the date hereof.

4. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations on the part of the Authority contained herein and of the Community Facilities District in the District Letter of Representations, to the accuracy in all material respects of the statements of the officers and other officials of the Authority made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Authority of its obligations to be performed hereunder at or prior to the Closing Date and, to the following additional conditions:

A. At the Closing Date, the Authority Resolution, the Community Facilities District Resolution, the Authority Documents and this Purchase Agreement, the District Indenture, the Local Obligation Purchase Contract, the Special Tax Bonds, the District Letter of Representations and the Continuing Disclosure Certificate shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the

Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the Special Tax Bonds, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate. The Trust Agreement, the District Indenture, the Local Obligation Purchase Contract, the Special Tax Bonds, the District Letter of Representations and the Continuing Disclosure Certificate are herein referred to collectively as the "District Documents."

B. At the Closing Date, except as was described in the Preliminary Official Statement, the Authority shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, and the performance by the Authority of its obligations under the Authority Documents, the Authority Resolution and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, in any manner that would materially and adversely affect the performance by the Authority of its obligations under the Authority Documents or the Authority Resolution.

C. At the Closing Date, except as described in the Official Statement, the Community Facilities District shall not be, in any respect material to the transactions referred to in the District Letter of Representations or contemplated therein, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance by the Community Facilities District of its obligations under the Community Facilities District Resolution, the District Documents, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner that would materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Resolution and the District Documents or the performance of the conditions precedent to be performed by the Community Facilities District under the Community Facilities District Resolution and the District Documents.

D. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact

required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the cover page of the Official Statement, of the Bonds shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the Authority terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or the Special Tax Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Trust Agreement or the District Indenture are not exempt from qualification under or other requirements of the Trust Agreement Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds or the Special Tax Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

3. A general suspension of trading in securities on the New York Stock Exchange, or a general banking moratorium declared by Federal, State of New York or State of California officials authorized to do so;

4. The introduction, proposal or enactment of any amendment to the Federal or California Constitution or any action by any Federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Bonds, the Authority or the Community Facilities District, their property, income, securities (or interest thereon), the validity or enforceability of the Special Tax, or the ability of the Authority to purchase any Special Tax Bonds as contemplated by the Official Statement;

5. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the

Preliminary Official Statement or the Official Statement contains any 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;

6. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, the Special Tax Bonds or obligations of the general character of the Bonds or the Special Tax Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

7. There shall have occurred any material outbreak or escalation of hostilities or other calamity or crisis the effect of which on the financial markets of the United States is such as to make it impracticable, in the judgment of the Underwriter, following consultation with the Authority, to sell the Bonds;

8. The filing or threat of an Action described Section 3.F hereof or Section M of the District Letter of Representations; or

9. Any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission against the City or the Authority.

F. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Authority by its Treasurer or other authorized officer;

2. The Authority Documents, duly executed and delivered by all parties thereto;

3. The Authority Resolution, together with a certificate of the Secretary of the Authority, dated as of the Closing Date, to the effect that such resolution is a true, correct and complete copy of the resolution duly adopted by the Governing Board of the Authority;

4. The Community Facilities District Resolution, together with a certificate dated as of the Closing Date of the City Clerk, acting on behalf of the Community Facilities District to the effect that the Community Facilities District Resolution is a true, correct and complete copy of the one duly adopted by the City Council, acting as the legislative body of the Community Facilities District;

5. The District Documents duly executed and delivered by all parties thereto;

6. An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the Authority, of Bond Counsel, in substantially the form included as Appendix E to the Official Statement, together with a letter addressed to the Trustee to the effect that such opinion may be relied upon by the Trustee to the same extent as if such opinion was addressed to the Trustee;



7. A supplemental opinion or opinions, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, in substantially the form attached hereto as Exhibit G;

8. A certificate, dated the Closing Date and signed by the Treasurer of the Authority or other authorized officer, to the effect that: (i) the representations of the Authority contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Authority Documents and the Authority Resolution at or prior to the Closing Date;

9. A certificate dated the Closing Date and signed by an authorized representative of the Community Facilities District or an authorized designee, on behalf of the Community Facilities District to the effect that: (i) the representations made by the Community Facilities District contained in the District Letter of Representations are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date, provided that any references as to the Preliminary Official Statement shall be deemed to be to the Official Statement; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Community Facilities District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under the District Documents prior to the Closing Date;

10. An opinion of the City Attorney of the City, as counsel to the Authority, dated the date of Closing and addressed to the Underwriter, the Authority, the Community Facilities District, the Trustee and the District Trustee, to the effect that:

(i) The Authority is a public body, corporate and politic, duly organized and validly existing as a joint powers authority under the laws of the State of California;

(ii) The Authority has full legal power and lawful authority to enter into the Authority Documents and to carry out the transactions contemplated under the Authority Documents;

(iii) The Authority Resolution was duly adopted at a regular meeting of the governing body of the Authority, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Authority Resolution is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption;

(iv) The Authority Documents have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the

application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(v) To the best knowledge of such counsel, the execution and delivery of the Authority Documents and the Official Statement and compliance with the provisions thereof under the circumstances contemplated thereby: (a) do not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound; and (b) do not and will not in any material respect or constitute on the part of the Authority a violation, breach of or default under any court order or consent decree to which the Authority is subject;

(vi) The Authority Documents and the Official Statement have been duly authorized by the Governing Board of the Authority and executed on its behalf by an authorized officer of the Authority;

(vii) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the Authority) or, to the City Attorney's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the Authority, or the titles of its members and officers to their respective offices; (b) enjoin or restrain the issuance, sale and delivery of the Bonds, the collection of the Revenues or the pledge thereof; (c) in any way question or affect any of the rights, powers, duties or obligations of the Authority with respect to the Revenues or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds; (d) in any way question or affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds; or (e) in any way question or affect the Authority Documents or the transactions contemplated by the Authority Documents, the Official Statement, or any activity regarding the Bonds;

11. An opinion of the City Attorney of the City, dated the date of Closing and addressed to the Underwriter, the Authority, the Community Facilities District, the Trustee and the District Trustee to the effect that:

(i) The Community Facilities District is a community facilities district organized and existing pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California;

(ii) The Community Facilities District Resolution has been duly adopted at a meeting of the City Council, acting as the legislative body of the Community Facilities District, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Community Facilities District Resolution is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption;

(iii) The District Documents and the Official Statement have been duly and lawfully authorized, executed and delivered by the Community Facilities District and the District Documents constitute the legal, valid and binding obligations of the Community Facilities District enforceable against the Community Facilities District in accordance with their terms, subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and

other similar laws relating to or affecting creditors' rights, to the application of equitable principles where equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against community facilities districts in the State of California;

(iv) The Community Facilities District has the right and power under the Community Facilities District Act to execute the District Indenture and no other authorization for the execution thereof is required, and the District Indenture is in full force and effect;

(v) The Special Tax Bonds are valid and binding special tax obligations of the Community Facilities District payable from proceeds of the Special Tax and the other funds provided in the District Indenture for such payment and are enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles where equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against community facilities districts in the State of California, and the terms of the Community Facilities District Act and of the District Indenture;

(vi) The District Indenture and the Special Tax Bonds have been duly and validly authorized, sold, executed, authenticated and delivered in accordance with the Community Facilities District Act and with the District Indenture;

(vii) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City or the Community Facilities District) or, to such counsel's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City or the Community Facilities District, or the titles of its members and officers to their respective offices; or (b) affect the validity of the District Documents or restrain or enjoin the repayment of the Special Tax Bonds or in any way contest or affect the validity of the District Documents or contest the authority of the Community Facilities District to enter into or perform its obligations under any of the District Documents or under which a determination adverse to the City or the Community Facilities District would have a material adverse affect upon the financial condition or the revenues of the City or the Community Facilities District, questions the right of the Community Facilities District to use the Special Tax levied within the Improvement Area for the repayment of the Special Tax Bonds or affects in any manner the right or ability of the Community Facilities District to collect or pledge the Special Tax levied within the Improvement Area for the repayment of the Special Tax Bonds;

12. A transcript of all proceedings relating to the authorization, issuance, sale and delivery of the Bonds and the Special Tax Bonds, including certified copies of the Trust Agreement, the District Indenture and all resolutions of the City and the Authority relating thereto;

13. A certificate dated the Closing Date from NBS addressed to the Authority, the Community Facilities District and the Underwriter to the effect that: (i) the Special Tax (after payment of Priority Administrative Expenses) if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Taxes would generate at least 110% of the annual debt service payable with respect to the Special Tax Bonds in each year, based on such assumptions and qualifications as shall be acceptable to the Underwriter; and (ii) the

statements in the Official Statement provided by NBS concerning the Special Tax and the Rate and Method of Apportionment of the Special Taxes and all information supplied by it for use in the Official Statement as of the date of the Official Statement and as of the Closing Date did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

14. Certified copies of the general resolution of the Trustee and District Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee and District Trustee, which resolution authorizes the execution of the Trust Agreement, the District Indenture and the authentication of the Bonds and the Special Tax Bonds;

15. A certificate of the Trustee, addressed to the Underwriter, the Authority and the Community Facilities District dated the Closing Date, to the effect that: (i) the Trustee is authorized to carry out corporate trust powers, and have full power and authority to perform their respective duties under the Trust Agreement and the District Indenture; (ii) the Trustee is duly authorized to execute and deliver the Trust Agreement and the District Indenture, to accept the obligations created by the Trust Agreement and the District Indenture and to authenticate the Bonds and the Special Tax Bonds pursuant to the terms of the Trust Agreement and the District Indenture, respectively; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the Special Tax Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the Special Tax Bonds and the acceptance and performance of the obligations created by the Trust Agreement and the District Indenture; and (iv) to the best of its knowledge, compliance with the terms of the Trust Agreement and the District Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, trust agreement, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties;

16. An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriter, the Authority and the Community Facilities District to the effect that the Trustee is a national banking association duly organized and validly existing under the laws of the United States having full power and being qualified to enter into, accept and agree to the provisions of the Trust Agreement and the District Indenture, and that each of such documents has been duly authorized, executed and delivered by the Trustee and, assuming due execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought;

17. A certificate of the Authority dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

18. An opinion of Stradling Yocca Carlson & Rauth, counsel to the Underwriter (“**Underwriter’s Counsel**”), dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter;

19. A certificate of ECIC dated the Closing Date, substantially in the form attached as Exhibit D hereto;

20. A certificate of CMB dated the Closing Date, substantially in the form attached as Exhibit F hereto;

21. A certificate of each of the Merchant Builders dated the Closing Date, substantially in the form attached as part of Exhibit H hereto.

22. Opinions of counsel to each of KB HOME and Tri Pointe, dated the Closing Date and addressed to the Authority and the Underwriter, that contain the opinions attached hereto as Exhibit I.

23. Continuing disclosure certificates of each of KB HOME and Tri Pointe in the form attached as Appendix D to the Official Statement.

24. A certificate of the Appraiser, substantially in the form attached hereto as Exhibit K;

25. A certificate of an Independent Consultant (as defined in the District Indenture) showing compliance with the terms of the District Indenture for the issuance of the Special Tax Bonds as Additional Bonds under the District Indenture; and

26. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations of the Authority contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Authority and the Community Facilities District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities District and the Authority in connection with the transactions contemplated hereby and by the District Indenture, the Trust Agreement, and the Official Statement.

If the Authority shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Authority nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Authority set forth in Section 6 hereof shall continue in full force and effect.

5. Conditions to the Obligations of the Authority.

A. The obligations of the Authority shall be subject to the satisfaction of the conditions contained in Section 4 of this Purchase Agreement.

B. If the Authority shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the Special Tax Bonds contained in the Local Obligation Purchase Contract, or if the obligations of the Authority to purchase, accept delivery of and pay for the Special Tax Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Authority nor the Community Facilities District shall be under any further obligation hereunder, except that the obligations of the Authority set forth in Section 6 hereof shall continue in full force and effect.

6. Expenses. Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay, and the Authority shall pay only from the proceeds of the Bonds, or cause the Community Facilities District to pay out of the proceeds of the Special Tax Bonds or any other legally available funds of the City, the Community Facilities District or the Authority, but only as the Authority and such other party providing such services may agree, all expenses and costs of the Authority incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, printing costs, initial fees of the Trustee, including fees and disbursements of their counsel, if any, fees and disbursements of Bond Counsel, Disclosure Counsel and other professional advisors employed by the Authority, costs of preparation, printing, signing, transportation, delivery and safekeeping of the Bonds and for expenses (included in the expense component of the spread) incurred by the Underwriter on behalf of the Authority's employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees. The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including fees of its counsel.

7. Notices. Any notice of other communication to be given to the City or the Authority under this Purchase Agreement may be given by delivering the same in writing to the City of Folsom, 50 Natoma Street, Folsom, CA, 95630, Attention: Finance Director; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Piper Sandler & Co, 3626 Fair Oaks Blvd., Suite 100, Sacramento, California 95864, Attention: Dennis McGuire.

8. Parties In Interest. This Purchase Agreement is made solely for the benefit of the Authority and Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

9. Survival of Representations. The representations of the Authority under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Authority and regardless of delivery of and payment for the Bonds.

10. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

11. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable as of the time of such acceptance.

12. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Authority.

13. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

14. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

PIPER SANDLER & CO.

By: \_\_\_\_\_  
Its: Authorized Officer

FOLSOM RANCH FINANCING  
AUTHORITY

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



**EXHIBIT A**

**FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS  
SERIES 2022**

**Schedule of Bond Maturities, Principal Amounts, Interest Rates and Initial Offering Prices**

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Initial Offering Price</i>	<i>10% Test Used</i>	<i>Hold the Price Offering Rule Used</i>
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<sup>F</sup> Term Bonds.

<sup>C</sup> Priced to the September 1, 20\_\_ optional redemption date, at \_\_\_\_%.

**Optional Redemption.** The Bonds are subject to optional redemption by the Authority prior to their respective maturity dates as a whole or in part on any date on or after \_\_\_\_\_, 20\_\_, from any source of available funds other than Minimum Sinking Fund Payments and Special Tax Prepayments, at the following redemption prices (computed upon the principal amount of the Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

103% if redeemed on any date on or after \_\_\_\_\_, 20\_\_ through \_\_\_\_\_, 20\_\_;

102% if redeemed on any date from \_\_\_\_\_, 20\_\_ through \_\_\_\_\_, 20\_\_;

101% if redeemed on any date from \_\_\_\_\_, 20\_\_ through \_\_\_\_\_, 20\_\_; and

100% if redeemed on \_\_\_\_\_, 20\_\_ and any date thereafter.

**Extraordinary Redemption from Prepayment of Special Taxes.** The Bonds are subject to extraordinary redemption by the Authority prior to their respective maturity dates, as a whole or in part on any Interest Payment Date on or after \_\_\_\_\_, 20\_\_, solely from funds derived from the extraordinary redemption of Local Obligations from Special Tax Prepayments, at the following redemption prices (computed upon the principal amount of the Bonds or portions thereof called for redemption) together with accrued interest thereon to the date fixed for redemption:

103% if redeemed on an Interest Payment Date on or after \_\_\_\_\_, 20\_\_ through \_\_\_\_\_, 20\_\_;

102% if redeemed on an Interest Payment Date on \_\_\_\_\_, 20\_\_ and \_\_\_\_\_, 20\_\_;

101% if redeemed on an Interest Payment Date on \_\_\_\_\_, 20\_\_ and \_\_\_\_\_, 20\_\_; and

100% if redeemed on \_\_\_\_\_, 20\_\_ and any Interest Payment Date thereafter.

**Mandatory Sinking Fund Redemption of Bonds.** The Bonds maturing on September 1, 20\_\_ are subject to mandatory redemption in part by lot on September 1 of each year commencing September 1, 20\_\_, at a redemption price equal to one hundred percent (100%) of the principal amount thereof called for redemption together with accrued interest thereon to the date fixed for redemption:

Minimum Sinking Fund Payment Date (September 1)	Bonds Minimum Sinking Fund Payment
_____	_____

\_\_\_\_\_  
† Maturity.

The Bonds maturing on September 1, 20\_\_ are subject to mandatory redemption in part on September 1 of each year commencing September 1, 20\_\_, at a redemption price equal to one hundred percent (100%) of the principal amount thereof called for redemption together with accrued interest thereon to the date fixed for redemption:

Minimum Sinking Fund Payment Date (September 1)	Bonds Minimum Sinking Fund Payment
_____	_____

\_\_\_\_\_  
† Maturity.

The Bonds maturing on September 1, 20\_\_ are subject to mandatory redemption in part on September 1 of each year commencing September 1, 20\_\_, at a redemption price equal to one hundred percent (100%) of the principal amount thereof called for redemption together with accrued interest thereon to the date fixed for redemption:

Minimum Sinking Fund Payment Date (September 1)	Bonds Minimum Sinking Fund Payment
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† Maturity.

If the Bonds subject to mandatory redemption are redeemed in part prior to their stated maturity date other than from Minimum Sinking Fund Payments, the Minimum Sinking Fund Payments for such Bonds shall be reduced proportionately by the principal amount of such Bonds so redeemed.

**EXHIBIT B**

**FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS  
SERIES 2022**

**LETTER OF REPRESENTATIONS OF THE DISTRICT**

\_\_\_\_\_, 2022

Piper Sandler & Co.  
3626 Fair Oaks Boulevard  
Sacramento, California 95864

Re: *City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Bonds, Series 2022*

Ladies and Gentlemen:

In connection with the proposed offer and sale of the above-referenced bonds (the “**Special Tax Bonds**”), the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “**Community Facilities District**”) hereby represents and covenants to Piper Sandler & Co., as underwriter (the “**Underwriter**”) of the Folsom Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “**Bonds**”), as follows:

A. The City of Folsom (the “**City**”) is duly organized and validly existing as a municipal corporation and charter city under the Constitution and laws of the State of California and the Charter and the Community Facilities District is a community facilities district organized and existing pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California.

B. The City has duly authorized the formation of the Community Facilities District and the establishment of Improvement Area No. 1 therein (the “**Improvement Area**”) pursuant to resolutions and an ordinance duly adopted by the City Council (collectively, the “**Community Facilities District Formation Resolution**” and, together with Resolution No. \_\_\_\_\_ authorizing the issuance and sale of the Special Tax Bonds, the “**Community Facilities District Resolutions**”) and the Community Facilities District Act. The City Council, acting as the legislative body of the Community Facilities District has duly adopted the Community Facilities District Resolutions, and has caused to be recorded in the real property records of the County of Sacramento, a notice of special tax lien (the “**Notice of Special Tax Lien**”) (the Community Facilities District Formation Resolution and Notice of Special Tax Lien being collectively referred to herein as the “**Formation Documents**”). Each of the Formation Documents remains in full force and effect as of the date hereof and has not been amended.

C. The Community Facilities District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under the District Indenture, the Trust Agreement, the Continuing Disclosure Certificate and the Local Obligation Purchase Contract, and to carry out all transactions contemplated by each of such documents; (ii) to issue, sell and deliver its Special Tax Bonds to the Authority; and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the District Indenture, the Trust Agreement, the Local Obligation Purchase Contract, the Special Tax Bonds, this Letter of Representations, the Continuing Disclosure Certificate and the Official Statement.

This Letter of Representations, the Trust Agreement, the District Indenture, the Local Obligation Purchase Contract, the Special Tax Bonds and the Continuing Disclosure Certificate are collectively referred to herein as the “**District Documents.**”

D. The Community Facilities District has complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents and the District Documents, and immaterial noncompliance by the Community Facilities District, if any, will not impair the ability of the Community Facilities District to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of its Special Tax Bonds, the Community Facilities District will continue to comply with the covenants of the Community Facilities District contained in the District Documents.

E. Except as described in the Preliminary Official Statement, the Community Facilities District is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance of its obligations under the District Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to the District Documents, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner that would materially and adversely affect the performance by the Community Facilities District of its obligations under the District Documents or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to the District Documents.

F. Except as may be required under the “blue sky” or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Community Facilities District of its obligations under the District Documents, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

G. The District Documents conform as to form and tenor to the descriptions thereof contained in the Preliminary Official Statement.

H. The Special Tax Bonds are payable from the Special Tax, as set forth in the District Indenture, the levy of which has been duly and validly authorized pursuant to the Community Facilities District Act and the Special Tax within the Improvement Area will be fixed and levied in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the Special Tax Bonds when due and payable, all as provided in the District Indenture. The Community Facilities District has covenanted to cause the Special Tax to be levied and collected at the same time and in the same manner as ordinary ad valorem property taxes.

I. The District Indenture creates a valid pledge of, first lien upon and security interest in, the Special Tax, and in the moneys in the Special Tax Fund established pursuant to the District Indenture, on the terms and conditions set forth in the District Indenture.

J. Except as disclosed in the Preliminary Official Statement, there are, to the best of the Community Facilities District's knowledge, no entities with outstanding assessment liens against any of the properties within the Improvement Area or which are senior to or on a parity with the Special Tax referred to in paragraph (H) hereof.

K. The information contained in the Preliminary Official Statement (other than statements therein pertaining to the Authority, DTC and its book-entry system and under the caption "PROPOSED PROPERTY DEVELOPMENT — Property Ownership," "— Development Plan and Status of Development" and "— Development Plans of Finance," as to which no view is expressed) does not and shall not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (L) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

L. Up to and including 25 days after the End of the Underwriting Period, the Community Facilities District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Community Facilities District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term "**End of the Underwriting Period**" means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be a written notice delivered to the City at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period."

M. There is no action pending (notice of which has been served on the Community Facilities District or the City) or to the best knowledge of the Community Facilities District

threatened, in which any such action: (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the City to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the Special Tax Bonds or the payment or collection of the Special Tax or any amounts pledged or to be pledged to pay the principal of and interest on the Special Tax Bonds or the Bonds, or in any way contests or affects the validity of the Formation Documents or the District Documents or the consummation of the transactions on the part of the Community Facilities District contemplated thereby; (iii) contests the exemption of interest on the Bonds or the Special Tax Bonds from federal or State income taxation, as applicable, or contests the powers of the City or the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state any 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; and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

N. Any certificate signed on behalf of the Community Facilities District by any officer or employee of the City authorized to do so shall be deemed a representation by the Community Facilities District to the Authority and the Underwriter on behalf of itself and the Community Facilities District as to the statements made therein.

O. At or prior to the Closing, the Community Facilities District will have duly authorized, executed and delivered the Continuing Disclosure Certificate in substantially the form attached as Appendix D to the Official Statement. Except as disclosed in the Preliminary Official Statement, the City has not failed to comply in all respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events in the last five years.

P. The Community Facilities District will apply the proceeds of its Special Tax Bonds in accordance with the District Indenture.

Q. Between the date of the Purchase Agreement and the date of Closing, the Community Facilities District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Bond Purchase Agreement by and between the Authority and the Underwriter.

CITY OF FOLSOM COMMUNITY  
FACILITIES DISTRICT NO. 23 (FOLSOM  
RANCH)

By: \_\_\_\_\_  
Finance Director of the City of Folsom

**EXHIBIT C**

**FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS  
SERIES 2022**

**LETTER OF REPRESENTATIONS OF  
EAST CARPENTER IMPROVEMENT COMPANY, LLC**

\_\_\_\_\_, 2022

Folsom Ranch Financing Authority  
50 Natoma Street  
Folsom, California 95630

City of Folsom Community Facilities District No. 23  
(Folsom Ranch)  
50 Natoma Street  
Folsom, California 95630

Piper Sandler & Co.  
3626 Fair Oaks Boulevard, Suite 100  
Sacramento, California 95864

Ladies and Gentlemen:

Reference is made to the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “**Bonds**”) and to the Bond Purchase Agreement to be entered into in connection therewith (the “**Purchase Agreement**”). This Letter of Representations of East Carpenter Improvement Company, LLC (the “**Letter of Representations**”) is delivered pursuant to the Purchase Agreement. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of East Carpenter Improvement Company, LLC, a California limited liability company (the “**Developer**”), and the undersigned, on behalf of the Developer further certifies as follows:

1. The Developer is a limited liability company validly existing and in good standing under the laws of the State of California and is duly registered to transact intrastate business in the State of California and is in good standing in the State of California and has all requisite right, power and authority: (i) to execute and deliver this Letter of Representations; and (ii) to undertake all of the transactions on its part described in the Preliminary Official Statement.



2. As set forth in the Preliminary Official Statement, certain property within Improvement Area No. 1 (the “**Improvement Area**”) of City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “**Community Facilities District**”) is held in the name of the Developer or its Affiliates<sup>1</sup> (herein the “**Property**”). The undersigned, on behalf of the Developer, makes the representations herein with respect to all such Property.

3. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned,<sup>2</sup> (a) the Developer and its Affiliates are not in breach of or in default under any applicable judgment or decree or any loan agreement, option agreement, development agreement, indenture, fiscal agent agreement, bond or note (collectively, the “**Material Agreements**”) to which the Developer or its Affiliates are a party or otherwise subject, which breach or default could reasonably be expected to materially and adversely affect the Developer’s ability to complete the development of the Property as described in the Preliminary Official Statement or to pay the Special Tax on the Property (to the extent the responsibility of the Developer or its Affiliates) prior to delinquency and (b) no event has occurred and is continuing that with the passage of time or giving of notice, or both, would constitute such a breach or default.

4. To the Actual Knowledge of the Undersigned, neither the Developer, nor any of its Affiliates is in default on any obligation to repay borrowed money, which default is reasonably likely to materially and adversely affect the Developer’s ability to complete the development of the Property as described in the Preliminary Official Statement or to pay the Special Tax on the Property (to the extent the responsibility of the Developer or its Affiliates) prior to delinquency.

5. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Developer (with proper service of process or proper notice to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned, is pending against any current Affiliate (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Developer or any such Affiliate which if

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<sup>1</sup> “Affiliate” means, with respect to a Person (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person, and (ii) for whom information, including financial information or operating data, concerning such Person referenced in clause (i) is material to potential investors in their evaluation of the Improvement Area and investment decision regarding the Bonds (i.e., information relevant to the Developer’s development plans with respect to its Property and the payment of its Special Tax on the Property prior to delinquency, or such Person’s assets or funds that would materially affect the Developer’s ability to develop its Property as described in the Preliminary Official Statement or to pay its Special Tax on the Property prior to delinquency). “Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term “control” (including the terms “controlling,” “controlled by” or “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Certificate, the term “Affiliate” is expressly deemed to include Folsom Real Estate South, LLC, WestLand Capital Partners, L.P.

<sup>2</sup> As used in this Letter of Representations, the phrase “Actual Knowledge of the Undersigned” shall mean the knowledge of the undersigned as of the date hereof obtained from interviews with such current officers and responsible employees of the Developer and its Affiliates as the undersigned has determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth herein. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer’s current business and operations.

successful, is reasonably likely to materially and adversely affect the Developer's ability to complete the development of the Property as described in the Preliminary Official Statement or to pay the Special Tax or *ad valorem* tax obligations on its Property (to the extent the responsibility of the Developer or its Affiliates) prior to delinquency.

6. To the Actual Knowledge of the Undersigned as of the date thereof, the Preliminary Official Statement, solely with respect to information contained therein with respect to the Developer, its Affiliates, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) as set forth under the caption "PROPOSED PROPERTY DEVELOPMENT" is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

7. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District or the Improvement Area, to challenge the adoption of Ordinance No. 1305 of the City levying the Special Tax within the Improvement Area, to invalidate the Community Facilities District, the Improvement Area or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the amended notice of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer in any way from bringing any other action, suit or proceeding including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Community Facilities District's Rate and Method of Apportionment of Special Taxes for the Improvement Area pursuant to which the Special Tax is levied, or (b) an action or suit with respect to the application or use of the Special Tax levied and collected.

8. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Developer is not aware that any other public debt secured by a tax or assessment on the Property exists or is in the process of being authorized or any assessment districts or community facilities districts have been or are in the process of being formed that include any portion of the Property.

9. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer has been delinquent at one time or another in the payment of *ad valorem* property taxes, special assessments or special taxes. However, except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, neither the Developer nor any Affiliate is currently in default in, or in the last five (5) years has ever defaulted to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property owned by the Developer or any Affiliate within the boundaries of a community facilities district or an assessment district within California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district

financing or (b) resulted in a foreclosure action being commenced against the Developer or any such Affiliate.

10. The Developer intends to comply with the provision of the Mello-Roos Community Facilities District Act of 1982, as amended, relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

11. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

12. To the Actual Knowledge of the Undersigned, Affiliates of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Affiliates of the Developer (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debts or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

13. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur of which the undersigned has actual knowledge and which the undersigned believes would cause the information under the sections of the Preliminary Official Statement indicated in Paragraph 6 hereof, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the undersigned shall notify the City and the Underwriter and if in the opinion of counsel to the City or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance reasonably satisfactory to counsel to the City and to the Underwriter.

14. For the period through 25 days after the "End of the Underwriting Period" as defined in the Purchase Agreement, if any event relating to or affecting the Developer, its Affiliates, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City, to amend or supplement

the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Developer shall reasonably cooperate with the City and the Underwriter in the preparation of an amendment or supplement to the Official Statement in form and substance reasonably satisfactory to the Underwriter and Disclosure Counsel which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

15. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit D to the Purchase Agreement.

16. On behalf of the Developer, I have reviewed the contents of this Letter of Representations and have met with counsel to the Developer for the purpose of discussing the meaning of its contents.

The undersigned has executed this Letter of Representations solely in his or her capacity as an officer or authorized representative of Developer and he or she will have no personal liability arising from or relating to this Letter of Representations.

**EAST CARPENTER IMPROVEMENT COMPANY,  
LLC, a California limited liability company**

By: HBT ECIC, LLC, a California limited liability  
company

Its: Managing Member

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

Name: William B. Bunce

Its: Manager

**EXHIBIT D**

**FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)  
SPECIAL TAX REVENUE BONDS  
SERIES 2022**

**CLOSING CERTIFICATE OF EAST CARPENTER IMPROVEMENT COMPANY, LLC**

\_\_\_\_\_, 2022

Folsom Ranch Financing Authority  
50 Natoma Street  
Folsom, CA, 95630

City of Folsom Community Facilities District No. 23  
(Folsom Ranch)  
50 Natoma Street  
Folsom, CA, 95630

Piper Sandler & Co.  
3626 Fair Oaks Boulevard  
Sacramento, California 95864

Ladies and Gentlemen:

Reference is made to the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the "Bonds") and to the Bond Purchase Agreement, dated \_\_\_\_\_, 2022 (the "Purchase Agreement"), entered into in connection therewith. This certificate is delivered by East Carpenter Improvement Company, LLC, a California limited liability company (the "**Developer**") pursuant to the Purchase Agreement. Capitalized terms used herein or in the Letter of Representations (defined below) and not otherwise defined have the meanings ascribed to them in the Purchase Agreement. A copy of a Letter of Representations (the "Letter of Representations"), dated \_\_\_\_\_, 2022, delivered by the Developer, is attached hereto as Exhibit A.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement relating to the Bonds. Each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the final Official Statement.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 6 of the Letter of Representations relating to the Developer, its Affiliates, ownership of the Property, the

Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. The undersigned has executed this Certificate solely in his or her capacity as an officer of Developer and he or she will have no personal liability arising from or relating to this Certificate.

**EAST CARPENTER IMPROVEMENT COMPANY,  
LLC, a California limited liability company**

By: HBT ECIC, LLC, a California limited liability  
company  
Its: Managing Member

By: \_\_\_\_\_  
Name: William B. Bunce  
Its: Manager

**EXHIBIT E**

**FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS  
SERIES 2022**

**LETTER OF REPRESENTATIONS OF  
CMB IMPROVEMENT COMPANY, LLC**

\_\_\_\_\_, 2022

Folsom Ranch Financing Authority  
50 Natoma Street  
Folsom, California 95630

City of Folsom Community Facilities District No. 23  
(Folsom Ranch)  
50 Natoma Street  
Folsom, California 95630

Piper Sandler & Co.  
3626 Fair Oaks Boulevard, Suite 100  
Sacramento, California 95864

Ladies and Gentlemen:

Reference is made to the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “**Bonds**”) and to the Bond Purchase Agreement to be entered into in connection therewith (the “**Purchase Agreement**”). This Letter of Representations of CMB Improvement Company, LLC (the “**Letter of Representations**”) is delivered pursuant to the Purchase Agreement. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of CMB Improvement Company, LLC, a California limited liability company (the “**Developer**”), and the undersigned, on behalf of the Developer further certifies as follows:

1. The Developer is a limited liability company validly existing and in good standing under the laws of the State of California and is duly registered to transact intrastate business in the State of California and is in good standing in the State of California and has all requisite right, power and authority: (i) to execute and deliver this Letter of Representations; and (ii) to undertake all of the transactions on its part described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, certain property within Improvement Area No. 1 (the “**Improvement Area**”) of City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “**Community Facilities District**”) is held in the name of the Developer or its Affiliates<sup>3</sup> (herein the “**Property**”). The undersigned, on behalf of the Developer, makes the representations herein with respect to all such Property.

3. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned,<sup>4</sup> (a) the Developer and its Affiliates are not in breach of or in default under any applicable judgment or decree or any loan agreement, option agreement, development agreement, indenture, fiscal agent agreement, bond or note (collectively, the “**Material Agreements**”) to which the Developer or its Affiliates are a party or otherwise subject, which breach or default could reasonably be expected to materially and adversely affect the Developer’s ability to complete the development of the Property as described in the Preliminary Official Statement or to pay the Special Tax on the Property (to the extent the responsibility of the Developer or its Affiliates) prior to delinquency and (b) no event has occurred and is continuing that with the passage of time or giving of notice, or both, would constitute such a breach or default.

4. To the Actual Knowledge of the Undersigned, neither the Developer, nor any of its Affiliates is in default on any obligation to repay borrowed money, which default is reasonably likely to materially and adversely affect the Developer’s ability to complete the development of the Property as described in the Preliminary Official Statement or to pay the Special Tax on the Property (to the extent the responsibility of the Developer or its Affiliates) prior to delinquency.

5. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Developer (with proper service of process or proper notice to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned, is pending against any current Affiliate (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Developer or any such Affiliate which if

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<sup>3</sup> “Affiliate” means, with respect to a Person (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person, and (ii) for whom information, including financial information or operating data, concerning such Person referenced in clause (i) is material to potential investors in their evaluation of the Improvement Area and investment decision regarding the Bonds (i.e., information relevant to the Developer’s development plans with respect to its Property and the payment of its Special Tax on the Property prior to delinquency, or such Person’s assets or funds that would materially affect the Developer’s ability to develop its Property as described in the Preliminary Official Statement or to pay its Special Tax on the Property prior to delinquency). “Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term “control” (including the terms “controlling,” “controlled by” or “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Certificate, the term “Affiliate” is expressly deemed to include Folsom Real Estate South, LLC, WestLand Capital Partners, L.P.

<sup>4</sup> As used in this Letter of Representations, the phrase “Actual Knowledge of the Undersigned” shall mean the knowledge of the undersigned as of the date hereof obtained from interviews with such current officers and responsible employees of the Developer and its Affiliates as the undersigned has determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth herein. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer’s current business and operations.



successful, is reasonably likely to materially and adversely affect the Developer's ability to complete the development of the Property as described in the Preliminary Official Statement or to pay the Special Tax or *ad valorem* tax obligations on its Property (to the extent the responsibility of the Developer or its Affiliates) prior to delinquency.

6. To the Actual Knowledge of the Undersigned as of the date thereof, the Preliminary Official Statement, solely with respect to information contained therein with respect to the Developer, its Affiliates, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) as set forth under the caption "PROPOSED PROPERTY DEVELOPMENT" is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

7. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District or the Improvement Area, to challenge the adoption of Ordinance No. 1305 of the City levying the Special Tax within the Improvement Area, to invalidate the Community Facilities District, the Improvement Area or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the amended notice of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer in any way from bringing any other action, suit or proceeding including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Community Facilities District's Rate and Method of Apportionment of Special Taxes for the Improvement Area pursuant to which the Special Tax is levied, or (b) an action or suit with respect to the application or use of the Special Tax levied and collected.

8. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Developer is not aware that any other public debt secured by a tax or assessment on the Property exists or is in the process of being authorized or any assessment districts or community facilities districts have been or are in the process of being formed that include any portion of the Property.

9. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer has been delinquent at one time or another in the payment of *ad valorem* property taxes, special assessments or special taxes. However, except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, neither the Developer nor any Affiliate is currently in default in, or in the last five (5) years has ever defaulted to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property owned by the Developer or any Affiliate within the boundaries of a community facilities district or an assessment district within California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district

financing or (b) resulted in a foreclosure action being commenced against the Developer or any such Affiliate.

10. The Developer intends to comply with the provision of the Mello-Roos Community Facilities District Act of 1982, as amended, relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

11. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

12. To the Actual Knowledge of the Undersigned, Affiliates of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Affiliates of the Developer (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debts or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

13. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur of which the undersigned has actual knowledge and which the undersigned believes would cause the information under the sections of the Preliminary Official Statement indicated in Paragraph 6 hereof, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the undersigned shall notify the City and the Underwriter and if in the opinion of counsel to the City or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance reasonably satisfactory to counsel to the City and to the Underwriter.

14. For the period through 25 days after the "End of the Underwriting Period" as defined in the Purchase Agreement, if any event relating to or affecting the Developer, its Affiliates, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City, to amend or supplement

the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Developer shall reasonably cooperate with the City and the Underwriter in the preparation of an amendment or supplement to the Official Statement in form and substance reasonably satisfactory to the Underwriter and Disclosure Counsel which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

15. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit F to the Purchase Agreement.

16. On behalf of the Developer, I have reviewed the contents of this Letter of Representations and have met with counsel to the Developer for the purpose of discussing the meaning of its contents.

The undersigned has executed this Letter of Representations solely in his or her capacity as an officer or authorized representative of Developer and he or she will have no personal liability arising from or relating to this Letter of Representations.

**CMB IMPROVEMENT COMPANY, LLC, a  
California limited liability company**

By: HBT CMB, LLC, a California limited liability  
company

Its: Managing Member

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

Name: William B. Bunce

Its: Manager

**EXHIBIT F**

**FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)  
SPECIAL TAX REVENUE BONDS  
SERIES 2022**

**CLOSING CERTIFICATE OF CMB IMPROVEMENT COMPANY, LLC**

\_\_\_\_\_, 2022

Folsom Ranch Financing Authority  
50 Natoma Street  
Folsom, CA, 95630

City of Folsom Community Facilities District No. 23  
(Folsom Ranch)  
50 Natoma Street  
Folsom, CA, 95630

Piper Sandler & Co.  
3626 Fair Oaks Boulevard  
Sacramento, California 95864

Ladies and Gentlemen:

Reference is made to the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the "Bonds") and to the Bond Purchase Agreement, dated \_\_\_\_\_, 2022 (the "Purchase Agreement"), entered into in connection therewith. This certificate is delivered by CMB Improvement Company, LLC, a California limited liability company (the "**Developer**") pursuant to the Purchase Agreement. Capitalized terms used herein or in the Letter of Representations (defined below) and not otherwise defined have the meanings ascribed to them in the Purchase Agreement. A copy of a Letter of Representations (the "Letter of Representations"), dated \_\_\_\_\_, 2022, delivered by the Developer, is attached hereto as Exhibit A.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement relating to the Bonds. Each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the final Official Statement.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 6 of the Letter of Representations relating to the Developer, its Affiliates, ownership of the Property, the

Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. The undersigned has executed this Certificate solely in his or her capacity as an officer of Developer and he or she will have no personal liability arising from or relating to this Certificate.

**CMB IMPROVEMENT COMPANY, LLC, a  
California limited liability company**

By: HBT CMB, LLC, a California limited liability  
company  
Its: Managing Member

By: \_\_\_\_\_  
Name: William B. Bunce  
Its: Manager

**EXHIBIT G**

**SUPPLEMENTAL OPINION OF BOND COUNSEL**

\_\_\_\_\_, 2022

Piper Sandler & Co., as Underwriter  
Sacramento, California

Folsom Ranch Financing Authority  
City of Folsom Community Facilities District No. 23 (Folsom Ranch)  
Improvement Area No. 1  
Special Tax Revenue Bonds, Series 2022  
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as Underwriter, pursuant to Section 4.F.7. of the Bond Purchase Agreement, dated \_\_\_\_\_, 2022 (the “**Purchase Agreement**”), between you and the Folsom Ranch Financing Authority (the “**Authority**”), providing for the purchase of \$\_\_\_\_\_ principal amount of Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “**Bonds**”). The Bonds are being issued pursuant to a Trust Agreement, dated as of May 1, 2022 (the “**Trust Agreement**”), among the Authority, the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”) and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement or, if not defined in the Trust Agreement, in the Purchase Agreement.

We have delivered our final legal opinion (the “**Bond Opinion**”) as bond counsel to the Authority concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the Authority, we have reviewed the Purchase Agreement; the Trust Agreement; the Local Obligations Indenture; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed and delivered by the Authority, the Community Facilities District and the City; certain portions of the electronic version of the official statement of the Authority, dated \_\_\_\_\_, 2022 and posted on \_\_\_\_\_, 2022, with respect to the Bonds (the “**Official Statement**”); opinions of counsel to the Authority, the Community Facilities District and the Trustee; certificates of the Authority, the Community Facilities District, the Trustee, Integra Realty Resources (the “**Appraiser**”), NBS (the “**Special Tax Consultant**”), East Carpenter Improvement Company, LLC (the “**Master Developer**”), KB HOME Sacramento Inc. (“**KB HOME**”), Tri Pointe Homes IE-SD, Inc. (“**Tri Pointe**”), Lennar Homes of California, LLC (“**Lennar Homes**”), Beazer

Homes Holdings, LLC (“**Beazer**”) , FR 68 Lots LLC (“**FR 68 Lots**”), and Signature Homes, Inc. (“**Signature Homes**” and, together with KB HOME, Tri Pointe, Lennar Homes, Beazer and FR 68 Lots, the “**Merchant Builders**”) and others; and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Bonds on the date hereof. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Local Obligations Indenture, the Tax Certificate and the Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities and community facilities districts in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Trust Agreement or the Local Obligations Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. We also express no opinion regarding plans, specifications, maps, financial reports or other engineering or financial details of the proceedings, or upon the Rate and Method of Apportionment for Improvement Area No. 1 of the Community Facilities District or the validity of the Special Tax levied upon any individual parcel.

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

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.
2. The Purchase Agreement has been duly executed and delivered by, and is a valid and binding agreement of, the Authority.
3. The statements contained in the Official Statement under the captions “THE BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” (excluding therefrom the information under the headings “–Special Tax Analysis”, “–Special Tax Calculation” and “–The Teeter Plan”), and “TAX MATTERS,” and in APPENDIX E—“PROPOSED FORM OF OPINION

OF BOND COUNSEL” and APPENDIX C—”SUMMARY OF PRINCIPAL DOCUMENTS,” excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Trust Agreement, or set out the form and content of our Bond Opinion, are accurate in all material respects.

4. We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 3 above), completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as bond counsel to the Authority in connection with issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of the Community Facilities District, the City, the Authority, their counsel, representatives of the Master Developer, the Merchant Builders and their respective counsel, the Appraiser, the Special Tax Consultant and others, during which conferences the contents of the Preliminary Official Statement, Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written statements and representations of the Authority, the Community Facilities District, and others and on the records, documents, certificates, opinions and matters herein mentioned, subject to the limitations on our role as bond counsel to the Authority, we advise you as a matter of fact and not opinion that no facts came to the attention of the attorneys in our firm rendering legal services with respect to the Preliminary Official Statement and the Official Statement which caused us to believe that the Preliminary Official Statement as of its date and as of the date of the Purchase Agreement, or the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about feasibility, valuation, appraisals, absorption, real estate or environmental matters, any statements about compliance with prior continuing disclosure undertakings, or any information about book-entry, DTC, Cede & Co., ratings, rating agencies, underwriters, underwriting, and the information contained in Appendices A, B, D, F, G and H included or referred to therein or omitted therefrom, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view), contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

This letter is furnished by us as bond counsel to the Authority. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as Underwriter of the Bonds, is solely for your benefit as such Underwriter in connection with the original issuance of the Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,





**EXHIBIT H**

**FORM OF MERCHANT BUILDER LETTER OF REPRESENTATIONS**

**FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS  
SERIES 2022**

\_\_\_\_\_, 2022

Folsom Ranch Financing Authority  
50 Natoma Street  
Folsom, California 95630

Piper Sandler & Co.  
3626 Fair Oaks Boulevard, Suite 100  
Sacramento, California 95864

Ladies and Gentlemen:

Reference is made to the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “**Bonds**”) and to the Bond Purchase Agreement to be entered into in connection therewith (the “**Purchase Agreement**”). This Letter of Representations of \_\_\_\_\_ (the “**Letter of Representations**”) is delivered pursuant to the Purchase Agreement. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of \_\_\_\_\_, a \_\_\_\_\_ (the “**Builder**”), and the undersigned, on behalf of the Builder, further certifies as follows:

1. The Builder is a validly existing corporation and in good standing under the laws of the State of \_\_\_\_\_, is duly registered to transact intrastate business [as a foreign corporation] and in good standing in the State of California, and has all requisite corporate right, power and authority: (i) to execute and deliver this Letter of Representations; and (ii) to undertake all of the transactions on its part described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, the Builder owns certain property (herein the “**Property**”) within Improvement Area No. 1 (the “**Improvement Area**”) of City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “**District**”). The undersigned, on behalf of the Builder, makes the representations herein with respect to all such Property.

3. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned (as defined below), (a) the Builder and its Affiliates<sup>1</sup> are not in breach of or in default under any applicable judgment or decree or any loan agreement, option agreement, development agreement, indenture, fiscal agent agreement, bond or note (collectively, the “Material Agreements”) to which the Builder or its Affiliates are a party or otherwise subject, which breach or default could reasonably be expected to materially and adversely affect the Builder’s ability to complete the development of the Property as described in the Preliminary Official Statement or to pay the Special Tax on the Property (to the extent the responsibility of the Builder) prior to delinquency and (b) no event has occurred and is continuing that with the passage of time or giving of notice, or both, would constitute such a breach or default.

4. To the Actual Knowledge of the Undersigned<sup>2</sup>, neither the Builder nor any of its Affiliates is in default on any obligation to repay borrowed money, which default is reasonably likely to materially and adversely affect the Builder’s ability complete the development of the Property as described in the Preliminary Official Statement or to pay the Special Tax on the Property (to the extent the responsibility of the Builder) prior to delinquency.

5. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Builder (with proper service of process to the Builder having been accomplished) or, to the Actual Knowledge of the Undersigned, is pending against any current Affiliate (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Builder or any such Affiliate which if successful, is reasonably likely to materially and adversely affect the Builder’s ability to complete the development of the Property as described in the Preliminary Official Statement or to pay the Special Tax or *ad valorem* tax obligations on its Property (to the extent the responsibility of the Builder) prior to delinquency.

6. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information set forth therein under the captions “PROPOSED PROPERTY DEVELOPMENT—Property Ownership – \_\_\_\_\_,” “—Development Plan and Status of Development — \_\_\_\_\_,” “— Development Plans of Finance—\_\_\_\_\_ *Plan of Finance*,” and

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<sup>1</sup> “Affiliate” means, with respect to the Builder, any other Person: (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Builder, and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the Improvement Area and investment decision regarding the Bonds (*i.e.*, information relevant to: (a) the Builder’s development plans with respect to its Property and the payment of its Special Tax on the Property prior to delinquency; or (b) such Person’s assets or funds that would materially affect the Builder’s ability to develop its Property as described in the Preliminary Official Statement or to pay its Special Tax on the Property (to the extent the responsibility of the Builder) prior to delinquency). “Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term “control” (including the terms “controlling,” “controlled by” or “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

<sup>2</sup> “Actual Knowledge of the Undersigned” shall mean the actual (as opposed to constructive) knowledge that the undersigned currently has as of the date of this Letter of Representations or has obtained from (i) interviews with such current officers and responsible employees of the Builder as the undersigned has determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations, and/or (ii) a review of such documents as the undersigned determined were reasonably necessary to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Builder’s current business and operations. The undersigned has not contacted individuals who are no longer employed by the Builder.

["CONTINUING DISCLOSURE – \_\_\_\_\_"] but, in each caption, solely as such information pertains to Builder, its Affiliates, the Property, Builder's development of the Property and Builder's contractual arrangements with respect thereto (excluding therefrom in all cases (a) any statements regarding any other property owner or the property owned by a property owner other than the Builder, (b) any information on appraised and market values, and annual special tax rates and ratios, including information regarding the Appraisal and Market Absorption Study (as such terms are defined in the Preliminary Official Statement), and (c) any information which is identified as having been provided by a source other than the Builder) is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

7. The Builder covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Builder and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the District and the Improvement Area, to challenge the adoption of Ordinance No. 1305 of the District levying the Special Tax within the Improvement Area, to invalidate the District, the Improvement Area or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notice of special tax lien relating thereto. The foregoing covenant shall not prevent the Builder or any Affiliate in any way from bringing any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, including, without limitation, (a) contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate, Method of Apportionment, and Manner of Collection of Special Taxes pursuant to which the Special Tax is levied, (b) with respect to the application or use of the Special Tax levied and collected, or (c) to enforce the obligations of the Authority, the City, and/or the District under any agreements among the Builder and its Affiliates, the Authority, the City, and/or the District or to which the Builder or its Affiliates is a party or beneficiary.

8. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Builder is not aware that any other public debt secured by a tax or assessment on the Property exists or is in the process of being authorized or any assessment districts or community facilities districts have been or are in the process of being formed that include any portion of the Property.

9. The Builder has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Builder has been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Builder is not currently in default in, or, in the last five years, has ever defaulted to any material extent in, the payment of special taxes or assessments in connection with the District or any other community facilities districts or assessment districts in California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) was not cured prior to the institution of any enforcement action with a court of law.

10. Builder intends to comply with the provision of the Mello-Roos Community Facilities District Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

11. To the Actual Knowledge of the Undersigned, the Builder is able to pay its bills as they become due and no legal proceedings are pending against the Builder (with proper service of process to the Builder having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Builder may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

12. To the Actual Knowledge of the Undersigned, Affiliates of the Builder are able to pay their bills as they become due and no legal proceedings are pending against any Affiliates of the Builder (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Builder may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debts or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

13. If between the date hereof and the Closing Date any event relating to or affecting the Builder, its Affiliates, ownership of the Property, the Builder's development plan, the Builder's financing plan, the Builder's lenders, if any, and contractual arrangements of the Builder or any Affiliates (including, if material to the Builder's development plan or the Builder's financing plan, loans of such Affiliates) shall occur of which the undersigned has actual knowledge and which the undersigned believes would cause the information under the sections of the Preliminary Official Statement indicated in Paragraph 6 hereof, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the undersigned shall notify the Authority and the Underwriter and if in the opinion of counsel to the Authority or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Builder shall reasonably cooperate with the Authority in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance reasonably satisfactory to counsel to the Authority and to the Underwriter.

14. The Builder agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit A.

15. On behalf of the Builder, I have reviewed the contents of this Letter of Representations and have met with counsel to the Builder for the purpose of discussing the meaning of its contents.

The undersigned has executed this Letter of Representations solely in his or her capacity as an officer or authorized representative of Builder and he or she will have no personal liability arising from or relating to this Letter of Representations.

\_\_\_\_\_, a \_\_\_\_\_  
By: \_\_\_\_\_  
[Name]  
[Title]

EXHIBIT A

FORM OF MERCHANT BUILDER CLOSING CERTIFICATE

§ \_\_\_\_\_  
FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS  
SERIES 2022

\_\_\_\_\_, 2022

Folsom Ranch Financing Authority  
50 Natoma Street  
Folsom, CA, 95630

Piper Sandler & Co.  
3626 Fair Oaks Boulevard, Suite 100  
Sacramento, California 95864

Ladies and Gentlemen:

Reference is made to the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the "Bonds") and to the Bond Purchase Agreement, dated \_\_\_\_\_, 2022 (the "**Purchase Agreement**"), entered into in connection therewith. This Closing Certificate of \_\_\_\_\_ (the "**Closing Certificate**") is delivered by \_\_\_\_\_, a \_\_\_\_\_ (the "**Builder**") pursuant to the Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of \_\_\_\_\_ (the "**Letter of Representations**"), dated \_\_\_\_\_, 2022, delivered by the Builder.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Builder, and the undersigned, on behalf of the Builder, further certifies as follows:

1. The Builder has received the final Official Statement dated \_\_\_\_\_, 2022 relating to the Bonds (the "**Official Statement**"). Each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the final Official Statement.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 6 of the Letter of Representations relating to the Builder, its Affiliates, ownership of the Property, the Builder's development plan, the Builder's financing plan, the Builder's lenders, if any, and contractual arrangements of the Builder or any Affiliates (including, if material to the Builder's

development plan or the Builder's financing plan, loans of such Affiliates) which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the "End of the Underwriting Period" as defined in the Purchase Agreement to be the date hereof, if any event relating to or affecting the Builder, its Affiliates, ownership of the Property, the Builder's development plan, the Builder's financing plan, the Builder's lenders, if any, and contractual arrangements of the Builder or any Affiliates (including, if material to the Builder's development plan or the Builder's financing plan, loans of such Affiliates) shall occur and cause the information under the sections of the Official Statement indicated in Paragraph 6 of the Letter of Representations to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the undersigned shall notify the Authority and the Underwriter and if in the opinion of the Underwriter or counsel to the Authority, it is necessary to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Builder shall reasonably cooperate with the Authority and the Underwriter in the preparation of an amendment or supplement to the Official Statement in form and substance reasonably satisfactory to the Underwriter and Disclosure Counsel which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

The undersigned has executed this Closing Certificate solely in his or her capacity as an officer or representative of Builder and he or she will have no personal liability arising from or relating to this Closing Certificate.

\_\_\_\_\_, a \_\_\_\_\_

By: \_\_\_\_\_  
[Name],  
[Title]



**EXHIBIT I**

**FORM OF OPINION OF COUNSEL TO MERCHANT BUILDERS**

\_\_\_\_\_, 2022

Folsom Ranch Financing Authority  
c/o City of Folsom  
50 Natoma Street  
Folsom, California 95630

Piper Sandler & Co.  
3626 Fair Oaks Boulevard, Suite 100  
Sacramento, California 95864

**Re:    \$\_\_\_\_\_ Folsom Ranch Financing Authority City of Folsom Community  
Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax  
Revenue Bonds Series 2022**

Ladies and Gentlemen:

We have acted as counsel to \_\_\_\_\_, a \_\_\_\_\_ (the “**Builder**”) in connection with the issuance and sale by the Folsom Ranch Financing Authority (the “**Issuer**”) of \$\_\_\_\_\_ Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds Series 2022 (the “**Bonds**”) to provide funds to finance the purchase of limited obligation special tax bonds, issued by the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “**District**”) with respect to Improvement Area No. 1 therein (the “**Improvement Area**”). This opinion is rendered pursuant to the Bond Purchase Agreement dated \_\_\_\_\_, 2022 (the “**Bond Purchase Agreement**”), entered into in connection therewith. Capitalized terms used herein without definition shall have the meanings set forth in the Bond Purchase Agreement.

In rendering the opinions set forth herein, we have reviewed and examined such documents as we have determined to be appropriate, including the following documents:

1.     The Bond Purchase Agreement;
2.     The Preliminary Official Statement and the Final Official Statement (together, the “**Official Statement**”);
3.     The Builder Continuing Disclosure Certificate dated \_\_\_\_\_, 2022, executed by Builder (the “**Builder Disclosure Certificate**”); and

4. Letter of Representations of Builder dated \_\_\_\_\_, 2022, and the Closing Certificate of Builder, dated \_\_\_\_\_, 2022, both as required pursuant to the Bond Purchase Agreement (collectively, the “**Builder Certificate**”).

With respect to factual matters underlying our opinions herein, we have made no independent investigation or inquiry and have relied solely upon the Builder’s Certificate. We advise you that the phrase “to our knowledge,” as used herein, means that no facts have come to our attention, based upon an inquiry of attorneys in this firm who devote substantive legal attention to the Builder, or as a result of our examination of the Builder’s Certificate, that indicate to us anything contrary to the statement to which the phrase relates. Except as expressly set forth above, the phrase does not mean that we have conducted any investigation or inquiry or performed any other examination or review. We have no reason to believe that any factual matters or assumptions relied upon by us are not true, correct and complete.

Our opinions herein are limited to the internal laws of the State of California and the federal laws of the United States of America. We express no opinion whatsoever with respect to the laws of any other jurisdiction and assume no responsibility for the applicability of such laws.

In rendering our opinions herein, we have assumed the following, with your approval:

i. The genuineness and authenticity of all signatures on original documents submitted to us (other than any signatures on behalf of the Builder); the authenticity and completeness of all documents submitted to us as originals; the conformity to originals of all documents submitted to us as copies; where any signature, other than any signature on behalf of Developer purports to have been made in a corporate, governmental, fiduciary or other capacity, the person who affixed such signature had the full power and authority to do so;

ii. The due authorization, execution and delivery of the applicable agreements by the parties thereto, other than the Developer, and the legality, validity, binding effect and enforceability against such parties of their respective obligations under such agreements;

iii. The truth, accuracy and completeness of all factual representations and warranties of all parties under the documents described in paragraphs 1 through 4, above;

iv. The constitutionality or validity of a relevant statute, rule, regulation or agency action is not in issue unless a reported decision in the State of California has specifically addressed but not resolved, or has established, its unconstitutionality or invalidity; and

v. All official public records relied upon by us are accurate and complete.

Based upon the foregoing and in reliance thereon, and based on our examination of such questions of law as we have deemed appropriate under the circumstances, and subject to any further assumptions, comments, exceptions, qualifications and limitations set forth below, as of the date hereof, it is our opinion that:

1. The Builder is a \_\_\_\_\_ validly existing and in good standing as a \_\_\_\_\_ under the laws of the State of California, and has full power and authority to enter into the Builder Disclosure Certificate.

2. The Builder has duly and validly executed and delivered the Builder Disclosure Certificate, and the Builder Disclosure Certificate constitutes the legal, valid and binding obligation of the Builder, enforceable against the Builder in accordance with its terms.

3. To our knowledge, except as set forth in the Official Statement, there is no litigation pending against Developer (with service of process to the Builder having been duly given and completed) or overtly threatened against the Builder which would materially and adversely affect the validity or enforceability of the Builder Disclosure Certificate, the Builder's ability to complete the development of its property as proposed in the Official Statement or to pay the Special Tax.

4. Without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement under the captions, "PROPOSED PROPERTY DEVELOPMENT—Property Ownership — \_\_\_\_\_," "—Development Plan and Status of Development — \_\_\_\_\_," "— Development Plans of Finance—\_\_\_\_\_ *Plan of Finance*," and "CONTINUING DISCLOSURE — \_\_\_\_\_" (except that no opinion or belief need to be expressed as to any information relating to The Depository Trust Company, or any information relating to CUSIP numbers, or with respect to any financial, statistical or engineering information, data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, assessed valuations or appraised values, or to any information which is attributable to a source other than Builder, contained in the Official Statement), no facts came to our attention during the course of our representation of the Builder that would lead us to believe that the information under said captions of the Official Statement relating to the Builder and the Builder's organizations, activities, properties and financial condition, and its proposed development of the Property, contains any untrue statement of a material fact or omits any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In addition, all of our opinions expressed hereinabove are specifically subject to and limited by the following:

a) We express no opinion as to matters governed by any laws other than the substantive laws of California which are in effect as of the date hereof, and we assume no obligation to modify or supplement this opinion with respect to changes in such laws after the date hereof.

b) As counsel to the Builder in this matter, we have not rendered financial advice to the Builder and do not represent, by this opinion or otherwise, that we have reviewed or made any assessment about, nor do we offer any opinion about, the financial condition of the Builder, past, present or future, including any financial information contained in the Builder Disclosure Certificate; nor have we reviewed the financial feasibility of this transaction or those matters which the proceeds of the Bonds will fund or any of its components and, accordingly, we offer no opinion whatsoever regarding such financial feasibility.

c) The effect of laws or court decisions relating to bankruptcy, insolvency, fraudulent conveyance, equitable subordination, reorganization, arrangement, moratorium or other laws or court decisions relating to or affecting creditors' rights generally.

d) Limitations imposed by California or federal law or equitable principles upon the availability of the remedy of specific performance of any of the remedies, covenants or other provisions of any document or agreement and upon the availability of injunctive relief or other equitable remedies.

In addition, we express no opinion as to the title of the property within the Improvement Area or any entitlements, permits, approvals or other assets relating to the Builder's development of its property as proposed in the Official Statement.

We express no opinion as to any matter other than as expressly set forth above, and, in conjunction therewith, specifically express no opinion concerning the application of or compliance with any federal securities law, including, but not limited to, the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, any state securities or "Blue Sky" law, or any federal, state or local tax law, as respecting the Bonds.

This letter is intended solely for your use in relation to the Bond Purchase Agreement and may not be reproduced or filed publicly or relied upon for any other purpose by you or for any purpose whatsoever by any other party without the express written consent of the undersigned except that this opinion may be copied and distributed as part of a closing book of the bond transaction documents, provided that such distribution shall not expand in any way the permitted uses of this letter.

We assume no responsibility for the effect of any fact or circumstance occurring subsequent to the date of this letter, including, without limitation, legislative or other changes in the law. Further, we assume no responsibility to advise you of any facts or circumstances of which we become aware after the date hereof, regardless of whether or not they may affect our opinions herein. This opinion is given as of the date hereof, and we assume no obligation to update our opinions herein after the date hereof.

Very Truly Yours,

## EXHIBIT J

**FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS  
SERIES 2022**

### FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Piper Sandler & Co. (the “PSC”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) PSC offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “**Initial Offering Prices**”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated \_\_\_\_\_, 2022, by and between PSC and the Issuer, PSC has agreed in writing that: (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “**hold-the-offering-price rule**”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the \_\_\_\_\_, 2022 (the Sale Date), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Folsom Ranch Financing Authority.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2022.

(h) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents PSC's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick Herrington & Sutcliffe LLP, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

PIPER SANDLER & CO.

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

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

Dated: \_\_\_\_\_, 2022

**SCHEDULE A**

*(Attached)*

**SCHEDULE B**  
**PRICING WIRE**

*(Attached)*



**EXHIBIT K**

**FOLSOM RANCH FINANCING AUTHORITY  
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH) IMPROVEMENT AREA NO. 1  
SPECIAL TAX REVENUE BONDS  
SERIES 2022**

**CERTIFICATE OF APPRAISER**

Folsom Ranch Financing Authority  
50 Natoma Street,  
Folsom, CA, 95630

City of Folsom Community Facilities District No. 23  
(Folsom Ranch)  
50 Natoma Street,  
Folsom, CA, 95630

Piper Sandler & Co.  
3626 Fair Oaks Boulevard, Suite 200  
Sacramento, California 95864

The undersigned hereby states and certifies:

1. That he is an authorized principal of Integra Realty Resources (the "Appraiser") and as such is familiar with the facts herein certified and is authorized and qualified to certify the same.

2. That the Appraiser has prepared an appraisal report, dated February 28, 2022 (the "**Appraisal Report**"), on behalf of the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the "Community Facilities District") and the Folsom Ranch Financing Authority (the "**Authority**") in connection with the Preliminary Official Statement, dated \_\_\_\_\_, 2022 (the "**Preliminary Official Statement**") and the Official Statement dated \_\_\_\_\_, 2022 ("**Official Statement**"), for the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the "**Bonds**").

3. That the Appraiser hereby consents to the reproduction and use of the Appraisal Report appended to the Preliminary Official Statement and the Official Statement. The Appraiser also consents to the references to the Appraiser and the Appraisal made in the Preliminary Official Statement and the Official Statement.

4. In the opinion of the Appraiser the assumptions made in the Appraisal Report are reasonable. Since the date of value of the Appraisal Report, the Appraiser is not aware of any facts that would cause its opinion of value of the taxable property in Improvement Area No. 1 (the "Improvement Area") of the Community Facilities District to be lower than the value in the Appraisal.

5. Each of the parcels appraised by the Appraiser is encompassed within the Improvement Area as set forth in the boundary map of the Community Facilities District.

6 That, as of the date of the Official Statement and as of the date hereof, the Appraisal Report appended to the Official Statement, to the best of my knowledge and belief, and subject to all of the Limiting Conditions and Major Assumptions set forth in the Appraisal Report, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and no events or occurrences have been ascertained by us or have come to our attention that would substantially change the estimated values stated in the Appraisal Report. However, we have not performed any procedures since the date of the Appraisal Report to obtain knowledge of such events or occurrences nor are we obligated to do so in the future.

7. The Community Facilities District and the Underwriter, Piper Sandler & Co., are entitled to rely on the Certificate.

Dated: \_\_\_\_\_, 2022

INTEGRA REALTY RESOURCES

By: \_\_\_\_\_  
Authorized Representative

## **ATTACHMENT 8**

## **DISTRICT CONTINUING DISCLOSURE CERTIFICATE**

THIS DISTRICT CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”), dated as of \_\_\_\_\_, 2022, is executed and delivered by the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “District”) relative to the Folsom Ranch Financing Authority (the “Authority”) in connection with the issuance by the Authority of the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement (the “Trust Agreement”), among the District, the Authority and U.S. Bank Trust Company, National Association (the “Trustee”). The District covenants and agrees as follows.

**SECTION 1. Purpose of the Disclosure Certificate.** The Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

“Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

“Annual Report Date” means the date in each year that is nine months after the end of the District’s fiscal year, which date, as of the date of this Disclosure Certificate, is April 1.

“Dissemination Agent” shall mean NBS, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“EMMA System” means the MSRB’s Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

“Financial Obligation” means, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(7), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include Municipal Securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” means any of the events listed in subsection (a) of Section 5 hereof.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto.

“Official Statement” means the Official Statement, dated \_\_\_\_\_, 2022, relating to the Bonds.

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

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

**SECTION 3. Provision of Annual Reports.**

(a) The District shall, or shall cause the Dissemination Agent to, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 hereof, not later than the Annual Report Date, commencing with the report for the 2021-22 Fiscal Year. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the District's fiscal year changes, it shall, or shall instruct the Dissemination Agent to, give notice of such change in the same manner as for a Listed Event under subsection (e) of Section 5 hereof. The first Annual Report may include the filing of or reference to the Official Statement. The first Annual Report may include the filing of or reference to the Official Statement.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent.

(c) If the Dissemination Agent is other than the District, then not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent. If the District is unable to provide the Annual Report to the MSRB by the Annual Report Date, the District shall send a notice to the MSRB in substantially the form attached as Exhibit A to the Disclosure Certificate.

(d) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was so provided.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 3 hereof, the Annual Report shall contain unaudited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available. If the District's financial statement is included or consolidated with the financial statement for the City of Folsom (the "City"), then the District shall file the City's audited financial statements as its own.

(b) The following information:

(i) The principal amount of Bonds and any bonds secured by Additional Local Obligations (as defined in the Official Statement) Outstanding as of the December 31 next preceding the Annual Report Date along with debt service schedules for the Bonds and any bonds secured by Additional Local Obligations (as defined in the Official Statement) Outstanding as of such date;

(ii) The balance in each reserve account for the Local Obligations, and a statement of the required bond reserve amount, as of the December 31 next preceding the Annual Report Date;

(iii) The total assessed value of all parcels within the Improvement Area on which the Special Taxes are levied, as shown on the assessment roll of the Sacramento County Assessor last equalized prior to the December 31 next preceding the Annual Report Date, and a statement of assessed value-to-lien ratios therefor based on special tax and assessment debt, either by individual parcel or by categories (e.g., "below 3:1," "3:1 to 4:1" etc.);

(iv) The Special Tax delinquency rate for the Improvement Area as of the December 31 next preceding the Annual Report Date; the number of parcels within the Improvement Area delinquent in payment of special taxes as of the December 31 next preceding the Annual Report Date; the amount of each delinquency; the length of time delinquent and the date on which foreclosure was commenced, or similar information pertaining to delinquencies deemed appropriate by the District; provided, however, that parcels with aggregate delinquencies of \$1,000 or less (excluding penalties and interest) may be grouped together and such information may be provided by category;

(v) The status of foreclosure proceedings and a summary of the results of any foreclosure sales in the Improvement Area as of the December 31 next preceding the Annual Report Date;

(vi) The identity of any property owner, representing more than 5% of the Special Tax levy, delinquent in payment of special taxes as of the December 31 next preceding the Annual Report Date;

(vii) All tentative and final maps approved and/or recorded within the Improvement Area, describing the gross acres, the planned commercial acres and the number and type of planned residential dwelling units;

(viii) The number of new building permits issued and a description of the purpose of such permits (e.g., new single-family, new multi-family, new commercial, new industrial);

(ix) A land ownership summary listing the top ten Special Tax payers for the Improvement Area, as shown on the assessment roll of the Sacramento County Assessor last equalized prior to the December 31 next preceding the Annual Report Date; and

(x) For the current Fiscal Year, the amount of the Effective Tax Rate Evaluation Maximum Facilities Special Tax, the Maximum Special Tax, the actual Facilities Special Tax levied within the Improvement Area and the actual Special Tax levied within the Improvement Area, with such amounts reported separately for Developed Property, Small Lot Final Map Property and Large Lot Property; provided, however, that once all Taxable Property within the Improvement Area is Developed Property, the Maximum Special Tax and the actual Facilities Special Tax and the actual Special Tax levied may each be shown on an aggregate basis in the Annual Report. For the purposes of this subparagraph (x), all capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Rate and Method of Apportionment for the Improvement Area.

In addition to any of the information expressly required to be provided under this Section, as set forth above, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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 District or related public entities, which have been submitted to the MSRB through the EMMA System. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the District shall give notice, or cause notice to be given, not less than ten Business Days after the occurrence of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) 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-exempt status of the security.

- (vi) Defeasances.
- (vii) Tender offers.
- (viii) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (ix) Rating changes.

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial Obligation of the District, any of which reflect financial difficulties.

(b) The District shall give notice, or cause notice to be given, not less than ten Business Days after the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Modifications to rights of Bond holders.
- (ii) Bond calls.
- (iii) Release, substitution or sale of property securing repayment of the Bonds.
- (iv) Non-payment related defaults.

(v) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vi) Appointment of a successor or additional trustee or the change of name of a trustee.

(vii) Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or similar terms of a Financial Obligation of the District, any of which affect Bondholders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event described in subsection (b) above, the District shall determine if such event would be material under applicable federal securities laws.

(d) If the District learns of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable federal securities laws, the District shall notify the Dissemination Agent thereof in writing and instruct the Dissemination Agent to report the occurrence pursuant to subsection (e) of this Section. If in response to a request under subsection (b) of this Section, the District determines that the Listed Event would not be material under applicable Federal securities law, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e) of this Section.

(e) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through the EMMA System. Notwithstanding the foregoing, notice of Listed Events described in paragraph (vii) of subsection (a) of this Section and paragraph (ii) of subsection (b) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Trust Agreement.

**SECTION 6. Termination of Reporting Obligation.** The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under subsection (e) of Section 5 hereof.

**SECTION 7. Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to the Disclosure Certificate.



SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 3 hereof, Section 4 hereof or subsections (a) and (b) of Section 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

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

If an amendment is made to 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 shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial statements or information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be given in the same manner as for a Listed Event under subsection (e) of Section 5 hereof.

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

SECTION 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of outstanding Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under the Disclosure Certificate in the event of any failure of the District to comply with the Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee under the Trust Agreement. The Dissemination Agent shall not be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the District has executed this Disclosure Certificate as of the date first above written.

**CITY OF FOLSOM COMMUNITY  
FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)**

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

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Folsom Ranch Financing Authority  
Name of Issue: Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1 Special Tax Revenue Bonds, Series 2022  
Date of Issuance: \_\_\_\_\_, 2022

NOTICE IS HEREBY GIVEN that the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated \_\_\_\_\_, 2022, executed by the District for the benefit of the Holders and Beneficial Owners of the above-referenced bonds. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

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

**CITY OF FOLSOM COMMUNITY  
FACILITIES DISTRICT NO. 23  
(FOLSOM RANCH)**

By: \_\_\_\_\_  
Finance Director of the City of Folsom

## **ATTACHMENT 9**

**Folsom Ranch Financing Authority**  
**City of Folsom CFD No. 23 (Folsom Ranch) Improvement Area No. 1**  
**Special Tax Revenue Bonds, Series 2022**

**SB 450 Summary / Government Code 5852.1\***

Estimated Par Amount	\$12,110,000 <sup>1</sup>
<b>A. True Interest Cost (TIC) of the Bonds</b>	<b>4.72% <sup>1</sup></b>
<b>B. Sum of all fees and charges paid to 3rd parties</b>	<b>\$379,265 <sup>2</sup></b>
<b>C. Bond Proceeds Net of Reserves, Capitalized Interest and 3rd Party Fees and Charges</b>	<b>\$10,966,614</b>
Net proceeds	12,413,923 <sup>1</sup>
Less Reserve Fund	(891,000) <sup>1</sup>
Less Sum of all fees and charges paid to 3rd parties	(379,265) <sup>1</sup>
Less Capitalized Interest	(177,045) <sup>1</sup>
<b>D. Total Payment Amount</b>	<b>\$25,105,307</b>
Total Principal and Interest to Maturity**	24,394,307 <sup>1</sup>
Special Tax Admin. /Continuing Disclosure Fee	555,000 <sup>3</sup>
Fiscal Agent Fee	96,000 <sup>4</sup>
Arbitrage /Rebate Fee	45,000 <sup>5</sup>
County Collection Charge	15,000 <sup>6</sup>

\*Summary reflects good faith estimates as of 3/24/22 and all costs associated with the financing; subject to change based on interest rates, market conditions, and other factors

\*\*Less Capitalized Interest

Sources:

<sup>1</sup> Preliminary Cash Flows from Piper Sandler as of 3/24/22

<sup>2</sup> Costs of Issuance

<sup>3</sup> NBS - estimated 30 years at \$18,500 per year

<sup>4</sup> US Bank - 30 years at \$3,200 per year

<sup>5</sup> NBS - estimated 30 years at \$1,500 per year

<sup>6</sup> NBS - estimated 30 years at \$500 per year

**City of Folsom**  
**City of Folsom CFD No. 23 (Folsom Ranch) Improvement Area No. 1**  
**Special Tax Bonds, Series 2022**

**SB 450 Summary / Government Code 5852.1\***

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