

CITY OF ALAMEDA RESOLUTION NO. \_\_\_\_\_

AUTHORIZING THE ISSUANCE OF CITY OF ALAMEDA COMMUNITY FACILITIES DISTRICT NO. 13-1 (ALAMEDA LANDING PUBLIC IMPROVEMENTS) 2016 SPECIAL TAX BONDS, AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, this City Council has conducted proceedings under and pursuant to the City of Alameda Special Tax Financing Improvement Code, constituting Section 3-70.1 of the Alameda Municipal Code (the "Law"), to form the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the "District"), to authorize the levy of special taxes upon the land within the District, and to issue bonds secured by said special taxes to finance public improvements authorized to be funded by the District (the "Facilities"); and

WHEREAS, there has been submitted to this City Council a fiscal agent agreement (the "Fiscal Agent Agreement") providing for the issuance of bonds of the City for the District (as more fully described in Section 1 below, the "Bonds") and the use of the proceeds of the Bonds to finance the Facilities, as well as a Preliminary Official Statement (the "Preliminary Official Statement") describing the Bonds, a bond purchase agreement to be used in connection with the sale of the Bonds (the "Purchase Contract") and a Continuing Disclosure Agreement of the City relating to the Bonds (the "Continuing Disclosure Agreement"), all pursuant to the authority provided in the Law, and this City Council, with the aid of City Staff, has reviewed said documents and has found them to be in proper order, and now desires to approve such documents and the issuance of the Bonds; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the Law and other applicable laws of the State of California.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Alameda that:

1. Pursuant to the Law, this Resolution and the Fiscal Agent Agreement, special tax bonds of the City for the District designated as "City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) 2016 Special Tax Bonds" (referred to in this Resolution as the "Bonds") are hereby authorized to be issued in an aggregate principal amount not to exceed \$18,000,000. The Bonds shall be executed in the form set forth in and otherwise as provided in the Fiscal Agent Agreement.

The City Council hereby approves the Fiscal Agent Agreement in the form attached to this Resolution as Exhibit A. The City Manager (including any Interim City Manager) is hereby authorized to execute the Fiscal Agent Agreement, for and in the name and on behalf of the City and the District, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Finance Director upon

consultation with Bond Counsel. The proceeds of the Bonds shall be applied by the City for the purposes and in the amounts as set forth in the Fiscal Agent Agreement. The City Council hereby authorizes the delivery and performance by the City of the Fiscal Agent Agreement.

2. The Bonds, when executed, shall be delivered to MUFG Union Bank, N.A., the entity acting as fiscal agent under the Fiscal Agent Agreement (the "Fiscal Agent") for authentication. The Fiscal Agent is hereby requested and directed to authenticate the Bonds by executing the Fiscal Agent's certificate of authentication and registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to Stifel, Nicolaus & Company, Incorporated, the underwriter for the Bonds (the "Underwriter") in accordance with written instructions executed on behalf of the City by the Finance Director, which instructions such officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Fiscal Agent. Such instructions shall provide for the delivery of the Bonds to the Underwriter in accordance with the Purchase Contract, upon payment of the purchase price therefor.

3. This City Council hereby approves the sale of the Bonds to the Underwriter. The Purchase Contract, in the form attached to this Resolution as Exhibit B, is hereby approved and the City Manager (including any Interim City Manager) is hereby authorized and directed to execute the Purchase Contract in said form, with such changes, insertions and omissions as may be approved by the Finance Director, provided that the initial principal amount of the Bonds does not exceed the amount described in Section 1 of this Resolution, the net interest cost of the Bonds is not in excess of 6.00% and the Underwriter's discount (without regard to any original issue discount) is not in excess of 1.05% of the principal amount of the Bonds.

4. This City Council hereby approves the Preliminary Official Statement in the form attached to this Resolution as Exhibit C. The Finance Director is hereby authorized and directed, for and in the name and on behalf of the City, to make changes to the Preliminary Official Statement prior to its dissemination to prospective investors, to properly reflect the terms of the Bonds and matters related to the Bonds and the District. The City Council authorizes and directs the City Manager (including any Interim City Manager), on behalf of the City and the District, to deem "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") the Preliminary Official Statement prior to its distribution by the Underwriter to prospective purchasers of the Bonds.

The Underwriter, on behalf of the City and the District, is authorized and directed to cause the Preliminary Official Statement to be distributed to such municipal bond broker-dealers, to such banking institutions and to such other persons as may be interested in purchasing the Bonds.

The Finance Director is hereby authorized and directed to assist the Disclosure Counsel in causing the Preliminary Official Statement to be brought into the form of final official statement (the "Final Official Statement"), and the City Manager (including any Interim City Manager) is hereby authorized to execute the Final Official Statement and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects

and that the Final Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds contain any untrue statement of material fact with respect to the City or the District or omit to state material facts with respect to the City or the District required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The execution and delivery by the City Manager (or by any Interim City Manager) of the Final Official Statement, which shall include such changes and additions thereto deemed advisable by the Finance Director and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Final Official Statement by the City.

The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

5. The Continuing Disclosure Agreement, in the form attached to this Resolution as Exhibit D, is hereby approved. The City Manager (including any Interim City Manager) is hereby authorized to execute and deliver the Continuing Disclosure Agreement in said form, with such additions thereto or changes therein as are deemed necessary, desirable or appropriate by the Finance Director upon consultation with Disclosure Counsel, the approval of such changes to be conclusively evidenced by the execution and delivery by the City Manager (or by any Interim City Manager) of the Continuing Disclosure Agreement.

6. The City hereby covenants, for the benefit of the Bondowners, to commence and diligently pursue to completion any foreclosure action regarding delinquent installments of any amount levied as a special tax for the payment of interest or principal of the Bonds, said foreclosure action to be commenced and pursued as more completely set forth in the Fiscal Agent Agreement.

7. All actions heretofore taken by the officers and agents of the City with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the City are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution, and any certificate, agreement, and other document described in the documents herein approved.

Whenever in this Resolution any officer of the City is authorized to execute any document or take any action, such execution or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

8. This Resolution shall take effect upon its adoption.

EXHIBIT A

FISCAL AGENT AGREEMENT

[attach Fiscal Agent Agreement here]

---

---

**FISCAL AGENT AGREEMENT**

**by and between**

**CITY OF ALAMEDA, CALIFORNIA**

**and**

**MUFG UNION BANK, N.A.,  
as Fiscal Agent**

**dated as of March 1, 2016**

**relating to:**

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

**City of Alameda  
Community Facilities District No. 13-1  
(Alameda Landing Public Improvements)  
2016 Special Tax Bonds**

---

---

# TABLE OF CONTENTS

## ARTICLE I

### STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01.	Authority for this Agreement. ....	2
Section 1.02.	Agreement for Benefit of Bondowners. ....	2
Section 1.03.	Definitions. ....	2

## ARTICLE II

### THE 2016 BONDS

Section 2.01.	Principal Amount; Designation. ....	11
Section 2.02.	Terms of 2016 Bonds. ....	11
Section 2.03.	Redemption. ....	12
Section 2.04.	Form of 2016 Bonds. ....	14
Section 2.05.	Execution of Bonds. ....	14
Section 2.06.	Transfer of Bonds. ....	15
Section 2.07.	Exchange of Bonds. ....	15
Section 2.08.	Bond Register. ....	15
Section 2.09.	Temporary Bonds. ....	16
Section 2.10.	Bonds Mutilated, Lost, Destroyed or Stolen. ....	16
Section 2.11.	Limited Obligation. ....	16
Section 2.12.	No Acceleration. ....	16
Section 2.13.	Book-Entry Only System. ....	16
Section 2.14.	Issuance of Parity Bonds. ....	18

## ARTICLE III

### ISSUANCE OF 2016 BONDS

Section 3.01.	Issuance and Delivery of 2016 Bonds. ....	20
Section 3.02.	Application of Proceeds of Sale of 2016 Bonds. ....	20
Section 3.03.	Improvement Fund. ....	20
Section 3.04.	Special Tax Fund. ....	21
Section 3.05.	Administrative Expense Fund. ....	22
Section 3.06.	Costs of Issuance Fund. ....	23
Section 3.07.	Validity of Bonds. ....	23

## ARTICLE IV

### SPECIAL TAX REVENUES; BOND FUND AND RESERVE FUND

Section 4.01.	Pledge of Special Tax Revenues. ....	24
Section 4.02.	Bond Fund. ....	24
Section 4.03.	Reserve Fund. ....	25

## ARTICLE V

### OTHER COVENANTS OF THE CITY

Section 5.01.	Punctual Payment. ....	27
Section 5.02.	Limited Obligation. ....	27
Section 5.03.	Extension of Time for Payment. ....	27
Section 5.04.	Against Encumbrances. ....	27
Section 5.05.	Books and Records. ....	27
Section 5.06.	Protection of Security and Rights of Owners. ....	27
Section 5.07.	Compliance with Law. ....	27
Section 5.08.	Private Activity Bond Limitation. ....	27
Section 5.09.	Federal Guarantee Prohibition. ....	28
Section 5.10.	Collection of Special Tax Revenues. ....	28
Section 5.11.	Further Assurances. ....	29
Section 5.12.	No Arbitrage. ....	29
Section 5.13.	Maintenance of Tax-Exemption. ....	29
Section 5.14.	Covenant to Foreclose. ....	29
Section 5.15.	No Additional Bonds. ....	30
Section 5.16.	Yield of the 2016 Bonds. ....	30
Section 5.17.	Continuing Disclosure. ....	30
Section 5.18.	Reduction of Special Taxes. ....	30

Section 5.19.	State Reporting Requirements .....	30
Section 5.20.	Limits on Special Tax Waivers and Bond Tenders.....	32
Section 5.21.	City Bid at Foreclosure Sale .....	32

## ARTICLE VI

### INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE CITY

Section 6.01.	Deposit and Investment of Moneys in Funds. ....	33
Section 6.02.	Rebate of Excess Investment Earnings to the United States. ....	34
Section 6.03.	Liability of City.....	34
Section 6.04.	Engagement of Agents by City. ....	35

## ARTICLE VII

### THE FISCAL AGENT

Section 7.01.	Appointment of Fiscal Agent. ....	36
Section 7.02.	Liability of Fiscal Agent. ....	37
Section 7.03.	Information; Books and Accounts. ....	38
Section 7.04.	Notice to Fiscal Agent. ....	38
Section 7.05.	Compensation, Indemnification. ....	39

## ARTICLE VIII

### MODIFICATION OR AMENDMENT OF THIS AGREEMENT

Section 8.01.	Amendments Permitted. ....	40
Section 8.02.	Owners' Meetings. ....	40
Section 8.03.	Procedure for Amendment with Written Consent of Owners. ....	41
Section 8.04.	Disqualified Bonds.....	41
Section 8.05.	Effect of Supplemental Agreement. ....	41
Section 8.06.	Endorsement or Replacement of Bonds Issued After Amendments.....	42
Section 8.07.	Amendatory Endorsement of Bonds.....	42

## ARTICLE IX

### MISCELLANEOUS

Section 9.01.	Benefits of Agreement Limited to Parties.....	43
Section 9.02.	Successor is Deemed Included in All References to Predecessor. ....	43
Section 9.03.	Discharge of Agreement. ....	43
Section 9.04.	Execution of Documents and Proof of Ownership by Owners.....	44
Section 9.05.	Waiver of Personal Liability.....	44
Section 9.06.	Notices to and Demands on City and Fiscal Agent. ....	44
Section 9.07.	Partial Invalidity. ....	45
Section 9.08.	Unclaimed Moneys. ....	45
Section 9.09.	Applicable Law. ....	45
Section 9.10.	Conflict with Law.....	45
Section 9.11.	Conclusive Evidence of Regularity. ....	45
Section 9.12.	Payment on Business Day.....	45
Section 9.13.	Counterparts.....	46

### EXHIBIT A – FORM OF 2016 BOND



## **FISCAL AGENT AGREEMENT**

THIS FISCAL AGENT AGREEMENT (the "Agreement"), dated as of March 1, 2016, is by and between the City of Alameda, California, a municipal corporation and chartered city organized and existing under its charter and the laws of the State of California (the "City"), for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the "District"), and MUFG Union Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, as fiscal agent (the "Fiscal Agent").

### ***RECITALS:***

WHEREAS, the City Council of the City (the "City Council") has formed the District under the provisions of the City of Alameda Special Tax Financing Improvement Code, constituting Section 3-70.1 et seq. of the Alameda Municipal Code (the "Law") and Resolution No. 14880 of the City Council adopted on January 7, 2014;

WHEREAS, the City Council, as the legislative body with respect to the District, is authorized under the Law to levy special taxes to pay for the costs of facilities eligible to be financed by the District and to authorize the issuance of bonds, including bonds to refund any bonds issued for the District, secured by said special taxes under the Law;

WHEREAS, under the provisions of the Law, on February 16, 2016, the City Council adopted its Resolution No. \_\_\_\_\_ (the "Resolution"), which Resolution, among other matters, authorized the issuance of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) 2016 Special Tax Bonds (the "2016 Bonds") to provide moneys to finance improvements authorized to be financed by the District, and provided that said issuance would be in accordance with this Agreement, and authorized the execution hereof;

WHEREAS, it is in the public interest and for the benefit of the City, the District and the owners of the 2016 Bonds that the City enter into this Agreement to provide for the issuance of the 2016 Bonds, the disbursement of proceeds of the 2016 Bonds, the disposition of the special taxes securing the 2016 Bonds and the administration and payment of the 2016 Bonds; and

WHEREAS, the City has determined that all things necessary to cause the 2016 Bonds, when authenticated by the City for the District and issued as in the Law, the Resolution and this Agreement provided, to be legal, valid and binding and special obligations of the City for the District in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the 2016 Bonds, subject to the terms hereof, have in all respects been duly authorized.

### ***AGREEMENT:***

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

## ARTICLE I

### STATUTORY AUTHORITY AND DEFINITIONS

**Section 1.01. Authority for this Agreement.** This Agreement is entered into pursuant to the provisions of the Law and the Resolution.

**Section 1.02. Agreement for Benefit of Bondowners.** The provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Owners. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Agreement. Any action by any Owner to enforce the provisions of this Agreement shall be for the equal benefit and protection of all Owners of the Bonds.

The Fiscal Agent may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Fiscal Agent.

**Section 1.03. Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to "Articles", "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words "herein", "hereof", "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

"Acquisition Agreement" means the Acquisition Agreement, dated as of November 1, 2013, between the City and Catellus Alameda Development, LLC, as originally executed and as it may thereafter be amended or supplemented in accordance with its terms.

"Administrative Expenses" means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the City in carrying out its duties hereunder (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds pursuant to Section 6.02, any amounts paid or payable to any persons or entities employed by the City in connection with the discharge of any of the City's obligations hereunder (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States), and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the discharge of their respective duties hereunder or in connection with the 2016 Bonds and, in the case of the City, in any way related to the administration of the Bonds or the District. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid.

"Administrative Expense Fund" means the fund by that name established by Section 3.05(A) hereof.

"Agreement" means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of Section 2.03(A)(ii) providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year pursuant to Section 2.03(A)(ii)).

“Auditor” means the auditor/ controller of the County, as such other official at the County who is responsible for preparing property tax bills.

“Authorized Officer” means the City Manager (including any Interim City Manager), the Finance Director, the City Clerk, or any other officer or employee of the City authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

“Bond Counsel” means (i) Quint & Thimmig LLP, or (ii) any attorney or other firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the fund by that name established by Section 4.02(A) hereof.

“Bond Register” means the books for the registration and transfer of Bonds maintained by the Fiscal Agent under Section 2.08 hereof.

“Bond Year” means the one-year period beginning on September 2 in each year and ending on September 1 in the following year except that the first Bond Year shall begin on the Closing Date and end on September 1, 2016.

“Bonds” means, collectively, the 2016 Bonds, and, if the context requires, any Parity Bonds, at any time Outstanding under this Agreement or any Supplemental Agreement.

“Business Day” means any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the state in which the Principal Office is located are authorized or obligated by law or executive order to be closed.

“CDIAC” means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

“Capitalized Interest Account” means the account by that name established within the Bond Fund pursuant to Section 4.02(A).

“City” means the City of Alameda, California.

“Closing Date” means March \_\_, 2016, being the date upon which there is a physical delivery of the 2016 Bonds in exchange for the amount representing the purchase price of the 2016 Bonds by the Original Purchaser.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2016 Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2016 Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of March 1, 2016, executed by the City and NBS Government Finance Group as the initial Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the 2016 Bonds which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee, fees and expenses of Fiscal Agent’s counsel, expenses incurred by the City in connection with the issuance of the 2016 Bonds, special tax consultant fees and expenses, Bond (underwriter’s) discount, legal fees and charges, including bond counsel and disclosure counsel, municipal advisor fees, rating agency fees, costs of bond insurance (if applicable), charges for execution, transportation and safekeeping of the 2016 Bonds and other costs, charges and fees in connection with the foregoing.

“Cost of Issuance Fund” means the fund by that name established by Section 3.06(A) hereof.

“County” means the County of Alameda, California.

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

“Debt Service” means the scheduled amount of interest and amortization of principal (including principal payable by reason of Section 2.03(A)(ii)) on the Bonds and the scheduled amount of interest and amortization of principal payable on any Parity Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.13.

“District” means the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements), formed pursuant to the Law and the Resolution of Formation.

“District Value” means the market value, as of the date of the appraisal described below, of all parcels of real property in the District subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund and with the proceeds of any proposed series of Parity Bonds, as determined by reference to (i) an appraisal performed within six (6) months of the date of issuance of any proposed Parity Bonds by an MAI appraiser (the “Appraiser”) selected by the City, or (ii), in the alternative, the assessed value of all such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded

on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

"Finance Director" means the Finance Director of the City or any person otherwise acting as the chief financial officer of the City, or such person's written designee.

"Fiscal Agent" means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Improvement Fund" means the fund by that name established by Section 3.03(A) hereof.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the City or any Authorized Officer, and who, or each of whom: (i) is judged by the person or entity that approved them to have experience in matters relating to the issuance and/or administration of bonds under the Law; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, (at <http://emma.msrb.org>); and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the City may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Interest Payment Dates” means March 1 and September 1 of each year, commencing September 1, 2016.

“Law” means the City of Alameda Special Tax Financing Improvement Code, constituting Section 3-70.1 et seq. of the Alameda Municipal Code.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final scheduled maturity date for any Outstanding Bonds.

“Minimum Administrative Expense Requirement” means (a) for Fiscal Year 2015-2016, \$25,000; and (b) for each Fiscal Year after Fiscal Year 2015-2016, an amount equal to 102% of the Minimum Administrative Expense Requirement in effect for the immediately preceding Fiscal Year.

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

“Ordinance” means Ordinance No. 3125, adopted by the City Council of the City on May 5, 2015, and any other ordinance of the City levying the Special Taxes.

“Original Purchaser” means the first purchaser of the 2016 Bonds from the City, being Stifel, Nicolaus & Company, Incorporated.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.04) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City pursuant to this Agreement or any Supplemental Agreement.

“Owner” or “Bondowner” means any person who shall be the registered owner of any Outstanding Bond.

“Parity Bonds” means bonds issued by the City for the District payable and secured on a parity with any then Outstanding Bonds, pursuant to Section 2.14 hereof.

“Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Permitted Investments” means the following, but only to the extent that the same are acquired at Fair Market Value and are otherwise legal investments for funds of the City:

(a) Federal Securities.

(b) Registered state warrants or treasury notes or bonds of the State of California (the "State"), including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State, which are rated in one of the two highest short-term or long-term rating categories by either Moody's Investors Service or Standard and Poor's Ratings Group, and which have a maximum term to maturity not to exceed three years.

(c) Time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank or trust company, or a state or federal savings and loan association which may include the Fiscal Agent and its affiliates; provided, that the certificates of deposit shall be one or more of the following: continuously and fully insured by the Federal Deposit Insurance Corporation and/or continuously and fully secured by securities described in subdivision (a) or (b) of this definition of Permitted Investments which shall have a market value, as determined on a marked-to-market basis calculated at least weekly, and exclusive of accrued interest, or not less than 102 percent of the principal amount of the certificates on deposit.

(d) Commercial paper which at the time of purchase is of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by either Moody's Investors Service or Standard and Poor's Ratings Services, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an "A" or higher rating for the issuer's debentures, other than commercial paper, by either Moody's Investors Service or Standard and Poor's Ratings Services, provided that purchases of eligible commercial paper may not exceed 180 days' maturity nor represent more than 10 percent of the outstanding commercial paper of an issuing corporation. Purchases of commercial paper may not exceed 20 percent of the total amount invested pursuant to this definition of Permitted Investments.

(e) A repurchase agreement with a state or nationally chartered bank or trust company or a national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that all of the following conditions are satisfied: (1) the agreement is secured by any one or more of the securities described in subdivision (a) of this definition of Permitted Investments, (2) the underlying securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars (\$100,000,000) and which is independent of the issuer of the repurchase agreement, and (3) the underlying securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than 103 percent of the amount so invested.

(f) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution the long-term unsecured obligations of which are rated Aa2 and "AA" or better, respectively, by Moody's Investors Service and Standard and Poor's Ratings Services at the time of initial investment. The investment agreement shall be subject to a downgrade provision with at least the following requirements: (1) the agreement shall provide that within five business days after the financial institution's long-term unsecured credit rating has been withdrawn, suspended, other than because of general withdrawal or suspension by Moody's Investors Service or Standard and Poor's Ratings Services from the practice of rating that debt, or reduced below "AA-" by Standard and Poor's Ratings Services or below "Aa3" by Moody's Investors Service (these events are called "rating downgrades") the financial institution shall give notice to the

City and, within the five-day period, and for as long as the rating downgrade is in effect, shall deliver in the name of the City or the Fiscal Agent to the City or the Fiscal Agent Federal Securities allowed as investments under subdivision (a) of this definition of Permitted Investments with aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement invested with the financial institution at that time, and shall deliver additional allowed federal securities as needed to maintain an aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement within three days after each evaluation date, which shall be at least weekly, and (2) the agreement shall provide that, if the financial institution's long-term unsecured credit rating is reduced below "A3" by Moody's Investors Service or below "A-" by Standard and Poor's Ratings Services, the Fiscal Agent or the City may, upon not more than five business days' written notice to the financial institution, withdraw the investment agreement, with accrued but unpaid interest thereon to the date, and terminate the agreement.

(g) The Local Agency Investment Fund of the State of California.

(h) Investments in a money market mutual fund (including any funds of the Fiscal Agent or its affiliates and including any funds for which the Fiscal Agent or its affiliates provides investment advisory or other management services) rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody's Investors Service or Standard & Poor's Ratings Services.

(i) Any other lawful investment for City funds.

"Principal Office" means the corporate trust office of the Fiscal Agent as identified pursuant to Section 9.06 hereof; provided, however, for the purpose of maintenance of the Registration Books and surrender of Bonds for payment, transfer or exchange such term means the office at which the Fiscal Agent conducts its corporate agency business, or such other or additional offices as may be designated by the Fiscal Agent.

"Project" means the facilities eligible to be funded by the District, as specified by the Resolution of Formation and the Resolution of Alteration.

"Rate and Method of Apportionment" means the Rate and Method of Apportionment of Special Tax for the District, as approved by the Resolution of Formation, and as it may be amended from time to time in accordance with the provisions of the Law.

"Record Date" means the fifteenth (15th) day of the month next preceding the month of the applicable Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

"Refunding Bonds" means bonds issued by the City for the District the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the debt service on the Refunding Bonds in any Bond Year is not in excess of the debt service on the Bonds being refunded, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

"Registration Books" means the records maintained by the Fiscal Agent pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

"Regulations" means temporary and permanent regulations promulgated under the Code.



"Reserve Fund" means the fund by that name established pursuant to Section 4.03(A) hereof.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the initial principal amount of the Bonds. The Reserve Requirement as of the Closing Date is \$\_\_\_\_\_.

"Resolution" means Resolution No. \_\_\_\_\_, adopted by the City Council of the City on February 16, 2016, authorizing the issuance of the 2016 Bonds.

"Resolution of Alteration" means Resolution No. 15015, adopted by the City Council of the City on April 7, 2015, pursuant to which proceedings were conducted under the Law to, among other matters, add to the description of the facilities authorized to be funded by the District.

"Resolution of Formation" means Resolution No. 14880, adopted by the City Council of the City on January 7, 2014.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 15L, New York, New York 10041-0099, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Special Tax Fund" means the fund by that name established by Section 3.04(A) hereof.

"Special Tax Prepayments" means the proceeds of any prepayments of Special Taxes received by the City, as calculated pursuant to the Rate and Method of Apportionment, less any administrative fees or penalties collected as part of any such prepayment.

"Special Tax Prepayments Account" means the account by that name within the Bond Fund established by Section 4.02(A) hereof.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien, but shall not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds.

"Special Taxes" means the special tax levied within the District pursuant to the Law, the Ordinance and this Agreement.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Law and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

"Tax Consultant" means NBS Government Finance Group, or another independent financial or tax consultant retained by the City for the purpose of computing the Special Taxes.

"2016 Bonds" means the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) 2016 Special Tax Bonds, issued and outstanding under this Agreement.

## ARTICLE II

### THE 2016 BONDS

**Section 2.01. Principal Amount; Designation.** 2016 Bonds in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_) are hereby authorized to be issued by the City for the District under and subject to the terms of the Resolution, this Agreement, the Law and other applicable laws of the State of California. The 2016 Bonds are hereby designated the "City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) 2016 Special Tax Bonds."

**Section 2.02. Terms of 2016 Bonds.** The 2016 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple in excess thereof. The 2016 Bonds shall be dated the Closing Date, shall be in the principal amounts, shall mature on September 1 in the years and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum as follows:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>
--	-----------------------------------	----------------------

Interest on the 2016 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the registration books maintained by the Fiscal Agent as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears on the registration books maintained by the Fiscal Agent as of the preceding Record Date. Principal of and premium (if any) on any 2016 Bond shall be paid by check upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Principal Office of the Fiscal Agent. The principal of and interest and premium (if any) on the 2016 Bonds shall be payable in lawful money of the United States of America.

Each 2016 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2016, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any 2016 Bond, interest thereon is in default, such 2016 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

"CUSIP" identification numbers shall be imprinted on the 2016 Bonds, but such numbers shall not constitute a part of the contract evidenced by the 2016 Bonds, and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the 2016 Bonds. In addition, failure on the part of the City or the Fiscal Agent to use

such CUSIP numbers in any notice to Owners shall not constitute any violation of the City's contract with such Owners and shall not impair the effectiveness of any such notice.

All 2016 Bonds paid by the Fiscal Agent pursuant to this Article shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled 2016 Bonds and issue a certificate of destruction thereof to the City.

### **Section 2.03. Redemption.**

#### **(A) Redemption Dates.**

(i) *Optional Redemption.* The 2016 Bonds maturing on and after September 1, \_\_\_\_\_ are subject to optional redemption prior to their stated maturity on any Interest Payment Date occurring on or after September 1, \_\_\_\_\_, as a whole, or in part among maturities as determined by the Finance Director and by lot within a maturity, at a redemption price equal to the principal amount of the 2016 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

(ii) *Mandatory Sinking Payment Redemption.* The 2016 Bonds maturing on September 1, \_\_\_\_\_, are subject to mandatory sinking payment redemption in part on September 1, \_\_\_\_\_, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date  
(September 1)

Sinking Payments

The amounts in the foregoing table shall be reduced to the extent practicable so as to maintain the same debt service profile for the Bonds as in effect prior to such redemption, as a result of any prior partial redemption of the 2016 Bonds pursuant to Section 2.03(A)(i) above or Section 2.03(A)(iii) below, as specified in writing by the Finance Director to the Fiscal Agent.

(iii) *Mandatory Redemption From Special Tax Prepayments.* Special Tax Prepayments and any corresponding transfers from the Reserve Fund pursuant to clause (iii) of the second paragraph of Section 3.04(A) and Section 4.03(F), respectively, shall be used to redeem 2016 Bonds on the next Interest Payment Date for which notice of redemption can timely be given under Section 2.03(E), by lot within a maturity and allocated among maturities of the 2016 Bonds so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption, at a redemption price (expressed as a percentage of the principal amount of the 2016 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
any Interest Payment Date to and including March 1, 20__	%
September 1, 20__ and March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and any Interest Payment Date thereafter	

(B) Notice to Fiscal Agent. The City shall give the Fiscal Agent written notice of its intention to redeem 2016 Bonds pursuant to subsection (A)(i) or (iii) above not less than forty-five (45) days prior to the applicable redemption date, or such lesser number of days as the Fiscal Agent shall allow. No notice need be given by the City to the Fiscal Agent of a redemption of 2016 Bonds pursuant to subsection (A)(ii) above.

(C) Priority of Redemption. Whenever provision is made in this Agreement for the redemption of less than all of the 2016 Bonds or any given portion thereof pursuant to Section 2.03(A)(i), the Fiscal Agent shall select the 2016 Bonds to be redeemed, from all 2016 Bonds or such given portion thereof not previously called for redemption among maturities as directed in writing by the Finance Director, and within a maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate and fair. Whenever provision is made in this Agreement for the redemption of less than all of the 2016 Bonds or any given portion thereof pursuant to Section 2.03(A)(iii), the Fiscal Agent shall select the 2016 Bonds to be redeemed, from all 2016 Bonds or such given portion thereof not previously called for redemption among maturities so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption, and within a maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate and fair. In each case, for purposes of selection of Bonds to be redeemed, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds which may be separately redeemed.

(D) Purchase of Bonds in lieu of Redemption. In lieu of redemption under Section 2.03(A) above, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2016 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase prior to the selection of 2016 Bonds for redemption, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2016 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

(E) Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services (or by such other means as permitted by such services), and to the respective registered Owners of any 2016 Bonds designated for redemption, at their addresses appearing on the 2016 Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the 2016 Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the 2016 Bonds of one or

more maturities have been called for redemption, shall state as to any 2016 Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any redemption of the 2016 Bonds under Section 2.03(A)(i) or (iii) above, the notice of redemption may state that the redemption is conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the 2016 Bonds on the anticipated redemption date, and that the redemption shall not occur if by no later than the scheduled redemption date sufficient moneys to redeem the 2016 Bonds have not been deposited with the Fiscal Agent. In the event that the Fiscal Agent does not receive sufficient funds by the scheduled redemption date to so redeem the 2016 Bonds to be redeemed, the Fiscal Agent shall send written notice to the owners of the 2016 Bonds, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the 2016 Bonds for which notice of redemption was given shall remain Outstanding for all purposes of this Agreement.

Upon the payment of the redemption price of 2016 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, of the 2016 Bonds being redeemed with the proceeds of such check or other transfer.

Upon surrender of 2016 Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new 2016 Bond or 2016 Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2016 Bond or 2016 Bonds.

(F) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2016 Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date.

All Bonds redeemed and purchased by the Fiscal Agent pursuant to this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and, upon written request of the City, issue a certificate of destruction thereof to the City.

(G) Redemption of Parity Bonds. Redemption provisions, if any, pertaining to any Parity Bonds shall be set forth in the Supplemental Agreement providing for such Parity Bonds.

**Section 2.04. Form of 2016 Bonds.** The 2016 Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment, to appear thereon, shall be substantially in the forms, respectively, set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution and the Law.

**Section 2.05. Execution of Bonds.** The Bonds shall be executed on behalf of the City by the facsimile signatures of the Mayor of the City and the City Clerk who are in office on the date of adoption of this Agreement or at any time thereafter, and the seal of the City shall be impressed, imprinted or reproduced by facsimile signature thereon. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the

Bonds to the owner. Any Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Bond shall be the proper officers of the City although at the nominal date of such Bond any such person shall not have been such officer of the City.

Only such Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A executed manually and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication of the Fiscal Agent shall be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

**Section 2.06. Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the City from any lawfully available funds of the District, including but not limited to amounts in the Administrative Expense Fund. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds of the same series and maturity, for like aggregate principal amount.

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

**Section 2.07. Exchange of Bonds.** Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of Bonds of authorized denominations of the same series and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such exchange shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

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

**Section 2.08. Bond Register.** The Fiscal Agent will keep or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds which books shall show the series number, date, amount, rate of interest and last known owner of each Bond and shall at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided.

The City and the Fiscal Agent will treat the Owner of any Bond whose name appears on the Bond register as the absolute Owner of such Bond for any and all purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond register for any and all purposes.

**Section 2.09. Temporary Bonds.** The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the City, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under to this Agreement as definitive Bonds authenticated and delivered hereunder.

**Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to it and indemnity for the City and the Fiscal Agent satisfactory to the Fiscal Agent shall be given, the City, at the expense of the Owner, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like series, tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section and of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued pursuant to this Agreement.

**Section 2.11. Limited Obligation.** All obligations of the City under this Agreement and the Bonds shall be special obligations of the City, payable solely from the Special Tax Revenues and the funds pledged therefore hereunder. Neither the faith and credit nor the taxing power of the City (except with respect to the levy of Special Taxes in the District, to the limited extent set forth herein) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

**Section 2.12. No Acceleration.** The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of Bonds under Section 2.03 hereof, or the defeasance of the Bonds and discharge of this Agreement under Section 9.03 hereof.

**Section 2.13. Book-Entry Only System.** DTC shall act as the initial Depository for the 2016 Bonds. One 2016 Bond for each maturity of the 2016 Bonds shall be initially executed, authenticated, and delivered as set forth herein with a separate fully registered certificate (in printed or typewritten form). Upon initial execution, authentication, and delivery, the ownership of the 2016 Bonds shall be registered in the Registration Books kept by the Fiscal Agent for the



Bonds in the name of Cede & Co., as nominee of DTC or such nominee as DTC shall appoint in writing.

The representatives of the City and the Fiscal Agent are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the 2016 Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

With respect to Bonds registered in the Registration Books in the name of Cede & Co., as nominee of DTC, neither the City nor the Fiscal Agent shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds Bonds as Depository from time to time (the "DTC Participants") or to any person for which a DTC Participant acquires an interest in the Bonds (the "Beneficial Owners"). Without limiting the immediately preceding sentence, neither the City nor the Fiscal Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the City elects to redeem the Bonds in part, (iv) the payment to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any amount with respect to the principal of or interest on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds; except that so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, any Beneficial Owner of \$1,000,000 or more in aggregate principal amount of any series of Bonds who has filed a written request to receive notices, containing such Beneficial Owner's name and address, with the Fiscal Agent shall be provided with all notices relating to such Bonds by the Fiscal Agent.

Except as set forth above, the Fiscal Agent may treat as and deem DTC to be the absolute Owner of each Bond for which DTC is acting as Depository for the purpose of payment of the principal of and interest on such Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers with respect to such Bonds, and for all purposes whatsoever. The Fiscal Agent shall pay all principal of and interest on the Bonds only to or upon the order of the Owners as shown on the Registration Books, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to the principal of and interest on the Bonds to the extent of the sums or sums so paid.

No person other than an Owner, as shown on the Registration Books, shall receive a physical Bond. Upon delivery by DTC to the Fiscal Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06 hereof, references to "Cede & Co." in this Section 2.13 shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to the 2016 Bonds at any time by giving written notice to the Fiscal Agent during any time that the 2016 Bonds are Outstanding, and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of DTC with respect to the 2016 Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the 2016 Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners, and the City shall mail notice of such termination to the Fiscal Agent.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions hereunder can be found which is

willing and able to undertake such functions upon reasonable or customary terms, or if the City determines that it is in the best interest of the Beneficial Owners of the 2016 Bonds that they be able to obtain certificated Bonds, the 2016 Bonds shall no longer be restricted to being registered in the Registration Books of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or name the Owners shall designate at that time, in accordance with Section 2.06.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06 the 2016 Bonds will be delivered to such Beneficial Owners as soon as practicable.

**Section 2.14. Issuance of Parity Bonds.** The City may issue one or more series of Parity Bonds, in addition to the 2016 Bonds authorized under Section 2.01 hereof, by means of a Supplemental Agreement and without the consent of any Bondowners, upon compliance with the provisions of this Section 2.14. Any such Parity Bonds shall constitute Bonds hereunder and shall be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds hereunder on a parity with all other Bonds Outstanding hereunder. The City may issue Parity Bonds subject to the following specific conditions precedent:

(A) Current Compliance. The City shall be in compliance on the date of issuance of the Parity Bonds with all covenants set forth in this Agreement and all Supplemental Agreements.

(B) Payment Dates. The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable (provided that there shall be no requirement that any Parity Bonds pay interest on a current basis).

(C) Funds and Accounts; Reserve Fund Deposit. The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts, and shall provide for a deposit to the Reserve Fund (or to a separate account created for such purpose) in an amount necessary so that the amount on deposit in the Reserve Fund (together with the amount in any such separate account), following the issuance of such Parity Bonds, is equal to the Reserve Requirement.

(D) Value-to-Lien Ratio. The District Value shall be at least 8 times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the District subject to the levy of Special Taxes, plus (iv) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the District (the "Other District Bonds") equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the District, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year.

(E) The Special Tax Coverage. The City shall obtain a certificate of a Tax Consultant to the effect that (i) the amount of the maximum Special Taxes that may be levied in each Fiscal Year shall be at least one hundred ten percent (110%) of the total Annual Debt Service for each such Fiscal Year on the Bonds and the proposed Parity Bonds plus estimated Administrative Expenses, and (ii) based upon the Special Taxes that may be levied under the Rate and Method of Apportionment of the Special Taxes for the District, the aggregate Special Tax Prepayments that could occur after the issuance of the Parity Bonds is not less than the Outstanding principal amount of the Bonds and such Parity Bonds.

(F) Minimum Value Test. The District Value (including, for purposes of this paragraph (F), only those parcels of real property in the District then constituting "Undeveloped Property" (as defined in the Rate and Method) shall be at least 4 times (i) the sum of the amounts referred to in clauses (i), (ii), (iii) and (iv) of paragraph (D) above, but including, for purposes of this paragraph (F), with respect to said clauses (iii) and (iv) only those parcels constituting such "Undeveloped Property", and not all parcels in the District, less (ii) that portion of the principal amount of the Outstanding Bonds and any proposed Parity Bonds the maximum annual debt service on which is equal to the aggregate Maximum Special Tax in the then Fiscal Year for all then Developed Property (as the terms "Maximum Special Tax", and "Developed Property" are defined in the Rate and Method.

(G) Officer's Certificate. The City shall deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in subsections (A), (B), (C), (D), (E) and (F) of this Section 2.14 have been satisfied. In delivering such Officer's Certificate, the Authorized Officer that executes the same may conclusively rely upon such certificates of the Fiscal Agent, the Tax Consultant and others selected with due care, without the need for independent inquiry or certification.

Notwithstanding the foregoing, the City may issue Refunding Bonds as Parity Bonds without the need to satisfy the requirements of clauses (D), (E) and (F) above, and without limitation on the number of series of such Refunding Bonds; and, in connection therewith, the Officer's Certificate in clause (G) above need not make reference to said clauses (D), (E) and (F).

Nothing in this Section 2.14 shall prohibit the City from issuing bonds or otherwise incurring debt for the District secured by a pledge of Special Tax Revenues subordinate to the pledge thereof under Section 4.01 of this Agreement.

## ARTICLE III

### ISSUANCE OF 2016 BONDS

**Section 3.01. Issuance and Delivery of 2016 Bonds.** At any time after the execution of this Agreement, the City may issue the 2016 Bonds for the District in the aggregate principal amount set forth in Section 2.01 and deliver the 2016 Bonds to the Original Purchaser. The Authorized Officers of the City are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the 2016 Bonds in accordance with the provisions of the Law, the Resolution and this Agreement, to authorize the payment of Costs of Issuance and to do and cause to be done any and all acts and things necessary or convenient for delivery of the 2016 Bonds to the Original Purchaser.

**Section 3.02. Application of Proceeds of Sale of 2016 Bonds.** The proceeds of the purchase of the 2016 Bonds by the Original Purchaser (being \$\_\_\_\_\_) shall be paid to the Fiscal Agent, who shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows:

- (A) Deposit in the Reserve Fund \$\_\_\_\_\_.
- (B) Deposit in the Costs of Issuance Fund \$\_\_\_\_\_.
- (C) Deposit in the Improvement Fund \$\_\_\_\_\_.
- (D) Deposit in the Capitalized Interest Account \$\_\_\_\_\_.
- (E) Deposit in the Administrative Expense Fund \$\_\_\_\_\_.

The Fiscal Agent may establish a temporary fund or account in its records to facilitate any of the deposits or transfers referred to in this Section 3.02.

#### **Section 3.03. Improvement Fund.**

(A) Establishment of Improvement Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 13-1 (Alameda Landing Public Improvements) Improvement Fund. Deposits shall be made to the Improvement Fund pursuant to Section 3.02(C), and clauses (iii)(a) and (iv) of the second paragraph of Section 3.04(A). Moneys in the Improvement Fund shall be held by the Fiscal Agent for the benefit of the City, and shall be disbursed, except as otherwise provided in subsection (D) of this Section, for the payment or reimbursement of costs of the Project.

(B) Procedure for Disbursements. Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate which shall:

- (i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made and the person to which the disbursement is to be paid; and
- (ii) certify that the disbursement is for amounts owing by the City under the Acquisition Agreement or otherwise for a purpose eligible to be funded with the amount to be so disbursed, and in any event that no portion of the amount then being requested to be disbursed was set forth in any Officer's Certificate previously filed requesting disbursement.

In making disbursements from the Improvement Fund, the Fiscal Agent shall first use any amounts deposited therein pursuant to Section 3.02(C) and any investment earnings thereon, before using amounts deposited to the Improvement Fund pursuant to clauses (iii)(a) and (iv) of the second paragraph of Section 3.04(A) and any investment earnings thereon.

(C) Investment. Moneys in the Improvement Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits from the investment of amounts in the Improvement Fund shall be retained in the Improvement Fund be used for the purposes thereof.

(D) Closing of Fund. Upon the filing of an Officer's Certificate stating that the portion of the Project to be financed and any other expenses to be paid from the Improvement Fund have been completed and paid, respectively, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund for application to the payment of principal of and interest on the Bonds in accordance with Section 4.02, and the Improvement Fund shall be closed.

### **Section 3.04. Special Tax Fund.**

(A) Establishment of Special Tax Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 13-1 (Alameda Landing Public Improvements) Special Tax Fund. The City shall transfer or cause to be transferred to the Fiscal Agent, as soon as practicable following receipt, all Special Tax Revenues received by the City from and after July 1, 2016, which amounts shall be deposited by the Fiscal Agent to the Special Tax Fund (with Special Taxes collected prior to July 1, 2016 to be used to make payments due and owing by the City under the Acquisition Agreement and to pay related administrative expenses of the City). In addition, the Fiscal Agent shall deposit in the Special Tax Fund amounts to be transferred thereto pursuant to Section 3.05(B) hereof.

Notwithstanding the foregoing,

(i) with respect to the first Special Tax Revenues collected by the City in any Fiscal Year in the amount of the Minimum Administrative Expense Requirement for such Fiscal Year; first, the City may retain all or any portion thereof, and not remit the same to the Fiscal Agent, to the extent the City determines that it needs said amount to pay Administrative Expenses of the City (and the City shall so use such amount to pay Administrative Expenses); and second, any remaining portion of such amount shall be separately identified by the City and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the City and shall be deposited by the Fiscal Agent first, in the Bond Fund to the extent needed to pay any past due debt service on the Bonds; second, to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement; and third, to the Special Tax Fund for use as described in Section 3.04(B) below;

(iii) any proceeds of Special Tax Prepayments shall be separately identified by the City and shall be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting the Future Facilities Costs (as defined in Section H of the Rate and Method of Apportionment) shall be deposited by the Fiscal Agent to the Improvement Fund so long as the Improvement Fund has not theretofore been closed pursuant to Section 3.03(D), and if the Improvement

Fund has been closed, then such amount shall be retained by the City to be used to pay Project costs; and (b) any remaining portion of any Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to Section 4.02(A); and

(iv) any Special Tax Revenues constituting the portion, if any, of the Special Tax Requirement (Pre-Bond Issuance) (as defined in the Rate and Method of Apportionment), or any Special Tax Revenues constituting the portion, if any, of the Special Tax Requirement (Post Bond Issuance) (as defined in the Rate and Method of Apportionment); in each case that is to pay directly for the acquisition or construction of any portion of the Project shall be separately identified by the City and shall be deposited by the Fiscal Agent in the Improvement Fund so long as the Improvement Fund has not theretofore been closed pursuant to Section 3.03(D), and if the Improvement Fund has been closed, then such amount shall be retained by the City to be used to pay Project costs.

Moneys in the Special Tax Fund shall be held by the Fiscal Agent for the benefit of the City and the Owners of the Bonds, shall be disbursed as provided below and, pending and disbursement, shall be subject to a lien in favor of the Owners of the Bonds and the City.

(B) Disbursements. From time to time as needed to pay the obligations of the District, but no later than the Business Day before each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the Reserve Fund, the Special Tax Fund and the Capitalized Interest Account to the Bond Fund pursuant to Sections 3.03(D), 3.04(A), 4.03(C), (E), (F) and (G) and 4.02(B)(iii), such that the amount in the Bond Fund equals the principal (including any sinking payment, or principal due pursuant to optional or special tax prepayment redemptions), premium, if any, and interest due on the Bonds on the next Interest Payment Date, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement; provided that no such transfers shall exceed the amount then available to be transferred from the Special Tax Fund.

In addition to the foregoing, if in any Fiscal Year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund and the Reserve Fund in respect of the Interest Payment Dates occurring in the Bond Year that commences in such Fiscal Year, the Finance Director may direct the Fiscal Agent to transfer to the Administrative Expense Fund, from time to time, any amount in the Special Tax Fund in excess of the amount needed to make such transfers to the Bond Fund and the Reserve Fund, if the Finance Director determines that monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund.

(C) Investment. Moneys in the Special Tax Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from investment of amounts in the Special Tax Fund shall be retained in the Special Tax Fund to be used for the purposes thereof.

### **Section 3.05. Administrative Expense Fund.**

(A) Establishment of Administrative Expense Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 13-1 (Alameda Landing Public Improvements) Administrative Expense Fund, to the credit of which deposits shall be made as required by Section 3.02(E), clause (i) of the second paragraph of Section 3.04(A)

and Section 3.06(B). Moneys in the Administrative Expense Fund shall be held by the Fiscal Agent for the benefit of the City, and shall be disbursed as provided below.

(B) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the City or its order upon receipt by the Fiscal Agent of an Officer's Certificate stating the amount to be withdraw, that such amount is to be used to pay an Administrative Expense, and the nature of such Administrative Expense. Amounts transferred to the Administrative Expense Fund pursuant to Section 3.02(E) or Section 3.06(B), and any investment earnings thereon, shall be used for purposes of such fund prior to using other available amounts therein.

Annually, on the last day of each Fiscal Year, the Fiscal Agent shall withdraw any amounts then remaining in the Administrative Expense Fund in excess of \$25,000.00 that have not otherwise been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, and transfer such amounts to the Special Tax Fund.

(C) Investment. Moneys in the Administrative Expense Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained in the Administrative Expense Fund to be used for the purposes of such fund.

#### **Section 3.06. Costs of Issuance Fund.**

(A) Establishment of Costs of Issuance Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 13-1 (Alameda Landing Public Improvements) 2016 Bonds Costs of Issuance Fund, to the credit of which a deposit shall be made as required by Section 3.02(B). Moneys in the Costs of Issuance Fund shall be held by the Fiscal Agent and shall be disbursed as provided in subsection (B) of this Section.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by an Authorized Officer and delivered to the Fiscal Agent concurrently with the delivery of the 2016 Bonds. The Fiscal Agent shall pay all Costs of Issuance upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition, or upon receipt of an Officer's Certificate requesting payment of a Cost of Issuance not listed on the initial requisition delivered to the Fiscal Agent on the Closing Date. Each such Officer's Certificate shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts. The Fiscal Agent shall maintain the Cost of Issuance Fund for a period of 90 days from the Closing Date and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Administrative Expense Fund.

(C) Investment. Moneys in the Cost of Issuance Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Cost of Issuance Fund to be used for the purposes of such fund.

**Section 3.07. Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be dependent upon the performance by any person of his obligation with respect to the Project.

## ARTICLE IV

### SPECIAL TAX REVENUES; BOND FUND AND RESERVE FUND

**Section 4.01. Pledge of Special Tax Revenues.** The Bonds shall be secured by a first pledge of all of the Special Tax Revenues (other than the Special Tax Revenues to be retained by the City or deposited to the Administrative Expense Fund pursuant to clause (i) of the second paragraph of Section 3.04(A)) and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed as provided herein, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Law until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 9.03.

Amounts in the Improvement Fund, the Administrative Expense Fund, the Costs of Issuance Fund and the Special Tax Revenues to be retained by the City or deposited to the Administrative Expense Fund pursuant to clause (i) of the second paragraph of Section 3.04(A) or deposited to the Improvement Fund pursuant to clauses (iii)(a) and (iv) of the second paragraph of Section 3.04(A), are not pledged to the repayment of the Bonds. The facilities financed by the District are not in any way pledged to pay the debt service on the Bonds. Any proceeds of the sale, condemnation or destruction of any facilities financed by the District are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

#### **Section 4.02. Bond Fund.**

(A) Establishment of Bond Fund, Capitalized Interest Account and Special Tax Prepayments Account. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 13-1 (Alameda Landing Public Improvements) Bond Fund, to the credit of which deposits shall be made as required by the first subclause of clause (ii) of the second paragraph of Section 3.04(A), Section 3.04(B), and Section 4.03, and any other amounts required to be deposited therein by this Agreement or the Law. There are also hereby created in the Bond Fund separate accounts held by the Fiscal Agent, consisting of (i) the Capitalized Interest Account, to the credit of which a deposit shall be as provided in Section 3.02(D), and (ii) the Special Tax Prepayments Account to the credit of which deposits shall be made as required by clause (iii) of the second paragraph of Section 3.04(A). Moneys in the Bond Fund and the accounts therein shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

(B) Disbursements. (i) Bond Fund Disbursements. On each Interest Payment Date, and following any transfers required pursuant to Sections 3.03(D), 3.04(B), 4.02(B)(ii), 4.03(C), (E), (F) and (G) and 4.02(B)(iii) in connection with such Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in Section 2.03(A)(ii), or a redemption of the Bonds required by Section 2.03(A)(i) or (iii), such payments to be made in the priority listed in the second succeeding paragraph. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer pursuant to clause (ii) of the second paragraph of Section 3.04(A) shall be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.



In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited by the Fiscal Agent in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the first sentence of the first paragraph of this Section 4.02(B), the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Each such payment shall be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

(ii) Special Tax Prepayments Account Disbursements. Moneys in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds under Section 2.03(A)(iii) can timely be given by the Fiscal Agent under Section 2.03(E), and shall be used (together with any amounts transferred pursuant to Section 4.03(F)) to redeem Bonds on the redemption date selected in accordance with Section 2.03.

(iii) Capitalized Interest Account Disbursements. All moneys in the Capitalized Interest Account shall be transferred to the Bond Fund on the Business Day prior to September 1, 2016, to be used for the payment of Debt Service on the 2016 Bonds due on the immediately succeeding Interest Payment Date. When no amounts remain on deposit in the Capitalized Interest Account, the Capitalized Interest Account shall be closed.

(C) Investment. Moneys in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from investment of amounts in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account shall be retained in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account, respectively, to be used for the purposes of such fund and accounts as applicable.

(D) State Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and/or interest on the Bonds, the Fiscal Agent shall notify the Finance Director in writing of such failure or withdrawal, and (in addition to any notice required under the Continuing Disclosure Agreement) the Finance Director shall notify CDIAC of such failure or withdrawal within 10 days of the failure to make such payment or the date of such withdrawal.

#### **Section 4.03. Reserve Fund.**

(A) Establishment of Reserve Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 13-1 (Alameda Landing Public Improvements) Reserve Fund, to the credit of which deposits shall be made as required by Section 3.02(A), which deposit is equal to the initial Reserve Requirement, and deposits shall be made as provided in Section 2.14(C), subclause second of clause (ii) of the second paragraph of Section 3.04(A), and Section 3.04(B). Moneys in the Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

(B) Use of Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming Bonds from the Bond Fund.

(C) Transfer of Excess of Reserve Requirement. Whenever, on the Business Day before any Interest Payment Date, or on any other date at the request of an Authorized Officer, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the City of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 4.02.

(D) Transfer for Rebate Purposes. Amounts in the Reserve Fund shall be withdrawn, at the written request of an Authorized Officer, for purposes of making payment to the federal government to comply with Section 6.02.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption, in accordance with Section 4.02 or 2.03, as applicable, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the City to be used for any lawful purpose under the Law.

Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to this Section 4.03(E) until after (i) the calculation, pursuant to Section 6.02, of any amounts due to the federal government following payment of the Bonds and withdrawal of any such amount under Section 4.03(D) for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

(F) Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 2.03(A)(iii) and 4.02(B)(ii), a proportionate amount in the Reserve Fund (determined by the Finance Director on the basis of the principal of Bonds to be redeemed and the then original principal of the Bonds) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to Section 2.03(A)(iii).

(G) Investment. Moneys in the Reserve Fund shall be invested in accordance with Section 6.01. One Business Day before each Interest Payment Date, interest earnings and profits resulting from said investment shall be transferred by the Fiscal Agent to the Bond Fund to be used by the Fiscal Agent for the purposes of such fund, but any such transfer shall be made only to the extent that following such transfer the amount on deposit in the Reserve Fund equals the then Reserve Requirement.

## ARTICLE V

### OTHER COVENANTS OF THE CITY

**Section 5.01. Punctual Payment.** The City will punctually pay or cause to be paid the principal of and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

**Section 5.02. Limited Obligation.** The Bonds are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund (including the Special Tax Prepayments Account and the Capitalized Interest Account therein), the Reserve Fund and the Special Tax Fund created hereunder.

**Section 5.03. Extension of Time for Payment.** In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

**Section 5.04. Against Encumbrances.** The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Agreement.

**Section 5.05. Books and Records.** The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Special Tax Revenues. Such books of record and accounts shall at all times during City business hours and following reasonable prior written notice be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

**Section 5.06. Protection of Security and Rights of Owners.** The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

**Section 5.07. Compliance with Law.** The City will comply with all applicable provisions of the Law in administering the District; provided that the City shall have no obligation to advance any of its own funds for any purpose whatsoever under this Agreement.

**Section 5.08. Private Activity Bond Limitation.** The City shall assure that the proceeds of the 2016 Bonds are not so used as to cause the 2016 Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

**Section 5.09. Federal Guarantee Prohibition.** The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2016 Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

**Section 5.10. Collection of Special Tax Revenues.** The City shall comply with all requirements of the Law so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or about July 1 of each year, the Fiscal Agent shall provide the Finance Director with a notice stating the amounts then on deposit in the Bond Fund and the Reserve Fund. The receipt of such notice by the Finance Director shall in no way affect the obligations of the City under the following three paragraphs. Upon receipt of such notice, the Finance Director shall communicate with the Auditor or other appropriate official of the County to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year. In computing the amount of Special Taxes to be levied, the City shall take into account funds available in the Bond Fund and the Special Tax Fund to make the payment of debt service on the Bonds due on the Interest Payment Dates occurring in the next calendar year, along with any transfers of investment earnings pursuant to Sections 4.03(C) or 4.03(G) to the Bond Fund expected to occur on such Interest Payment Date.

The City shall effect the levy of the Special Taxes from time to time during each Fiscal Year in accordance with the Ordinance and the Rate and Method of Apportionment. Specifically, the City shall compute the amount of Special Taxes to be so levied each Fiscal Year before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next secured or unsecured, as applicable, real property tax roll. Upon the completion of the computation of the amounts of the levy, the City shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll. The Special Taxes so levied shall be payable and be collected in the same manner and at the same time and in the same installment as the taxes on property levied on the tax roll are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general ad valorem taxes levied on the County tax roll.

In the event that the City determines to levy all or a portion of the Special Taxes by means of direct billing of the property owners within the District, and to the extent permitted by the Ordinance, the City shall, not less than forty-five (45) days prior to the first Interest Payment Date for which the levy is being made, send bills to the property owners in the District for Special Taxes necessary to meet the financial obligations of the District due on the Interest Payment Dates for which the levy is being made, said bills to specify that the amounts so levied shall be due and payable in two equal installments with each installment due not less than thirty (30) days prior to the related Interest Payment Date and each installment shall be delinquent if not paid when due.

In any event, the City shall fix and levy the amount of Special Taxes within the District required for the timely payment of principal of and interest on any outstanding Bonds becoming due and payable, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses, and shall take into account any prepayments of Special Taxes theretofore received by the City. The Special Taxes so levied shall not exceed the maximum amounts as provided in the Rate and Method of Apportionment.

The Finance Director is hereby authorized to employ consultants to assist in computing the levy of the Special Taxes hereunder and any reconciliation of amounts levied to amounts received. The fees and expenses of such consultants and the costs and expenses of the Finance Director (including a charge for City staff time) in conducting its duties hereunder shall be an Administrative Expense hereunder.

**Section 5.11. Further Assurances.** The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

**Section 5.12. No Arbitrage.** The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2016 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2016 Bonds would have caused the 2016 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

**Section 5.13. Maintenance of Tax-Exemption.** The City shall take all actions necessary to assure the exclusion of interest on the 2016 Bonds from the gross income of the owners of the 2016 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2016 Bonds.

**Section 5.14. Covenant to Foreclose.** The City hereby covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following paragraph. The Finance Director shall notify legal counsel of any such delinquency of which it is aware, and such legal counsel shall commence, or cause to be commenced, such proceedings.

On or about August 15 of each Fiscal Year, the Finance Director shall compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City. Following such comparison, or if at any other time the Finance Director becomes aware of any delinquency in the payment of any Special Tax due and owing:

(A) Individual Delinquencies. If the Finance Director determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$11,000.00 or more, or which otherwise is delinquent with respect to two (2) years of Special Tax levies, the Finance Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner by the following October 1, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the City against the delinquent parcel within 90 days of the sending of such notice and shall be diligently pursued by the City to completion. Notwithstanding the foregoing, the City need not take any such action so long as the amount then in the Reserve Fund is at least equal to the Reserve Requirement.

(B) Aggregate Delinquencies. If the Finance Director determines that the aggregate amount of Special Taxes levied in the District for the preceding Fiscal Year and theretofore collected is less than ninety-five percent (95%) of the total amount of Special Taxes levied for such Fiscal Year, the Finance Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to each property owner with delinquent Special Taxes by the following October 1, and (if any such delinquency

remains uncured) foreclosure proceedings shall be commenced by the City within 90 days of the sending of such notices against all such delinquent parcels.

The Finance Director is hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for City staff time) in conducting foreclosure proceedings shall be an Administrative Expense hereunder.

**Section 5.15. No Additional Bonds.** Except as expressly permitted by Section 2.14 hereof, the City shall not issue any additional bonds secured by (A) a pledge of Special Taxes on a parity with or senior to the pledge thereof under Section 4.01 hereof; or (B) any amounts in any funds or accounts established hereunder.

**Section 5.16. Yield of the 2016 Bonds.** In determining the yield of the 2016 Bonds to comply with Section 5.12 and 6.02 hereof, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the 2016 Bonds, without regard to whether or not prepayments are received or 2016 Bonds redeemed.

**Section 5.17. Continuing Disclosure.** The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default on the Bonds or a breach of any other provision of this Agreement; however the Participating Underwriter or any 2016 Bondholder may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under the Continuing Disclosure Agreement, including seeking mandate or specific performance by court order.

**Section 5.18. Reduction of Special Taxes.** The City covenants and agrees to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any Fiscal Year, equal to 110% of the aggregate of the debt service due on the Bonds in such Fiscal Year, plus a reasonable estimate of Administrative Expenses for such Fiscal Year. It is hereby acknowledged that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.

**Section 5.19. State Reporting Requirements.** The following requirements shall apply to the 2016 Bonds, in addition to those requirements under Section 5.17:

(A) Annual Reporting. Not later than October 30 of each calendar year, beginning with the October 30, 2016, and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the City shall cause the following information to be supplied to CDIA: (i) the name of the City; (ii) the full name of the District; (iii) the name, title, and series of the Bond issue; (iv) any credit rating for the Bonds and the name of the rating agency; (v) the Closing Date of the Bond issue and the original principal amount of the Bond issue; (vi) the amount of the Reserve Requirement; (vii) the principal amount of Bonds outstanding; (viii) the balance in the Reserve Fund; (ix) the amount, if any, in the Capitalized Interest Account; (x) the number of parcels in the District that are delinquent with respect to Special Tax payments, the amount that each parcel is delinquent, the total amount of Special Taxes due on the delinquent parcels, the length of time that each has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified; (xi) the balance, if any, in the Improvement Fund; (xii) the assessed value of all parcels subject to the Special

Tax to repay the Bonds as shown on the most recent equalized roll, the date of assessed value reported, and the source of the information; (xiii) the total amount of Special Taxes due, the total amount of unpaid Special Taxes, and whether or not the Special Taxes are paid under the County's Teeter Plan (Chapter 6.6 (commencing with Section 54773) of the California Government Code); (xiv) the reason and the date, if applicable, that the Bonds were retired; and (xv) contact information for the party providing the foregoing information. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and interest on the Bonds, the Fiscal Agent shall notify the City of such failure or withdrawal in writing. The City shall notify CDIAC and the Original Purchaser of such failure or withdrawal within 10 days of such failure or withdrawal, and the City shall provide notice under the Continuing Disclosure Agreement of such event as required thereunder.

(C) Special Tax Reporting. The Finance Director shall file, or cause to be filed, a report with the City no later than January 1, 2017, and at least once a year thereafter, which annual report shall contain: (i) the amount of Special Taxes collected and expended with respect to the District, (ii) the amount of Bond proceeds collected and expended with respect to the District, and (iii) the status of the Project. It is acknowledged that the Special Tax Fund and the Special Tax Prepayments Account are the accounts into which Special Taxes collected on the District will be deposited for purposes of Section 50075.1(c) of the California Government Code, and the funds and accounts listed in Section 4.01 are the funds and accounts into which Bond proceeds will be deposited for purposes of Section 53410(c) of the California Government Code, and the annual report described in the preceding sentence is intended to satisfy the requirements of Sections 50075.1(d), 50075.3(d) and 53411 of the California Government Code.

(D) Amendment. The reporting requirements of this Section 5.19 shall be amended from time to time, without action by the City or the Fiscal Agent (i) with respect to subparagraphs (A) and (B) above, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the California Government Code, and (ii) with respect to subparagraph (C) above, to reflect any amendments to Section 50075.1, 50075.3, 53410 or 53411 of the California Government Code. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the City's obligations under the Continuing Disclosure Agreement. The City shall notify the Fiscal Agent in writing of any such amendments which affect the reporting obligations of the Fiscal Agent under this Agreement.

(E) No Liability. None of the City and its officers, agents and employees (including but not limited to the Finance Director), or the Fiscal Agent, shall be liable for any inadvertent error in reporting the information required by this Section 5.19.

The Finance Director shall provide, or cause to be provided, copies of any reports prepared pursuant to this Section 5.19 to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the City to produce such information and pay any postage or other delivery cost to provide the same, as determined by the Finance Director. The term "Bondowner" for purposes of this Section 5.19 shall include any beneficial owner of the Bonds.

**Section 5.20. Limits on Special Tax Waivers and Bond Tenders.** The City covenants not to exercise any rights it may have under the Law to waive delinquency and redemption penalties related to the Special Taxes or to declare Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the owners of the Bonds. The City further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds that will remain Outstanding following such tender.

**Section 5.21. City Bid at Foreclosure Sale.** The City will not bid at a foreclosure sale of property in respect of delinquent Special Taxes unless it expressly agrees to take the property subject to the lien for Special Taxes imposed by the District and that the Special Taxes levied on the property are payable while the City owns the property.



## ARTICLE VI

### INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE CITY

**Section 6.01. Deposit and Investment of Moneys in Funds.** Moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. The Officer's Certificate shall contain a certification to the Fiscal Agent that the investments being directed are Permitted Investments as required hereunder. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments described in clause (h) of the definition thereof; provided, however, that any such investment shall be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent shall have received an Officer's Certificate specifying a specific money market fund into which the funds shall be invested and, if no such Officer's Certificate is so received, the Fiscal Agent shall hold such moneys uninvested.

Moneys in any fund or account created or established by this Agreement and held by the City shall be invested by the City in any lawful investments that the City may make or in any Permitted Investment, which in any event by their terms mature prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

The Fiscal Agent or the Finance Director may act as principal or agent in the acquisition or disposition of any investment, and all investments may be made through the Fiscal Agent's investment department or that of its affiliates. The Fiscal Agent or its affiliates may act as sponsor, agent manager or depository with regard to any Permitted Investment. Neither the Fiscal Agent nor the Finance Director shall incur any liability for losses arising from any investments made pursuant to this Section.

Except as otherwise provided in the next sentence, the City shall direct or make investments hereunder such that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value. The City shall direct or make investments hereunder such that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent shall have no duty in connection with the determination of the Fair Market Value of any investment other than to follow: (A) its normal practices in the purchase, sale and determining the value of Permitted Investments; and (B) the investment directions of the City.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Finance Director hereunder, provided that the Fiscal

Agent or the Finance Director, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

The Fiscal Agent shall sell in a commercially reasonable manner, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Finance Director shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of security transactions to be effected by the Fiscal Agent hereunder as they occur. The City specifically waives the right to receive such notification to the extent permitted by applicable law and agrees that it will instead receive monthly cash transactions statements which include detail for the investment transactions effected by the Fiscal Agent hereunder; provided, however, that the City retains its rights to, upon written request to the Fiscal Agent, receive brokerage confirmation on any investment transaction requested by the City and effected by the Fiscal Agent at no additional cost.

**Section 6.02. Rebate of Excess Investment Earnings to the United States.** The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2016 Bonds.

The City shall direct the Fiscal Agent to withdraw such amounts from the Reserve Fund pursuant to Section 4.03(D) as necessary to make any required rebate payments, and pay such amounts to the federal government as required by the Code and the Regulations. In the event of any shortfall in amounts available to make such payments under Section 4.03(D), the City shall make such payment from any amounts available in the Administrative Expense Fund or from any other lawfully available funds of the District. Any fees or expenses incurred by the City under or pursuant to this Section 6.02 shall be Administrative Expenses.

In order to provide for the administration of this Section 6.02, the Finance Director may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Finance Director may deem appropriate and in addition, and without limitation of the provisions of Sections 7.01 and 7.02, the Finance Director may rely conclusively upon and be fully protected from all liability in relying upon the opinions, determinations, calculations and advice of such agents, attorneys and consultants employed hereunder.

The Fiscal Agent may rely conclusively upon the City's determinations, calculations and certifications required by this Section. The Fiscal Agent shall have no responsibility to independently make any calculation or determination or to review the City's calculations hereunder.

**Section 6.03. Liability of City.** The City shall not incur any responsibility in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent herein or of any of the

documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the City, including the Finance Director, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Agreement. The City, including the Finance Director, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The City shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under this Agreement the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the appropriate agent or consultant, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

**Section 6.04. Engagement of Agents by City.** In order to perform its duties and obligations hereunder, the City and/or the Finance Director may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

## ARTICLE VII

### THE FISCAL AGENT

**Section 7.01. Appointment of Fiscal Agent.** MUFG Union Bank, N.A., at its corporate trust office in Los Angeles, California is hereby appointed Fiscal Agent and paying agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent.

Any company or association into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company or association resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company or association shall be eligible under the following paragraph of this Section, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Fiscal Agent shall give the Finance Director written notice of any such succession hereunder.

The City may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank, association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 7.01, combined capital and surplus of such bank, association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent. Upon such acceptance, the successor Fiscal Agent shall be vested with all rights and powers of its predecessor hereunder without any further act.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Bondowner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

If, by reason of the judgment of any court, or reasonable agency, the Fiscal Agent is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Fiscal Agent hereunder shall be assumed by and vest in the Finance Director for the benefit of the Owners. The City covenants for the direct benefit of the Owners that its Finance Director in such case shall be vested with all of the rights and powers of the Fiscal Agent hereunder, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent hereunder, in trust for the benefit of the Owners of the Bonds. In such event, the Finance Director may designate a successor Fiscal Agent qualified to act as Fiscal Agent hereunder.

**Section 7.02. Liability of Fiscal Agent.** The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. Except as provided above in this paragraph, Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, requisition, Officer's Certificate, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, and its liability shall be limited to the proper accounting for such funds as it shall actually receive.

The Fiscal Agent may consult with counsel, who may be counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

In order to perform its duties and obligations hereunder, the Fiscal Agent may employ such persons or entities as it deems necessary or advisable. The Fiscal Agent shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

The Fiscal Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Fiscal Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Fiscal Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Fiscal Agent in its discretion elects to act upon such instructions, the Fiscal Agent's reasonable understanding of such instructions shall be deemed controlling. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Fiscal Agent, including without limitation the risk of interception and misuse by third parties.

The Fiscal Agent shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of god or of the public enemy or terrorists, acts of a government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

**Section 7.03. Information; Books and Accounts.** The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the City shall reasonably request, including but not limited to periodic cash transaction statements which include detail for all investment transactions effected by the Fiscal Agent or brokers selected by the City. Upon the City's election, such statements will be delivered via the Fiscal Agent's online service and upon electing such service, paper statements will be provided only upon request.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Improvement Fund, the Special Tax Fund, the Bond Fund, the Special Tax Prepayments Account, the Capitalized Interest Account, the Reserve Fund, the Administrative Expense Fund and the Costs of Issuance Fund. Such books of record and accounts shall upon reasonable prior notice at all times during business hours be subject to the inspection of the City and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

**Section 7.04. Notice to Fiscal Agent.** The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, requisition, Officer's Certificate, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of the City, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

**Section 7.05. Compensation, Indemnification.** The City shall pay to the Fiscal Agent from time to time, promptly upon written request, reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder (including legal fees and expenses) which are not due to its negligence or willful misconduct. The obligation of the City under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement and payment of the Bonds and discharge of this Agreement, but any monetary obligation of the City arising under this Section shall be limited solely to amounts on deposit in the Administrative Expense Fund.

## ARTICLE VIII

### MODIFICATION OR AMENDMENT OF THIS AGREEMENT

**Section 8.01. Amendments Permitted.** This Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Law, the laws of the State of California or this Agreement), or reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

This Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City in this Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(B) to make modifications not adversely affecting any outstanding series of Bonds of the City in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the City may deem necessary or desirable and not inconsistent with this Agreement, and which shall not adversely affect the rights of the Owners of the Bonds;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure the exclusion from gross income, for purposes of federal income taxation, of interest on the 2016 Bonds; and

(E) in connection with the issuance of Parity Bonds under and pursuant to Section 2.14.

The Fiscal Agent may in its discretion, but shall not be obligated to, enter into any such Supplemental Agreement authorized by this Section which materially adversely affects the Fiscal Agent's own rights, duties or immunities under this Fiscal Agent Agreement or otherwise with respect to the Bonds or any agreements related thereto. The Fiscal Agent may request and shall be fully protected in relying upon, an opinion of Bond Counsel that any proposed Supplemental Agreement complies with the applicable requirements of this Section 8.01

**Section 8.02. Owners' Meetings.** The City may at any time call a meeting of the Owners. In such event the City is authorized to fix the time and place of said meeting and to provide for



the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

**Section 8.03. Procedure for Amendment with Written Consent of Owners.** The City and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. The City or the Fiscal Agent may obtain an opinion of Bond Counsel that such Supplemental Agreement complies with the provisions of this Article VIII, and the City and Fiscal Agent may rely conclusively upon such opinion. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

**Section 8.04. Disqualified Bonds.** Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII. Upon written request, the City shall specify to the Fiscal Agent those Bonds disqualified pursuant to this Section 8.04. The Fiscal Agent may conclusively rely upon such request.

**Section 8.05. Effect of Supplemental Agreement.** From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be

deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the City and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

**Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments.** The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

**Section 8.07. Amendatory Endorsement of Bonds.** The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01. Benefits of Agreement Limited to Parties.** Nothing in this Agreement, expressed or implied, is intended to give to any person other than the City, the Fiscal Agent and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.

**Section 9.02. Successor is Deemed Included in All References to Predecessor.** Whenever in this Agreement or any Supplemental Agreement either the City or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the City or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 9.03. Discharge of Agreement.** The City shall have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in Sections 4.02 and 4.03 is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the City shall determine as confirmed by Bond Counsel, an Independent Financial Consultant or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in Sections 4.02 and 4.03, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the City shall have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in this Agreement and all other obligations of the City under this Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligations of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, to pay all amounts owing to the Fiscal Agent pursuant to Section 7.05, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, shall continue in any event.

Upon compliance by the City with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid over to the City and any Special Taxes thereafter received by the City shall not be remitted to the Fiscal Agent but shall be retained by the City to be used for any purpose permitted under the Law.

**Section 9.04. Execution of Documents and Proof of Ownership by Owners.** Any request, declaration or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Fiscal Agent in good faith and in accordance therewith.

**Section 9.05. Waiver of Personal Liability.** No City Council member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

**Section 9.06. Notices to and Demands on City and Fiscal Agent.** Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the City may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the City with the Fiscal Agent) as follows:

City of Alameda, California  
2263 Santa Clara Avenue  
Alameda, California 94501  
Attention: Finance Director

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by (A) being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Fiscal Agent with the City) as follows, (B) facsimile transmission to the fax number set forth below, or (C) email to the email address indicated below:

MUFG Union Bank, N.A.  
350 California Street, 11th Floor  
San Francisco, California 94104  
Attention: Corporate Trust Department  
Fax: (415) 273-2492  
Email: AccountAdministration-CorporateTrust@unionbank.com  
with a copy to: CashControlGroup-LosAngeles@unionbank.com

**Section 9.07. Partial Invalidity.** If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The City hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

**Section 9.08. Unclaimed Moneys.** Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when the payments of such principal, interest and premium have become payable, if such moneys were held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the City as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the City for the payment of the principal of, and interest and any premium on, such Bonds. Any right of any Owner to look to the City for such payment shall survive only so long as required under applicable law.

**Section 9.09. Applicable Law.** This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

**Section 9.10. Conflict with Law.** In the event of a conflict between any provision of this Agreement with any provision of the Law as in effect on the Closing Date, the provision of the Law shall prevail over the conflicting provision of this Agreement.

**Section 9.11. Conclusive Evidence of Regularity.** Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Law relative to their issuance and the levy of the Special Taxes.

**Section 9.12. Payment on Business Day.** In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

**Section 9.13. Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the City has caused this Agreement to be executed in its name and the Fiscal Agent has caused this Agreement to be executed in its name, all as of March 1, 2016.

CITY OF ALAMEDA, CALIFORNIA, for  
and on behalf of the CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO.  
13-1 (ALAMEDA LANDING PUBLIC  
IMPROVEMENTS)

By: \_\_\_\_\_  
Elizabeth D. Warmerdam,  
*Interim City Manager*

MUFG UNION BANK, N.A., as Fiscal Agent

By: \_\_\_\_\_  
*Authorized Officer*

01019.24:J13548

**EXHIBIT A**  
**FORM OF 2016 BOND**

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

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

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO. 13-1  
(ALAMEDA LANDING PUBLIC IMPROVEMENTS)  
2016 SPECIAL TAX BOND

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
	September 1, ____	March __, 2016	____ _

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The City of Alameda, California (the "City"), for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the "District"), for value received, hereby promises to pay solely from the Special Tax (as hereinafter defined) to be collected in the District or amounts in the funds and accounts held under the Agreement (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Bond Date shown above, or from the most recent Interest Payment Date (defined below) to which interest has been paid or duly provided for, semiannually on March 1 and September 1, commencing September 1, 2016 (each, an "Interest Payment Date"), at the interest rate set forth above, until the principal amount hereof is paid or made available for payment. The principal of this Bond is payable to the registered owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the principal corporate trust office of MUFG Union Bank, N.A. (the "Fiscal Agent"). Interest on this Bond shall be paid by check of the Fiscal Agent mailed on each Interest Payment Date to the registered owner hereof as of the close of business on the 15th day of the month preceding the month in which the Interest Payment Date occurs (the "Record Date") at such registered owner's address as it appears on the registration books maintained by the Fiscal Agent, or (i) if the Bonds are in book-entry-only form, or (ii) otherwise upon written request filed with the Fiscal Agent prior to any Record Date by a registered owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the depository for the Bonds or to an account in the United States designated by such registered owner in such written request, respectively.

Interest on this Bond shall be payable from the interest payment date next preceding the date of authentication hereof, unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest for such Interest Payment Date, or (ii) such date of authentication is after a Record Date but on or prior to an Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or (iii) such date of authentication is prior to the first



Record Date, in which event interest will be payable from the Bond Date shown above; provided however, that if at the time of authentication of this Bond, interest is in default hereon, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment hereon.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$\_\_\_\_\_ approved by the City Council of the City on February 16, 2016 pursuant to the City of Alameda Special Tax Financing Improvement Code, constituting Section 3-70.1 et set. of the Alameda Municipal Code (the "Law") for the purpose of financing costs of facilities authorized to be funded by the District, and is one of the series of Bonds designated "City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) 2016 Special Tax Bonds" (the "Bonds"). The creation of the Bonds and the terms and conditions thereof are provided for the Fiscal Agent Agreement, dated as of March 1, 2016, between the City, for and on behalf of the District, and the Fiscal Agent (the "Agreement") and this reference incorporates the Resolution and the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. In addition to the Bonds, the Agreement allows for the issuance of Parity Bonds (as defined in the Fiscal Agent Agreement) by the City from time to time secured by a lien on certain funds held under the Agreement on a parity with the lien securing the Bonds. The Agreement is authorized under and this Bond is issued under, and both are to be construed in accordance with, the Law and other applicable laws of the State of California.

The Bonds are not general obligations of the City, but are limited obligations payable solely from the revenues and funds pledged therefor under the Agreement. Neither the faith and credit nor the taxing power of the City (except to the extent of the Special Tax levy in the District, as set forth in the Agreement) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Pursuant to the Law, and the Agreement, the principal of and interest on this Bond are payable solely from the annual Special Tax authorized under the Law to be collected within the District and certain funds held under the Agreement. Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the City, as may be permitted by law. The Bonds do not constitute obligations of the City for which said City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove.

The City has covenanted for the benefit of the owners of the Bonds that it will commence and pursue to completion appropriate foreclosure actions in the event of delinquencies of any Special Tax installments levied for payment of principal and interest as more particularly set forth in the Agreement.

The Bonds maturing on or after September 1, \_\_\_\_ are subject to redemption prior to their stated maturity on any interest payment date occurring on or after September 1, \_\_\_\_, as a whole or in part among maturities as provided in the Agreement, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on September 1, \_\_\_\_, are subject to mandatory sinking payment redemption in part on September 1, \_\_\_\_ and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date  
(September 1)

Sinking Payments

The Bonds are also subject to redemption from the proceeds of Special Tax Prepayments and any corresponding transfers from the Reserve Fund pursuant to the Agreement, on any Interest Payment Date, among maturities as specified in the Agreement and by lot within a maturity, at a redemption price (expressed as a percentage at the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
any Interest Payment Date to and including March 1, 20__	%
September 1, 20__ and March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and any Interest Payment Date thereafter	

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement. Notices of optional redemption may be conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the Bonds on the anticipated redemption date, and if the Fiscal Agent does not receive sufficient funds by the scheduled redemption date the redemption shall not occur and the Bonds for which notice of redemption was given shall remain outstanding for all purposes of the Agreement.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Agreement, Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount and maturity of Bonds of other authorized denominations.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The Agreement contains provisions permitting the City to make provision for the payment of the interest on, and the principal of the Series 2016 Bonds so that such Series 2016 Bonds will no longer be deemed to be outstanding under the terms of the Agreement.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and manually signed by the Fiscal Agent.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Fiscal Agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by the Law, and that the amount of this Bond does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, City of Alameda, California, has caused this Bond to be dated the Bond Date shown above, to be signed by the facsimile signature of the Mayor of the City and countersigned by the facsimile signature of the City Clerk.

CITY OF ALAMEDA, CALIFORNIA

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

[S E A L]

ATTEST: \_\_\_\_\_  
City Clerk

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the Resolution and the Agreement which has been authenticated on \_\_\_\_\_.

MUFG UNION BANK, N.A.,  
as Fiscal Agent

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

## ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Name, address and Tax identification Number of Assignee)  
the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney,  
to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

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

Signatures Guaranteed:

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Fiscal Agent.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

BOND PURCHASE CONTRACT

[attach Bond Purchase Contract here]

\$ \_\_\_\_\_  
**CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO. 13-1  
(ALAMEDA LANDING PUBLIC IMPROVEMENTS),  
2016 SPECIAL TAX BONDS**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2016

City of Alameda  
2263 Santa Clara Avenue  
Alameda, CA 94501

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) offers to enter into this Bond Purchase Agreement (this “**Purchase Contract**”) with the City of Alameda, California (the “**Issuer**”), for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the “**District**”), which, upon your acceptance of this offer, will be binding upon the Issuer and the Underwriter. Capitalized terms used and not otherwise defined in this Purchase Contract have the meanings given to them in the Fiscal Agent Agreement described below.

This offer is made subject to the acceptance by the Issuer of this Purchase Contract on or before 11:59 p.m. on the date set forth above.

1. Upon the terms and conditions and in reliance upon the respective representations, warranties and covenants herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all (but not less than all) of the above-captioned bonds (the “**Bonds**”) at a purchase price (the “**Purchase Price**”) of \$ \_\_\_\_\_ (equal to the initial principal amount of the Bonds (\$ \_\_\_\_\_), plus/less a net original issue premium/discount of \$ \_\_\_\_\_, less an Underwriter’s discount of \$ \_\_\_\_\_).

The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm’s-length commercial transaction between the Issuer and the Underwriter, (ii) in connection with such transaction 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 the agent or fiduciary of the Issuer, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Issuer with respect to the offering of the Bonds or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing services to the Issuer on other matters) and the Underwriter has no obligation to the Issuer with respect to the offering contemplated by this Purchase Contract except the obligations expressly set forth in this Purchase Contract, and (iv) the Issuer has consulted with its own legal, financial and other advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The Bonds are being issued by the Issuer for and on behalf of the District under the authority of the Mello-Roos Community Facilities Act of 1982 (constituting Section 53311 et seq. of the California Government Code) (the “**Act**”), and Resolution No. \_\_\_\_\_ adopted on February 16, 2016 (the “**Bond Resolution**”) by the City Council of the Issuer (the “**City Council**”) acting as the legislative body of the District.

The special taxes that will provide a source of payment for the Bonds (the “**Special Taxes**”) are being levied pursuant to the following:

(i) Resolution No. 14872 of the City Council adopted on December 3, 2013, Resolution No. \_\_\_\_\_ of the City Council adopted on \_\_\_\_\_, 20\_\_ [TO COME] (collectively, the “**Resolution of Formation**”), and

(ii) Ordinance No. 3084, adopted by the City Council on January 21, 2014 and Ordinance No. 3125, adopted by the City Council on May 15, 2015 (collectively, the “**Ordinance**”).

The Bonds will be issued under a Fiscal Agent Agreement (the “**Fiscal Agent Agreement**”), dated as of March 1, 2016, between the Issuer, for and on behalf of the District, and MUFG Union Bank, N.A., San Francisco, California, as fiscal agent (the “**Fiscal Agent**”).

The proceeds of the sale of the Bonds will be applied by the Issuer in accordance with the Fiscal Agent Agreement to (i) finance public improvements authorized to be funded by the District, (ii) fund a reserve fund for the Bonds, (iii) fund capitalized interest on the Bonds to and including September 1, 2016 and (iv) pay the costs of issuing the Bonds.

2. The Bonds will mature on the dates and in the principal amounts, and will bear interest at the rates, as set forth in Exhibit B hereto. The Underwriter agrees to make a bona fide public offering of all of the Bonds at the offering prices set forth on the inside cover page of the Final Official Statement described below.

3. The Issuer agrees to deliver to the Underwriter as many copies of the Official Statement, dated the date hereof, relating to the Bonds (as supplemented and amended from time to time, the “**Final Official Statement**”) as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “**Rule**”). The Issuer agrees to deliver such Final Official Statement within seven business days after the execution hereof, or such earlier date identified by the Underwriter to be necessary to allow the Underwriter to meet its obligations under the Rule and Rule G-32 of the Municipal Securities Rulemaking Board (“**MSRB**”). The Underwriter agrees to file the Final Official Statement with the MSRB on or as soon as practicable after the Closing Date. The Underwriter agrees to deliver a copy of the Final Official Statement to each of its customers purchasing Bonds no later than the settlement date of the transaction.

The Issuer has authorized and approved the Preliminary Official Statement relating to the Bonds (the “**Preliminary Official Statement**”) and the Final Official Statement and consents to their distribution and use by the Underwriter in connection with the offer and sale of the Bonds. The Issuer deems such Preliminary Official Statement final as of its date for purposes of the Rule, except



for information allowed by the Rule to be omitted, and has executed a certificate to that effect in the form of Exhibit C.

In connection with issuance of the Bonds, and in order to assist the Underwriter in complying with the Rule, the Issuer will execute a Continuing Disclosure Agreement dated as of March 1, 2016 (the “**Issuer Continuing Disclosure Agreement**”). The form of the Issuer Continuing Disclosure Agreement is attached as Appendix E to the Final Official Statement

Concurrently, Tri-Pointe Homes, Inc. (the “**Developer**”), will execute a separate Continuing Disclosure Agreement – Developer (the “**Developer Continuing Disclosure Agreement**”) dated as of March 1, 2016. The form of the Developer Continuing Disclosure Agreement is attached as Appendix F to the Final Official Statement.

4. The Issuer represents and warrants to the Underwriter that:

(a) The District is a community facilities district duly established and validly existing under the laws of the State, including the Act.

(b) The Issuer is duly organized and validly existing as a charter city under the laws of the State of California (the “**State**”) and has the full legal right, power and authority (i) upon satisfaction of the conditions in this Purchase Contract and the Fiscal Agent Agreement, to issue the Bonds for the District for the purposes specified in Section 1 hereof, and (ii) to secure the Bonds in the manner contemplated in the Fiscal Agent Agreement.

(c) The City Council has the full legal right, power and authority to adopt the Bond Resolution, the Resolution of Formation and the Ordinance, and the Issuer has the full legal right, power and authority for and on behalf of the District (i) to enter into this Purchase Contract, the Fiscal Agent Agreement and the Issuer Continuing Disclosure Agreement, (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents (such documents are collectively referred to herein as the “**Issuer Documents**”), and the Issuer and the City Council have complied with all provisions of applicable law, including the Act, in all matters relating to such transactions.

(d) The Issuer has duly authorized (i) the execution and delivery by the Issuer for and on behalf of the District of the Bonds and the execution, delivery and due performance by the Issuer of its obligations under the Issuer Documents, (ii) the distribution and use of the Preliminary Official Statement and execution, delivery and distribution of the Final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. To the best of its knowledge, all consents or approvals necessary to be obtained by the Issuer in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(e) The Bond Resolution, the Resolution of Formation and the Ordinance have been duly adopted by the City Council and are in full force and effect; and the Issuer Documents, when executed and delivered by the Issuer and the other party or parties thereto, will constitute legal, valid and binding obligations of the Issuer for and on behalf of the District enforceable against the Issuer in accordance with their terms, except as enforceability

thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally.

(f) When delivered to the Underwriter, the Bonds will have been duly authorized by the City Council and duly executed, issued and delivered by the Issuer and will constitute legal, valid and binding obligations of the Issuer for and on behalf of the District enforceable against the Issuer in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally, and will be entitled to the benefit and security of the Fiscal Agent Agreement.

(g) The information contained in the Preliminary Official Statement is, and as of the Closing Date the information in the Final Official Statement will be, true and correct in all material respects, and neither the Preliminary Official Statement nor the Final Official Statement will as of the Closing Date contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) If, at any time prior to the earlier of receipt of notice from the Underwriter that the Final Official Statement is no longer required to be delivered under the Rule and the Closing Date (as described in Section 6 below), any event known to the officers of the Issuer participating in the issuance of the Bonds occurs as a result of which the Final Official Statement, as then amended or supplemented, includes an untrue statement of a material fact or omits any material fact necessary to make the statements in the Final Official Statement, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Underwriter in writing of such event. Any information supplied by the Issuer for inclusion in any amendments or supplements to the Final Official Statement will 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 the light of the circumstances under which they were made, not misleading.

(i) None of the adoption of the Bond Resolution, the Resolution of Formation and the Ordinance, the execution and delivery of the Issuer Documents, the consummation of the transactions on the part of the Issuer contemplated herein or therein and the compliance by the Issuer with the provisions hereof or thereof will conflict in any material respect with, or constitute on the part of the Issuer a material violation of, or a material breach of or default under, (i) any indenture, mortgage, commitment, note or other agreement or instrument to which the Issuer is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Issuer (or the members of the City Council or any of its officers in their respective capacities as such) is subject, that would have a material adverse effect on the ability of the Issuer to perform its obligations under the Issuer Documents.

(j) The Issuer has never been in default at any time, as to principal of or interest on any obligation which it has issued, including those which it has issued as a conduit for another entity, which default may have an adverse effect on the ability of the Issuer to consummate the transactions on its part under the Issuer Documents, except as specifically disclosed in the Final Official Statement; and other than the Fiscal Agent Agreement, the Issuer has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Special Taxes following issuance of the Bonds.

(k) Except as is specifically disclosed in the Final Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the Issuer has been served with process or known by the Issuer to be threatened, which in any way questions the powers of the City Council or the Issuer referred to in paragraph (b) above, or the validity of any proceeding taken by the City Council in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions on the part of the Issuer contemplated by this Purchase Contract, or of any other Issuer Document, or which, in any way, could adversely affect the validity or enforceability of the Bond Resolution, the Ordinance, the Fiscal Agent Agreement, the Bonds or this Purchase Contract or, to the knowledge of the officer of the Issuer executing this Purchase Contract, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes, in any other way questions the status of the Bonds under California tax laws or regulations, challenges the validity of the Special Taxes, or which seeks to restrain or prohibit further development within the District.

(l) Any certificate signed by an official of the Issuer authorized to execute such certificate and delivered to the Underwriter in connection with the transactions contemplated by the Issuer Documents shall be deemed a representation and warranty by the Issuer to the Underwriter as to the truth of the statements therein contained.

(m) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(n) The Bonds will be paid from Special Tax Revenues received by the Issuer and moneys held in certain funds and accounts established under the Fiscal Agent Agreement and pledged thereunder to the payment of the Bonds.

(o) The Special Taxes may lawfully be levied in accordance with the Rate and Method of Apportionment of Special Taxes for the District (the “**Rate and Method**”) and the Ordinance, and, when levied, the Special Taxes so levied will be secured by a lien on the property on which they are levied.

(p) The Fiscal Agent Agreement creates a valid pledge of and first lien upon the Special Tax Revenues deposited thereunder, and the moneys in certain funds and accounts established pursuant to the Fiscal Agent Agreement, subject in all cases to the provisions of the Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(q) Except as described in the Preliminary Official Statement and the Final Official Statement, the Issuer has not failed in any material respect to comply with any undertaking of the Issuer under the Rule in the previous five years.

5. The Issuer covenants with the Underwriter that the Issuer will cooperate with the Underwriter (at the cost and written direction of the Underwriter), in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that the Issuer shall not be required to

consent to suit or to service of process, or to qualify to do business, in any jurisdiction. The Issuer consents to the use by the Underwriter of the Issuer Documents, the Preliminary Official Statement and the Final Official Statement in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions related to the offering and sale of the Bonds.

6. At 9:00 a.m. on March \_\_, 2016 (the “**Closing Date**”) or at such other time or date as are mutually agreed upon by the Issuer and the Underwriter, the Issuer will deliver or cause to be delivered to the Underwriter the Bonds in definitive form duly executed and authenticated by the Fiscal Agent together with the other documents mentioned in Section 8 hereof; and the Underwriter will accept such delivery and pay the Purchase Price of the Bonds by making a wire transfer in federal funds payable to the order of the Fiscal Agent for the account of the Issuer.

The activities relating to the final execution and delivery of the Bonds and the Fiscal Agent Agreement and the payment therefor and the delivery of the certificates, opinions and other instruments as described in Section 8 of this Purchase Contract shall occur at the offices of Quint & Thimmig LLP, Larkspur California (“**Bond Counsel**”). The payment for the Bonds and simultaneous delivery of the Bonds to the Underwriter is herein referred to as the “**Closing**.”

The Bonds will be delivered as fully registered, book-entry only Bonds initially in denominations equal to the principal amount of each maturity thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and will be made available for checking by the Underwriter at such place as the Underwriter and the Fiscal Agent shall agree not less than 24 hours prior to the Closing Date.

7. The Underwriter shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the date of Closing:

(a) the House of Representatives or the Senate of the Congress of the United States, or a committee of either, has pending before it, or passes or recommends favorably, legislation introduced previous to the date hereof, or legislation is recommended for passage by the President of the United States, which, if enacted in its form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Issuer or by any similar body under the Fiscal Agent Agreement or upon interest received on obligations of the general character of the Bonds, or of causing interest on obligations of the general character of the Bonds, to be includable in gross income for purposes of federal income taxation, and such legislation, in the Underwriter’s opinion, materially adversely affects the market price of the Bonds; or

(b) a tentative decision with respect to legislation is reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation is favorably reported or re-reported by such a committee or is introduced, by amendment or otherwise, in or is passed by the House of Representatives or the Senate, or is recommended to the Congress of the United States for passage by the President of the United States, or is enacted, or a decision by a federal court of the United States or the United States Tax Court is rendered, or a ruling, release, order, circular, regulation or official statement by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency is made or proposed to be made, having the purpose or effect, or any other action or event occurs which has the purpose or effect, directly or indirectly, of

adversely affecting the federal income tax consequences of owning the Bonds, including causing interest on the Bonds to be included in gross income for purposes of federal income taxation, or imposing federal income taxation upon revenues or other income of the general character to be derived by the Issuer under the Fiscal Agent Agreement or upon interest received on obligations of the general character of the Bonds, or the Bonds and also including adversely affecting the tax-exempt status of the Issuer under the Code, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of or market for the Bonds; or

(c) legislation is enacted, or actively considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States is rendered, the effect of which is that the Bonds or the Fiscal Agent Agreement, as the case may be, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter is issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds or the execution and delivery of the Fiscal Agent Agreement as contemplated hereby or by the Final Official Statement, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) any event occurs or any information becomes known to the Underwriter that causes the Underwriter to reasonably believe that the Preliminary Official Statement includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(f) there occurs any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(g) there is in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(h) a general banking moratorium is declared by federal, New York or State authorities; or

(i) any proceeding is pending or threatened by the Securities and Exchange Commission against the Issuer or the District; or

(j) additional material restrictions not in force as of the date hereof are imposed upon trading in securities generally by any governmental authority or by any national

securities exchange which in the reasonable judgment of the Underwriter materially adversely affects the Underwriter's ability to sell the Bonds; or

(k) the New York Stock Exchange or other national securities exchange, or any governmental authority, imposes, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increases materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(l) the occurrence of an event listed in subparagraph (k) to Section 4 hereof; or

(m) an amendment to the federal or State constitution is enacted or action taken by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income or securities (or interest thereon), the validity or enforceability of the Special Tax or the ability of the Issuer to issue the Bonds and levy the Special Tax as contemplated by the Fiscal Agent Agreement, the Rate and Method and the Final Official Statement.

8. The obligation of the Underwriter to purchase the Bonds shall be subject (a) to the performance by the Issuer of its obligations to be performed by it hereunder at and prior to the Closing Date, (b) to the accuracy as of the date hereof and as of the Closing Date of the representations and warranties of the Issuer herein, and (c) to the following conditions, including the delivery by the Issuer of such documents as are enumerated herein in form and substance satisfactory to the Underwriter and the accuracy as of the Closing Date of the representations and warranties included therein:

(a) At the time of Closing, (i) the Final Official Statement, this Purchase Contract, the Issuer Continuing Disclosure Agreement, the Developer Continuing Disclosure Agreement and the Fiscal Agent Agreement shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter, and (ii) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions and ordinances (including, but not limited to, the Bond Resolution, the Resolution of Formation and the Ordinance) as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(b) Receipt of the Bonds, executed by the Issuer and authenticated by the Fiscal Agent, at or prior to the Closing Date. The terms of the Bonds, when delivered, shall in all instances be as described in Final Official Statement.

(c) At or prior to the Closing Date, the Underwriter shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Underwriter and the Issuer:

(i) A final approving opinion of Bond Counsel dated the date of Closing in the form attached to the Final Official Statement as Appendix D.

(ii) A letter or letters of Bond Counsel addressed to the Underwriter and the Fiscal Agent, which includes a statement to the effect that Bond Counsel's final approving opinion may be relied upon by the Underwriter and the Fiscal Agent to the

same extent as if such opinion were addressed to the Underwriter and the Fiscal Agent, and further provides:

(A) the statements contained in the Official Statement on the cover page and under the captions “INTRODUCTION,” “THE 2016 BONDS” (other than information relating to DTC and its book-entry only system, as to which no opinion need be expressed), “SECURITY FOR THE 2016 BONDS,” “TAX MATTERS” and “LEGAL MATTERS and in Appendices C and D thereto, are accurate insofar as such statements expressly summarize certain provisions of the Bonds, the Fiscal Agent Agreement and Bond Counsel’s opinion concerning certain federal tax matters relating to the Bonds;

(B) the Issuer, on behalf of the District, has duly and validly executed and delivered this Purchase Contract and the Issuer Continuing Disclosure Agreement and this Purchase Contract and the Issuer Continuing Disclosure Agreement constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting enforcement of creditors’ rights in general and to the application of equitable principles if equitable remedies are sought;

(C) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(iii) A letter of Quint & Thimmig LLP, as disclosure counsel to the Issuer in connection with the Bonds (“**Disclosure Counsel**”), addressed to the Issuer and the Underwriter, to the effect that during the course of serving as Disclosure Counsel in connection with the issuance of the Bonds and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Final Official Statement, no information came to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Bonds that would lead them to believe that the Final Official Statement (excluding therefrom the financial statements, any financial or statistical data, or forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Official Statement, information regarding DTC and the book-entry system for the Bonds, and the appendices to the Official Statement, as to which no opinion need be expressed), as of the date thereof or the Closing Date, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iv) The Final Official Statement executed on behalf of the Issuer by a duly authorized officer of the Issuer.

(v) Certified copies of the Bond Resolution, the Resolution of Formation and the Ordinance.

(vi) Evidence of recordation in the real property records of the City of Alameda of the Notice of Special Tax Lien (as defined in the Official Statement), and any amendments thereto, in the form required by the Act.

(vii) A certificate, in form and substance as set forth in Exhibit A hereto, of the Issuer, dated as of the Closing Date.

(viii) Evidence that Federal Form 8038 has been executed by the Issuer and will be filed with the Internal Revenue Service.

(ix) Executed copies of the Fiscal Agent Agreement and the Issuer Continuing Disclosure Agreement.

(x) An arbitrage certificate in form satisfactory to Bond Counsel.

(xi) An opinion, dated the Closing Date and addressed to the Underwriter and the Fiscal Agent, of the City Attorney, to the effect that:

(A) the Issuer is a charter law city duly organized and existing under and by virtue of the laws of the State;

(B) the Issuer, on behalf of the District, has duly and validly executed and delivered the Fiscal Agent Agreement and the Issuer Continuing Disclosure Agreement, and the Fiscal Agent Agreement and the Issuer Continuing Disclosure Agreement constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought; and

(C) the Bond Resolution, the Resolution of Formation and the Ordinance were each duly adopted at meetings of the City Council of the Issuer 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 Bond Resolution, the Resolution of Formation and the Ordinance are in full force and effect and have not been modified, amended (except as set forth therein) or rescinded;

(D) there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, governmental agency or body, pending and notice of which has been served on and received by the Issuer or, to the best of knowledge of such counsel, threatened against the Issuer, challenging the creation, organization or existence of the Issuer or the District, or the validity of the Bonds, the Final Official Statement, the other Issuer Documents or contesting the authority of the Issuer to enter into or perform its obligations under any of the such documents, or which, in any manner, questions the right of the Issuer to issue the Bonds, or the levy of Special Taxes, or the allocation and payment of the Special Tax Revenues to



the Issuer and the other security for the Bonds provided by the Fiscal Agent Agreement; and

(E) to the best of such counsel's knowledge, the authorization, execution and delivery of the Bonds, the Final Official Statement and the other Issuer Documents by the Issuer, the compliance with the provisions thereof by the Issuer, and the performance by the Issuer of its obligations thereunder, will not conflict with, or constitute a breach or default under, in any material respect, any law, administrative regulation, court decree, resolution, ordinance or other agreement to which the Issuer or the District is subject or by which the Issuer or the District is bound.

(xii) In connection with printing and distribution of the Preliminary Official Statement, an executed certificate of the Issuer in the form attached hereto as Exhibit C.

(xiii) A certificate in form and substance as set forth in Exhibit D hereto of the Fiscal Agent.

(xiv) An opinion of counsel to the Fiscal Agent in form and substance satisfactory to the Underwriter dated the Closing Date and addressed to the Issuer and the Underwriter to the effect that the Fiscal Agent has duly authorized, executed and delivered the Fiscal Agent Agreement and that the Fiscal Agent Agreement is a valid and binding obligation of the Fiscal Agent enforceable in accordance with its terms.

(xv) A certificate of Seevers Jordan Ziegenmeyer, Rocklin, California (the "**Appraiser**"), in the form attached hereto as Exhibit E, along with a copy of its appraisal report in the form attached to the Final Official Statement as Appendix H.

(xvi) A copy of the Developer Continuing Disclosure Agreement executed by the Developer.

(xvii) An executed certificate of the Developer in the form attached hereto as Exhibit F.

(xviii) An executed closing certificate of the Developer dated as of the Closing Date in form and substance as set forth in Exhibit G.

(xix) An opinion of counsel to the Developer addressed to the City and the Underwriter to the effect that: (A) the Developer is a California corporation, duly organized and existing under the laws of California, (ii) the Developer has duly and validly authorized the execution and delivery of the Developer Continuing Disclosure Agreement and the same is in full force and effect as of the Closing Date and is a valid and legally binding obligation of the Developer, enforceable against the Developer in accordance with its terms, (iii) the execution and delivery by the Developer of the Developer Continuing Disclosure Agreement and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under any agreement or other instrument to which the Developer is a party, (iv) the Developer is not in violation of any provision of or in default under, its

organizational documents or any agreement or other instrument, violation of or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or other) of the Developer, (v) except as set forth in the Official Statement, there is no litigation pending against the Developer (with service of process to the Developer having been duly given and completed) or overtly threatened against the Developer which would materially and adversely affect the validity or enforceability of the Developer Continuing Disclosure Agreement executed by the Developer or the Developer's ability to pay the Special Taxes and (vi) without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement and without passing upon or assuming responsibility for the accuracy, completeness or fairness of such statements, no information has come to the attention during the course of their representation of the Developer which causes them to believe that the statements contained in the Official Statement under the captions "INTRODUCTION – The District," "THE DISTRICT – Location and Description of the District" "– The Homebuilder" and "CONTINUING DISCLOSURE" as of the date of the Official Statement contained, or as of the date hereof contains, any untrue statement of a material fact or as of the date of the Official Statement omitted, or as of the date hereof omits, to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need to be expressed as to any information which is attributable to a source other than the Developer, contained in the Official Statement);

(xx) An opinion of Stradling, Yocca Carlson & Rauth, a Professional Corporation, as counsel to the Underwriter, in form and substance acceptable to the Underwriter.

(xxi) A certificate of NBS Government Finance Group in the form attached as Exhibit H.

(xxii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Contract, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the Issuer shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 11 hereof shall continue in full force and effect.

9. The obligations of the Issuer to issue and deliver the Bonds on the Closing Date shall be subject, at the option of the Issuer, to the performance by the Underwriter of its obligations to be performed hereunder at or prior to the Closing Date, and to the delivery by Bond Counsel and Disclosure Counsel of the opinions described in Sections 8(c)(i) and (iii) above.

10. All representations, warranties and agreements of the Issuer hereunder shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter, and shall survive the Closing.

11. The City will pay or cause to be paid the approved expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Bonds, including, but not limited to, (a) the cost of the preparation and printing or other reproduction of the Issuer Documents (other than this Purchase Agreement); (b) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Special Tax Consultant, the Financial Advisor and any other experts or other consultants retained by the City; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of providing immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Preliminary Official Statement and Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the Underwriter's out-of-pocket expenses incurred with the financing; (h) the fees of Digital Assurance Certification LLC for a continuing disclosure undertaking compliance review; and (i) expenses (included in the expense component of the spread) incurred on behalf of the City's employees which are incidental to implementing this Purchase Agreement.

The Underwriter will pay the expenses of the preparation of this Purchase Agreement and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, and the fee and disbursements of Underwriter's Counsel. The Underwriter is required to pay the fees of the California Debt and Investment Advisory Commission in connection with the offering of the Bonds. The City acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the City agrees to reimburse the Underwriter for such fees.

12. Any notice or other communication to be given to the Issuer under this Purchase Contract may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to the following: Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Ralph Holmes, Managing Director.

13. This Purchase Contract is made solely for the benefit of the Issuer and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

14. This Purchase Contract shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed in the State.

15. This Purchase Contract shall become effective upon acceptance hereof by the Issuer.

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED

By: \_\_\_\_\_  
Managing Director

Accepted and agreed to as of  
the date first above written:

CITY OF ALAMEDA, CALIFORNIA, for  
and on behalf of the CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO.  
13-1 (ALAMEDA LANDING PUBLIC  
IMPROVEMENTS)

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

Time of Execution: \_\_\_\_\_

**EXHIBIT A**

**CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO. 13-1  
(ALAMEDA LANDING PUBLIC IMPROVEMENTS)  
2016 SPECIAL TAX BONDS**

**ISSUER CLOSING CERTIFICATE**

I, the undersigned, hereby certify that I am the Interim City Manager of the City of Alameda, the City Council of which is the legislative body for City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the “Community Facilities District”), a community facilities district duly organized and existing under the laws of the State of California (the “State”) and that as such, I am authorized to execute this Certificate on behalf of the Issuer in connection with the issuance of the above-referenced 2016 Special Tax Bonds (the “Bonds”).

I hereby further certify on behalf of the Issuer that:

(A) the representations and warranties made by the Issuer in the Bond Purchase Agreement are true and correct in all material respects on the Closing Date, with the same effect as if made on the Closing Date;

(B) no event has occurred since the date of the Final Official Statement that, as of the Closing Date, would cause any statement or information contained in the Final Official Statement to be incorrect or incomplete in any material respect or would cause the information in the Final Official Statement to contain an untrue statement of a material fact or omit to state a material fact necessary in order to make such statements therein, in the light of the circumstances under which they were made, not misleading; and

(C) as of the date hereof, the Fiscal Agent Agreement and the Issuer Continuing Disclosure Agreement are in full force and effect in accordance with their terms and have not been amended, modified or supplemented except in such case as may have been agreed to by the Underwriter; and

(D) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Issuer Documents prior to issuance of the Bonds.

Capitalized terms used in this Certificate and not defined herein shall have the same meaning set forth in the Bond Purchase Agreement dated March \_\_, 2016, between the Underwriter and the Issuer, for and on behalf of the Community Facilities District.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date set forth below.

Dated: [closing date]

CITY OF ALAMEDA, CALIFORNIA, for  
and on behalf of the CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO.  
13-1 (ALAMEDA LANDING PUBLIC  
IMPROVEMENTS)

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

**EXHIBIT B**

**CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO. 13-1  
(ALAMEDA LANDING PUBLIC IMPROVEMENTS)  
2016 SPECIAL TAX BONDS**

**Maturity Schedule**

<i>Maturity (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
	\$	%	%	

---

**EXHIBIT C**

**CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO. 13-1  
(ALAMEDA LANDING PUBLIC IMPROVEMENTS)  
2016 SPECIAL TAX BONDS**

**RULE 15C2-12 CERTIFICATE**

The undersigned hereby certifies and represents that he is the duly appointed and acting Interim City Manager of the City of Alameda (the “Issuer”), the City Council of which is the legislative body of the City of Alameda Community Facilities District No. 13-1 (Pacific Common) (the “District”), and is duly authorized to execute and deliver this Certificate and further hereby certifies on behalf of the Issuer as follows:

(1) This Certificate is delivered in connection with the offering and sale of the above-referenced bonds (the “Bonds”) in order to enable the underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”).

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds, the Issuer and the District (the “Preliminary Official Statement”).

(3) As used herein, “Permitted Omissions” shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand as of February \_\_, 2016.

CITY OF ALAMEDA, CALIFORNIA, for  
and on behalf of the CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO.  
13-1 (ALAMEDA LANDING PUBLIC  
IMPROVEMENTS)

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



## **EXHIBIT D**

### **CITY OF ALAMEDA COMMUNITY FACILITIES DISTRICT 1 (ALAMEDA LANDING PUBLIC IMPROVEMENTS) 2016 SPECIAL TAX BONDS**

#### **CERTIFICATE OF FISCAL AGENT**

The undersigned hereby states and certifies that the undersigned is an authorized officer of MUFG Union Bank, N.A., which is acting as fiscal agent (the "Fiscal Agent") under that certain Fiscal Agent Agreement, dated as of March 1, 2016 (the "Fiscal Agent Agreement"), by and between the City of Alameda, California (the "Issuer"), for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the "District"), and the Fiscal Agent, relating to the captioned bonds (the "Bonds") and as such, is familiar with the following facts and is authorized and qualified to certify the following facts on behalf of the Fiscal Agent:

(1) The Fiscal Agent is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Fiscal Agent Agreement.

(2) The Fiscal Agent Agreement has been duly authorized, executed and delivered by the Fiscal Agent, and is a legal, valid and binding agreement of the Fiscal Agent enforceable upon the Fiscal Agent in accordance with its terms.

(3) The Bonds have been authenticated by a duly authorized representative of the Fiscal Agent in accordance with the Fiscal Agent Agreement.

(4) To the knowledge of the undersigned, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Fiscal Agent or threatened against the Fiscal Agent which in the reasonable judgment of the undersigned would affect the existence of the Fiscal Agent or in any way contesting or affecting the validity or enforceability of the Fiscal Agent Agreement or contesting the powers of the Fiscal Agent or its authority to enter into and perform its obligations under the Fiscal Agent Agreement.

(5) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Fiscal Agent that has not been obtained is or will be required for the authentication of the Bonds, or the consummation by the Fiscal Agent of the other transactions contemplated to be performed by the Fiscal Agent in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Fiscal Agent Agreement. The Fiscal Agent is not certifying as to the compliance with any federal or state securities laws.

(6) The execution and delivery by the Fiscal Agent of the Fiscal Agent Agreement and compliance with the terms thereof will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Fiscal Agent 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 Fiscal Agent or any of its activities or properties, or (except with respect to the lien of the Fiscal Agent Agreement) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Fiscal Agent.

Dated: [closing date]

MUFG UNION BANK, N.A.

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

## **EXHIBIT E**

### **CITY OF ALAMEDA COMMUNITY FACILITIES DISTRICT NO. 13-1 (ALAMEDA LANDING PUBLIC IMPROVEMENTS) 2016 SPECIAL TAX BONDS**

#### **CERTIFICATE OF APPRAISER**

The undersigned, on behalf of Seevers Jordan Ziegenmeyer (the "Appraiser"), has prepared an "Appraisal Report" dated January 22, 2016 (the "Appraisal Report") regarding the value of parcels of real property and related improvements within the Original Area (as such term is defined in the Official Statement (defined below)) that are subject to the levy of special taxes in the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the "Appraised Property"), and certifies that:

1. The assumptions made in the Appraisal Report are reasonable. The Appraisal Report fairly and accurately described, as of the stated date of value, the market values of the Appraised Property.
2. The Appraiser is not aware of any event or act that occurred since the date of the Appraisal Report which, in its opinion, would materially and adversely affect the conclusions as to the market value of the Appraised Property.
3. The Appraiser consents to the reproduction of the Appraisal Report as Appendix H to the Preliminary Official Statement dated February \_\_, 2016 (the "Preliminary Official Statement"), and the Official Statement dated March \_\_, 2016 (the "Official Statement"), each with respect to the above-referenced bonds, and to the references to the Appraiser and the Appraisal Report made in the Preliminary Official Statement and the Official Statement.
4. The Appraiser has reviewed the Preliminary Official Statement and the Official Statement, and the statements concerning the Appraisal Report and the value of the Appraised Property contained in the Preliminary Official Statement and the Official Statement are true, correct and complete in all material respects and do not 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 light of the circumstances under which they were made, not misleading.
5. A true and correct copy of the Appraisal Report is attached as Appendix H to the Preliminary Official Statement and the Official Statement.

6. The Appraisal Report complies with the Appraisal Standards for Land-Secured Financings issued by the California Debt and Investment Advisory Commission and dated July 2004.

Dated: [closing date]

SeEVERS Jordan Ziegenmeyer

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

## **EXHIBIT F**

### **CITY OF ALAMEDA COMMUNITY FACILITIES DISTRICT NO. 13-1 (ALAMEDA LANDING PUBLIC IMPROVEMENTS) 2016 SPECIAL TAX BONDS**

#### **CERTIFICATE OF TRI POINTE HOMES, INC.**

In connection with the issuance and sale of the above-captioned bonds (the “Bonds”), and pursuant to the Bond Purchase Agreement (the “Bond Purchase Agreement”) to be executed by and between City of Alameda (the “City”), for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the “District”), and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), Tri Pointe Homes, Inc., a California corporation (“Developer”), hereby certifies, represents, warrants and covenants to the District and the Underwriter as of the date hereof that:

(1) The undersigned is duly authorized to execute this Certificate on behalf of the Developer.

(2) This Certificate of Developer is delivered in connection with the offering and sale of the Bonds pursuant to Section 8(c)(xvii) of the Bond Purchase Agreement.

(3) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement (including all appendices, the “Preliminary Official Statement”), setting forth information about, among other things, the Developer, the Developer’s organization, the land owned by the Developer within the District (the “Property”), and the Developer’s development and financing plans regarding the Property.

(4) All of the information in the Preliminary Official Statement describing or relating to the Developer, the Developer’s organization, the Property in the District, and the Developer’s development and financing plans regarding the Property, under the captions in the Preliminary Official Statement entitled “INTRODUCTION – The District,” “THE DISTRICT – Location and Description of the District” “– The Homebuilder” and “CONTINUING DISCLOSURE” (but only as to the Developer) does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(5) Except as disclosed in the Preliminary Official Statement, the Developer has not previously failed to comply with any previous continuing disclosure obligation under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, within the last five years.

(6) Except as disclosed in the Preliminary Official Statement, with respect to property owned by the Developer located within the boundaries of a development project in California, to the Actual Knowledge of the Undersigned (as defined below), within the last five years, the Developer has not (i) intentionally failed in any material respect to pay when due any property taxes, special taxes, or assessments levied or assessed against such property,

(ii) had any such property become either tax deeded to the state or the subject of judicial foreclosure proceedings for failure to pay such property taxes, special taxes, or assessments levied or assessed against such property, or (iii) failed to cure such material delinquencies within sixty days of becoming aware of such delinquencies.

(7) Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, there are no events of monetary default or events which with the passage of time would constitute a monetary default under any loan or similar credit arrangement to which the Developer is a party the result of which could have a material adverse effect on the development of the Property or the Developer's ability to pay Special Taxes prior to delinquency.

(8) Except as described in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Developer has not incurred any obligation or liability, contingent or otherwise, that might adversely affect its business operations or the Developer's Property within the District.

(9) Except as disclosed in the Preliminary Official Statement, the Developer has never been adjudicated as bankrupt or discharged from any or all of its debts or obligations or granted an extension of time to pay its debts or a reorganization or readjustment of its debts. Except as disclosed in the Preliminary Official Statement, the Developer does not have any proceedings pending (with service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned, overtly threatened in which the Developer may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from any or all of its debts or obligations, be granted an extension of time to pay its debts or obligations, or be granted a reorganization or readjustment of its debts or obligations.

(10) Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body naming the Developer as a party, is pending (based upon service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, overtly threatened in writing (a) in any way seeking to restrain or enjoin the development of the Property, (b) adversely affecting the Developer's ability to pay the Special Taxes, the special benefit assessments (if any) or ad valorem property tax obligations when due on the Property, or (c) which challenges or questions the validity or enforceability of the Bonds, the Bond Resolution, the Resolution of Formation and the Ordinance, the Fiscal Agent Agreement, the Developer Continuing Disclosure Agreement executed by the Developer, or the Bond Purchase Agreement relating to the Bonds.

(11) To the Actual Knowledge of the Undersigned, issuance of the Bonds and the Developer's participation in the proceedings relating to the issuance of the Bonds will not conflict in any material respect with, or constitute on the part of the Developer a material violation of, or a material breach of or default under, (i) any indenture, mortgage, commitment, note or other agreement or instrument to which the Developer is a party or by which it is bound or (ii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Developer is subject.

(12) Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, there are no hazardous substances on its Property that would adversely impact the Developer's ability to own and develop the Property.

(13) As used in this Certificate of Developer, the term "Actual Knowledge of the Undersigned" means the actual (as opposed to constructive) knowledge that the undersigned currently has as of the date of this Certificate of Developer or has obtained from (i) interviews with such current officers and responsible employees of the Developer 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 Certificate of Developer, 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 Certificate of Developer. 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. The Developer has not contacted individuals who are no longer employed by the Developer.

(14) All capitalized terms not otherwise defined herein shall have the meaning set forth in the Bond Purchase Agreement.

Dated: \_\_\_\_\_, 2016

TRI POINTE HOMES, INC.,  
a California corporation

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

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

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

## **EXHIBIT G**

### **CITY OF ALAMEDA COMMUNITY FACILITIES DISTRICT NO. 13-1 (ALAMEDA LANDING PUBLIC IMPROVEMENTS) 2016 SPECIAL TAX BONDS**

#### **CLOSING CERTIFICATE OF TRI POINTE HOMES, INC.**

In connection with the issuance and sale of the above-captioned bonds (the “Bonds”), and pursuant to the Bond Purchase Agreement (the “Bond Purchase Agreement”) executed by and between City of Alameda (the “City”), for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the “District”), and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), Tri Pointe Homes, Inc., a California corporation (“Developer”), hereby certifies, represents, warrants and covenants to the District and the Underwriter as to the items enumerated below as of the date hereof. Capitalized terms used herein that are not defined herein shall have the meanings ascribed to such terms in the Certificate of the Developer, dated \_\_\_\_\_, 2016 (the “POS Certificate”), delivered by the Developer.

(1) The undersigned is duly authorized to execute this certificate on behalf of the Developer.

(2) The Developer is duly authorized to execute, deliver and perform its Developer Continuing Disclosure Agreement.

(3) The Developer has duly executed and delivered the Developer Continuing Disclosure Agreement.

(4) Except as disclosed in the final Official Statement relating to the Bonds (the “Final Official Statement”), to the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement which has materially and adversely affected or is reasonably expected to materially and adversely affect the business, properties, operations or financial condition of the Developer.

(5) Except as disclosed in the Final Official Statement, the Developer has not submitted an application for, nor received actual notice of, (i) the formation or authorization of any assessment district or community facilities district that would include any portion of the Developer’s land within the District, or (ii) the authorization or issuance of any debt secured by a special tax to be levied on any portion of the Developer’s land within the District, other than the Special Tax.

(6) The representations and warranties made by the Developer in the POS Certificate are 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 to the Preliminary Official Statement in the POS Certificate shall be deemed references to the Final Official Statement.

(7) For a period of 25 days after the date hereof, if the Developer has actual knowledge of any event relating to or affecting the Developer, or the ownership or



development of the Property which could cause the information under the captions of the Final Official Statement indicated in Section 4 of the POS Certificate (and subject to the limitations and exclusions contained in Section 4 of the POS Certificate) 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 Developer shall notify the District and the Underwriter and if, in the opinion of counsel to the District or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Final Official Statement, the Developer shall reasonably cooperate with the District in the preparation of an amendment or supplement to the Final Official Statement in form and substance satisfactory to counsel to the District and to the Underwriter.

(8) The Developer covenants that, while the Bonds are outstanding, the Developer will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body which in any way seeks to challenge or overturn (i) the existence of the District, (ii) the levy of special taxes in the District in accordance with Ordinance No. 3084, adopted by the City Council of the City on January 21, 2014, as amended and restated by Ordinance No. 3125 adopted by the City Council on May 15, 2015 (the "Special Taxes") or any other ordinance adopted by the City Council providing for the levy of Special Taxes in accordance with the Rate and Method described below) or (iii) the validity of the Bonds or the proceedings leading up to their issuance. The foregoing covenant shall not prevent the Developer from bringing an action or suit contending that the Special Taxes have not been levied in accordance with the methodology contained in the Rate and Method (as defined in the Bond Purchase Agreement), so long as any such action or suit does not seek to interfere, or have the effect of interfering, with the levy and collection of the Special Taxes in amounts and at times sufficient to pay the principal of and interest on the Bonds when due.

Dated: [closing date]

TRI POINTE HOMES, INC.,  
A Delaware limited liability company

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

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

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

**EXHIBIT H**

**CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO. 13-1  
(ALAMEDA LANDING PUBLIC IMPROVEMENTS)  
2016 SPECIAL TAX BONDS**

**CERTIFICATE OF SPECIAL TAX CONSULTANT**

NBS Government Finance Group (“Special Tax Consultant”), Temecula, California is the Special Tax Consultant for the referenced community facilities district and has read the Rate and Method of Apportionment of Special Tax (the “Rate and Method”) set forth in Appendix B to the Official Statement dated March \_\_, 2016 (the “Official Statement”) relating to the above-referenced bonds (the “Bonds”). The Special Tax Consultant hereby certifies that the Special Tax, if collected in the maximum amounts permitted pursuant to the Rate and Method would be sufficient to pay scheduled debt service on the Bonds, provided that the annual debt service figures on the attached debt service schedule, which were relied upon by the Special Tax Consultant, are substantially true and correct.

The summary of the Rate and Method in the section of the Official Statement entitled “SECURITY FOR THE 2016 BONDS – Summary of Rate and Method” is a fair and accurate summary of the Rate and Method, and a true and correct copy of the Rate and Method is attached to the Official Statement as Appendix B. All of the tabular and financial information provided by the Special Tax Consultant and included in the Official Statement is true and correct in all material respects.

Dated: [closing date]

NBS GOVERNMENT FINANCE GROUP

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

**DEBT SERVICE SCHEDULE**

[TO COME]

EXHIBIT C

PRELIMINARY OFFICIAL STATEMENT

[attach Preliminary Official Statement here]

## PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY \_\_, 2016

NEW ISSUE – BOOK ENTRY ONLY

NO RATING

*In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject however, to certain qualifications described in this Official Statement, under existing law, interest on the 2016 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the further opinion of Bond Counsel, interest on the 2016 Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."*



**\$15,870,000\***  
**CITY OF ALAMEDA**  
**COMMUNITY FACILITIES DISTRICT NO. 13-1**  
**(ALAMEDA LANDING PUBLIC IMPROVEMENTS)**  
**2016 SPECIAL TAX BONDS**

**Dated: date of issuance**

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

The City of Alameda, California (the "City"), for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the "District"), is issuing the above-captioned bonds (the "2016 Bonds") to (i) finance public improvements authorized to be funded by the District, (ii) fund a reserve fund for the 2016 Bonds, (iii) fund interest on the 2016 Bonds to and including September 1, 2016, and (iv) pay costs of issuing the 2016 Bonds. See "PLAN OF FINANCING." The 2016 Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of March 1, 2016 (the "Fiscal Agent Agreement"), by and between the City, for and on behalf of the District, and MUFG Union Bank, N.A., as fiscal agent (the "Fiscal Agent").

The 2016 Bonds are payable from the proceeds of annual Special Taxes (as defined in the Fiscal Agent Agreement) being levied on property located within the District (see "THE DISTRICT"), and from certain funds pledged under the Fiscal Agent Agreement. The Special Taxes are being levied according to a rate and method of apportionment of Special Taxes approved in 2013 by the then-qualified electors of the District. See "SECURITY FOR THE 2016 BONDS—Special Taxes" and Appendix B – "Rate and Method."

Interest on the 2016 Bonds is payable on March 1 and September 1 of each year, commencing on September 1, 2016. The 2016 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2016 Bonds. Individual purchases of the 2016 Bonds will be made in book-entry form only. Purchasers of the 2016 Bonds will not receive physical certificates representing their ownership interests in the 2016 Bonds purchased. Principal of and interest on the 2016 Bonds are payable directly to DTC by the Fiscal Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2016 Bonds. See "THE 2016 BONDS" and Appendix F – "DTC and the Book-Entry Only System."

The 2016 Bonds are subject to optional and mandatory redemption prior to maturity. See "THE 2016 BONDS—Redemption."

The City may, and is expected to, issue additional bonded indebtedness that will be secured by a lien on the Special Tax Revenues (as defined in the Fiscal Agent Agreement) and by funds pledged under the Fiscal Agent Agreement for the payment of the 2016 Bonds, on a parity with the 2016 Bonds. See "SECURITY FOR THE 2016 BONDS—Issuance of Additional Bonds."

NONE OF THE FAITH AND CREDIT OF THE DISTRICT, THE CITY OR THE STATE OF CALIFORNIA OR OF ANY OF THEIR RESPECTIVE POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF THE 2016 BONDS. EXCEPT FOR THE SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2016 BONDS. THE 2016 BONDS ARE NEITHER GENERAL NOR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE CITY FOR THE DISTRICT, PAYABLE SOLELY FROM CERTAIN AMOUNTS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT, AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

This cover page contains certain information for quick reference only. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the 2016 Bonds. The purchase of the 2016 Bonds involves significant risks, and the 2016 Bonds are not appropriate investments for all types of investors. See "SPECIAL RISK FACTORS" in this Official Statement for a discussion of certain risk factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating the investment quality of the 2016 Bonds.

The 2016 Bonds are offered when, as and if issued, subject to approval as to their legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel, and certain other conditions. Certain legal matters with respect to the 2016 Bonds will be passed upon for the City by the City Attorney, and by Quint & Thimmig LLP, in its capacity as Disclosure Counsel to the City for the 2016 Bonds. Certain legal matters related to the 2016 Bonds will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, acting as Underwriter's Counsel. It is anticipated that the 2016 Bonds in definitive form will be available for delivery to DTC on or about March \_\_, 2016.

# STIFEL

The date of this Official Statement is March \_\_, 2016.

\* Preliminary, subject to change.

\$15,870,000\*\*  
**CITY OF ALAMEDA**  
**COMMUNITY FACILITIES DISTRICT NO. 13-1**  
**(ALAMEDA LANDING PUBLIC IMPROVEMENTS)**  
**2016 SPECIAL TAX BONDS**

Maturity Schedule

\$\_\_\_\_\_ Serial Bonds, CUSIP Prefix \_\_\_\_\_\*

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Suffix*
--------------------------------	---------------------	------------------	-------	-------	------------------

\$_____	_____%	Term Bonds due September 1, 20__	Yield _____%	Price _____	CUSIP Number _____*
\$_____	_____%	Term Bonds due September 1, 20__	Yield _____%	Price _____	CUSIP Number _____*

\* Copyright 2016, American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

\*\* Preliminary, subject to change.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

The information contained in this Official Statement has been obtained from sources that are believed to be reliable. No representation, warranty or guarantee, however, is made by the Underwriter as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the Appendices, and nothing contained in this Official Statement should be relied upon as a promise or representation by the Underwriter.

Neither the City nor the Underwriter has authorized any dealer, broker, salesperson or other person to give any information or make any representations with respect to the offer or sale of 2016 Bonds other than as contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the City or the Underwriter. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2016 Bonds shall under any circumstances create any implication that there has been no change in the affairs of any party described in this Official Statement, or in the status of any property described in this Official Statement, subsequent to the date as of which such information is presented.

This Official Statement and the information contained in this Official Statement are subject to amendment without notice. The 2016 Bonds may not be sold, and no offer to buy the 2016 Bonds may be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the 2016 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

All summaries of the documents referred to in this Official Statement are qualified by the provisions of the respective documents summarized and do not purport to be complete statements of any or all of such provisions.

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

**In connection with the offering of the 2016 Bonds, the Underwriter may overallocate or effect transactions that stabilize or maintain the market prices of the 2016 Bonds at levels 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 2016 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.**

**The 2016 Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption from the registration requirements contained in the Securities Act. The 2016 Bonds have not been registered or qualified under the securities laws of any state.**

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

## **CITY OF ALAMEDA**

### **City Council**

Trish Herrera Spencer, *Mayor*  
Frank Matarrese, *Vice Mayor*  
Tony Daysog, *Councilmember*  
Marilyn Ezzy Ashcraft, *Councilmember*  
Jim Oddie, *Councilmember*

### **City Officials**

Elizabeth D. Warmerdam, *Interim City Manager\**  
Elena Adair, *Finance Director*  
Debbie Potter, *Community Development Director*  
Bob Haun, *Public Works Director*  
Janet C. Kern, *City Attorney*  
Lara Weisiger, *City Clerk*

## **PROFESSIONAL SERVICES**

### **Municipal Advisor**

Public Financial Management, Inc.  
San Francisco, California

### **Fiscal Agent**

MUFG Union Bank, N.A.  
San Francisco, California

### **Special Tax Consultant and Dissemination Agent**

NBS  
Temecula, California

### **Appraiser**

Severs Jordan Ziegenmeyer  
Rocklin, California

### **Bond Counsel and Disclosure Counsel**

Quint & Thimmig LLP  
Larkspur, California

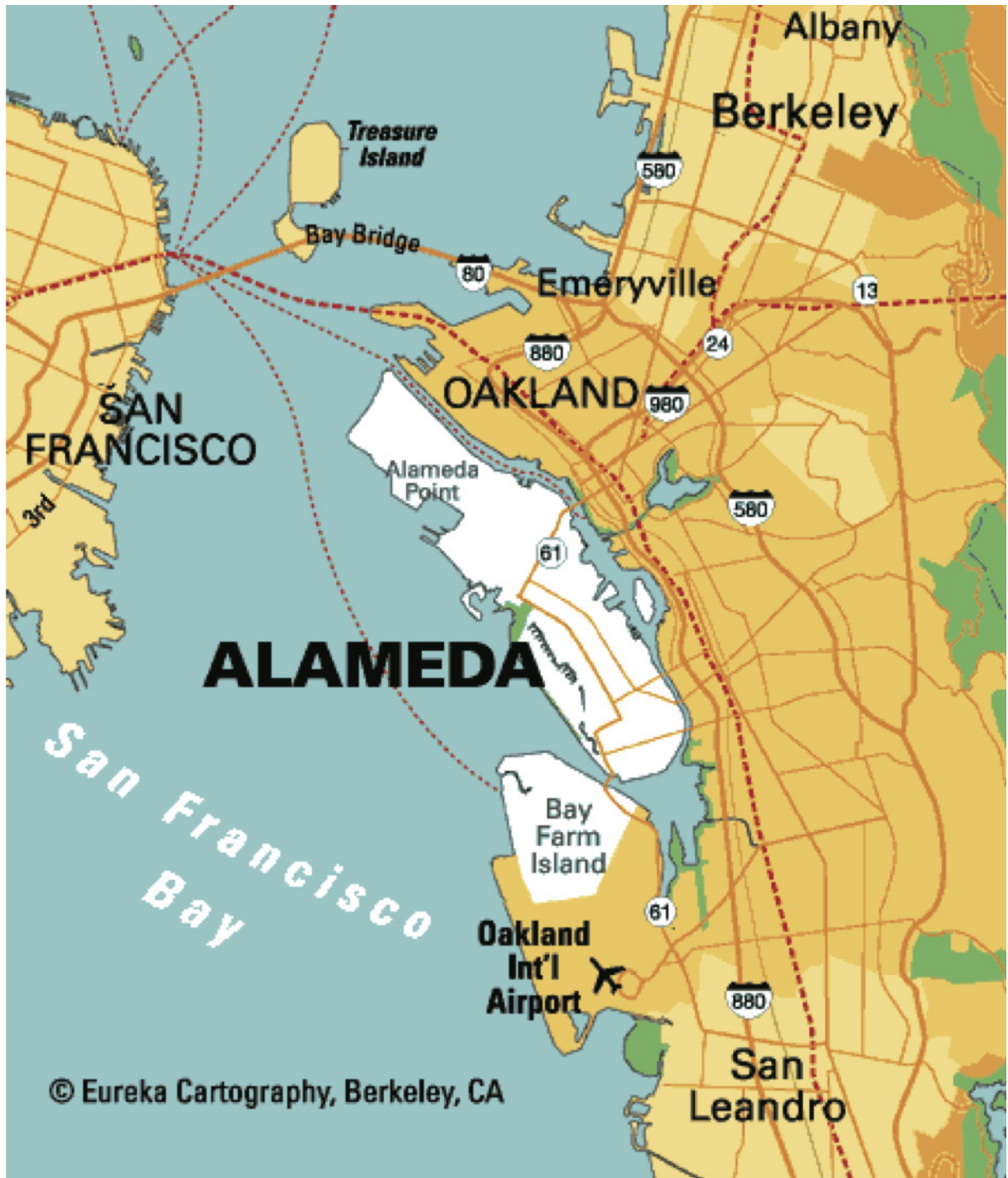
\* A new City Manager, Jill Keimach, will begin her employment on March 7, 2016.



## TABLE OF CONTENTS

INTRODUCTION .....	1	Projected Debt Service Coverage .....	44
General .....	1	SPECIAL RISK FACTORS .....	46
Authority for Issuance .....	1	No General Obligation of the City or the	
The 2016 Bonds .....	2	District .....	46
Security for the 2016 Bonds .....	2	Concentration of Ownership .....	46
Reserve Fund .....	3	Failure to Complete the Development .....	46
Alameda Landing .....	3	Payment of the Special Tax is not a Personal	
The District .....	4	Obligation .....	47
Land Valuation .....	5	Property Value .....	47
Limited Obligation .....	6	Exempt Properties .....	47
Issuance of Additional Bonds .....	6	Parity Taxes and Special Assessments .....	48
Bondowners' Risks .....	6	Insufficiency of Special Taxes .....	48
Continuing Disclosure .....	6	Tax Delinquencies .....	49
Other Information .....	7	Bankruptcy Delays .....	49
PLAN OF FINANCING .....	7	Proceeds of Foreclosure Sales .....	49
Overview .....	7	Natural Disasters .....	50
Estimated Sources and Uses of Funds .....	8	Hazardous Substances .....	51
THE 2016 BONDS .....	8	Risk of Sea Level Changes and Flooding .....	53
Authority for Issuance .....	8	Disclosure to Future Purchasers .....	53
General Provisions .....	9	FDIC / Federal Government Interests in	
Redemption .....	10	Properties .....	54
Transfer or Exchange of Bonds .....	12	No Acceleration Provision .....	55
Discontinuance of DTC Services .....	12	Taxability Risk .....	55
Scheduled Debt Service .....	13	Enforceability of Remedies .....	56
SECURITY FOR THE 2016 BONDS .....	14	No Secondary Market .....	56
General .....	14	Proposition 218 .....	56
Limited Obligation .....	14	Ballot Initiatives .....	57
Special Taxes .....	14	IRS Audit of Tax-Exempt Bond Issues .....	57
Special Tax Fund .....	15	Court Action Involving Landowner – Voted	
Summary of Rate and Method .....	17	Special Tax District .....	58
Reserve Fund .....	22	Impact of Legislative Proposals, Clarifications	
Covenant for Superior Court Foreclosure .....	22	of the Code and Court Decisions on Tax	
No Teeter Plan .....	24	Exemption .....	59
No Limitation on Increases in Special Tax		TAX MATTERS .....	59
Levies by Reason of Delinquencies .....	24	LEGAL MATTERS .....	62
Investment of Moneys .....	24	MUNICIPAL ADVISOR .....	62
Issuance of Additional Bonds .....	25	NO RATING .....	62
THE DISTRICT .....	27	LITIGATION .....	62
Location and Description of the District .....	27	UNDERWRITING .....	62
History of the District .....	33	CONTINUING DISCLOSURE .....	63
The Improvements .....	34	The City .....	63
The Homebuilder .....	34	The Homebuilder .....	63
Land Ownership .....	36	Remedies for Failures to Comply .....	64
Property Values .....	37	MISCELLANEOUS .....	64
Value-to-Burden Ratio .....	38		
Special Tax Levies and Delinquencies .....	41		
Direct and Overlapping Governmental			
Obligations .....	41		
APPENDIX A	CITY AND COUNTY GENERAL DEMOGRAPHIC INFORMATION		
APPENDIX B	RATE AND METHOD		
APPENDIX C	SUMMARY OF THE FISCAL AGENT AGREEMENT		
APPENDIX D	FORM OF OPINION OF BOND COUNSEL		
APPENDIX E	FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE CITY		
APPENDIX F	FORM OF CONTINUING DISCLOSURE AGREEMENT - HOMEBUILDER		
APPENDIX G	DTC AND THE BOOK-ENTRY ONLY SYSTEM		
APPENDIX H	APPRAISAL REPORT		

## CITY OF ALAMEDA LOCATION MAP



**OFFICIAL STATEMENT**  
**\$15,870,000\***  
**CITY OF ALAMEDA**  
**COMMUNITY FACILITIES DISTRICT NO. 13-1**  
**(ALAMEDA LANDING PUBLIC IMPROVEMENTS)**  
**2016 SPECIAL TAX BONDS**

**INTRODUCTION**

*This introduction is not a summary of this Official Statement and is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in this entire Official Statement and the documents summarized or described in this Official Statement. A full review should be made of this entire Official Statement by those interested in purchasing the 2016 Bonds. The sale and delivery of 2016 Bonds to potential investors is made only by means of this entire Official Statement. Certain capitalized terms used in this Official Statement and not defined herein have the meaning set forth in Appendix C—“Summary of the Fiscal Agent Agreement—Definitions” and in Appendix B—“Rate and Method.”*

**General**

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the attached appendices (the “**Official Statement**”), is to provide certain information concerning the issuance by the City of Alameda, California (the “**City**”), for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the “**District**”), of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) 2016 Special Tax Bonds (the “**2016 Bonds**”). The 2016 Bonds are being issued to (i) finance public improvements authorized to be funded by the District (the “**Improvements**”), (ii) fund a reserve fund for the 2016 Bonds, (iii) fund interest on the 2016 Bonds to and including September 1, 2016, and (iv) pay costs of issuing the 2016 Bonds. See “PLAN OF FINANCING—Estimated Sources and Uses of Funds.”

**Authority for Issuance**

**General.** The District was formed in January of 2014 under the authority of the City of Alameda Special Tax Financing Improvement Code, constituting Section 3-70.1 of the Alameda Municipal Code (the “**Law**”). The Law was enacted by Ordinance No. 2498 adopted by the City Council of the City (the “**City Council**”) on September 18, 1990, and has provisions similar to those of the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311 et seq.). The Law authorizes the City Council to establish community facilities districts with defined boundaries and, subject to approval by at least a two-thirds vote of the votes cast by the qualified electors within a district and compliance with the provisions of the Law, the City Council may issue bonds for the community facilities district established by it and may levy and collect a special tax within the community facilities district to repay the bonds.

**Bond Authority.** The 2016 Bonds are authorized to be issued pursuant to the Law, a resolution adopted on February 16, 2016 by the City Council, acting as the legislative body of the District, and the Fiscal Agent Agreement dated as of March 1, 2016 (the “**Fiscal Agent Agreement**”), between the City, for and on behalf of the District, and MUFG Union Bank, N.A., as fiscal agent (the “**Fiscal Agent**”). For more detailed information about the formation of the District and the authority for issuance of the 2016 Bonds, see “THE 2016 BONDS—Authority for Issuance” and “THE DISTRICT—History of the District.” When used in this Official Statement

the term “**Bonds**” means the 2016 Bonds and any **Parity Bonds** that may be issued in the future under the Fiscal Agent Agreement. See “SECURITY FOR THE 2016 BONDS—Issuance of Additional Bonds.”

### The 2016 Bonds

*General.* The 2016 Bonds will be issued only as fully registered bonds, in denominations of \$5,000 or any integral multiple thereof, and will bear interest at the rates per annum and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. The 2016 Bonds will be dated the date of their issuance and interest on the 2016 Bonds will be payable on March 1 and September 1 of each year (individually an “**Interest Payment Date**”), commencing September 1, 2016. See “THE 2016 BONDS.” The 2016 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“**DTC**”), which will act as securities depository for the 2016 Bonds. See “THE 2016 BONDS—General Provisions.”

*Redemption Prior to Maturity.* The 2016 Bonds are subject to optional and mandatory redemption prior to maturity. See “THE 2016 BONDS—Redemption.”

### Security for the 2016 Bonds

*Pledge Under the Fiscal Agent Agreement.* Pursuant to the Fiscal Agent Agreement, the 2016 Bonds are secured by a first pledge of all of the Special Tax Revenues (other than the first Special Tax Revenues in the amount of the Minimum Administrative Expense Requirement received by the City in each Fiscal Year, which are to be used to pay Administrative Expenses) and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed in accordance with the Fiscal Agent Agreement, in the Special Tax Fund, all of which funds are held by the Fiscal Agent under the Fiscal Agent Agreement. “**Special Tax Revenues**,” as defined in the Fiscal Agent Agreement, means the proceeds of the Special Taxes levied on the property in the District and received by the City, including any scheduled payments and any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien, but does not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds. “**Minimum Administrative Expense Requirement**” means (a) for Fiscal Year 2015-2016, \$25,000; and (b) for each Fiscal Year after Fiscal Year 2015-2016, an amount equal to 102% of the Minimum Administrative Expense Requirement in effect for the immediately preceding Fiscal Year.

The Special Tax Revenues (other than the first Special Tax Revenues in the amount of the applicable Minimum Administrative Expense Requirement received by the City in each Fiscal Year, which are to be used to pay Administrative Expenses) and all moneys on deposit in the Bond Fund, the Reserve Fund and the Special Tax Fund are dedicated to the payment of the principal of, and interest and any premium on, the 2016 Bonds in accordance with the Fiscal Agent Agreement until all of the 2016 Bonds have been paid or defeased. See “SECURITY FOR THE 2016 BONDS—Special Taxes.”

*Special Taxes; Rate and Method.* The Special Taxes to be used to pay debt service on the 2016 Bonds will be levied in accordance with the Rate and Method of Apportionment of Special Taxes (the “**Rate and Method**”) for the District, which is described under the heading “SECURITY FOR THE 2016 BONDS—Summary of Rate and Method,” and is set forth in its entirety in Appendix B—“Rate and Method.” “**Special Taxes**” as defined in the Fiscal Agent Agreement, means the special tax levied on the Taxable Property within the District pursuant to

the Law, Ordinance No. 3125 adopted by the City Council on May 5, 2015 (the “**Ordinance Levying Special Taxes**”), which provides for the levy of the Special Taxes in accordance with the Rate and Method, and the Fiscal Agent Agreement. “**Taxable Property**” is defined in the Rate and Method as any County of Alameda Assessor’s Parcel within the District which is not exempt from the Special Tax by applicable law or the Rate and Method (which exempts certain Public Property and property classified by the Rate and Method as Affordable Housing Units). See “SECURITY FOR THE 2016 BONDS—Special Taxes” and “—Summary of Rate and Method.”

**Limitations.** The first Special Tax Revenues in the amount of the applicable Minimum Administrative Expense Requirement received by the City in each Fiscal Year, as well as amounts in the Administrative Expense Fund, the Improvement Fund and the Costs of Issuance Fund, each of which is established under the Fiscal Agent Agreement, are not pledged to the repayment of the 2016 Bonds. The Improvements financed with proceeds of the 2016 Bonds are not pledged to pay the debt service on the 2016 Bonds. The proceeds of any sale, condemnation or destruction of any of the Improvements are not pledged to pay the debt service on the 2016 Bonds.

In the event that the Special Taxes are not paid when due, the only sources of funds available to repay the 2016 Bonds are amounts held by the Fiscal Agent in the Bond Fund, the Special Tax Fund and the Reserve Fund established under the Fiscal Agent Agreement, and the proceeds, if any, from foreclosure sales of Taxable Property within the District in respect of delinquent Special Taxes.

#### **Reserve Fund**

The Fiscal Agent Agreement establishes a Reserve Fund as a reserve for the payment of principal of and interest on the 2016 Bonds. The Reserve Fund is required to be funded in an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the initial principal amount of the 2016 Bonds (the “**Reserve Requirement**”). The Reserve Fund will be available to pay the debt service on the 2016 Bonds and any Parity Bonds in the event of a shortfall in the amount in the Bond Fund for such purpose. The Reserve Requirement as of the date of issuance of the 2016 Bonds will be \$\_\_\_\_\_. See “SECURITY FOR THE 2016 BONDS—Reserve Fund.”

#### **Alameda Landing**

The District is located in an area of the City known as Alameda Landing, which is a portion of the former Navy Fleet Industrial Supply Center. The City, the Successor Agency to the Community Improvement Commission of the City of Alameda (the “**Successor Agency**”), as successor to the former Community Improvement Commission of the City of Alameda (the “**Former Agency**”), and Catellus Development Corporation (“**Catellus Corporation**”), as successor in interest to Palmtree Acquisition Corporation, are parties to a Disposition and Development Agreement, dated as of December 5, 2006 (the “**DDA**”), which provided entitlements for the development of an approximately 72-acre mixed use development, including 400,000 square feet of office space, 300,000 square feet of retail commercial space, 300 residential housing units, a 20,000 square foot health club and an 8-acre waterfront park. Approximately 64 acres of the overall development are located in the District as more fully described below.

In the summer of 2012, Catellus Alameda Development, LLC (“**Catellus LLC**”), an affiliate of Catellus Corporation, commenced construction of various infrastructure

improvements required for the development of the first phase of Alameda Landing, including the demolition of then existing Navy warehouses and the completion of certain roadway improvements. The construction of the retail component of the project, which is not located in the District, was completed in January of 2015, and includes a Target store, a Safeway grocery store, a Michaels craft store, and other retail stores. During the period from December 2013 to December 2015, Tri Pointe Homes, Inc. (referred to in this Official Statement as the ("**Homebuilder**") purchased approximately 24 acres of land in the project area from Catellus Corporation, and began the construction of model homes in May of 2014 in that area, which is expected to include a total of 255 homes at buildout. The land purchased by the Homebuilder is located within the District and is referred to in this Official Statement as the "Original Area" portion of the District, as more fully described below.

The remaining approximately 40 developable acres subject to the DDA are currently owned by the Successor Agency, are expected to be conveyed to Catellus Corporation in the future, and are currently entitled to be developed with the remaining DDA entitlements of 400,000 square feet of office space, 15,000 square feet of retail commercial space, 13 residential units and an 8-acre waterfront park. However, Catellus Corporation currently is pursuing changes to those entitlements, as may be permitted under the DDA, to allow for the construction of additional residential units in lieu of the construction of office space. See "THE DISTRICT—Location and Description of the District." While the DDA has been approved as an enforceable obligation of the Successor Agency by the Department of Finance of the State of California (the "**DOF**"), and the disposition of the remaining approximately 44 acres owned by it to Catellus Corporation is part of the Successor Agency's Long Ranch Property Management Plan approved by the DOF, no representation can be made as to when that disposition will occur and with respect to what will be constructed in that area and when such construction will be completed. The property so owned by the Successor Agency is included within the District and is referred to in this Official Statement as the "Annexation Area" portion of the District, as more fully described below.

## **The District**

The District was formed by the City Council pursuant to proceedings conducted under the Law on January 7, 2014. At the time it was formed, the District included approximately 24 gross acres of land (the "**Original Area**") subject to the DDA, which land has been conveyed to the Homebuilder as described under "INTRODUCTION—Alameda Landing" above. In April of 2015, the City Council conducted proceedings to annex an additional approximately 44 gross acres subject to the DDA and currently owned by the Successor Agency to the District (the "**Annexation Area**"), and to alter the original rate and method of apportionment of special taxes for the District (as so altered, referred to herein as the "Rate and Method"), as well as to include additional improvements to the Improvements authorized to be funded by the District, and to increase the bonded indebtedness limit of the District to \$40,000,000. See "THE DISTRICT—History of the District."

The Original Area currently encompasses approximately 21 net acres of land approved for development of 255 residential single family homes, including 164 attached units and 91 detached units, on 255 separate Alameda County Assessor's parcels. See "THE DISTRICT—Location and Description of the District." Tri Pointe Homes, Inc. (the "**Homebuilder**"), which began construction of model homes in the Original Area in May of 2014, currently owns all of the Taxable Property in the Original Area, except for parcels with completed homes that have been sold to homebuyers. The Homebuilder has advised that as of December 20, 2015, it had completed the construction of 78 homes that it had sold to homebuyers, with an additional 14 homes completed and sold to homebuyers as of the end of December 2015. Home construction

and sales within the Original Area is ongoing. See “THE DISTRICT—Location and Description of the District” and “THE DISTRICT—The Homebuilder.”

All of the developable property in the Annexation Area is currently owned by the Successor Agency, which succeeded the Former Agency upon its dissolution as the owner of the property. As described under “INTRODUCTION—Alameda Landing” above, the City, the Successor Agency, as successor to the Former Agency, and Catellus Corporation, along with the City, are parties to the DDA, which allows for a mixed-use development in the Annexation Area. However, the Annexation Area currently contains several warehouses which are to be demolished and a wharf that is to be rehabilitated, and the land in the Annexation Area is not subject to the levy of Special Taxes at this time because it is owned by the Successor Agency. Property in the Annexation Area will become subject to the levy of Special Taxes upon its conveyance to Catellus Corporation or another nongovernmental entity in accordance with the DDA, and its subsequent development with the land uses permitted by the DDA, the timing of which is not certain at this time. Moreover, Catellus Corporation is currently seeking approval by the City of certain changes to the entitlements for the development of the Annexation Area, to allow for the construction of additional homes in lieu of office space. See “THE DISTRICT—Location and Description of the District.”

It is expected that when and if the land in the Annexation Area becomes subject to the levy of Special Taxes, the City will issue Parity Bonds supportable by the expected increase in Special Tax Revenues as a consequence of such development, subject to compliance with the requirements for Parity Bonds set forth in the Fiscal Agent Agreement. See “SECURITY FOR THE 2016 BONDS—Issuance of Additional Bonds.”

## **Land Valuation**

The firm of Seevers Jordan Ziegenmeyer (the “**Appraiser**”) has prepared an Appraisal Report dated January 22, 2016 (the “**Appraisal Report**”) with a valuation date of December 20, 2015, estimating the market value, by ownership, of the parcels within the Original Area that are subject to the Special Taxes securing the 2016 Bonds. The Appraiser concluded in the Appraisal Report that the cumulative (aggregate) value of the property in the Original Area is \$159,974,078, subject to certain assumptions and limiting conditions set forth in the Appraisal Report, including an extraordinary assumption to the effect that there are no adverse soil conditions, toxic substances or other environmental hazards that may interfere or inhibit the development of the property in the Original Area. The appraised value of the land in the District, as reflected in the Appraisal Report, is approximately 10.1\* times the \$15,870,000\* initial principal amount of the 2016 Bonds. The Appraisal Report, which is included in Appendix H, should be read in its entirety by prospective purchasers of the 2016 Bonds. See “THE DISTRICT—Property Values,” “SPECIAL RISK FACTORS – Property Value” and “SPECIAL RISK FACTORS—Hazardous Substances.”

The value of individual parcels in the Original Area will vary significantly, and no assurance can be given that should Special Taxes levied on one or more of the parcels become delinquent, and should the delinquent parcels be offered for sale at a judicial foreclosure sale, that any bid would be received for the property or, if a bid is received, that such bid would be sufficient to pay such parcel’s delinquent Special Taxes. See “SPECIAL RISK FACTORS – Property Value” and “SPECIAL RISK FACTORS – Insufficiency of Special Taxes.”

---

\* Preliminary, subject to change.

## **Limited Obligation**

Although the unpaid Special Taxes constitute liens on parcels within the District on which they are levied, they do not constitute a personal indebtedness of the property owners. There is no assurance that the Homebuilder, any owner or purchaser of a home in the Original Area, or any future owners of property in the Annexation Area will be financially able to pay the Special Taxes levied on their property in the District, or that they will pay the Special Taxes even though financially able to do so.

NONE OF THE FAITH AND CREDIT OF THE DISTRICT, THE CITY OR THE STATE OF CALIFORNIA OR OF ANY OF THEIR RESPECTIVE POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF THE 2016 BONDS. EXCEPT FOR THE SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2016 BONDS. THE 2016 BONDS ARE NEITHER GENERAL NOR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE CITY FOR THE DISTRICT PAYABLE SOLELY FROM CERTAIN AMOUNTS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT, AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

## **Issuance of Additional Bonds**

The bonded indebtedness limit of the District is \$40,000,000. The City may, and is expected in the future to, issue additional bonded indebtedness that is secured by a lien on the Special Tax Revenues and on the funds pledged under the Fiscal Agent Agreement for the payment of the 2016 Bonds on a parity with the 2016 Bonds ("**Parity Bonds**"), subject to the provisions of the Fiscal Agent Agreement with respect to Parity Bonds. See "SECURITY FOR THE 2016 BONDS—Issuance of Additional Bonds."

## **Bondowners' Risks**

Certain events could affect the ability of the City to pay the principal of and interest on the 2016 Bonds when due. Except for the Special Taxes, no other taxes are pledged to the payment of the 2016 Bonds. See "SPECIAL RISK FACTORS" for a discussion of certain factors that should be considered in evaluating an investment in the 2016 Bonds. The purchase of the 2016 Bonds involves significant risks, and the 2016 Bonds are not appropriate investments for all types of investors.

## **Continuing Disclosure**

For purposes of complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**"), the City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board (the "**MSRB**") certain annual financial information and operating data and notice of certain significant events. These covenants have been made in order to assist the Underwriter in complying with the Rule. See "CONTINUING DISCLOSURE" and Appendix E for a description of the specific nature of the annual reports and notices of significant events, as well as the terms of the Continuing Disclosure Agreement to which the City will be a party and pursuant to which such reports and notices are to be made. Also see "CONTINUING DISCLOSURE" for a description of certain failures by the City and related entities to fully comply with certain prior obligations under the Rule.

The Homebuilder has agreed to enter into a separate Continuing Disclosure Agreement—Homebuilder pursuant to which it will provide certain information on an annual and a semi annual basis and notice of certain events relative to its ownership of property in the District.



The obligation of the Homebuilder to provide such information will terminate at such time as it owns Taxable Property responsible for less than twenty percent (20%) of the annual levy of Special Taxes in the District. See Appendix F—"Form of Continuing Disclosure Agreement—Homebuilder" for the complete text of the Continuing Disclosure Agreement—Homebuilder.

### **Other Information**

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change without notice. Except where otherwise indicated, all information contained in this Official Statement has been provided by the City on behalf of the District.

Copies of the Fiscal Agent Agreement and certain other documents referenced in this Official Statement are available for inspection at the office of, and (upon written request and payment to the City of a charge for copying, mailing and handling) are available for delivery from, the City's Finance Director, c/o City of Alameda, 2263 Santa Clara Avenue, Alameda, California 94501.

## **PLAN OF FINANCING**

### **Overview**

The City, for and on behalf of the District, has entered into an Acquisition Agreement with Catellus Alameda Development, LLC ("**Catellus LLC**"), dated as of November 1, 2013, (the "**Original Acquisition Agreement**"), pursuant to which the City has agreed to use proceeds of Bonds issued for the District and Special Taxes levied on property in the District to pay the costs of specified public infrastructure improvements (referred to in this Official Statement as the "**Improvements**") the construction of which was necessitated by development occurring in the Original Area. The Original Acquisition Agreement was supplemented at the time the Annexation Area was annexed to the District by means of a Supplement No. 1 to Acquisition Agreement, dated as of April 21, 2015 (the "Original Acquisition Agreement, as so supplemented, is referred to herein as the "**Acquisition Agreement**,"") which added additional public infrastructure needed for development of the Annexation Area to the Improvements authorized to be funded by the District. See "THE DISTRICT – The Improvements." The financing plan anticipates that Bonds will be issued in several series to finance costs of some of the Improvements as contemplated by the Acquisition Agreement, with the principal amount of the initial series of the Bonds (being the 2016 Bonds) determined in part on the status of development in the Original Area, and Parity Bonds expected to be issued as development occurs in the Annexation Area, and the Special Tax Revenues increase as a consequence of such development. See "THE DISTRICT – Location and Description of the District."

The costs of Improvements completed to date have been paid for by Catellus LLC, and neither the City nor the District has any obligation to reimburse any of such costs except from proceeds of the 2016 Bonds, the proceeds of any Parity Bonds and from Special Tax Revenues received prior to the issuance of the 2016 Bonds or otherwise not needed to pay scheduled debt service on the Bonds and to pay administrative expenses of the City related to the District, including those included within the definition of "Administrative Expenses" in the Fiscal Agent Agreement (see Appendix C – Summary of the Fiscal Agent Agreement). All of the Improvements constituting public infrastructure needed for the development of the Original Area have been completed; however, significant additional infrastructure improvements are

needed for the development of the Annexation Area. See “THE DISTRICT – The Improvements.”

In accordance with the Acquisition Agreement, proceeds of the 2016 Bonds deposited to the Improvement Fund will be used to make payments to Catellus LLC for a portion of the costs of those Improvements which have been fully completed and not yet reimbursed from Special Tax Revenues. See “PLAN OF FINANCING – Sources and Uses of Funds.” The Fiscal Agent Agreement allows for the issuance of Parity Bonds secured on a parity with the 2016 Bonds (see “SECURITY FOR THE 2016 BONDS – Issuance of Additional Bonds”), and it is expected that the City will issue Parity Bonds in one or more series to fund costs of the Improvements not paid for with proceeds of the 2016 Bonds. Parity Bonds are expected to be issued as development of the **Taxable Property** in the Original Area and the Annexation Area occurs, and the aggregate principal amount of any Parity Bonds (other than Parity Bonds that are Refunding Bonds, to which no principal limit applies) plus the initial principal amount of the 2016 Bonds cannot exceed the debt limit of \$40,000,000 for the District.

### Estimated Sources and Uses of Funds

The sources and uses of funds in connection with the 2016 Bonds are expected to be as follows:

Principal of 2016 Bonds	\$
<i>Plus/Less: Original Issue Premium/Discount</i>	
<i>Less: Underwriter’s Discount</i>	
Total Sources	\$ _____
Deposit to Improvement Fund <sup>(1)</sup>	
Deposit to Reserve Fund <sup>(2)</sup>	
Deposit to Costs of Issuance Fund <sup>(3)</sup>	_____
Deposit to Capitalized Interest Account <sup>(4)</sup>	_____
Total Uses	\$ _____

- (1) To be used to finance the Improvements authorized to be funded by the District. See “PLAN OF FINANCING—Overview.”
- (2) Equal to the initial Reserve Requirement. See “SECURITY FOR THE 2016 BONDS—Reserve Fund.”
- (3) Costs of issuance include, without limitation, Fiscal Agent fees and expenses, Municipal Advisor fees and expenses, Bond Counsel and Disclosure Counsel and other legal fees and expenses, and printing costs.
- (4) To be used to pay debt service due on the 2016 Bonds on September 1, 2016.

## THE 2016 BONDS

### Authority for Issuance

Pursuant to the Law, on January 7, 2014, the City Council adopted Resolution No. 14880 establishing the District (“**Resolution of Formation**”). Also on January 7, 2014, the then two owners of the property in the District (being the Successor Agency and the Homebuilder), and thereby the qualified electors for the District, authorized the issuance of bonded indebtedness to finance certain public improvements, and approved the original rate and method of apportionment of special taxes for the District. On April 21, 2015, following an election of the then two owners of property in the District, the City Council adopted Resolution No. 15024 pursuant to which it altered the original rate and method of apportionment of special taxes for the District (as so altered, referred to herein as the “Rate and Method”), increased the bonded indebtedness limit of the District to \$40,000,000, and added to the Improvements authorized to

be funded by the District. Also on April 21, 2015, following an election by the then owners of the property in the Annexation Area, the City formally annexed the Annexation Area to the District. See “THE DISTRICT—History of the District.”

The 2016 Bonds are authorized to be issued pursuant to the Law, a resolution adopted on February 16, 2016, by the City Council, acting as the legislative body of the District, and the Fiscal Agent Agreement. The Special Taxes to be used to pay debt service on the 2016 Bonds will be levied in accordance with the Rate and Method.

### **General Provisions**

The 2016 Bonds will be issued only as fully registered 2016 Bonds, in the denomination of \$5,000 or any integral multiple thereof, and will bear interest at the rates per annum and will mature on the dates set forth on the inside cover page of this Official Statement. The 2016 Bonds will be dated the date of their issuance and interest will be payable on each Interest Payment Date, commencing September 1, 2016.

Each 2016 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2016, in which event it will bear interest from the date of issuance of the 2016 Bonds; provided, however, that if, as of the date of authentication of any 2016 Bond, interest thereon is in default, such 2016 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. The term “**Record Date**” as defined in the Fiscal Agent Agreement means the fifteenth (15<sup>th</sup>) day of the month next preceding the month of the applicable Interest Payment Date, whether or not such fifteenth (15<sup>th</sup>) day is a Business Day.

The 2016 Bonds will be payable both as to principal and interest, and as to any premium upon the redemption thereof, in lawful money of the United States of America. The principal of the 2016 Bonds and any premium due upon the redemption thereof will be payable by check of the Fiscal Agent upon presentation and surrender of the applicable 2016 Bonds at the Principal Office of the Fiscal Agent. Interest with respect to each Bond will be computed using a year of 360 days comprised of twelve 30-day months.

The 2016 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the 2016 Bonds. Individual purchases of the 2016 Bonds will be made in book-entry form only. Purchasers of the 2016 Bonds will not receive physical certificates representing their ownership interests in the 2016 Bonds purchased. Principal and interest payments represented by the 2016 Bonds are payable directly to DTC by the Fiscal Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2016 Bonds. See Appendix G—“DTC and the Book-Entry Only System.” *So long as the 2016 Bonds are registered in the name of Cede & Co., as nominee of DTC, references in this Official Statement to the owners shall mean Cede & Co., and shall not mean the purchasers or Beneficial Owners of the 2016 Bonds.*

## Redemption

***Optional Redemption.*** The 2016 Bonds maturing on and after September 1, \_\_\_\_, are subject to optional redemption prior to their stated maturity on any Interest Payment Date occurring on or after September 1, \_\_\_\_, as a whole, or in part among maturities as determined by the Finance Director of the City and by lot within a maturity, at a redemption price equal to the principal amount of the 2016 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

***Mandatory Sinking Payment Redemption.*** The 2016 Bonds maturing on September 1, \_\_\_\_, are subject to mandatory sinking payment redemption in part on September 1, \_\_\_\_, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

<u>Redemption Date</u> <u>(September 1)</u>	<u>Sinking Payments</u>
--	-------------------------

The 2016 Bonds maturing on September 1, \_\_\_\_, are subject to mandatory sinking payment redemption in part on September 1, \_\_\_\_, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

<u>Redemption Date</u> <u>(September 1)</u>	<u>Sinking Payments</u>
--	-------------------------

The amounts in the foregoing tables will be reduced as a result of any prior partial redemption of the 2016 Bonds pursuant to the optional redemption or redemption from special tax prepayments provisions of the Fiscal Agent Agreement, so as to maintain to the extent practicable the same debt service profile for the Bonds as in effect prior to such redemption, as specified in writing by the City's Finance Director to the Fiscal Agent.

***Mandatory Redemption From Special Tax Prepayments.*** The 2016 Bonds are subject to mandatory redemption prior to their stated maturity on any Interest Payment Date, from the proceeds of Special Tax Prepayments and corresponding transfers of funds from the Reserve Fund (as described below under "SECURITY FOR THE 2016 BONDS—Reserve Fund"), as a whole or in part by lot and allocated among maturities of the 2016 Bonds so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption, at a redemption price (expressed as a percentage of the principal amount of the 2016 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
any Interest Payment Date to and including March 1, 20__	%
September 1, 20__ and March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and any Interest Payment Date thereafter	

***Purchase of 2016 Bonds In Lieu of Redemption.*** In lieu of redemption as described above, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2016 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase prior to the selection of 2016 Bonds for redemption, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2016 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

***Selection of 2016 Bonds for Redemption.*** Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2016 Bonds or any given portion thereof pursuant to the optional redemption provisions of the Fiscal Agent Agreement, the Fiscal Agent shall select the 2016 Bonds to be redeemed, from all 2016 Bonds or such given portion thereof not previously called for redemption among maturities as directed in writing by the Finance Director, and within a maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate and fair. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2016 Bonds pursuant to the Special Tax Prepayment provisions of the Fiscal Agent Agreement, the Fiscal Agent will select the 2016 Bonds to be redeemed, from all 2016 Bonds or such given portion thereof not previously redeemed, so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption, and within a maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate and fair. In each case, for purposes of selection of 2016 Bonds to be redeemed, all 2016 Bonds shall be deemed to be comprised of separate \$5,000 portions, and such portions shall be treated as separate 2016 Bonds that may be separately redeemed.

***Notice of Redemption.*** The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services (or by such other means as permitted by such services), and to the respective registered Owners of any 2016 Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing is not a condition precedent to redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2016 Bonds. The redemption notice will state the redemption date and the redemption price and, if less than all of the then Outstanding 2016 Bonds are to be called for redemption, will designate the CUSIP numbers and Bond numbers of the 2016 Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or will state that all 2016 Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the 2016 Bonds of one or more maturities have been called for redemption, will state as to any Bond called in part the principal amount thereof to be redeemed, and will require that such 2016 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and will state that further interest on such 2016 Bonds will not accrue after the redemption date.

Notwithstanding the foregoing, any notice of redemption in connection with an optional redemption or redemption from Special Tax Prepayments may state that the redemption is conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the 2016 Bonds on the anticipated redemption date, and that the redemption will not occur if by no later than the scheduled redemption date sufficient moneys to redeem the 2016 Bonds have not been deposited with the Fiscal Agent. In the event that the Fiscal Agent does not receive sufficient funds by the scheduled redemption date to so redeem the 2016 Bonds to be redeemed, the Fiscal Agent will send written notice to the owners of the 2016 Bonds, to the Securities Depositories

and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the 2016 Bonds for which notice of redemption was given will remain Outstanding for all purposes of the Fiscal Agent Agreement.

***Effect of Redemption.*** From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2016 Bonds so called for redemption have been deposited in the Bond Fund, such 2016 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date.

***Tender of 2016 Bonds in Payment of Special Taxes.*** The City has covenanted in the Fiscal Agent Agreement not to permit the tender of 2016 Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal or and interest on the 2016 Bonds that will remain Outstanding following such tender.

### **Transfer or Exchange of 2016 Bonds**

So long as the 2016 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2016 Bonds shall be made in accordance with DTC procedures. See Appendix F—"DTC and the Book-Entry Only System." If the book-entry only system for the 2016 Bonds is ever discontinued, any 2016 Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2016 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any 2016 Bond or 2016 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2016 Bond or 2016 Bonds, for a like aggregate principal amount of 2016 Bonds of authorized denominations and of the same maturity. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of 2016 Bonds will be required to be made (i) within the 15 days prior to the date designated by the Fiscal Agent as the date for selecting 2016 Bonds for redemption, or (ii) with respect to any 2016 Bond after such 2016 Bond has been selected for redemption.

### **Discontinuance of DTC Services**

DTC may determine to discontinue providing its services with respect to the 2016 Bonds at any time by giving written notice to the Fiscal Agent during any time that the 2016 Bonds are Outstanding, and discharging its responsibilities with respect to the 2016 Bonds under applicable law. The City may terminate the services of DTC with respect to the 2016 Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the 2016 Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners. The City will mail any such notice of termination to the Fiscal Agent.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the City determines that it is in the best interest of the Beneficial Owners of the 2016 Bonds that they obtain certificated Bonds, the 2016 Bonds will no longer be restricted to being registered in the Registration Books of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may

be registered in whatever name or name the Owners designate at that time, in accordance with the Fiscal Agent Agreement.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, the 2016 Bonds will be delivered to such Beneficial Owners as soon as practicable in accordance with the Fiscal Agent Agreement.

### **Scheduled Debt Service**

The following is the debt service schedule for the 2016 Bonds, assuming no optional redemption of the 2016 Bonds or any redemption of 2016 Bonds with proceeds of Special Tax Prepayments:

<u>Period Ending</u> <u>September 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
Totals			

---

\* Indicates a mandatory sinking fund payment.

## SECURITY FOR THE 2016 BONDS

### General

Pursuant to the Fiscal Agent Agreement, the 2016 Bonds are secured by a first pledge of all of the Special Tax Revenues (other than the first Special Tax Revenues in the amount of the Minimum Administrative Expense Requirement received by the City in each Fiscal Year, which are to be used to pay Administrative Expenses), and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed in accordance with the Fiscal Agent Agreement, the Special Tax Fund. Special Tax Revenues do not include interest and penalties on foreclosure of the lien of Special Taxes in excess of the rate of interest payable on the 2016 Bonds. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the 2016 Bonds in accordance with the Fiscal Agent Agreement until all of the 2016 Bonds have been paid or defeased.

Amounts in the Administrative Expense Fund, in the Improvement Fund and in the Costs of Issuance Fund, and amounts in the Special Tax Fund to be retained by the City or deposited to the Administrative Expense Fund to be used to pay Administrative Expenses, are not pledged to the repayment of the 2016 Bonds. The Improvements are not pledged to pay the debt service on the 2016 Bonds. The proceeds of condemnation or destruction of any of the Improvements are not pledged to pay the debt service on the 2016 Bonds.

### Limited Obligation

The 2016 Bonds are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues (other than the first Special Tax Revenues in the amount of the Minimum Administrative Expense Requirement received by the City in each Fiscal Year, which are to be used to pay Administrative Expenses), and the amounts in the Bond Fund, the Reserve Fund and the Special Tax Fund created pursuant to the Fiscal Agent Agreement.

In the event that the Special Taxes are not paid when due, the only sources of funds available to repay the 2016 Bonds are amounts held by the Fiscal Agent under the Fiscal Agent Agreement in the Bond Fund, the Special Tax Fund and the Reserve Fund, and the proceeds, if any, from foreclosure sales of parcels with delinquent Special Taxes levies.

### Special Taxes

In accordance with the provisions of the Law, the Rate and Method was initially approved in January of 2014 by the then two owners of land in, and thereby the then qualified electors of, the Original Area, and was modified in April of 2015 as approved by the then owners of property in the Original Area. The Rate and Method is set forth in its entirety in Appendix B. The Rate and Method provides for the levy of “**Special Taxes**” in order to fund the annual “**Special Tax Requirement (Post-Bond Issuance)**,” which includes the amounts needed to pay the debt service on the Bonds, to pay the costs of administering the District, and to replenish any draws on the Reserve Fund, as well as to pay directly for cost of the Improvements and to account for reasonably anticipated delinquencies in the payment of Special Taxes. Under the Fiscal Agent Agreement, and as used in this Official Statement, the capitalized term “**Special Tax Revenues**,” which are pledged to the payment of the Bonds, only includes the Special Taxes levied and actually collected by the City (see “SECURITY FOR THE 2016 BONDS—Special Tax Fund”).



Special Taxes were first levied on Taxable Property in Fiscal Year 2013-14 by means of a mid-year direct billing of the Homebuilder, as the then owner of all of the Taxable Property. Since then, there has been a levy of Special Taxes on the County ad valorem tax roll for Fiscal Year 2014-15, and another mid-year billing that was due on November 15, 2015. All Special Tax levies due and payable to date have been paid in full. There is expected to be one additional mid-year billing of Special Taxes in May of 2016, and a Special Tax levy for Fiscal Year 2015-16 has been included on the County's ad valorem tax roll. See "THE DISTRICT—Special Tax Levies and Delinquencies."

Under the Fiscal Agent Agreement, following the issuance of the 2016 Bonds, the City is obligated to fix and levy the amount of Special Taxes within the District required for the timely payment of principal of and interest on the outstanding 2016 Bonds becoming due and payable, including any necessary replenishment of the Reserve Fund and an amount estimated to be sufficient to pay the Administrative Expenses, taking into account any prepayments of Special Taxes previously received by the City. The Special Taxes levied on any parcel of Taxable Property may not exceed the maximum amount as provided in the Rate and Method. See "SECURITY FOR THE 2016 BONDS—Summary of Rate and Method."

In general, the Special Taxes levied on Taxable Property following the issuance of the 2016 Bonds will be payable and will be collected in the same manner, at the same time and in the same installment as the County ad valorem taxes on property levied on the secured tax roll are payable, and pursuant to the Law have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the taxes levied on the tax roll. Notwithstanding the foregoing, the Special Taxes that were levied on Taxable Property in the Original Area prior to the issuance of the 2016 Bonds were used only to pay administrative expenses and provide for payment of costs of the Improvements in part by direct billing of the owner of the Taxable Property upon the occurrence of certain events, and in any event the Special Taxes may be collected at a different time or in a different manner if necessary to meet the District's financial obligations.

Although the Special Taxes will constitute a lien on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of the property within the District. Pursuant to the Law, in the event of any delinquency in the payment of the Special Tax on a parcel of Taxable Property, the City may order the institution of a superior court action to foreclose the lien on the parcel of Taxable Property within specified time limits. In such an action, the real property subject to the unpaid amount of the Special Tax lien may be sold at judicial foreclosure sale. The Law provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* property taxes. See "SECURITY FOR THE 2016 BONDS—Summary of Rate and Method," "SECURITY FOR THE 2016 BONDS—Covenant for Superior Court Foreclosure" and "SPECIAL RISK FACTORS—Parity Taxes and Special Assessments."

Other liens for taxes and assessments already exist on the property located within the District and others could come into existence in the future. See "SPECIAL RISK FACTORS—Parity Taxes and Special Assessments." There is no assurance that any owner of a parcel subject to the Special Tax levy will be financially able to pay the annual Special Taxes or that it will pay such taxes even if financially able to do so. See "SPECIAL RISK FACTORS."

## **Special Tax Fund**

***Deposit of Special Tax Revenues.*** The City is obligated by the Fiscal Agent Agreement to transfer, or cause to be transferred, to the Fiscal Agent, as soon as practicable following receipt, all Special Tax Revenues received by the City from and after July 1, 2016, which amounts shall

be deposited by the Fiscal Agent in the Special Tax Fund. Special Tax Revenues collected prior to such date have been and will be used to pay administrative expenses of the District and to pay amounts owing to Catellus LLC under the Acquisition Agreement. See "PLAN OF FINANCING—Overview."

Notwithstanding the foregoing, with respect to the first Special Tax Revenues collected by the City in any Fiscal Year in the amount of the Minimum Administrative Expense Requirement for such Fiscal Year; first, the City may retain all or any portion thereof, and not remit the same to the Fiscal Agent, to the extent the City determines that it needs said amount to pay Administrative Expenses of the City; and second, any remaining portion of such amount will be separately identified by the City and will be deposited by the Fiscal Agent in the Administrative Expense Fund. Special Tax Revenues, after disposition of the amount equal to the Minimum Administrative Expense Requirement in any Fiscal Year, will be used for transfers to the Bond Fund and the Reserve Fund as described under "Disbursements" below, except that:

- (i) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes will be separately identified by the City and will be disposed of by the Fiscal Agent first, in the Bond Fund to pay any past due debt service on the Bonds; second, in the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund to the then Reserve Requirement; and third, to be held in the Special Tax Fund and used for its purposes;

- (ii) any proceeds of Special Tax Prepayments will be separately identified by the City and will be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting the Future Facilities Costs (as defined in the Rate and Method) shall be deposited by the Fiscal Agent to the Improvement Fund so long as the Improvement Fund has not theretofore been closed, and if the Improvement Fund has been closed, then such amount shall be retained by the City to be used to pay costs of the Improvements; and (b) any remaining portion of any Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account; and

- (iii) any Special Tax Revenues constituting the portion, if any, of the Special Tax Requirement (Pre-Bond Issuance) or any Special Tax Revenues constituting the portion, if any, of the Special Tax Requirement (Post Bond Issuance) (as defined in the Rate and Method); in each case that is to pay directly for the costs of the Improvements will be separately identified by the City and will be deposited by the Fiscal Agent in the Improvement Fund so long as the Improvement Fund has not theretofore been closed, and if the Improvement Fund has been closed, then such amount shall be retained by the City to be used to pay Improvements costs.

Moneys in the Special Tax Fund will be held by the Fiscal Agent for the benefit of the City and the Owners of the Bonds, will be disbursed as described below and, pending and disbursement, will be subject to a lien in favor of the Owners of the Bonds and the City.

**Disbursements.** From time to time as needed to pay the obligations of the District, but no later than the Business Day before each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

- (i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers under the Fiscal Agent Agreement

from the Improvement Fund, the Reserve Fund, the Special Tax Fund and the Capitalized Interest Account to the Bond Fund, such that the amount in the Bond Fund equals the principal (including any mandatory sinking payment), premium, if any, and interest due on the Bonds on the next Interest Payment Date, and

(ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement;

provided that no such transfers shall exceed the amount then available to be transferred from the Special Tax Fund.

In addition to the foregoing, if in any Fiscal Year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund and the Reserve Fund in respect of the Interest Payment Dates occurring in the Bond Year that commences in such Fiscal Year, the Finance Director may direct the Fiscal Agent to transfer to the Administrative Expense Fund, from time to time, any amount in the Special Tax Fund in excess of the amount needed to make such transfers to the Bond Fund and the Reserve Fund, if the Finance Director determines that monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund.

### **Summary of Rate and Method**

The Rate and Method is used to allocate the amount of the Special Taxes that is needed to be collected each fiscal year to fund the Special Tax Requirement (Post-Bond Issuance) among the Taxable Property within the District based upon the development status of the Taxable Property and its size, subject to specified maximum tax rates. The Rate and Method is set forth in full in Appendix B and the following is a summary of the Rate and Method. Capitalized terms used below and not otherwise defined in this Official Statement or in the Fiscal Agent Agreement have the meanings given to them in the Rate and Method.

The Rate and Method classifies all Taxable Property, i.e., all Assessor's Parcels in the District not exempt pursuant to law or the Rate and Method from the levy of the Special Taxes, into three categories: Developed Property, Final Mapped Property and Undeveloped Property. Developed Property includes Taxable Property for which a building permit for new construction was issued prior to May 1 of the prior Fiscal Year, and Final Mapped Property includes, in general, Taxable Property that is not Developed Property and which as of January 1 of the prior Fiscal Year was located within a final map, a phased final map, or a portion thereof recorded pursuant to applicable law, that creates individual lots for which a building permit may be issued.

The amount of Special Taxes that the District may levy is limited by the applicable Maximum Special Tax set forth in the Rate and Method. Under the Rate and Method, the Maximum Special Taxes for each class of property in the Original Area increases each July 1, commencing July 1, 2014, by an amount equal to three percent (3%) of the amount in effect for the previous fiscal year. The Maximum Special Tax for parcels classified as Developed Property in the Annexation Area also increases at three percent (3%) annually on each July 1, commencing July 1, 2015. The Maximum Special Tax for parcels classified as Developed Property will equal the greater of specified Assigned Special Tax rates or a "Backup Special Tax Rate" of \$1.50 per Lot Square Foot of the applicable parcel of Taxable Property.

Developed Property in the District is further classified into nineteen categories (each a "Land Use Class"): (a) eight categories of Single Family Detached Dwelling Units (with such

categories based on the building square footage), (b) ten categories of Multi Family Dwelling Unit (with such categories based on the building square footage), and (c) one category for Non-Residential Property. The Maximum Assigned Special Taxes for each Land Use Class of Developed Property in the Original Area for Fiscal Year 2016-17 is shown in Table 1 below. The Maximum Assigned Special Taxes for each Land Use Class of Developed Property in the Annexation Area for Fiscal Year 2016-17 is shown in Table 2 below. Note that, however, the property in the Annexation Area currently is exempt from the Special Tax levy because it is owned by the Successor Agency.

**Table 1**  
**City of Alameda**  
**Community Facilities District No. 13-1**  
**Assigned Special Taxes for Fiscal Year 2016-17 for**  
**Taxable Property in Original Area**

Land Use Class	Description	Building Square Feet	Assigned Special Tax
<b>Taxable Developed Property</b>			
1	Single Family Detached Dwelling Unit	> 2,900	\$4,915.08 per Unit
2	Single Family Detached Dwelling Unit	2,751 - 2,900	4,674.68 per Unit
3	Single Family Detached Dwelling Unit	2,601 - 2,750	4,434.28 per Unit
4	Single Family Detached Dwelling Unit	2,451 - 2,600	4,191.70 per Unit
5	Single Family Detached Dwelling Unit	2,301 - 2,450	3,991.73 per Unit
6	Single Family Detached Dwelling Unit	2,151 - 2,300	3,951.30 per Unit
7	Single Family Detached Dwelling Unit	2,001 - 2,150	3,628.94 per Unit
8	Single Family Detached Dwelling Unit	0 - 2,000	3,348.11 per Unit
9	Multi-Family Dwelling Unit	> 2,300	3,348.11 per Unit
10	Multi-Family Dwelling Unit	2,151 - 2,300	3,147.05 per Unit
11	Multi-Family Dwelling Unit	2,001 - 2,150	2,945.99 per Unit
12	Multi-Family Dwelling Unit	1,851 - 2,000	2,746.02 per Unit
13	Multi-Family Dwelling Unit	1,701 - 1,850	2,623.63 per Unit
14	Multi-Family Dwelling Unit	1,551 - 1,700	2,342.80 per Unit
15	Multi-Family Dwelling Unit	1,401 - 1,550	2,222.60 per Unit
16	Multi-Family Dwelling Unit	1,251 - 1,400	2,101.31 per Unit
17	Multi-Family Dwelling Unit	1,101 - 1,250	1,940.68 per Unit
18	Multi-Family Dwelling Unit	0 - 1,100	1,538.55 per Unit
19	Non-Residential Property	NA	1.68 per Building Square Foot
<b>Taxable Property</b>			
20	Final Mapped Property	NA	1.63 per Lot Square Foot
21	Undeveloped Property	NA	1.63 per Lot Square Foot

Source: NBS.

**Table 2**  
**City of Alameda**  
**Community Facilities District No. 13-1**  
**Assigned Special Taxes for Fiscal Year 2016-17 for**  
**Taxable Property in Annexation Area**

<b>Land Use Class</b>	<b>Description</b>	<b>Building Square Feet</b>	<b>Assigned Special Tax</b>
<b>Taxable Developed Property</b>			
1	Single Family Detached Dwelling Unit	> 2,900	\$5,726.73 per Unit
2	Single Family Detached Dwelling Unit	2,751 - 2,900	5,446.66 per Unit
3	Single Family Detached Dwelling Unit	2,601 - 2,750	5,165.52 per Unit
4	Single Family Detached Dwelling Unit	2,451 - 2,600	4,883.32 per Unit
5	Single Family Detached Dwelling Unit	2,301 - 2,450	4,649.92 per Unit
6	Single Family Detached Dwelling Unit	2,151 - 2,300	4,603.24 per Unit
7	Single Family Detached Dwelling Unit	2,001 - 2,150	4,227.68 per Unit
8	Single Family Detached Dwelling Unit	0 - 2,000	3,899.86 per Unit
9	Multi-Family Dwelling Unit	> 2,300	3,899.86 per Unit
10	Multi-Family Dwelling Unit	2,151 - 2,300	3,666.47 per Unit
11	Multi-Family Dwelling Unit	2,001 - 2,150	3,432.01 per Unit
12	Multi-Family Dwelling Unit	1,851 - 2,000	3,198.61 per Unit
13	Multi-Family Dwelling Unit	1,701 - 1,850	3,057.51 per Unit
14	Multi-Family Dwelling Unit	1,551 - 1,700	2,729.69 per Unit
15	Multi-Family Dwelling Unit	1,401 - 1,550	2,588.59 per Unit
16	Multi-Family Dwelling Unit	1,251 - 1,400	2,448.55 per Unit
17	Multi-Family Dwelling Unit	1,101 - 1,250	2,260.77 per Unit
18	Multi-Family Dwelling Unit	0 - 1,100	1,792.92 per Unit
19	Non-Residential Property	NA	1.63 per Building Square Foot
<b>Taxable Property</b>			
20	Final Mapped Property	NA	1.96 per Lot Square Foot
21	Undeveloped Property	NA	1.90 per Lot Square Foot

Source: NBS.

Each Fiscal Year commencing with Fiscal Year 2016-17, the City will determine the Special Tax Requirement (Post-Bond Issuance) and will levy the Special Taxes until the total Special Tax levy equals the Special Tax Requirement (Post-Bond Issuance). The Special Tax Requirement (Post-Bond Issuance) is defined in the Rate and Method as the amount required in any Fiscal Year for the District to pay the sum of (i) the Debt Service or the periodic costs on all outstanding Bonds due and payable in the Calendar Year that commences in such Fiscal Year, plus (ii) Administrative Expenses payable or reasonably expected to be payable during the Calendar Year that commences in such Fiscal Year, plus (iii) the costs associated with the release of funds from an escrow account, if any, plus (iv) any amount required to establish or replenish any Reserve Fund, plus (v) the collection or accumulation of funds in the Improvement Fund, provided, however, that the aggregate amount on deposit therein shall not exceed the Improvement Fund Requirement (which is \$35,000,000), plus (vi) an amount equal to reasonably anticipated delinquent Special Taxes

as determined by the CFD Administrator, less (vii) any amount available to pay Debt Service or other periodic costs on the Bonds pursuant to the provisions of the Indenture or this Rate and Method of Apportionment, including Capitalized Interest. See "SECURITY FOR THE 2016 BONDS—No Limitation on Increases in Special Tax Levies by Reason of Delinquencies" for information regarding how the Act differs from the Mello-Roos Community Facilities Act of 1982 in respect of the ability of the City to increase Special Tax levies on parcels in the District in the event of delinquencies in the payment of Special Taxes, subject in any event to the Maximum Special Taxes described above.

Under the Rate and Method, the City will levy the Special Taxes in six steps, in the following order, until the amount of the levy equals the amount needed to be collected to satisfy the Special Tax Requirement (Post-Bond Issuance). The City will:

First: Determine the Special Tax Requirement (Post-Bond Issuance):

- (a) Calculate the Debt Service or periodic costs on all outstanding Bonds.
- (b) Calculate the Administrative Expenses of the District for such Fiscal Year.
- (c) Calculate any amount required to establish or replenish the Reserve Fund.
- (d) Calculate the amount which must be levied in such Fiscal Year to increase the balance on deposit in the Improvement Fund (including the proceeds of Bonds deposited or projected to be deposited in the Improvement Fund in such Fiscal Year) to equal the Project Fund Requirement. No amount may be included in the Special Tax Requirement (Post Bond Issuance) to be deposited in the Improvement Fund if such deposit would cause the amount on deposit therein to exceed the Project Fund Requirement (which is \$35,000,000).
- (e) Calculate the sum of items (a) through (d).
- (f) Subtract from item (e), any amounts available to pay Debt Service or other periodic costs on the Bonds including Capitalized Interest to arrive at the Special Tax Requirement (Post-Bond Issuance).

Second: Levy the Special Tax Proportionately on each Assessor's Parcel of Developed Property at a rate up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement (Post Bond Issuance).

Third: If additional monies are needed to satisfy the Special Tax Requirement (Post Bond Issuance) after the second step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcels of Final Mapped Property at up to 100% of the Assigned Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement (Post Bond Issuance).

Fourth: If additional monies are needed to satisfy the Special Tax Requirement (Post Bond Issuance) after the third step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Assigned Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement (Post Bond Issuance).

Fifth: If the sum of the amounts collected in the second, third, and fourth steps is insufficient to satisfy the Special Tax Requirement (Post Bond Issuance), then the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax as needed to satisfy the Special Tax Requirement (Post Bond Issuance).

Sixth: If additional monies are needed to satisfy the Special Tax Requirement (Post Bond Issuance) after the second through fifth steps have been completed, the Special Tax on each Assessor's Parcel of Final Mapped Property whose Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax as needed to satisfy the Special Tax Requirement (Post Bond Issuance).

The term "Proportionately" as used in the above steps means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor's Parcels of Developed Property. For Final Mapped Property, "Proportionately" means that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor's Parcels of Final Mapped Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all future Assessor's Parcels of Undeveloped Property.

The Rate and Method also provides that the Special Taxes may be levied for no more than 45 years from the date of issuance of the 2016 Bonds. Under the Rate and Method, Public Property within the boundaries of the District is exempt from the levy of Special Taxes, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 3-70.17 of the Law will be taxed and classified in accordance with its use, excluding property classified as Affordable Housing Units which is exempt from the levy of Special Taxes in any event.

The amount of Special Taxes that may be levied on Taxable Property in the District in any year is strictly limited by the Maximum Special Tax rates set forth in the Rate and Method, as described above. In addition and pursuant to the Rate and Method, Taxable Property classified as Moderate Income Units will be taxed at a Maximum Special Tax equal to 50% of their applicable Assigned Special Tax. Assessor's Parcels classified as Affordable Housing Unit(s) will be exempt from the Special Tax as long as they remain classified as such. There can be no more than sixteen (16) Moderate Income Units. As defined in the Rate and Method, (a) the term "Moderate Income Unit" means an attached or detached dwelling unit that was privately developed and is privately owned or rented but where ownership or rentals are restricted to persons or families meeting the qualifying income standards for moderate income households as defined by California Health and Safety Code Sections 50093, or any successor statute thereto; and (b) the term "Affordable Housing Unit" means an attached or detached dwelling unit owned by the City's Housing Authority or its non-profit development partner, Resources for Community Development or a partnership formed for the purpose of securing low-income housing tax credit financing, and rented to persons or families meeting the qualifying income standards for low income and very low income households as defined by California Health and Safety Code Sections 50079.5 and 50105, or any successor statute thereto.

The Special Taxes obligation applicable to a parcel of Taxable Property within the District may be prepaid and the obligation to pay any Special Taxes for such Taxable Property may be fully or partially satisfied as described in the Rate and Method. See Section H in the Rate and Method in Appendix B. No assurance can be given that partial or full prepayments of Special Taxes will not occur in the future. Prepayments of Special Taxes will result in a mandatory redemption of the Bonds. See "THE 2016 BONDS—Redemption – Mandatory Redemption From Special Tax Prepayments."

## **Reserve Fund**

The Fiscal Agent Agreement establishes a debt service reserve fund (the “**Reserve Fund**”) as a separate fund to be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds (which include the 2016 Bonds and any Parity Bonds), as a reserve for the payment of principal of, and interest and any premium on, the Bonds and moneys in the Reserve Fund are subject to a lien in favor of the Owners of the Bonds. The Reserve Fund is required by the Fiscal Agent Agreement to be funded in an amount equal to the Reserve Requirement which amount is, as of any date of calculation, an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the initial principal amount of the Bonds. The Reserve Requirement as of the date of issuance of the 2016 Bonds will be \$\_\_\_\_\_.

Except as otherwise provided in the Fiscal Agent Agreement (with respect to the use of moneys in the Reserve Fund for the payment of any rebate liability due to the federal government, and the use of excess moneys in the Reserve Fund to pay debt service on the Bonds), all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds. See Appendix C—“Summary of Fiscal Agent Agreement.”

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding Bonds. In the event that the amount transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the City to be used for any lawful purpose under the Law. Notwithstanding the foregoing, no amounts will be transferred from the Reserve Fund until after (i) amounts in the Reserve Fund are withdrawn, at the written request of the Treasurer, for purposes of making any payment due to the federal government in accordance with the Fiscal Agent Agreement following payment of the 2016 Bonds, and (ii) payment of any fees and expenses due to the Fiscal Agent. See Appendix C—“Summary of Fiscal Agent Agreement.”

## **Covenant for Superior Court Foreclosure**

***Foreclosure Under the Act.*** Pursuant to the Law, in the event of any delinquency in the payment of the Special Tax on the taxed parcel, the City may order the institution of a superior court action to foreclose the lien on the taxed parcel within specified time limits. In such an action, the real property subject to the unpaid amount of the Special Tax lien may be sold at judicial foreclosure sale.

***City Foreclosure Covenant.*** Judicial foreclosure proceedings in the event of delinquent Special Taxes are not mandatory. However, the City has covenanted in the Fiscal Agent Agreement for the benefit of the Bondowners that on or about August 15 of each Fiscal Year, the Finance Director of the City will compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City. Following such comparison, or if at any other time the Finance Director becomes aware of any delinquency in the payment of any Special Tax due and owing:



(a) Individual Delinquencies. If the Finance Director determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$11,000 or more, or which otherwise is delinquent with respect to two (2) years of Special Tax levies, the Finance Director will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner by the following October 1, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the City against the delinquent parcel within 90 days of the sending of such notice and shall be diligently pursued by the City to completion. Notwithstanding the foregoing, the City need not take any such action so long as the amount then in the Reserve Fund is at least equal to the Reserve Requirement.

(b) Aggregate Delinquencies. If the Finance Director determines that the aggregate amount of Special Taxes levied in the District for the preceding Fiscal Year and theretofore collected is less than ninety-five percent (95%) of the total amount of Special Taxes levied for such Fiscal Year, the Finance Director will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to each property owner with delinquent Special Taxes by the following October 1, and (if any such delinquency remains uncured) foreclosure proceedings will be commenced by the City within 90 days of the sending of such notices against all such delinquent parcels.

No assurance can be given as to the time necessary to complete any foreclosure sale or that any foreclosure sale will be successful. The City is not required to be a bidder at any foreclosure sale.

In a foreclosure proceeding the City is entitled to recover penalties and interest on the delinquent Special Taxes through the date that an order of sale is entered. However, under the Fiscal Agent Agreement, the Special Taxes pledged to the payment of the Bonds does not include any such penalties and interest collected by the City that are in excess of the rate of interest payable on the Bonds. Also it should be noted that prompt commencement of foreclosure proceedings may not, in and of itself, result in a timely or complete payment of delinquent Special Taxes.

*Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays.* No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. Subject to the maximum rates, the Rate and Method is designed to generate from all Taxable Property within the District the current year's debt service, administrative expenses, and replenishment of the Reserve Fund to the Reserve Requirement. However, if foreclosure proceedings are necessary, and the Reserve Fund has been depleted, there could be a delay in payments to owners of the 2016 Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale.

The ability of the City to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the obligee in the event the property is owned by or in receivership of the Federal Deposit Insurance Corporation. See "SPECIAL RISK FACTORS—FDIC/Federal Government Interests in Properties."

No assurance can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. If a judgment of foreclosure and order of sale is obtained, the judgment creditor (the City for the District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (property owner) has 120 days from the date of service of the Notice of Levy in which to redeem the property to be sold, which

period may be shortened to 20 days for parcels other than those on which a dwelling unit for not more than four persons is located. If a judgment debtor fails to redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (Section 701.680 of the California Code of Civil Procedure). The constitutionality of the aforementioned legislation, which repeals the former one-year redemption period, has not been tested; and there can be no assurance that, if tested, such legislation will be upheld.

Section 3-70.94 of the Law requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 51% of the principal outstanding Bonds is obtained. Neither the Law nor the Fiscal Agent Agreement requires the City to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale, and the City has no intent to be such a purchaser.

The City will levy the Special Tax to pay the current year's debt service and related administrative expenses and to replenish the Reserve Fund to the Reserve Requirement, subject to Maximum Special Tax rates. However, if superior court foreclosure proceedings are necessary to collect delinquent Special Taxes, and if the Reserve Fund is depleted, there could be a delay in payments of principal of and interest on the 2016 Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. See "SPECIAL RISK FACTORS—Bankruptcy Delays" and "—Proceeds of Foreclosure Sales."

#### **No Teeter Plan**

Collection of the Special Taxes is not subject to the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds," as provided for in Section 4701 et seq. of the California Revenue and Taxation Code (known as the "Teeter Plan"). Accordingly, collections of Special Taxes will reflect actual delinquencies, if any.

#### **No Limitation on Increases in Special Tax Levies by Reason of Delinquencies**

While the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311 et seq.) expressly prohibits an increase of more than ten percent (10%) in the Special Tax levy on any parcel for which an occupancy permit for residential use has been issued as a consequence of delinquency or default by the owner of any other parcel within the District, the Act has no such limitation. Thus, the City has the ability, and the obligation under the Fiscal Agent Agreement, to levy Special Taxes, up to the Maximum Special Tax rates set forth in the Rate and Method, to provide sufficient funds to pay the debt service on the Bonds without any limitation of the nature described in the preceding sentence.

#### **Investment of Moneys**

Except as otherwise provided in the Fiscal Agent Agreement, all moneys in any of the funds or accounts established pursuant to the Fiscal Agent Agreement will be invested by the Fiscal Agent solely in Permitted Investments, as directed by the City. See Appendix C—"Summary of the Fiscal Agent Agreement" for a definition of "**Permitted Investments**" and for additional provisions regarding the investment of funds held under the Fiscal Agent Agreement.

## Issuance of Additional Bonds

**Parity Bonds.** The Fiscal Agent Agreement authorizes the City to issue one or more series of Parity Bonds. Subject to meeting the conditions summarized below, the Parity Bonds will be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding under the Fiscal Agreement; the Fiscal Agent Agreement defines “**Bonds**” as the 2016 Bonds and any Parity Bonds.

The City may issue the Parity Bonds in a principal amount of up to \$24,130,000\* subject to the following specific conditions precedent, as set forth in the Fiscal Agent Agreement:

(A) **Current Compliance.** The City must be in compliance on the date of issuance of the Parity Bonds with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements.

(B) **Payment Dates.** The interest on the Parity Bonds must be payable on March 1 and September 1, and principal of the Parity Bonds must be payable on September 1 in any year in which principal is payable (provided that there is no requirement that any Parity Bonds pay interest on a current basis).

(C) **Funds and Accounts; Reserve Fund Deposit.** The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts, and shall provide for a deposit to the Reserve Fund (or to a separate account created for such purpose) in an amount necessary so that the amount on deposit in the Reserve Fund (together with the amount in any such separate account), following the issuance of such Parity Bonds, is equal to the Reserve Requirement.

(D) **Value-to-Lien Ratio.** The District Value shall be at least 8 times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the District subject to the levy of Special Taxes, plus (iv) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the District (the “Other District Bonds”) equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the District, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year.

(E) **The Special Tax Coverage.** The City shall obtain a certificate of a Tax Consultant to the effect that (i) the amount of the maximum Special Taxes that may be levied in each Fiscal Year shall be at least one hundred ten percent (110%) of the total Annual Debt Service for each such Fiscal Year on the Bonds and the proposed Parity Bonds plus estimated Administrative Expenses, and (ii) based upon the Special Taxes

---

\* Preliminary, subject to change.

that may be levied under the Rate and Method of Apportionment of the Special Taxes for the District, the aggregate Special Tax Prepayments that could occur after the issuance of the Parity Bonds is not less than the Outstanding principal amount of the Bonds and such Parity Bonds.

(F) *Minimum Value Test.* The District Value (including, for purposes of this paragraph (F), only those parcels of real property in the District then constituting "Undeveloped Property" (as defined in the Rate and Method) shall be at least 4 times (i) the sum of the amounts referred to in clauses (i), (ii), (iii) and (iv) of paragraph (D) above, but including, for purposes of this paragraph (F), with respect to said clauses (iii) and (iv) only those parcels constituting such "Undeveloped Property", and not all parcels in the District, less (ii) that portion of the principal amount of the Outstanding Bonds and any proposed Parity Bonds the maximum annual debt service on which is equal to the aggregate Maximum Special Tax in the then Fiscal Year for all then Developed Property (as the terms "Maximum Special Tax", and "Developed Property" are defined in the Rate and Method.

(G) *Officer's Certificate.* The City must certify to the Fiscal Agent that the conditions for the issuance of Parity Bonds described above in the Fiscal Agent Agreement have been satisfied. Notwithstanding the foregoing, the City may issue Refunding Bonds (defined as bonds issued by the City for the District the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the debt service on the Refunding Bonds in any Bond Year is not in excess of the debt service on the Bonds being refunded, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded) as Parity Bonds, without the need to satisfy the requirements of clauses (D), (E) and (F) above, and without limitation on the number of series of such Refunding Bonds.

The term "**District Value**" referred to in (D) above and as used in the Fiscal Agent Agreement means the market value, as of the date of the appraisal described below, of all parcels of real property in the District subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund and with the proceeds of any proposed series of Parity Bonds, as determined by reference to (i) an appraisal performed within six (6) months of the date of issuance of any proposed Parity Bonds by an MAI appraiser selected by the City, or (ii), in the alternative, the assessed value of all such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any appraiser pursuant to the foregoing definition.

*Subordinate Bonds.* The provisions of the Fiscal Agent Agreement do not in any way prohibit the City from issuing bonds or otherwise incurring debt secured by a pledge of Special Tax Revenues subordinate to the pledge of such Special Tax Revenues under the Fiscal Agent Agreement.

## THE DISTRICT

### Location and Description of the District

The District, located in a portion of the former Navy Fleet Industrial Supply Center in the City, is a community facilities district established by the City Council pursuant to the Law in January of 2014 to finance (a) certain public infrastructure improvements (referred to herein as the “Improvements”) necessitated by development occurring in the District. See “THE DISTRICT—The Improvements.” At the time it was formed the District included approximately 24 gross acres (referred to in this Official Statement as the “Original Area”), and in April of 2015, the City Council conducted proceedings under the Law to annex an additional approximately 44 gross acres to the District (referred to in this Official Statement as the “Annexation Area”). At the time of the annexation, the City Council added additional public infrastructure improvements to the Improvements authorized to be funded by the District. See “THE DISTRICT—History of the District.”

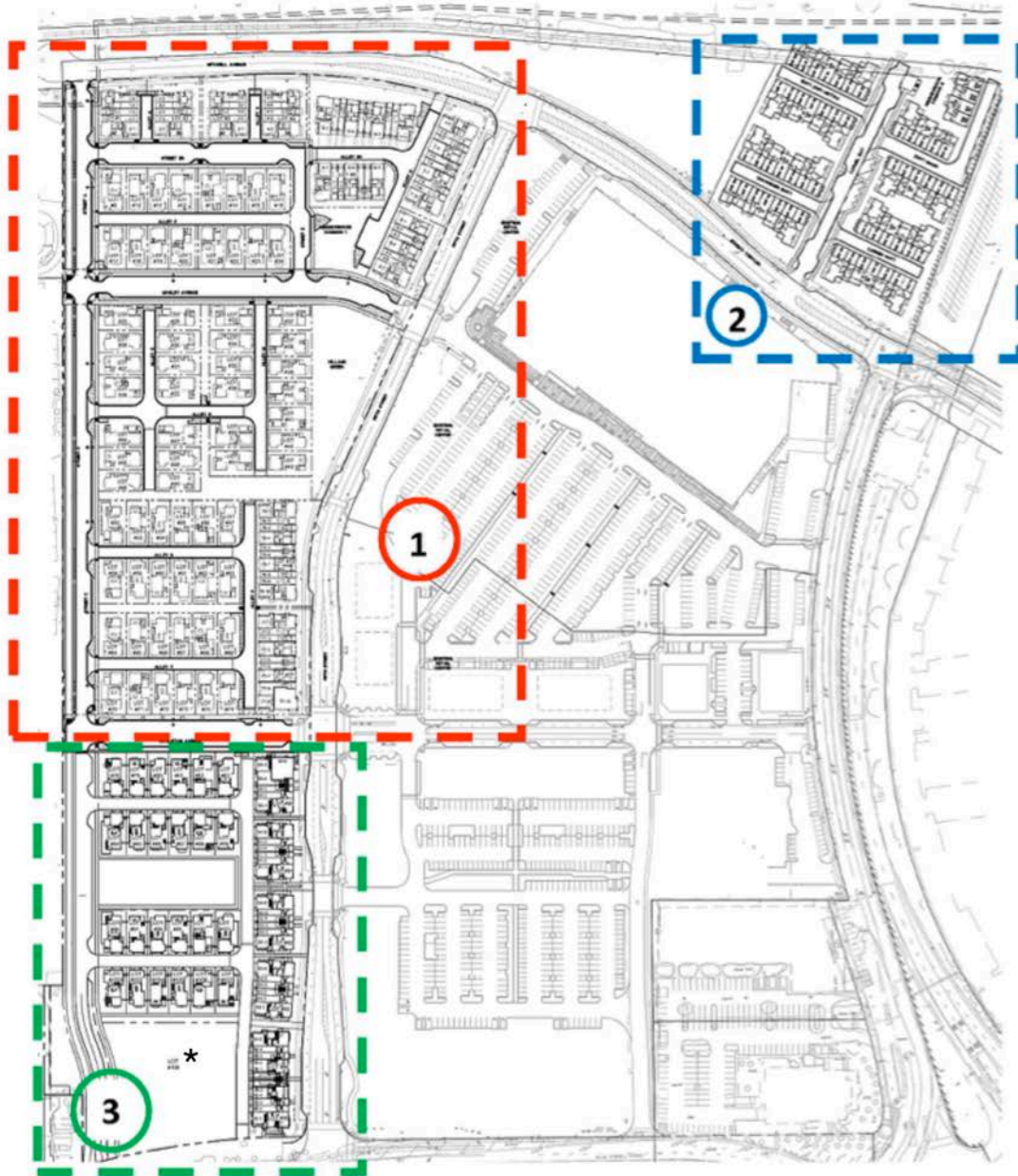
The District encompasses a portion of the Alameda Landing development, which is the subject of the DDA among the City, the Successor Agency and Catellus Corporation. The DDA provided entitlements for the development of the Original Area, the Annexation Area, and an adjacent area not included in the District which has been improved with approximately 256,000 square feet of retail development, including a Target store, a Safeway grocery store, a Michaels craft store and other retail uses. See “INTRODUCTION—Alameda Landing.” The land in the District is regulated by the California Department of Toxic Substances Control (see “SPECIAL RISK FACTORS—Hazardous Substances”), and is located in a Fault-Rupture Hazard Zone, formerly referred to as an “Alquist-Priolo Special Studies Zone” (see “SPECIAL RISK FACTORS—Natural Disasters and Potential Drought Conditions”).

The Original Area includes 255 separate Alameda County Assessor’s parcels in a development known as “Alameda Landing,” which are located west of the Webster Street/Webster Tube, and north of Willie Stargell Avenue, in the City. The Original Area is approved for the development of 255 single family residential homes, including 164 attached homes and 91 detached homes, of which 16 consist of Moderate Income Units. All infrastructure improvements needed for the development of the Original Area have been completed, and as of December 20, 2015 there were 78 completed homes in the Original Area that had been sold by the Homebuilder to home buyers. The Homebuilder has advised that by the end of December, 2015, an additional 14 homes had been completed and sold to home buyers. See “THE DISTRICT—Land Ownership.”

The Homebuilder is constructing the homes in the Original Area in three phases, including (a) 74 condominium units (including one commercial unit) identified as “Linear at Alameda Landing,” ranging in size from 1,017-2,437 square feet, and 67 detached units identified as “Cadence at Alameda Landing” ranging in size from 2,109 to 2,879 square feet in Phase 1, (b) 56 townhome-style condominiums identified as “Symmetry at Alameda Landing” in Phase 2, and (c) 34 Linear at Alameda condominium units (including one commercial unit) and 24 Cadence at Alameda detached units in Phase 3. The following pages contain maps showing the site plans for the three phases of Alameda Landing in the Original Area.

## ALAMEDA LANDING PHASES I, II, & III – OVERALL

- Alameda Phase I, Linear (73 Condos + 1 Commercial Unit) & Cadence (67 Single Family Detached)
- Alameda Phase II, Symmetry, 56 Townhome Style Condos
- Alameda Phase III, Linear (33 Condos + 1 Commercial Unit) & Cadence (24 Single Family Detached)



\* Note that lot #108 shown on the map above is not included in the Taxable Property of the District, as it is publicly owned and is intended for development with Affordable Housing Units.



Alameda Phase I, Linear 74 Condos (73 Condos + 1 Commercial Unit) & Cadence 67 Single Family Detached



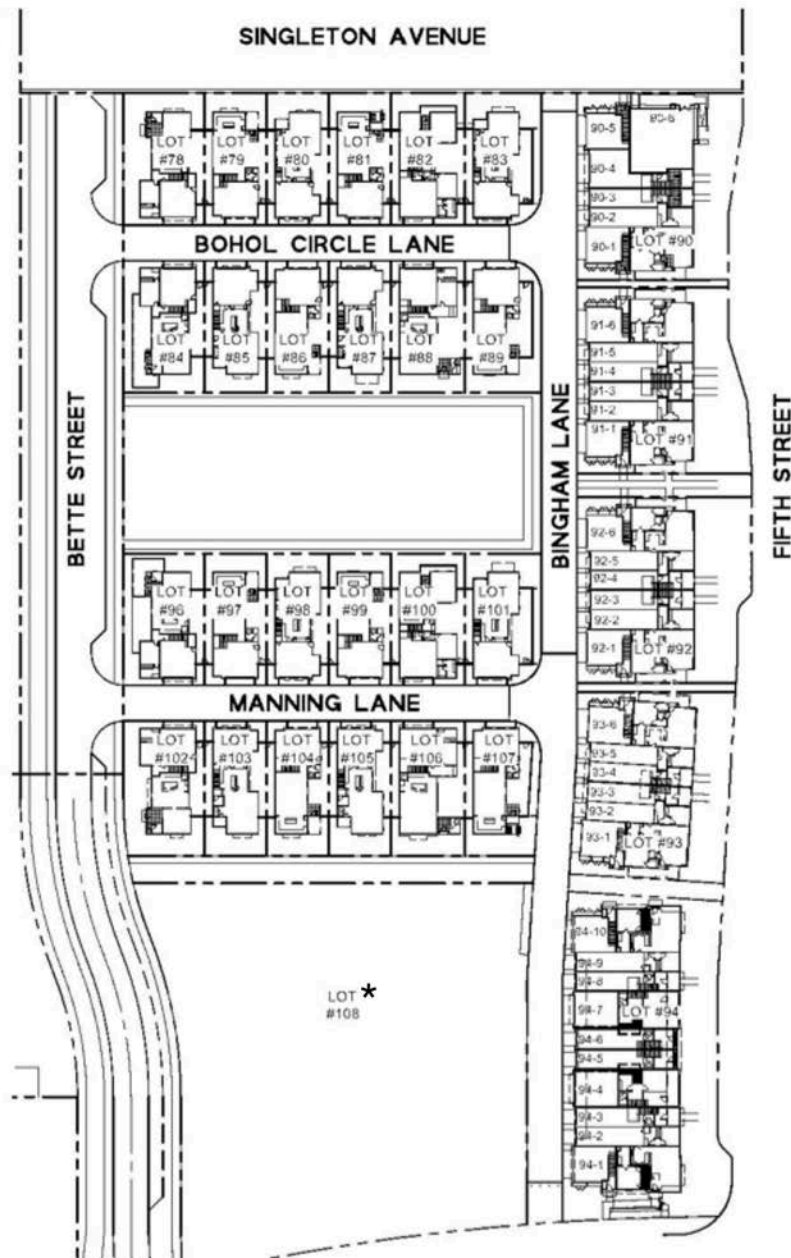




## PHASE III, LINEAR & CADENCE

Alameda Phase III, Linear 34 Condos (33 Condos + 1 Commercial Unit) & Cadence 24 Single Family Detached

3



\* Note that lot #108 shown on the map above is not included in the Taxable Property of the District, as it is publicly owned and is intended for development with Affordable Housing Units.

Construction of 4 model home units in Phase 1 began in May of 2014, with the construction of for sale units commencing in January of 2015. To date, most of the building and sales activity for homes has occurred in Phase 1 of the development, with 38 Cadence units and 54 Linear units completed and 38 and 54, respectively, of such units having been sold to home owners as of the end of December. At the end of December, 2015, the Homebuilder reported that it had an additional 20 Cadence units and 20 Linear units under construction in Phase 1 and 25 Symmetry units under construction in Phase 2, with 2 of the Cadence units and 7 of the Linear units the subject of sales contracts with homebuyers. No assurance can be given that home construction and sales will continue as expected. The Homebuilder maintains a website for the Alameda Landing development at [www.tripointehomes.com/city/alameda](http://www.tripointehomes.com/city/alameda); however, the City has not reviewed the website and cannot make any representation regarding the accuracy or completeness of the information thereon, and the website is not incorporated into this Official Statement.

As described under the heading “INTRODUCTION—Alameda Landing,” the developable property in the Annexation Area is currently owned by the Successor Agency, and contains several warehouses and a wharf, which warehouses are to be demolished and wharf is to be rehabilitated in connection with the development of the Annexation Area. The land in the Annexation Area is the subject of the DDA among the City, the Successor Agency and Catellus Corporation, and it is currently entitled to be developed with a mixed use development to include 400,000 square feet of office space, 15,000 square feet of retail commercial space, 13 residential units and an 8-acre waterfront park; although Catellus Corporation is pursuing changes to such entitlements under the provisions of the DDA to allow for the development of 360 homes in lieu of the 400,000 square feet of office space, and may request other changes to the approved land uses for the Annexation Area depending on market conditions. No assurance can be given as to when the property in the Annexation Area will be developed; however, Catellus LLC has advised that it expects to commence construction of infrastructure improvements in the Annexation Area within the next twelve months, with approximately twelve months to complete the necessary demolition and major infrastructure improvements. The Acquisition Agreement includes provision for Catellus LLC to construct those infrastructure improvements, most of which are included in the Improvements authorized to be funded by the District. See “THE DISTRICT—The Improvements.” Until the land in the Annexation Area is conveyed by the Successor Agency to a nongovernmental entity, it will not be subject to the levy of Special Taxes.

As and when development occurs in the Annexation Area and it is conveyed to a nongovernmental entity, it is expected that the Special Tax Revenues will increase and the City will issue Parity Bonds to finance additional costs of the Improvements. See “SECURITY FOR THE 2016 BONDS—Issuance of Additional Bonds.”

## History of the District

On June 23, 2013, the City Council adopted Resolution No. 14850 authorizing the commencement of proceedings to form the District. On November 1, 2013, the City and Catellus LLC entered into the Original Acquisition Agreement pursuant to which the City agreed to use Special Taxes and bonds issued for the District to reimburse Catellus LLC for costs of infrastructure improvements needed for the development of the Original Area. Catellus LLC commenced construction of infrastructure improvements in the fall of 2012, with the primary improvements needed for the development of the Original Area having been completed in October of 2013, and accepted by the City in February of 2014.

Pursuant to the Law, the City Council of the City, acting in its capacity as the legislative body for the District, adopted Resolution No. 14872 (the "Resolution of Intention") on December 3, 2013, stating its intention to establish the District (including only the Original Area) and to levy the special tax within the District. On January 7, 2014, the City Council formed the District (including the Original Area) and adopted Resolution No. 14880, authorizing a special election with respect to the incurrence of indebtedness and the levy of the Special Tax. Also on January 7, 2014, the then two landowners in the District (being the Successor Agency and the Homebuilder), constituting the then qualified electors for the District, authorized the issuance of up to \$20,000,000 principal amount of special tax bonds to finance the Improvements and approved the original Rate and Method.

On January 9, 2014, the City recorded a Notice of Special Tax Lien as Document No. 2014006202 in the Alameda County Recorder's Office, with respect to the lien securing the payment of the Special Taxes to be levied on property in the Original Area. On January 21, 2014, the City Council adopted Ordinance No. 3084 (New Series) providing for the levy of the Special Taxes on property in the Original Area.

In April of 2015, the City Council conducted proceedings to increase the bonded indebtedness limit of the District to \$40,000,000, to alter the Rate and Method (allowing for, among other changes, an increase in the Project Fund Requirement to \$35,000,000 and allowing for increased Maximum Special Tax rates for Taxable Property in the Annexation Area), and to add to the infrastructure improvements that could be financed by the District, including the approval of an amendment to the Original Acquisition Agreement related thereto. At that time, the City Council also conducted proceedings to annex the Annexation Area to the District.

On April 21, 2015, the City and Catellus LLC entered into a Supplement No. 1 to the Acquisition Agreement. On May 5, 2015, the City Council adopted Ordinance No. 3125 (New Series) amending and restating Ordinance No. 3084 to allow for the levy of Special Taxes pursuant to the Rate and Method as then in effect on Taxable Property in both the Original Area and the Annexation Area. On June 1, 2015, the City recorded in the Alameda County Recorder's Office a First Amendment to Notice of Special Tax Lien as Document No. 2015143612 which acknowledged the changes made to the bonded indebtedness limit of, the Improvements authorized to be funded by, and the Rate and Method for the District. On July 22, 2015, the City recorded in the Alameda County Recorder's Office a Second Amendment to the Notice of Special Tax Lien as Document No. 2015202937 acknowledging the annexation of property to the District and providing notice of the Special Tax lien on the property in the Annexation Area.

Pursuant to the Law, on February 16, 2016, the City Council, acting as the legislative body of the District, adopted a resolution authorizing the issuance of the 2016 Bonds and approving related documents and actions. The net proceeds of the 2016 Bonds will be used to

reimburse Catellus LLC for costs of the Improvements constructed by it to date in accordance with the Acquisition Agreement. See “PLAN OF FINANCING—Overview.”

## **The Improvements**

The District is authorized to fund various public infrastructure improvements, including costs of the acquisition and construction of roadways, sanitary sewer systems and any components thereof, stormwater drainage systems and any components thereof, water systems and any components thereof, parks and park improvements, curbs, gutters and sidewalks, and street lights and traffic signals, all within and in the vicinity of the District; including the acquisition of any related right-of-way and other land needed for the installation of any such improvements, demolition of existing structures and site leveling needed for the installation of any such improvements, erosion control, landscaping, joint trench, acquisition and installation of street furniture, and other appurtenances.

The District also is eligible to fund, in addition to those facilities described above, all or a portion of the costs of the following improvements within the District, any territory annexed to the District, or otherwise in the vicinity of the District or any territory annexed to the District: the demolition of, and stabilization and improvements to the existing wharf in the Annexation Area, an entry monument, a floating dock, and a wharf railing.

The Improvements include the costs of design, engineering and planning, the costs of any environmental or other studies, surveys or reports, the cost of any required environmental mitigation, soils testing, permits, plan check and inspection fees, insurance, legal and related overhead costs, coordination and supervision, City staff and consultant costs, and any other costs or appurtenances related to any of the Improvements.

The Improvements are being constructed by Catellus LLC pursuant to the Acquisition Agreement. The Improvements needed for the development of the Original Area have been completed, and the City has approved payment to Catellus LLC of an aggregate of \$17,206,137 in costs of the Improvements so completed. The City has used the proceeds of Special Taxes levied to date on Taxable Property in the Original Area to pay \$742,303 of the costs approved for payment, and is expected that proceeds of additional Special Taxes collected by the City prior to July 1, 2016 will be used to pay such costs (see “THE DISTRICT—Special Tax Levies and Delinquencies”). Also, proceeds of the 2016 Bonds deposited in the Improvement Fund will be used to pay all or a portion of the remaining amount currently owed to Catellus LLC.

Catellus LLC has advised that it began pre-development and due diligence activities related to the construction of the major infrastructure improvements needed for the development of the Annexation Area in late, 2015 and expects that actual construction will commence within twelve months and take twelve months to complete. No assurance can be given, however, as to when and if the construction of the infrastructure improvements will be commenced or completed. The City anticipates using the proceeds of Parity Bonds to reimburse Catellus LLC for costs of Improvements not fully paid from Special Tax levies and proceeds of the 2016 Bonds.

## **The Homebuilder**

Information in this section, entitled “The Homebuilder,” is included because it may be considered relevant by some investors to make an informed evaluation and analysis of the Taxable Property within the District. The information contained in this section does not guarantee that the Homebuilder will not change or that the current or any subsequent

**property owners will pay the Special Tax when due. The Special Tax will constitute a lien on Taxable Property within the District and is not a personal indebtedness of the owners of property within the District. Information in this section has been provided by the Homebuilder, and neither the City nor the Underwriter can ensure, and do not ensure, its completeness or accuracy.**

Tri Pointe Homes, Inc. (referred to in this Official Statement as the “Homebuilder”), is a Delaware corporation. The Homebuilder is a subsidiary of TRI Pointe Group, Inc., a Delaware corporation (“TRI Pointe Group”), a public company whose common stock is traded on the New York Stock Exchange under the symbol “TPH.” TRI Pointe Group is engaged in the design, construction and sale of single-family homes through its portfolio of six quality brands across eight states, including Maracay Homes in Arizona, Pardee Homes in California and Nevada, Quadrant Homes in Washington, Trendmaker Homes in Texas, TRI Pointe Homes in California and Colorado and Winchester Homes in Maryland and Virginia.

TRI Pointe Group is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the “SEC”). Such filings, particularly, TRI Pointe Group’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as filed by TRI Pointe Group with the SEC on February \_\_, 2016, set forth certain data relative to the consolidated results of operations and financial position of TRI Pointe Group and its 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 Group. The address of such Internet web site is [www.sec.gov](http://www.sec.gov). All documents subsequently filed by TRI Pointe Group 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 Group’s Annual Report and each of its other quarterly and current reports, including any amendments, are available from TRI Pointe Group’s website at [www.tripointegroup.com](http://www.tripointegroup.com). The foregoing Internet addresses and references to filings with the SEC are included for reference only, and the information on these Internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement.

To date, the Homebuilder has financed its land acquisition and home construction costs related to its activities in the Original Area through internal sources, including funding from its parent, TRI Pointe Group. The Homebuilder intends to use this source of funds, together with proceeds of future home sales, to finance its remaining home construction costs and carrying costs for its activities in the Original Area (including the payment of property taxes and the Special Taxes) until full sell-out of all of its proposed homes in the Original Area. However, home sales revenues from the Homebuilder’s activities in the Original Area are not segregated and set aside for completing the homes in the Original Area. Home sales revenue is swept daily from the Homebuilder for use in corporate operations, to pay down debt and for other corporate purposes and might get diverted to other Homebuilder and TRI Pointe Group needs at the discretion of management. Notwithstanding the foregoing, the Homebuilder believes that it will have sufficient funds to complete its construction of homes in the Original Area.

As of September 30, 2015, Tri Pointe Group was a party to a \$550 million unsecured revolving credit facility (the “Credit Facility”), which matures on May 18, 2019, and contains a sublimit of \$75 million for letters of credit. TRI Pointe Group may borrow under the Credit Facility in the ordinary course of business to fund its operations, including its land development and homebuilding activities. The Revolving Facility contains a borrowing base and certain

covenants which may limit the amount TRI Pointe Group may borrow or have outstanding at any time. As of December 31, 2015, the outstanding balance under the Credit Facility was \$\_\_\_\_\_ million with \$\_\_\_\_\_ million of availability after considering the borrowing base provisions and outstanding letters of credit. As of December 31, 2015, TRI Pointe Group had outstanding letters of credit of \$\_\_\_\_\_ million. TRI Pointe Group's ability to renew the Revolving Facility in the future is dependent upon a number of factors including the state of the commercial lending environment, the willingness of banks to lend to homebuilders and TRI Pointe Group's financial condition and strength.

*Although the Homebuilder expects to have sufficient funds available to complete its planned construction of homes in the Original Area, no assurance can be given that the sources of financing available to the Homebuilder will be sufficient to complete the home construction as currently anticipated. While TRI Pointe Group 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 the Homebuilder nor any affiliate thereof has any legal obligation of any kind to make any such funds available or to obtain loans. If and to the extent that internal financing and home sales revenues are inadequate to pay the costs to complete the Homebuilder's planned home construction within the Original Area and other financing by the Homebuilder is not put into place, there could be a shortfall in the funds required to complete the proposed home construction by the Homebuilder.*

#### **Land Ownership**

As of December 20, 2015, the Homebuilder owned 177 of the parcels in the Original Area, homebuyers owned 78 of the parcels with completed homes in the Original Area and the Successor Agency owned all but approximately 2 of the acres of property in the Annexation Area

The following Table 3, provided by the City's Special Tax Consultant for the District based on information provided by the Homebuilder and derived from the Appraisal Report, sets forth by Phase and unit type the ownership status of the 255 parcels of Taxable Property in the Original Area as of December 20, 2015 (the date of valuation of the Taxable Property in the Appraisal Report), and as expected as of May 1, 2016 (the date by which, for each fiscal year, Taxable Property for which a building permit has been issued becomes "Developed Property" under the Rate and Method for purposes of the levy of Special Taxes in the succeeding fiscal year). See "THE DISTRICT—Property Values" and "SECURITY FOR THE 2016 BONDS—Summary of Rate and Method." Note that all of the homes described as "under construction" or "final mapped" are owned by the Homebuilder.

**Table 3**  
**City of Alameda**  
**Community Facilities District No. 13-1**  
**Land Ownership in Original Area**

Phase and Product Type	Unit Count		Explanations of Variance Between 12/20/15 and 5/1/16 Unit Counts
	As of 12/20/15 No. of Homes	Expected as of 5/1/16 No. of Homes	
<u>PHASE 1 ATTACHED (Linear Condos)</u>			
Homes subject to closed escrows	42	64	Assumes that all home sales will be closed by May 1, as well as the closing for two additional homes
Complete homes owned by the Homebuilder	12	10	Accounts for permits issued but no sales release date yet for homes
Homes under construction	20	0	
Final mapped parcels	0	0	
<u>PHASE 1 DETACHED (Cadence Homes)</u>			
Homes subject to closed escrows	36	42	Assumes that all current home sales will be closed by May 1
Completed homes owned by the Homebuilder	2	16	Includes parcels with permits issued but not under contract yet, and 4 model homes
Homes under construction	20	9	Estimated date for building permit issuance is April 2016
Final mapped parcels	9	0	
<u>PHASE 2 ATTACHED (Symmetry Townhomes)</u>			
Homes subject to closed escrows	0	0	
Complete homes owned by the Homebuilder	0	14	Assumes that homes with permits issued and sales release dates before April will be complete by May 1
Homes under construction	44	42	Assumes that homes with permits issued and sales release dates will be under construction
Final mapped parcels	12	0	Permits expected to be issued by April of 2016
<u>PHASE 3 (Linear Condos 34; Cadence Homes 24)</u>			
Final mapped parcels	58	58	Building permits expected to be pulled for these homes after May 1, 2016

Source: NBS, as derived from information provided by the Homebuilder (with respect to the expected unit counts as of May 1, 2016), and from the Appraisal Report (with respect to unit counts as of December 20, 2015).

## Property Values

The value of property within the District is an important factor in determining the investment quality of the 2016 Bonds. If a property owner defaults in the payment of the Special Tax, the City's primary remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. The Special Tax is not a personal obligation of the owners of the property. A variety of economic, political, and natural occurrences incapable of being accurately predicted can affect property values. See "SPECIAL RISK FACTORS – Property Value."

The City has commissioned the Appraisal Report, dated January 22, 2016, for the property in the Original Area. The Appraisal Report estimates the market value, by ownership, of the Taxable Property in the Original Area as of December 20, 2015, based upon the

assumptions and limiting conditions described in the Appraisal Report, including an extraordinary assumption to the effect that there are no adverse soil conditions, toxic substances or other environmental hazards that may interfere or inhibit the development of the property in the Original Area. **The Appraisal Report is included in Appendix H to this Official Statement and should be read in its entirety for an explanation of the methodology and the assumptions underlying and the conditions limiting the valuation conclusions contained in the Appraisal Report. Neither the City nor the Underwriter makes any representation as to the accuracy or completeness of the Appraisal Report.**

The Appraiser concluded in the Appraisal Report that the cumulative (aggregate) value of the Taxable Property in the Original Area is \$159,974,078, with certain assumptions and limiting conditions set forth in the Appraisal Report. The appraised value of the Taxable Property in the Original Area, as reflected in the Appraisal Report, is approximately 10.1\* times the \$15,870,000\* initial principal amount of the 2016 Bonds.

The Appraisal Report does not take into account possible future liens or indebtedness which may be imposed by the City or by other public entities on Taxable Property in the Original Area. As described under the heading "SECURITY FOR THE 2016 BONDS – Issuance of Additional Bonds," if certain requirements for the issuance of Parity Bonds are met, the City anticipates issuing Parity Bonds to finance some of the costs of the Improvements not funded with proceeds of prior Special Tax levies and of the 2016 Bonds. See "THE DISTRICT – The Improvements." The City has not covenanted, and in many instances does not have the legal ability, to restrict other entities from imposing indebtedness which may be secured by a lien on the Taxable Property in the District which is on a parity with the Special Tax. See "THE DISTRICT – Direct and Overlapping Governmental Obligations" and "SPECIAL RISK FACTORS – Parity Taxes and Special Assessments." A number of economic, political, and natural occurrences may adversely affect the value of the property as expressed in the Appraisal Report. See "SPECIAL RISK FACTORS."

### **Value-to-Burden Ratio**

*General Information Regarding Value-to-Burden Ratios.* The value-to-burden ratio for bonds secured by special taxes will generally vary over the life of those bonds as a result of changes in the value of the property that is security for the special taxes and the principal amount of the bonds. As described under the heading "THE DISTRICT—Location and Description of the District, and as more fully described in the Appraisal Report in Appendix H, there are currently a number of vacant lots in the Original Area and other lots with homes currently under construction.

In comparing the aggregate appraised value of the real property within the Original Area and the principal amount of the 2016 Bonds, it should be noted that an individual parcel may only be foreclosed upon to pay delinquent installments of the Special Taxes attributable to that parcel. The principal amount of the 2016 Bonds is not allocated equally among the parcels within the Original Area; rather, the principal amount of the 2016 Bonds has been allocated among the parcels within the Original Area based on their respective share of the total projected Special Taxes to be levied in fiscal year 2016-17.

Economic and other factors beyond the property owners' control, such as economic recession, deflation of land values, financial difficulty or bankruptcy by one or more property owners, or the complete or partial destruction of Taxable Property caused by, among other possibilities, earthquake, flood, fire or other natural disaster, could cause a reduction in the

---

\* Preliminary, subject to change.



assessed value within the District. See “SPECIAL RISK FACTORS—Property Value” and “—Bankruptcy Delays.”

***Appraised Values, Projected Special Tax Levy and Estimated Appraised Value to Bond Burden Ratios.*** Table 4 below sets forth for the various product types in the Phases of development of the Taxable Property in the Original Area, the allocation of the appraised value of the parcels per the Appraisal Report, the projected Special Tax levy on the parcels based on their development status as of December 20, 2015 (the date of valuation of the Taxable Property in the Appraised Report) and as of June 20, 2016 (based on the expected development status as of May 1, as shown in Table 3 above), and allocates the principal amount of the 2016 Bonds to the various groupings of the parcels based on their respective percentage of the projected Fiscal Year 2016-17 Special Tax levy based on the projected June 20, 2016 levy status.

***Value-to-Burden Ratio Distribution.*** The last column in Table 4 above sets forth the estimated value-to-lien ratios for the Taxable Property in the Original Area, based upon the land ownership status, development status and assessed values as of December 20, 2015, and as expected to be as of May 1, 2016.

**Table 4**  
**City of Alameda**  
**Community Facilities District No. 13-1**  
**Land Ownership, Projected Special Tax Levy and Estimated Value-to-Lien Ratios**

		Appraised Valuation <sup>(1)</sup>	Projected FY 16/17 Special Tax Revenue as of December 20, 2015 <sup>(2)</sup>	Percent of Total Projected FY 16/17 Special Tax Revenue as of December 20, 2015	Pro Rata Share of 2016 Bonds <sup>(4)</sup>	Estimated Appraised Value-to- Bond Burden Ratios <sup>(5)</sup>
<u>Attached (Linear) Units - Market Rate</u>						
Residence 1	7	\$ 5,355,000	\$ 10,773.00	1.29%	\$ 204,993.40	26.12
Residence 4	8	6,360,000	18,744.00	2.25	356,669.10	17.83
Residence 5	8	7,120,000	21,968.00	2.63	418,016.79	17.03
Residence 6	8	7,440,000	26,382.00	3.16	502,008.33	14.82
Residence 7	8	8,000,000	26,784.00	3.21	509,657.76	15.70
<u>Detached (Cadence) Units - Market Rate</u>						
Residence 1	12	13,680,000	47,489.00	5.69%	903,641.64	15.14
Residence 2	11	13,035,000	48,774.00	5.85	928,093.18	14.04
Residence 3	9	11,205,000	41,831.00	5.02	795,978.72	14.08
Residence 4	4	5,160,000	19,180.00	2.30	364,965.50	14.14
<u>Attached (Linear) Units - Below Market Rate</u>						
Residence 1	1	335,025	769.50	0.09%	14,642.39	22.88
Residence 2	1	326,867	1,050.50	0.13	19,989.38	16.35
Residence 3	1	367,186	1,171.50	0.14	22,291.82	16.47
Aggregate Retail Value of the Completed (Sold) Residential Units	78	\$ 78,384,078	\$264,916.50	31.76%	\$ 5,040,947.99	15.55
<u>Homebuilder owned Parcels</u>						
<u>Phase 1</u>						
Attached (Linear) Units	32	12,760,000	76,190.78	9.14%	1,449,791.67	8.80
Detached (Cadence) Units	31	23,040,000	144,832.90	17.37	2,755,944.29	8.36
		\$ 35,800,000	\$221,023.68	26.50%	\$ 4,205,735.96	8.51
<u>Phase 2</u>						
Attached (Symmetry) Units	56	21,780,000	147,258.55	17.66%	2,802,100.63	7.77
		\$21,780,000	\$147,258.55	17.66%	\$ 2,802,100.63	7.77
<u>Phase 3</u>						
Attached (Linear) Units	34	9,980,000	87,605.98	10.50%	1,667,005.22	5.99
Detached (Cadence) Units	24	14,030,000	113,210.02	13.57	2,154,210.19	6.51
		\$ 24,010,000	\$200,816.00	24.08%	\$ 3,821,215.41	6.28
Aggregate Retail Value of the <u>Homebuilder owned Parcels</u>		\$ 81,590,000	\$569,098.23	68.24%	\$10,829,052.01	7.53
Totals	255	\$159,974,078	\$834,014.73	100.00%	\$15,870,000.00	10.08

(1) Based on the appraised values in the Appraisal Report. See Appendix H-"Appraisal Report."

(2) Assigned Special Tax is calculated using development status as classified by the Rate and Method, with parcels with a building permit issued as of the December 20, 2015 date of value in the Appraisal Report.

(3) Assigned Special Tax is calculated using development status as classified by the Rate and Method, with parcels with a building permit expected to be issued as of May 1, 2016, as estimated by the Homebuilder.

(4) Allocated based on Percent of Projected Fiscal Year 2016-17 Special Taxes as of December 20, 2015, and the estimated initial principal amount of the 2016 Bonds of \$15,870,000, and excluding any allocation for overlapping indebtedness (see "THE DISTRICT—Direct and Overlapping Governmental Obligations"). Preliminary, subject to change.

(5) Calculated by dividing the Appraised Valuation column by the Pro Rata Share of 2016 Bonds column. Preliminary, subject to change.

Source: NBS.

## **Special Tax Levies and Delinquencies**

To date, there have been several levies of Special Taxes on Taxable Property in the Original Area. The first such levy was a “mid-year” levy in the amount of \$262,140.16 that was directly billed by the City and was due on September 24, 2014. In Fiscal Year 2014-15, there was an annual levy of Special Taxes to fund the Special Tax Requirement (Pre-Bond Issuance) that was included on the County ad valorem tax roll in the aggregate amount of \$493,741.60, one-half of which was delinquent if not paid by December 10, 2014 and the other half of which was delinquent if not paid by April 10, 2015. Also in Fiscal Year 2014-15, there was a “mid-year” levy of Special Taxes in the amount of \$62,796.46 that was directly billed by the City and was due on November 15, 2015. All of such levies were based on a tax rate of \$0.85 per gross square foot of Final Mapped Property, and all of such levies were timely paid in full by the Homebuilder, as the sole owner of the Taxable Property in the Original Area at the time the Special Taxes were levied.

For Fiscal Year 2015-16, an annual Special Tax levy was included on the County ad valorem tax roll in the aggregate amount of \$602,657.58, one-half of which was delinquent if not paid by December 10, 2015, and the other one-half of which will be delinquent if not paid by April 10, 2016. The levy was based on the Assigned Special Tax Rates and the Special Tax Requirement (Pre-Bond Issuance) for such Fiscal Year for Taxable Property in the Original Area. The amount delinquent if not paid by December 10, 2015 was timely paid in full.

The proceeds of all Special Tax levies collected to date have been used to pay administrative expenses of the District and amounts owing to Catellus LLC under the Acquisition Agreement (see “THE DISTRICT—The Improvements” and “PLAN OF FINANCING—Overview”), except for a portion of the amount delinquent if not paid by December 10, 2015 which amount is expected to be remitted to Catellus LLC prior to the date of issuance of the 2016 Bonds. The Special Tax Consultant has advised that there is expected to be one final “mid-year” Special Tax Levy that will be made in May of 2016 by direct billing of the Homebuilder in respect of Final Mapped Property, but the amount of that levy has not yet been determined.

Any Special Taxes collected prior to July 1, 2016 will be used to pay District administrative expenses and amounts due to Catellus LLC under the Acquisition Agreement. Special Taxes received by the City from and after July 1, 2016 will be disposed of as described under the heading “SECURITY FOR THE 2016 BONDS—Special Tax Fund.” The September 1, 2016 debt service payment on the 2016 Bonds will be paid from 2016 Bond proceeds deposited to the Capitalized Interest Account. See “PLAN OF FINANCING—Estimated Sources and Uses of Funds.”

No assurance can be given that Special Taxes levied on Taxable Property (including the installment of the Fiscal Year 2015-16 levy delinquent if not paid by April 10, 2016) will be paid when due. See “SPECIAL RISK FACTORS—Insufficiency of Special Taxes.”

## **Direct and Overlapping Governmental Obligations**

**General.** Property within the District is subject to general obligation and general fund overlapping debt. Currently, special taxes also are imposed upon property within the District pursuant to a community facilities district established by the City Council (“CFD 13-2”) to fund certain maintenance services. While CFD 13-2 is not authorized to incur bonded indebtedness, nevertheless the lien for the annual maintenance services Special Taxes is co-equal to the lien for that community facilities district and will be co-equal to the lien for any assessment district that

may be established in the future, as well as co-equal with the lien for general property taxes. Additional indebtedness could be authorized by other public agencies at any time.

Presently, land within the District is subject to approximately \$1,944,803 of total outstanding tax and assessment, and general obligation, overlapping debt, in addition to the \$15,870,000\* initial principal amount of the 2016 Bonds. To repay direct and overlapping debt the owners of the land within the District must pay the annual Special Taxes, special taxes levied for CFD 13-2, and the general property tax levy. The ability of the City to collect the Special Taxes could be adversely affected if additional debt is issued with respect to the Taxable Property in the District. The land, at any time, could become subject to additional parity debt either by the formation of additional community facilities districts or the imposition of other taxes and assessments by public agencies other than the City on behalf of the property owners within the District. The imposition of additional liens on a parity with the Special Taxes may reduce the ability or willingness of the landowners to pay the Special Taxes and may increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes.

**CFD 13-2.** The City's CFD 13-2 is authorized to levy special taxes on property in the District, as well as on property in the retail portion of the Alameda Landing project that is not within the District, subject to the following maximum special tax rates:

**Table 5**  
**City of Alameda**  
**Community Facilities District No. 13-2**  
**Maximum Special Taxes**

Land Use Class	Description	Maximum Special Tax
1	Affordable Housing Unit (Developed Property or Alternative Developed Property)	\$0.00
3	Moderate Income Unit (Developed Property or Alternative Developed Property)	\$960.00 per unit
4	Residential Dwelling Unit (Developed Property or Alternative Developed Property)	\$1,200.00 per unit
6	Final Mapped Property or Alternative Developed Property (designated for Moderate Income Unit)	\$960.00 per unit
7	Final Mapped Property or Alternative Developed Property (designated for Residential Dwelling Unit)	\$1,200.00 per unit
8	Undeveloped Residential Property	\$12,711 per acre
9	Undeveloped Non-Residential Property	\$4,443 per acre
10	Non-Residential Property	\$0.36 per Building Square Foot

On each July 1, commencing on July 1, 2014, the foregoing maximum special taxes will be adjusted to account for inflation. The amount of the annual adjustment will be the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the San Francisco Bay Area for the current Calendar Year over CPI for the San Francisco Bay Area for the previous Calendar Year, each as of April 1.

Proceeds of special taxes levied for CFD 13-2 will be used to pay administrative expenses and certain maintenance services authorized to be funded by CFD 13-2, including: (a) public safety services, including police and fire protection; (b) maintenance of bus shelters and bus stops within or adjacent to the area of CFD 13-2; (c) maintenance of landscaping in public

---

\* Preliminary, subject to change.

areas, public easements and public right of way; (d) maintenance of sanitary sewers within or serving the area of CFD 13-2; (e) maintenance of sidewalks in or near to the area of CFD 13-2; (f) maintenance of public signage in or near CFD 13-2; (g) maintenance of storm drainage systems within or serving the area of CFD 13-2; (h) maintenance of streets and roadways within or in the vicinity of the area of CFD 13-2; (i) maintenance of street lighting located within or in the vicinity of CFD 13-2; (j) maintenance of traffic signals within and in the vicinity of CFD 13-2; and (k) graffiti removal from public improvements within and in the area of CFD 13-2.

The special taxes levied on Taxable Property in the Original Area by the City for CFD 13-2 are secured by a lien of the Taxable Property that is co-equal with the lien securing the payment of the Special Taxes levied by the City for the District.

Direct and overlapping indebtedness and taxes and assessments as of February 1, 2016 is shown in the following Table 6 compiled by California Municipal Statistics, Inc. Neither the City nor the Underwriter has independently verified the information in Table 6 and they make no representation as to its completeness or accuracy.

**Table 6**  
**City of Alameda**  
**Community Facilities District No. 13-1**  
**Direct and Overlapping Debt Summary**

2015-16 Local Secured Assessed Valuation: \$35,987,816

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/1/16</u>
Bay Area Rapid Transit District General Obligation Bonds	0.006%	\$ 31,495
East Bay Municipal Utility District, Special District No. 1 GOBs	0.042	4,572,000
East Bay Regional Park District General Obligation Bonds	0.009	13,801
Peralta Community College District General Obligation Bonds	0.042	154,773
Alameda Unified School District General Obligation Bonds	0.323	466,890
City of Alameda General Obligation Bonds	0.323	26,680
City of Alameda Community Facilities District No. 13-1	100.000	- (1)
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$698,211</b>
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County General Fund Obligations	0.015%	\$ 129,137
Alameda County Pension Obligation Bonds	0.015	7,137
Alameda-Contra Costa Transit District Certificates of Participation	0.020	4,266
Peralta Community College District Pension Obligation Bonds	0.042	68,613
Alameda Unified School District Certificates of Participation	0.323	2,371
City of Alameda Certificates of Participation	0.323	35,261
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$246,785</b>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		<b>\$999,807</b>
<b>COMBINED TOTAL DEBT</b>		<b>\$1,944,803 (2)</b>

Ratios to 2015-16 Local Secured Assessed Valuation:

Direct Debt (\$0) .....	0.00%
Total Direct and Overlapping Tax and Assessment Debt .....	1.94%
Combined Total Debt .....	5.40%

Source: California Municipal Statistics, Inc.

(1) Excludes the 2016 Bonds.

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

***Other Potential Debt.*** The City has no control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the Taxable Property within the District which may be incurred in the future by other governmental agencies having jurisdiction over all or a portion of the Taxable Property within the District. Furthermore, nothing prevents the owners of Taxable Property within the District from consenting to the issuance of additional debt by other governmental agencies which would be secured by taxes or assessments on a parity with the Special Taxes. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Act or taxes, such assessments, special taxes and taxes will be secured by liens on the Taxable Property within the District on a parity with the lien of the Special Taxes.

Accordingly, the debt on the property within the District could increase, without any corresponding increase in the value of the property therein, and thereby severely reduce the estimated value-to-lien ratio that exists at the time the Bonds are issued. The imposition of such additional indebtedness could reduce the willingness and ability of the owners of the Taxable Property within the District to pay the Special Taxes when due. See “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments.”

Moreover, in the event of a delinquency in the payment of Special Taxes, no assurance can be given that the proceeds of any foreclosure sale of Taxable Property with delinquent Special Taxes would be sufficient to pay the delinquent Special Taxes. See “SPECIAL RISK FACTORS—Property Value.”

### **Projected Debt Service Coverage**

The Maximum Special Taxes that can be levied on Taxable Property in the District in any fiscal year increases by three percent (3%) over the Maximum Special Taxes for the prior fiscal year. See “SECURITY FOR THE 2016 BONDS—Special Taxes” and “—Summary of Rate and Method.”

Set forth in Table 7 below is the projected Maximum Special Taxes from the 255 parcels in the Original Area subject to the levy of Special Taxes, assuming no delinquencies in the payment of Special Taxes, that could be available to pay the debt service on the Bonds.

**Table 7**  
**City of Alameda**  
**Community Facilities District No. 13-1**  
**Estimated Maximum Taxing Capacity**

Fiscal Year	Maximum Special Taxes <sup>(1)</sup>	Administrative Expenses <sup>(2)</sup>	Net Special Tax Revenues	2016 Bond Debt Service <sup>(3)</sup>	Estimated Maximum Taxing Capacity <sup>(4)</sup>
2016/17	\$ 834,015	\$ 25,000	\$ 809,015	\$ 721,000	1.12x
2017/18	841,033	25,500	815,533	736,000	1.11x
2018/19	866,264	26,010	840,254	755,400	1.11x
2019/20	892,252	26,530	865,722	773,650	1.12x
2020/21	919,020	27,061	891,959	790,900	1.13x
2021/22	946,590	27,602	918,988	812,150	1.13x
2022/23	974,988	28,154	946,834	832,150	1.14x
2023/24	1,004,237	28,717	975,520	855,900	1.14x
2024/25	1,034,365	29,291	1,005,073	878,150	1.14x
2025/26	1,065,396	29,877	1,035,518	898,900	1.15x
2026/27	1,097,357	30,475	1,066,883	918,150	1.16x
2027/28	1,130,278	31,084	1,099,194	940,900	1.17x
2028/29	1,164,186	31,706	1,132,480	966,900	1.17x
2029/30	1,199,112	32,340	1,166,772	990,900	1.18x
2030/31	1,235,085	32,987	1,202,098	1,017,900	1.18x
2031/32	1,272,138	33,647	1,238,491	1,042,650	1.19x
2032/33	1,310,302	34,320	1,275,982	1,065,150	1.20x
2033/34	1,349,611	35,006	1,314,605	1,095,400	1.20x
2034/35	1,390,100	35,706	1,354,393	1,122,900	1.21x
2035/36	1,431,803	36,420	1,395,382	1,147,650	1.22x
2036/37	1,474,757	37,149	1,437,608	1,179,650	1.22x
2037/38	1,518,999	37,892	1,481,108	1,208,400	1.23x
2038/39	1,564,569	38,649	1,525,920	1,238,900	1.23x
2039/40	1,611,506	39,422	1,572,084	1,265,900	1.24x
2040/41	1,659,852	40,211	1,619,641	1,299,400	1.25x
2041/42	1,709,647	41,015	1,668,632	1,334,000	1.25x
2042/43	1,760,937	41,835	1,719,101	1,365,600	1.26x
2043/44	1,813,765	42,672	1,771,092	1,399,200	1.27x
2044/45	1,868,178	43,526	1,824,652	1,434,600	1.27x
2045/46	1,924,223	44,396	1,879,827	1,471,600	1.28x

(1) Based on the Maximum Special Taxes that can be levied in the Original Area for the respective Fiscal Year. Assumes full development of the 255 homes by the Homebuilder beginning in Fiscal Year 2017/18, and full collection of Special Tax levies.

(2) Based on the maximum amount of Administrative Expenses that can be levied on a priority basis pursuant to the Fiscal Agent Agreement. See "INTRODUCTION—Security for the 2016 Bonds – Pledge Under the Fiscal Agent Agreement.

(3) 2016 Bond Debt Service shown on a Bond Year basis. Preliminary, subject to change.

(4) Net Special Tax Revenues divided by 2016 Bonds Debt Service. Preliminary, subject to change.

Source: NBS Government Finance Group.

See "SECURITY FOR THE 2016 BONDS—No Limitation on Increases in Special Tax Levies by Reason of Delinquencies" for information regarding how the Act differs from the Mello-Roos Community Facilities Act of 1982 in respect of the ability of the City to increase Special Tax levies on parcels in the District in the event of delinquencies in the payment of Special Taxes, subject in any event to the Maximum Special Taxes described under the heading "SECURITY FOR THE 2016 BONDS—Summary of Rate and Method."

## **SPECIAL RISK FACTORS**

*The following is a description of certain risk factors affecting the District, the property owners in the District, the parcels subject to the levy of Special Taxes and the payment of and security for the 2016 Bonds. The following discussion of risks is not meant to be a complete list of the risks associated with the purchase of the 2016 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the investment quality of the 2016 Bonds. There can be no assurance that other risk factors will not become material in the future.*

### **No General Obligation of the City or the District**

The City's obligations under the 2016 Bonds and under the Fiscal Agent Agreement are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and amounts in the Special Tax Fund, the Bond Fund and the Reserve Fund. The 2016 Bonds are neither general or special obligations of the City nor general obligations of the District, but are limited obligations of the City for the District payable solely from the revenues and funds pledged therefor and under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the City or the State of California or of any of their respective political subdivisions is pledged to the payment of the 2016 Bonds.

### **Concentration of Ownership**

Except for closed sales of homes to individual homeowners, all of the Taxable Property in the Original Area is owned by the Homebuilder. It is expected that approximately 68% of the Fiscal Year 2016-17 Special Tax levy will be apportioned to the 177 parcels owned by the Homebuilder (see Table 4 under "THE DISTRICT—Value-to-Burden Ratio"). While the construction and sales of homes in the Original Area are ongoing, and the Homebuilder may sell lots in the Original Area to unaffiliated homebuilders (although it has expressed no intent to do that), the construction and sales of homes are expected to occur over an extended period of time. The lack of diversity in ownership of property in the Original Area, and the consequent lack of diversity in the obligation to pay the Special Taxes levied in the Original Area, represents significant risk to the owners of the 2016 Bonds in that the ability of the Homebuilder to pay the Special Taxes levied on property it owns will depend, in part, on the successful sales of lots and homes in the Original Area.

Failure of any owner of a significant portion of the Taxable Property in the Original Area to pay the annual Special Taxes when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of the delinquent parcels of land upon a foreclosure or otherwise. In that event, there could be a default in payments of the principal of, and interest on, the 2016 Bonds. See "SPECIAL RISK FACTORS – Insufficiency of Special Tax Revenues."

### **Failure to Complete the Development**

The completion of the development of the 255 lots in the Original Area requires the construction of homes. While the construction of necessary infrastructure improvements has been completed (see "THE DISTRICT – The Improvements"), the construction of homes may take several years to complete. Any event that significantly impacts the ability to complete the construction and sale of homes on a timely basis (such as strikes or other work stoppages, loan defaults, adverse weather conditions, catastrophic events such as earthquakes or other natural events, or other similar events) could cause the value of the land within the Original Area to be



less than that estimated by the Appraiser and could affect the willingness and ability of the landowners in the Original Area to pay the Special Taxes when due.

### **Payment of the Special Tax is not a Personal Obligation**

The owners and users of the parcels in the District are not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation that is secured only by a lien against the Taxable Property on which it is levied. If the value of a Taxable Property is not sufficient to secure fully the payment of the Special Tax levied and to be levied on it, the City has no recourse against the owners of the Taxable Property.

### **Property Value**

If a landowner defaults in the payment of the Special Tax, the only legal remedy is the institution of a superior court action to foreclose on the delinquent Taxable Property in an attempt to obtain funds with which to pay the Special Tax. The value of the Taxable Property in the Original Area could be adversely affected by economic factors beyond the City's control, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other expenses of owning Taxable Property, 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, wildfire, earthquakes, tsunamis and floods), which may result in uninsured losses. See "SPECIAL RISK FACTORS—Natural Disasters and Potential Drought Conditions."

No assurance can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay the delinquent Special Tax installment. Although the Law authorizes the City to cause such an action to be commenced and diligently pursued to completion, the Law does not specify any obligation of the City with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale in any such action if there is no other purchaser at such sale. The City is not obligated and does not expect to be a bidder at any such foreclosure sale. See "SECURITY FOR THE BONDS—Covenant for Superior Court Foreclosure" and "SPECIAL RISK FACTORS—Proceeds of Foreclosure Sales."

### **Exempt Properties**

Certain properties are exempt from the Special Tax in accordance with the Rate and Method. In addition, the Law provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction, or by gift or devise, that is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property, for outstanding Bonds only, is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Act have not been tested. See "SECURITY FOR THE 2016 BONDS—Special Taxes."

In particular, insofar as the Law requires payment of the Special Tax by a federal entity acquiring property within the District, it may be unconstitutional. See “SPECIAL RISK FACTORS—FDIC/Federal Government Interests in Properties.” If for any reason property within the District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government or another public agency, subject to the limitation of the Maximum Special Taxes, the Special Tax will be reallocated to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Taxes and could have an adverse impact upon the timely payment of the Special Taxes. Moreover, if a substantial portion of land within the District becomes exempt from the Special Taxes because of public ownership, or otherwise, the maximum rate that could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the 2016 Bonds when due and a default would occur with respect to the payment of such principal and interest.

The Law further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

### **Parity Taxes and Special Assessments**

The Special Taxes and any penalties thereon will constitute liens against the taxable parcels in the District until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is coequal to and independent of the lien for general property taxes regardless of when they are imposed upon the taxable parcel. The Special Taxes have priority over all existing and future private liens imposed on the property. The Special Taxes and the special taxes levied by the City for CFD 13-2 have the same lien priority with respect to the Taxable Property. See “THE DISTRICT—Direct and Overlapping Governmental Obligations” for a description of existing overlapping liens on the Taxable Property.

The City has 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 taxable property within the District subject to the levy of Special Taxes. In addition, the landowners within the District may, without the consent or knowledge of the City, petition other public agencies to issue public indebtedness secured by special taxes or assessments, and any such special taxes or assessments may have a lien on such property on a parity with the Special Taxes. The imposition of additional indebtedness could reduce the willingness and the ability of the property owners within the District to pay the Special Taxes when due.

### **Insufficiency of Special Taxes**

In order to pay debt service on the 2016 Bonds, it is necessary that the Special Taxes levied against taxable parcels within the District be paid in a timely manner. The City has established the Reserve Fund in an amount equal to the Reserve Requirement to pay debt service on the 2016 Bonds and any Parity Bonds to the extent Special Taxes are not paid on time and other funds are not available. See “SECURITY FOR THE 2016 BONDS—Reserve Fund” and Appendix C—“Summary of the Fiscal Agent Agreement.” Under the Fiscal Agent Agreement, the City has covenanted to maintain in the Reserve Fund an amount equal to the Reserve Requirement; subject, however, to the limitation that the City may not levy the Special Tax in any fiscal year at a rate in excess of the Maximum Special Taxes rates permitted under the Rate and Method. Consequently, if a delinquency occurs, the City may be unable to replenish the Reserve Fund to the Reserve Requirement due to the limitation of the Maximum Special Tax

rates. If such defaults were to continue in successive years, the Reserve Fund could be depleted and a default on the 2016 Bonds would occur if proceeds of a foreclosure sale did not yield a sufficient amount to pay the delinquent Special Taxes.

The City has made certain covenants regarding the institution of foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the 2016 Bonds. See “SECURITY FOR THE 2016 BONDS—Covenant for Superior Court Foreclosure.” If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of delinquent Special Taxes to protect its security interest.

### **Tax Delinquencies**

Under provisions of the Law, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the 2016 Bonds are derived, are being billed to the Taxable Property within the District on the regular property tax bills sent to owners of the parcels. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. See “SECURITY FOR THE 2016 BONDS—Reserve Fund” and “-Covenant for Superior Court Foreclosure” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Fiscal Agent Agreement, in the event of delinquency in the payment of Special Tax installments. See also “THE DISTRICT—Special Tax Levies and Delinquencies” for historical Special Tax delinquency history.

### **Bankruptcy Delays**

The payment of the Special Tax and the ability of the City to commence a superior court action to foreclose the lien of a delinquent unpaid Special Tax, as discussed in “SECURITY FOR THE 2016 BONDS—Covenant for Superior Court Foreclosure,” may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State of California relating to judicial foreclosure. Any legal opinion to be delivered concurrently with the delivery of the 2016 Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2016 Bonds.

### **Proceeds of Foreclosure Sales**

Pursuant to the Law, in the event of any delinquency in the payment of any Special Tax, the City Council, as the legislative body of the District, may order that the Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. The City has covenanted in the Fiscal Agent Agreement that it will, under certain circumstances,

commence such a foreclosure action. See “SECURITY FOR THE 2016 BONDS—Covenant for Superior Court Foreclosure.”

No assurances can be given that a taxable parcel in the District that would be subject to a judicial foreclosure sale for delinquent Special Taxes will be sold or, if sold, that the proceeds of such sale will be sufficient to pay the delinquent Special Tax installment. Although the Law authorizes the City to cause such an action to be commenced and diligently pursued to completion, the Law does not specify any obligation of the City with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale in any such action if there is no other purchaser at such sale and the City has not in any way agreed nor does it expect to be such a bidder.

In a foreclosure proceeding, a judgment debtor (i.e., the property owner) has 140 days from the date of service of the notice of levy in which to redeem the property to be sold and may have other redemption rights afforded by law. If a judgment debtor fails to so redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale if the purchaser at the sale was the judgment creditor. If a foreclosure sale is thereby set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made.

If foreclosure proceedings were ever instituted, any holder of a mortgage or deed of trust on the affected property could, but would not be required to, advance the amount of the delinquent Special Tax installment to protect its security interest.

In the event such superior court foreclosure or foreclosures are necessary, there could be a delay in principal and interest payments to the owners of the 2016 Bonds pending prosecution of the foreclosure proceedings and receipt by the District of the proceeds of the foreclosure sale, if any. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions and other factors beyond the control of the City, including delay due to crowded local court calendars or legal tactics and, in any event could take several years to complete. In particular, bankruptcy proceedings involving the Landowner or any other owner of a taxable parcel in the District could cause a delay, reduction or elimination in the flow of Special Tax Revenues to the Fiscal Agent. See “SPECIAL RISK FACTORS—Bankruptcy Delays.”

## **Natural Disasters**

The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements. Such occurrences include, without limitation, wildfire, earthquakes and floods.

As reported by the Appraiser in the Appraisal Report, according to the Seismic Safety Commission, the District is located within a Commission designated Zone 4, which is considered to be the highest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the District is located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

California is subject to a wide range of earthquake activity. California has many known faults as well as yet undiscovered faults. A major earthquake could cause very serious damage to homes located even many miles from the epicenter of the earthquake. A more moderate earthquake occurring on a more minor fault, or on an as yet undiscovered fault, could also cause substantial damage. The major active faults in the area of the District are the San Andreas, Hayward and Calaveras Faults.

A Seismic Hazard Zone is defined in the Seismic Hazards Mapping Act (California Public Resources Code Section 2690 et seq.). There are two types of Seismic Hazard Zones: a landslide zone and a liquefaction zone. Seismic Hazard Zones are shown on maps that are prepared and released by the California Department of Conservation, Division of Mines and Geology. The District is located within a Seismic Hazard Zone for potential liquefaction. Property within a Seismic Hazard Zone for potential liquefaction is an area where there is a potential for, or historic occurrences of liquefaction. Liquefaction is a condition in the soils where loose, water saturated granular sediment are shaken in a significant earthquake and the soil temporarily becomes "liquid-like" which may cause structures to settle unevenly and cause damage to the structures.

A portion of the District is located within a Special Flood Hazard Area, and specifically, Zone A, as designated by the Federal Emergency Management Agency ("FEMA"). Property within Zone A is subject to a one percent (1%) annual chance of flooding in a "100-year" rainstorm. As a result, many lenders (and particularly those insured or guaranteed by the federal government) require that purchasers obtain and maintain flood insurance for residential dwellings. However, the Homebuilder has advised that the portion of the District subject to the Special Flood Hazard Area Zone A does not impact any of the areas where homes are being constructed. Accordingly, flood insurance is not required for the homes in the Original Area.

In addition to possible earthquakes and flooding, other natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Taxable Property may well depreciate or disappear.

### **Hazardous Substances**

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. 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 California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels 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.

The land within the District was previously part of the Department of Navy's former Fleet and Industrial Supply Center (the "Facility") which served as the main supply facility supporting the Department of Defense operations of military fleets and shore activities in the Pacific Basin during World War II, and remained an active supply center until its closure in

1998. During its approximate 50 years as a supply center, Facility operations utilized potentially toxic and hazardous substances including such as polychlorinated biphenyls (PCBs), cadmium, polycyclic aromatic hydrocarbons (PAHs), and petroleum-based products that contaminated the soils underlying the District. Since its closure in 1998, the Facility has undergone through several remediation actions, the most recent ones conducted under the supervision and regulations of the California Department of Toxic Substances Control ("DTSC") during which specific mitigation efforts were implemented to minimize exposure of human health or environmental receptors to contaminants. DTSC and the Navy entered into the Interim Covenant to Restrict Use of Property, Environmental Restriction ("Interim Covenant") covering the property, which was recorded as Document No. 2000215932 in the Official Records of the County of Alameda, State of California on July 20, 2000. The Interim Covenant placed restrictions on the property, including restrictions on residential use. Remedial action activities were approved by DTSC and undertaken to remove contaminated soils to allow the property to be developed for residential use. On December 4, 2013, DTSC approved the Remedial Action Implementation Report that concluded that contaminated soils from the ground surface to four (4) feet below the finished grade had been satisfactorily remediated.

Following completion of the above remediation and rough grading for a portion of the property in the District (the "Initial Property"), DTSC recorded a Release of Interim Covenant to Restrict Use of Property Environmental Restriction, recorded as Document No. 2014181106 recorded on July 21, 2014 in the Official Records of Alameda County, (the "Release of Restrictions"), lifting the restriction on residential use among other things. The Release of Restrictions confirmed that DTSC "has made the determination that the hazardous materials that caused the land to be restricted have since been sufficiently investigated, removed or altered in a manner that allows the Department to determine there is no significant existing or potential hazard to present or future human health and the environmental, as long as applicable operation and maintenance and institutional controls are implemented at the Property." However, hazardous substances, primarily PAHs, remain in soils four (4) feet below the finished grade with chemical concentrations above levels acceptable for unrestricted land use.

DTSC also recorded on July 21, 2014, as Document No. 2014181105 in the Official Records of Alameda County, the Land Use Covenant and Agreement Environmental Restrictions for the Initial Property (the "Land Use Covenant") setting forth operation and maintenance and monitoring measures that are required to ensure that residents of the Initial Property are fully protected from any residual levels of chemicals that may remain in soil and/or groundwater. The Land Use Covenant only covers the Initial Property and there will be a series of Land Use Covenants for remaining portions of the area within and surrounding the District to restrict portions of the property covered by any future Land Use Covenants. The Land Use Covenant recorded for the Initial Property includes prohibitions on the following activities: (a) disturbance of soils four feet below the ground surface without prior DTSC written approval; (b) reuse of soils that are considered and/or defined as hazardous waste pursuant to the California Code of Regulations, Title 22, Division 4.5, Chapter 11; (c) construction of any groundwater well without prior DTSC written approval; (d) extraction, utilization, or consumption of groundwater without prior DTSC written approval; and (e) soil disturbance beyond the structural concrete or impermeable liner in bioretention areas without prior DTSC written approval.

The Land Use Covenant also requires that soil management activities are subject to a Site Management Plan approved by DTSC in May 2008 and any other Site Management Plan subsequently approved by the DTSC. Site Management Plans commonly include procedures and protocols for handling, testing, reusing, and disposing of soil at a site. The Land Use Covenant requires monitoring, including the completion of certain periodic inspection and

reports verifying compliance. The Land Use Covenant also requires that notice be given by the seller and buyer of any of the lots and units.

Each Owner of any portion of the Initial Property will have the responsibility of complying with all rights and covenants running with the land, including but not limited to the Land Use Covenant, Interim Covenant, the Site Management Plan and any other plans approved by DTSC. However, DTSC agreed in the Land Use Covenant that the future inspection and reporting responsibility and reimbursement for DTSC's oversight costs for reviewing and approving such reports and other oversight can be transferred to a homeowners association through a Memorandum of Agreement ("MOA"). Once an MOA is executed, the responsibility and costs for future inspection, reporting and DTSC oversight will be handled by the homeowners association and funded by the homeowners association fees/assessments. The Homebuilder has advised that it is intended that DTSC oversight will be handled by a homeowners' association for the homes in the Original Area.

#### Risk of Sea Level Changes and Flooding

In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "The Impacts of Sea-Level Rise on the California Coast." The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property in the State is at risk of flooding from 100-year flood events as a result of a 1.4 meter sea level rise. The paper further estimates that the replacement value of this property totals nearly \$100 billion (in 2000 dollars). Two-thirds of this at-risk property is concentrated in San Francisco Bay, indicating that this region is particularly vulnerable to impacts associated with sea-level rise due to extensive development on the margins of the Bay. A wide range of critical infrastructure, such as roads, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

The City is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the property in the District.

#### **Disclosure to Future Purchasers**

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

California Civil Code Section 1102.6b requires that, in the case of transfers, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien

in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

### **FDIC/Federal Government Interests in Properties**

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

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, anything in the Constitution or Laws of any State to the contrary notwithstanding.” This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

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

The City has not 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 District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2016 Bonds are outstanding.

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

The FDIC’s policy statement regarding the payment of state and local real property taxes (the “**Policy Statement**”) provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value.



According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay 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.

The City is 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 District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be extinguished at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the 2016 Bonds.

### **No Acceleration Provision**

The 2016 Bonds and the Fiscal Agent Agreement do not contain a provision allowing for the acceleration of the 2016 Bonds in the event of a payment default or other default under the terms of the 2016 Bonds or the Fiscal Agent Agreement or in the event interest on the 2016 Bonds becomes included in gross income for federal income tax purposes.

### **Taxability Risk**

As discussed herein under the caption "TAX MATTERS," interest on the 2016 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2016 Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. There is no provision in the 2016 Bonds or the Fiscal Agent Agreement for special redemption or acceleration or for the payment of additional interest should such an event of taxability occur, and the 2016 Bonds will remain outstanding until maturity or until redeemed under one of the redemption provisions contained in the Fiscal Agent Agreement.

In addition, as discussed under the caption "TAX MATTERS," Congress is or may be considering in the future legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal

income tax purposes of interest on municipal bonds, such as the 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The City can provide no assurance that federal tax law will not change while the 2016 Bonds are outstanding or that any such changes will not adversely affect the exclusion of interest on the 2016 Bonds from gross income for federal income tax purposes. If the exclusion of interest on the 2016 Bonds from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the 2016 Bonds would be adversely impacted.

### **Enforceability of Remedies**

The remedies available to the Fiscal Agent and the registered owners of the 2016 Bonds upon a default under the Fiscal Agent Agreement or any other document described in this Official Statement are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. Any legal opinions to be delivered concurrently with the issuance of the 2016 Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the 2016 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

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

### **No Secondary Market**

No representation is made concerning any secondary market for the 2016 Bonds. There can be no assurance that any secondary market will develop for the 2016 Bonds. Investors should understand the long-term and economic aspects of an investment in the 2016 Bonds and should assume that they will have to bear the economic risks of their investment to maturity. An investment in the 2016 Bonds may be unsuitable for any investor not able to hold the 2016 Bonds to maturity.

### **Proposition 218**

An initiative measure entitled the “Right to Vote on Taxes Act” (the “**Initiative**”) was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Provisions of the Initiative have been and will continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes otherwise available to the District to pay the principal of and interest on the 2016 Bonds as described below.

Among other things, Section 3 of Article XIIC states, “...the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of

the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, the Governor of the State signed a bill into law enacting Government Code Section 5854, which states that:

Section 3 of Article XIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.

Accordingly, although the matter is not free from doubt, it is likely that Article XIIC has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the 2016 Bonds.

It may be possible, however, for voters or the City Council acting as the legislative body of the District to reduce the Special Taxes in a manner that does not interfere with the timely repayment of the 2016 Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the 2016 Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses (as defined in the Fiscal Agent Agreement). Nevertheless, the City has covenanted that it will not consent to, or conduct proceedings with respect to, a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any fiscal year, equal to 110% of the aggregate of the debt service due on the 2016 Bonds in such fiscal year, plus a reasonable estimate of Administrative Expenses for such fiscal year. However, no assurance can be given as to the enforceability of the foregoing covenant.

The interpretation and application of Article XIIC and Article XIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “—Enforceability of Remedies.”

## **Ballot Initiatives**

Articles XIIC and XIID of the California Constitution were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process, and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. On March 6, 1995 in the case of Rossi v. Brown, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations.

## **IRS Audit of Tax-Exempt Bond Issues**

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2016 Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the

market value of the 2016 Bonds might be affected as a result of such an audit of the 2016 Bonds (or by an audit of similar bonds).

### **Court Action Involving Landowner – Voted Special Tax District**

On August 1, 2014, in a decision in *City of San Diego. v. Melvin Shapiro*, an Appellate Court invalidated an election held by the City of San Diego (the term “City” as used in this paragraph and the next paragraph means the City of San Diego) to authorize the levying of special taxes on hotels City-wide pursuant to a City charter ordinance creating a convention center facilities district (the “CCFD”) much like a community facilities district established under the provisions of the Act. While the CCFD is comprised of all of the real property in the entire City, the special tax was to be levied only on hotel properties located within the CCFD. At the election to authorize such special tax, the electorate was defined to consist solely of (a) the owners of real property in the City on which a hotel is located, and (b) the lessees of real property owned by a governmental entity on which a hotel is located. Such approach to determining who would constitute the qualified electors of the CCFD was based on Section 53326(c) of the California Government Code, 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 such landowners and lessees are neither “qualified electors” of the City for purposes of Articles XIII A, Section 4 of the California Constitution, nor a proper “electorate” under Article XIII C, Section 2(d) of the California Constitution.

The Court specifically noted that the decision did not require the Court to consider the distinct question of whether landowner voting to impose special taxes under Section 53326(b) of the California Government Code (which was the nature of the voter approval pursuant to the Law through which the District was formed, as the Successor Agency and the Homebuilder were the sole owners of the land in the District at the time of the District formation) violates the California Constitution in districts that lack sufficient registered voters to conduct an election among registered voters. In the case of the CCFD, at the time of the election all of the registered voters in the City were within the CCFD. With respect to the District, there were no registered voters within the District at the time of the election to authorize the Special Tax and issuance of bonds by the District. Thus, by its terms, the Court’s holding does not apply to the formation and Special Tax election in the District.

Moreover, Section 3-70.72 of the Law 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.” Similarly, Section 3-70.98 of the Law requires that any action to determine the validity of bonds issued pursuant to the Law be brought within 30 days of the voters approving the issuance of such bonds. Also, Section 860 et seq. of the California Code of Civil Procedure effectively provides that any legal challenge to the 2016 Bonds and the Fiscal Agent Agreement be filed within 60 days of the date the Fiscal Agent Agreement and the 2016 Bonds were approved by the City Council. The two landowners in the District, as the sole qualified electors in the District at the time, approved the Special Tax and the issuance of bonds for the District on January 7, 2014 and approved the Rate and Method on that date. The 2016 Bonds were authorized to be issued and the Fiscal Agent Agreement and the 2016 Bonds were approved by Resolution No. \_\_\_\_ adopted by the City Council, as the legislative body of the District, on February 16, 2016. The City is not aware of any action being filed challenging the formation of the District, the authority to levy the Special Tax on property in the District, or the validity or enforceability of the Fiscal Agent Agreement or the 2016 Bonds. See “NO LITIGATION.” Given the foregoing, the City believes that no successful challenge to

the levy of the Special Tax in the District or the issuance or validity of the 2016 Bonds may now be brought.

### **Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption**

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2016 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners of the 2016 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2016 Bonds. Examples of such proposals include a proposal in the fall of 2011 which would have reduced the tax value of all itemized deductions and targeted tax expenditures for high-income taxpayers in tax years commencing on or after January 1, 2013. The concept of "high-income taxpayers" in the proposal generally captured taxpayers with adjusted gross income of \$250,000 or more for married couples filing jointly (or \$200,000 for single taxpayers). Among the targeted tax expenditures was interest on any bond excludable from gross income under Section 103 of the Code, whether the bond is outstanding on the enactment date of the proposed legislation or is issued thereafter. Another example of such proposal from the fall of 2011 would have required the Office of Management and Budget to establish steadily declining annual ratios for debt as a percentage of gross domestic product, effective for taxable years beginning on or after January 1, 2013. Under the proposal, if the ratios were not met, automatic cuts in spending and tax preferences, such as tax-exempt interest, would be triggered. Prospective purchasers of the 2016 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion.

## **TAX MATTERS**

Federal tax law contains a number of requirements and restrictions which apply to the 2016 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted in the Fiscal Agent Agreement to comply with all requirements that must be satisfied in order for the interest on the 2016 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2016 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2016 Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Bond Counsel, interest on the 2016 Bonds (i) is excludable from the gross income of the owners thereof for federal income tax purposes, and (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the 2016 Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the “**Code**”), includes provisions for an alternative minimum tax (“**AMT**”) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation’s alternative minimum taxable income (“**AMTI**”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “**Adjusted current earnings**” would include certain tax-exempt interest, including interest on the 2016 Bonds.

Ownership of the 2016 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the 2016 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the “**Issue Price**”) for each maturity of the 2016 Bonds is the price at which a substantial amount of such maturity of the 2016 Bonds is first sold to the public. The Issue Price of a maturity of the 2016 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page of this Official Statement.

If the Issue Price of a maturity of the 2016 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2016 Bonds (the “**OID 2016 Bonds**”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID 2016 Bond in the initial public offering at the Issue Price for such maturity and who holds such OID 2016 Bond to its stated maturity, subject to the condition that the City comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID 2016 Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID 2016 Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID 2016 Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID 2016 Bonds.

Owners of 2016 Bonds who dispose of 2016 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2016 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2016 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2016 Bond is purchased at any time for a price that is less than the 2016 Bond’s stated redemption price at maturity or, in the case of an OID 2016 Bond, its Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original

issue discount and previously paid (the “**Revised Issue Price**”), the purchaser will be treated as having purchased a 2016 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2016 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID 2016 Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2016 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2016 Bonds.

An investor may purchase a 2016 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “**bond premium**” and must be amortized by an investor on a constant yield basis over the remaining term of the 2016 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the 2016 Bond. Investors who purchase a 2016 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2016 Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2016 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2016 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2016 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “**Service**”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2016 Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the 2016 Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2016 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the 2016 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2016 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2016 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the 2016 Bonds is exempt from California personal income taxes.

Ownership of the 2016 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon issuance of the 2016 Bonds is set forth in Appendix D.

## **LEGAL MATTERS**

Concurrent with the issuance of the 2016 Bonds, Quint & Thimmig LLP, Larkspur, California, Bond Counsel, will render its opinion substantially in the form set forth in Appendix D to this Official Statement. Quint & Thimmig LLP also is acting as Disclosure Counsel to the City with respect to the 2016 Bonds. Certain legal matters will be passed upon for the City by the City Attorney. Certain legal matters related to the 2016 Bonds will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. Payment of the fees and expenses of Bond and Disclosure Counsel, and of Underwriter's Counsel, is contingent on the issuance of the 2016 Bonds.

## **MUNICIPAL ADVISOR**

The City has retained Public Financial Management, Inc., San Francisco, California, as Municipal Advisor in connection with the issuance of the 2016 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. Compensation paid to the Municipal Advisor is contingent upon the successful issuance of the 2016 Bonds.

## **NO RATING**

The City has not made, and does not intend to make, any application to any rating agency for the assignment of a rating to the 2016 Bonds.

## **LITIGATION**

The City is not aware of any pending or threatened litigation challenging the validity of the 2016 Bonds, the Special Taxes securing the 2016 Bonds, or any action taken by the City in connection with the formation of the District, the levying of the Special Taxes or the issuance of the 2016 Bonds.

## **UNDERWRITING**

The 2016 Bonds are being purchased through negotiation by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"). The Bond Purchase Agreement for the 2016 Bonds provides that the Underwriter will purchase all of the 2016 Bonds, if any are purchased. The Underwriter agreed to purchase the Series 2016A Bonds at a price of \$\_\_\_\_\_ (which is



equal to the par amount of the Series 2016A Bonds, plus/less an original issue premium/discount of \$\_\_\_\_\_, and less an underwriter's discount of \$\_\_\_\_\_). The initial public offering prices of the 2016 Bonds set forth on the inside cover page may be changed by the Underwriter. The Underwriter may offer and sell the 2016 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof.

## **CONTINUING DISCLOSURE**

### **The City**

The City has covenanted in a Continuing Disclosure Agreement for the benefit of the Owners of the 2016 Bonds to provide certain annual financial information and operating data, and to provide notices of the occurrence of certain enumerated events. The City agreed in its certificate to file, or cause to be filed, with the MSRB such report and notices. See Appendix E—"Form of Continuing Disclosure Agreement of the City" for the complete text of the City's Continuing Disclosure Agreement. The covenants of the City have been made in order to assist the Underwriter in complying with the Rule.

During the past five years, the City and Alameda Municipal Power ("AMP") have on several occasions failed to comply in certain material respects with previous continuing disclosure undertakings pursuant to Rule 15c2-12(b)(5) promulgated under the Securities and Exchange Act of 1934, as amended, including, but not limited to (a) obligations of the City in respect of three bond issues of the Alameda Public Financing Authority, one bond issue of the Former Agency and two debt issues of the City; and (b) obligations of AMP with respect to five bond issues of the Northern California Power Agency. However, the City and AMP have since brought current all past delayed filings and are currently in compliance with their respective prior continuing disclosure undertakings.

Nevertheless, the City and AMP made a total of twelve filings of Questionnaires for Self-Reporting Entities with the U.S. Securities and Exchange Commission (the "SEC") Division of Enforcement, in response to the SEC's Municipalities Continuing Disclosure Cooperative Initiative (MCDCI) in connection with the City's and AMP's failures to fully comply with past continuing disclosure obligations. The City and AMP have had no contact with the SEC since the filings were made.

In order to assure compliance in the future with its continuing disclosure obligations, on September 9, 2014, the City Council approved disclosure policies for debt obligations of the City and its related entities. The City has engaged the services of NBS to serve as the dissemination agent under its Continuing Disclosure Agreement, and to assist it with the annual Special Tax levies on property in the District.

### **The Homebuilder**

The Homebuilder has agreed for the benefit of the owners of the 2016 Bonds in a Continuing Disclosure Agreement—Homebuilders to provide certain information on an annual and a semiannual basis, and notice of the occurrence of certain events with respect to it and the property it owns in the District. The complete text of the Continuing Disclosure Agreement—Homebuilder is set forth in Appendix F. The Homebuilder's obligation to provide continuing annual, semiannual and event disclosure will terminate if and when the Homebuilder no longer owns property in the District that is subject to twenty percent (20%) or more of the Special Tax levy for the then current fiscal year.

The Homebuilder has advised that it currently has three operating divisions, including Northern California, Southern California and Colorado. The Northern California division is the division which will be responsible for complying with the Homebuilder's obligations under the Continuing Disclosure Agreement – Homebuilder. That division has had only one prior continuing disclosure obligation in respect of special tax bonds issued in 2013 for a City of Riverside community facilities district, and the Homebuilder has advised that it complied in all material respects with such obligation, including the timely filing in July of 2014 of a notice of termination of its obligations thereunder.

### **Remedies for Failures to Comply**

A failure by the City or the Homebuilder to comply with its respective continuing disclosure obligations will not constitute a default under the Fiscal Agent Agreement. However, the Continuing Disclosure Agreements provide that, in the event of a failure of the City or the Homebuilder, as applicable, to comply with any provision of their respective Continuing Disclosure Agreement, any 2016 Bond owner, any Beneficial Owner of the 2016 Bonds or the Underwriter may seek specific performance by court order to cause it to comply with its obligations under its respective Continuing Disclosure Agreement.

### **MISCELLANEOUS**

Included herein are brief summaries of certain documents and reports, which summaries 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. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City or the District and the purchasers or Owners of any of the 2016 Bonds.

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

CITY OF ALAMEDA, CALIFORNIA for and  
on behalf of the CITY OF ALAMEDA  
COMMUNITY FACILITIES DISTRICT NO.  
13-1 (ALAMEDA LANDING PUBLIC  
IMPROVEMENTS)

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

## APPENDIX A

### GENERAL INFORMATION ABOUT THE CITY OF ALAMEDA

*The information in this section of the Official Statement is presented as general background data. The 2016 Bonds are payable solely from the Special Tax Revenues and amounts held in certain funds under the Fiscal Agent Agreement, as described in the Official Statement.*

*Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.*

#### Introduction

*The City.* The City of Alameda (the “City”) is a charter city that was incorporated in 1854. The City is located in Alameda County (the “County”) just west of the City of Oakland and approximately 12 miles east of San Francisco. The City consists of an island in the eastern portion of San Francisco Bay approximately six miles long by one and one-half miles wide and part of a peninsula adjacent to the Oakland Airport. The island portion is connected to the East Bay Area by three bridges and a vehicular underwater double barrel tube. Total City area is 22.7 square miles, about 12.4 square miles of which is water area.

The City is a major marine recreational area for Northern California with seven marinas and a private sea- port. The City is part of the highly urbanized East Bay, which consists of Alameda and Contra Costa counties. A highly skilled labor force, excellent transportation facilities, renowned educational institutions and available advanced research and development resources contribute to the area’s economy.

Naval Air Station Alameda at Alameda Point was decommissioned in 1997, and is in process of being turned over to the City of Alameda for civilian development. The area of the former NAS is now known as Alameda Point.

*The County.* Located on the east side of the San Francisco Bay, Alameda County encompasses 813 square miles and extends from Albany in the North to Fremont in the South and Livermore in the East. The population of Alameda County exceeds 1.5 million making it the seventh most populous county in California according to U.S. Census Bureau data. Population growth in Alameda County has been fairly consistent during the last forty years making it a desirable place to live and work.

The County was established in 1853 and is governed by a five-member Board of Supervisors elected by popular vote. Other elected officials include the Auditor-Controller/Clerk-Recorder, Assessor, Treasurer-Tax Collector, District Attorney, and Sheriff/Coroner. The Board of Supervisors is responsible for providing policy direction, approving the County budget, and representing the County in a number of areas including special districts. The County Administrator reports to the Board and is responsible for delivering County services.

The County possesses a large and diverse economic base, consisting of research and high technology, professional services, manufacturing, farming, finance, transportation, wholesale and retail trade, higher education, medical and health services, and government services. The County also has a diversified industrial base that provides well paying jobs to its residents.

In international trade, Alameda County has a long history of strong cultural and business ties with Pacific Rim trading partners. Because of its central location and state-of-the-art port facilities, it is a major port for the Pacific Rim trade. The County's extensive network of air, sea, highway and rail facilities have made the County a major transportation hub for regional, national, and international trade.

## Population

The table below summarizes population of the City and the County.

### CITY OF ALAMEDA and ALAMEDA COUNTY Population

Year	City of Alameda	Alameda County
2011	74,044	1,517,756
2012	74,619	1,532,253
2013	73,395	1,555,241
2014	75,961	1,574,497
2015	76,638	1,594,569

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2011-2015, with 2010 Census Benchmark.

## Employment

The following table summarizes the historical numbers of workers by industry in the County for the last five years:

### ALAMEDA COUNTY Labor Force and Industry Employment Annual Averages by Industry

	2010	2011	2012	2013	2014 <sup>(1)</sup>
Total, All Industries	648,300	655,900	676,700	701,600	721,700
Total Farm	700	700	700	600	600
Mining, Logging and Construction	30,300	30,800	33,300	35,600	37,600
Manufacturing	60,200	62,100	62,300	64,600	66,400
Wholesale Trade	34,300	34,300	35,600	36,500	37,100
Retail Trade	59,900	60,600	62,700	66,100	67,900
Transportation, Warehousing & Utilities	23,500	24,100	24,800	24,600	26,000
Information	14,000	13,600	13,600	12,900	12,700
Financial Activities	22,900	23,000	23,500	24,400	24,300
Professional & Business Services	108,500	111,600	118,300	121,300	126,000
Educational & Health Services	100,400	99,700	104,400	112,400	114,300
Leisure & Hospitality	54,500	56,000	58,700	62,800	66,600
Other Services	23,200	23,300	24,000	24,800	25,200
Government	116,100	116,000	114,900	115,100	117,000

Source: California Employment Development Department, based on March 2014 benchmark.

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor/management trade disputes. Employment reported by place of work. Items may not add to totals due to independent rounding.

(1) Last available full year data.

The following tables summarize historical employment and unemployment for the County, the State of California and the United States:

**ALAMEDA COUNTY, CALIFORNIA, and UNITED STATES**  
**Civilian Labor Force, Employment, and Unemployment**  
**(Annual Averages)**  
**2010-2014**

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate <sup>(1)</sup>
2010	Alameda County	762,600	676,600	86,000	11.3%
	California	18,336,300	16,091,900	2,244,300	12.2
	United States	153,889,000	139,064,000	14,825,000	9.6
2011	Alameda County	765,700	686,700	79,000	10.3%
	California	18,419,500	16,260,100	2,159,400	11.7
	United States	153,617,000	139,869,000	13,747,000	8.9
2012	Alameda County	778,300	708,600	69,700	9.0%
	California	18,554,800	16,630,100	1,924,700	10.4
	United States	154,975,000	142,469,000	12,506,000	8.1
2013	Alameda County	783,100	725,000	58,000	7.4%
	California	18,671,600	17,002,900	1,668,700	8.9
	United States	155,389,000	143,929,000	11,460,000	7.4
2014 <sup>(2)</sup>	Alameda County	812,000	764,300	47,700	5.9%
	California	18,811,400	17,397,100	1,414,300	7.5
	United States	155,922,000	146,305,000	9,617,000	6.2

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-2014, and US Department of Labor.

- (1) The unemployment rate is computed from unrounded data, therefore, it may differ from rates computed from rounded figures available in this table.
- (2) Latest available full-year data.

## Major Employers

The table below sets forth the ten principal employers of the County in 2015.

### ALAMEDA COUNTY 2015 Major Employers

Employer Name	Type of Business	Number of Employees	% of Total County Employment
University of California Berkeley (including Berkeley National Labs)	Education	23,962	3.07%
Kaiser Permanente Medical Group Inc.	Health Care	18,450	2.36
State of California	Government	8,930	1.14
County of Alameda	Government	8,868	1.14
Chevron Corporation	Energy	6,361	.81
Safeway Inc.	Grocery	6,270	.80
United States Postal Service	Shipping	5,948	.76
John Muir Health	Health Care	5,857	.75
Wells Fargo Bank	Financial Services	5,400	.69
City of Oakland	Government	5,055	.65
		95,101	12.17%

Source: Alameda County CAFR for the Fiscal Year Ended June 30, 2015.

## Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

### CITY OF ALAMEDA Building Permits and Valuation (Dollars in Thousands)

	2010	2011	2012	2013	2014
<u>Permit Valuation:</u>					
New Single-family	\$ 5,985	\$ 8,199	\$ 1,366	\$ 544	\$ 6,951
New Multi-family	-	-	-	-	11,899
Res. Alterations/Additions	11,465	19,659	10,652	20,806	21,589
Total Residential	\$17,450	\$27,858	\$12,019	\$21,351	\$40,440
Total Nonresidential	1,794	35,992	11,236	19,500	42,177
Total All Building	\$19,244	\$63,851	\$23,256	\$40,851	\$82,618
<u>New Dwelling Units:</u>					
Single Family	16	24	4	1	18
Multiple Family	-	-	-	-	79
Total	16	24	4	1	97

Source: Construction Industry Research Board: "Building Permit Summary."

Note: Totals may not add due to independent rounding.

**ALAMEDA COUNTY**  
**Building Permits and Valuation**  
**(Dollars in Thousands)**

	2010	2011	2012	2013	2014
<u>Permit Valuation:</u>					
New Single-family	\$ 276,660	\$ 269,312	\$ 372,939	\$ 451,279	\$ 400,498
New Multi-family	157,459	249,684	343,669	300,514	392,331
Res. Alterations/ Additions	243,289	273,631	235,264	227,675	325,493
Total Residential	\$ 677,409	\$ 792,627	\$ 951,873	\$ 979,470	\$ 1,118,323
Total Nonresidential	564,655	708,958	463,431	1,650,777	1,026,771
Total All Building	\$1,242,065	\$1,501,586	\$1,415,305	\$2,630,247	\$2,145,094
<u>New Dwelling Units:</u>					
Single Family	907	817	1,119	1,339	1,076
Multiple Family	936	1,352	1,508	2,023	2,048
Total	1,843	2,169	2,627	3,362	3,124

Source: Construction Industry Research Board: "Building Permit Summary."

Note: Totals may not add due to independent rounding.

**Commercial Activity**

Taxable sales in the City and County are shown below. Beginning in 2009, reports summarize taxable sales and permits using the NAICS codes. As a result of the coding change, however, industry-level data for 2009 are not comparable to that of prior years.

**CITY OF ALAMEDA**  
**Taxable Sales, 2009-2013**  
**(dollars in thousands)**

	2009	2010	2011	2012	2013 <sup>(1)</sup>
Retail and Food Services					
Motor Vehicles and Parts Dealers	\$ 22,469	\$ 25,647	\$ 18,916	\$ 19,464	\$ 20,247
Home Furnishings and Appliance Stores	22,772	14,014	15,645	14,974	14,798
Bldg. Matrl. and Garden Equip. and Supplies	15,594	16,685	17,943	17,720	19,028
Food and Beverage Stores	57,408	58,256	63,843	66,330	69,200
Gasoline Stations	44,175	52,226	69,631	77,426	77,956
Clothing and Clothing Accessories Stores	23,486	28,674	32,943	35,291	38,100
General Merchandise Stores	#	#	#	#	#
Food Services and Drinking Places	89,218	93,017	99,828	111,123	121,462
Other Retail Group	83,958 <sup>(#)</sup>	85,963 <sup>(#)</sup>	88,075 <sup>(#)</sup>	93,759 <sup>(#)</sup>	106,324 <sup>(#)</sup>
Total Retail and Food Services	\$359,079	\$374,483	\$406,824	\$436,087	\$467,115
All Other Outlets	186,548	168,685	176,586	205,798	215,520
Total All Outlets	\$545,627	\$543,168	\$583,410	\$641,885	\$682,635

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

Note: Totals may not add up due to independent rounding.

(1) Last available full year data.

(#) Sales omitted because their publication would result in disclosure of confidential information.



**ALAMEDA COUNTY**  
**Taxable Sales, 2009-2013**  
**(dollars in thousands)**

	2009	2010	2011	2012	2013 <sup>(1)</sup>
Retail and Food Services					
Motor Vehicles and Parts Dealers	\$ 1,949,009	\$ 2,183,709	\$ 2,405,412	\$ 2,823,697	\$ 3,138,082
Furniture and Home Furnishings Stores	410,092	412,979	438,369	474,949	506,386
Electronics and Appliance Stores	571,854	575,374	583,234	625,589	636,277
Bldg Mtrl. and Garden Equip. and Supplies	1,085,191	1,091,857	1,153,236	1,230,013	1,379,338
Food and Beverage Stores	866,117	884,033	928,190	990,964	1,031,311
Health and Personal Care Stores	415,203	419,672	434,353	440,239	476,407
Gasoline Stations	1,491,427	1,716,376	2,135,182	2,291,985	2,218,302
Clothing and Clothing Accessories Stores	878,290	926,611	995,486	1,084,439	1,331,394
Sporting Goods, Hobby, Book and Music Stores	502,870	489,954	484,909	487,666	493,428
General Merchandise Stores	1,629,370	1,710,291	1,810,195	1,887,477	1,943,081
Miscellaneous Store Retailers	845,915	900,038	955,440	988,889	939,103
Nonstore Retailers	70,906	68,868	74,685	136,755	294,264
Food Services and Drinking Places	1,925,171	1,994,522	2,121,065	2,318,686	2,505,728
Total Retail and Food Services	<u>\$12,641,415</u>	<u>\$13,374,283</u>	<u>\$14,519,756</u>	<u>\$15,781,349</u>	<u>\$16,893,102</u>
All Other Outlets	7,788,780	8,167,458	8,911,043	9,400,222	9,731,469
Totals All Outlets	<u>\$20,430,195</u>	<u>\$21,541,741</u>	<u>\$23,430,799</u>	<u>\$25,181,571</u>	<u>\$26,624,571</u>

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

Note: Totals may not add up due to independent rounding.

(1) Last available full year data.

## Median Household Income

The following table summarizes the median household effective buying income for the City, the County, the State of California and the nation for the years 2010 through 2014.

### CITY OF ALAMEDA, ALAMEDA COUNTY, CALIFORNIA and UNITED STATES Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2010	City of Alameda	\$2,120,325	\$55,813
	Alameda County	38,097,873	54,734
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Alameda	\$2,159,753	\$55,644
	Alameda County	39,064,683	54,542
	California	814,578,457	47,062
	United States	6,438,704,663	41,253
2012	City of Alameda	\$2,419,335	\$58,897
	Alameda County	43,677,855	55,396
	California	864,088,827	47,307
	United States	6,737,867,730	41,358
2013	City of Alameda	\$2,423,868	\$60,969
	Alameda County	43,770,518	57,467
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Alameda	\$2,702,575	\$65,372
	Alameda County	47,744,408	60,575
	California	901,189,699	50,072
	United States	7,357,153,421	45,448

Source: Nielsen Claritas, Inc.

## APPENDIX B

### CITY OF ALAMEDA COMMUNITY FACILITIES DISTRICT NO. 13-1 (ALAMEDA LANDING PUBLIC IMPROVEMENTS)

#### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the "CFD") and collected each Fiscal Year, commencing in Fiscal Year 2013-2014, in an amount determined by the City Council of the City of Alameda (the "City") or its designee through the application of the Rate and Method of Apportionment as described below. All of the real property in the CFD, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

#### A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

**"Act"** means the City of Alameda Special Tax Financing Improvement Code (Section 3-70 of the Alameda Municipal Code), which provides an alternative method of financing certain facilities and municipal services.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of the CFD: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD or any designee thereof of complying with arbitrage rebate requirements applicable to any Bonds; the costs to the City, CFD or any designee thereof of complying with the continuing disclosure requirements associated with applicable federal and state securities laws applicable to any Bonds and of the Act; the costs associated with preparing Special Tax disclosure statements; the costs associated with responding to public inquiries regarding the Special Taxes; the costs of the City, the CFD or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated to be needed for or advanced by the City or the CFD for any other administrative purposes of the CFD, including attorney's fees and other costs related to the collection of delinquent Special Taxes and the administration and payment of any Bonds.

**"Affordable Housing Unit"** means an attached or detached dwelling unit owned by the City's Housing Authority or its non-profit development partner, Resources for Community Development or a partnership formed for the purpose of securing low-income housing tax credit financing, and rented to persons or families meeting the qualifying income standards for low income and very low income households as defined by California Health and Safety Code Sections 50079.5 and 50105, or any successor statute thereto.

**“Alternative Developed Property”** means, for any Fiscal Year, all Developed Property, Final Mapped Property or Undeveloped Property beginning with the Successor Agency’s initial conveyance of any lot or dwelling unit.

**“Assessor’s Parcel”** means a lot or parcel shown in an Assessor’s Parcel Map with an assigned Assessor’s parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor of the County designating parcels by Assessor’s parcel number.

**“Assessor’s Parcel Number”** means that number assigned to an Assessor’s Parcel by the County for purposes of identification.

**“Assigned Special Tax”** means the Special Tax of that name described in Section C.1 below.

**“Backup Special Tax”** means the Special Tax of that name described in Section C.2 below.

**“Bonds”** means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, or any refunding thereof, to which Special Taxes have been pledged.

**“Bond Issuance”** means the date on which the Bonds are first issued by the City for the CFD.

**“Building Permit”** means a permit for the construction of a residential dwelling or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of retaining walls, utility improvements, or other such improvements not constituting a residential dwelling or non-residential structure.

**“Building Square Feet”** means all of the square footage of the structure not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area. The determination of Building Square Feet shall be made by reference to the Building Permit for the applicable Assessor’s Parcel or similar document selected by the CFD Administrator. Once such determination has been made for an Assessor’s Parcel, it shall remain fixed for all future Fiscal Years.

**“Calendar Year”** means the period commencing January 1 of any year and ending the following December 31.

**“Capitalized Interest”** means proceeds of the Bonds which are deposited in a Debt Service Fund or the equivalent thereof and available to pay debt service on Bonds.

**“Capitalized Interest Period”** means any Fiscal Year containing an Interest Payment Date for which Capitalized Interest is available to pay Debt Service or any portion thereof on the Bonds, not to exceed four Interest Payment Dates after Bond issuance.

**“CFD”** means City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements).

**“CFD Administrator”** means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of Special Taxes.

**“City”** means the City of Alameda.

**“Council”** means the City Council of the City.

**“County”** means the County of Alameda.

**“Debt Service”** means the total amount of principal and interest due and payable in any Calendar Year on any Bonds of the CFD.

**“Debt Service Fund”** means that fund established pursuant to the Indenture from which Debt Service is paid.

**“Developed Property”** means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to May 1 of the prior Fiscal Year.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section E.

**“Final Mapped Property”** means for each Fiscal Year all Taxable Property, exclusive of Developed Property, which as of January 1 of the prior Fiscal Year was located within (i) a final map, a phased final map, or portion thereof recorded pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots for which building permits may be issued, or (ii) for Condominiums, a final map recorded and a condominium plan recorded pursuant to California Civil Code Section 1352 or any successor statute thereto creating such individual lots. The term “Final Mapped Property” shall include any recorded parcel map or subdivision map or portion thereof which creates individual lots for which a building permit may be issued, including parcels that are designated as a remainder parcel.

**“First Year Prorated Special Tax”** means a Special Tax collected once for each Assessor’s Parcel, or if an Assessor’s Parcel Number has not yet been assigned, a lot of Final Mapped Property, of Alternative Developed Property on the date when it is first designated as Alternative Developed Property. The First Year Prorated Special Tax shall be calculated as of May 1 and equal 100% of the Maximum Special Tax that can be levied on such Assessor’s Parcel for the current Fiscal Year, prorated to cover only the remainder of the current Fiscal Year based upon the remaining number of days in the fiscal year from the date it became Alternative Developed Property.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Indenture”** means the indenture of trust, trust agreement, bond indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

**“Interest Payment Date”** means any date on which the scheduled payment of interest on any Bond is due and payable.

**“Land Use Class”** means any of the classes listed in Table 1 below.

**“Lot”** means an individual legal lot for which a Building Permit could be issued.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied in any Fiscal Year determined under this Rate and Method.

**“Moderate Income Unit”** means an attached or detached dwelling unit that was privately developed and is privately owned or rented but where ownership or rentals are restricted to persons or families meeting the qualifying income standards for moderate income households as defined by California Health and Safety Code Sections 50093, or any successor statute thereto.

**“Multi-Family Dwelling Unit”** means all Assessor’s Parcels of Developed Property for which a building permit was issued for construction of a residential structure containing residential dwelling Units within a building or buildings comprised of attached residential dwelling Units, all of which are made available for rental or ownership by the general public.

**“Non-Residential Property”** means all Assessor Parcels of Developed Property for which a Building Permit(s) has been issued for purposes of constructing a building that has any type of non-residential use.

**“Partial Prepayment Amount”** means the amount required to prepay a portion of the Special Tax obligation for an Assessor’s Parcel, as described in Section H.

**“Prepayment Amount”** means the amount required to prepay the Special Tax obligation in full for an Assessor’s Parcel, as described in Section H.

**“Project Fund”** means, prior to Bond Issuance, that fund established by the City and into which Special Tax revenues shall be deposited. On the date of Bond Issuance, the City shall transfer all amounts then on deposit in the Project Fund to the Trustee for deposit in a fund by the same name or an improvement fund to be established pursuant to the provisions of the Indenture.

**“Project Fund Requirement”** means \$35,000,000.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Final Mapped Property, “Proportionately” means that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Final Mapped Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all future Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as listed in Section D below.

**“Public Facilities”** means the facilities eligible to be funded by the District.

**“Public Property”** means any property within the boundaries of the CFD that is (i) used for parks, schools, drainage and detention easements, rights-of-way or any other public purpose and is owned by or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency or (ii) encumbered by an unmanned utility easement making impractical its utilization for purposes other than the purpose set forth in the easement, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 3-70.17 of the Act shall be taxed and classified in accordance with its use.

**“Rate and Method”** means this Rate and Method of Apportionment of Special Tax.

**“Reserve Fund”** means any fund established pursuant to the Indenture to pay Debt Service on the Bonds in the event that funds on deposit in the Debt Service Fund are insufficient to make such payments.

**“Residential Property”** means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more residential dwelling units.

**“Single Family Detached Dwelling Unit”** means all Assessor’s Parcels of Developed Property for which a building permit was issued for construction of a residential structure that has a single residential Unit that does not share a common wall with another Unit in private ownership where ownership is not restricted or qualified because of income.

**“Special Tax”** means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax Requirement (Pre-Bond Issuance) or Special Tax Requirement (Post-Bond Issuance), as applicable.

**“Special Tax Requirement (Pre-Bond Issuance)”** means, for any Fiscal Year commencing prior to the date on which Bond Issuance occurs, the amount required in any such Fiscal Year to (i) pay Administrative Expenses payable or reasonably expected to be payable during such Fiscal Year, plus (ii) provide for the collection or accumulation of funds in the Project Fund to be used for the acquisition or construction of Public Facilities; provided, however, that the aggregate amount on deposit therein shall not exceed the Project Fund Requirement.

**“Special Tax Requirement (Post-Bond Issuance)”** means, for any Fiscal Year commencing with the Fiscal Year following the date on which Bond Issuance occurs, the amount required in any Fiscal Year to pay (i) the Debt Service or the periodic costs on all outstanding Bonds due and payable in the Calendar Year that commences in such Fiscal Year, plus (ii) Administrative Expenses payable or reasonably expected to be payable during the Calendar Year that commences in such Fiscal Year, plus (iii) the costs associated with the release of funds from an escrow account, if any, plus (iv) any amount required to establish or replenish any Reserve Fund, plus (v) the collection or accumulation of funds in the Project Fund, provided, however, that the aggregate amount on deposit therein shall not exceed the Project Fund Requirement, plus (vi) an amount equal to reasonably anticipated delinquent Special Taxes as determined by the CFD Administrator, less (vii) any amount available to pay Debt Service or other periodic costs on the Bonds pursuant to the provisions of the Indenture or this Rate and Method of Apportionment, including Capitalized Interest.

**“State”** means the State of California.

**“Successor Agency”** means the Successor Agency to the City’s former Community Improvement Commission.

**“Taxable Property”** means any Assessor’s Parcel within the CFD, which is not exempt from the Special Tax by applicable law or this Rate and Method. “Taxable Property” does not include Public Property except Public Property leased to a private entity and subject to taxation under Subsection 3-70-17 of the Act excluding property classified as Affordable Housing Units.

**“Trustee”** means the entity acting as trustee, fiscal agent or paying agent, as applicable, under the Indenture.

**“Undeveloped Property”** means for each Fiscal Year all Taxable Property not classified as Developed Property or Final Mapped Property.

**“Unit”** means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property within the CFD shall be classified by the CFD Administrator as Developed Property, Final Mapped Property or Undeveloped Property and shall be subject to Special Taxes determined pursuant to Sections C and D below. Once

Taxable Property has been assigned to a Developed Property Classification by the CFD Administrator, it shall remain in that classification for all future Fiscal Years.

**C. MAXIMUM SPECIAL TAX**

**1. Assigned Special Tax Rates**

The Assigned Special Taxes for Taxable Property in the Original Area of the District for Fiscal Year 2013-14 are identified in Table 1A below.

**TABLE 1A**  
**ASSIGNED SPECIAL TAXES FOR**  
**ORIGINAL AREA**

<b>Land Use Class</b>	<b>Description</b>	<b>Building Square Feet</b>	<b>Assigned Special Tax</b>
<b>Taxable Developed Property</b>			
1	Single Family Detached Dwelling Unit	> 2,900	\$4,498.00 per Unit
2	Single Family Detached Dwelling Unit	2,751 - 2,900	4,278.00 per Unit
3	Single Family Detached Dwelling Unit	2,601 - 2,750	4,058.00 per Unit
4	Single Family Detached Dwelling Unit	2,451 - 2,600	3,836.00 per Unit
5	Single Family Detached Dwelling Unit	2,301 - 2,450	3,653.00 per Unit
6	Single Family Detached Dwelling Unit	2,151 - 2,300	3,616.00 per Unit
7	Single Family Detached Dwelling Unit	2,001 - 2,150	3,321.00 per Unit
8	Single Family Detached Dwelling Unit	0 - 2,000	3,064.00 per Unit
9	Multi-Family Dwelling Unit	> 2,300	3,064.00 per Unit
10	Multi-Family Dwelling Unit	2,151 - 2,300	2,880.00 per Unit
11	Multi-Family Dwelling Unit	2,001 - 2,150	2,696.00 per Unit
12	Multi-Family Dwelling Unit	1,851 - 2,000	2,513.00 per Unit
13	Multi-Family Dwelling Unit	1,701 - 1,850	2,401.00 per Unit
14	Multi-Family Dwelling Unit	1,551 - 1,700	2,144.00 per Unit
15	Multi-Family Dwelling Unit	1,401 - 1,550	2,034.00 per Unit
16	Multi-Family Dwelling Unit	1,251 - 1,400	1,923.00 per Unit
17	Multi-Family Dwelling Unit	1,101 - 1,250	1,776.00 per Unit
18	Multi-Family Dwelling Unit	0 - 1,100	1,408.00 per Unit
19	Non-Residential Property	NA	1.54 per Building Square Foot
<b>Taxable Property</b>			
20	Final Mapped Property	NA	1.50 per Lot Square Foot
21	Undeveloped Property	NA	1.50 per Lot Square Foot

The Assigned Special Taxes for Taxable Property in the Annexation Area of the District for Fiscal Year 2014-15 are identified in Table 1B below.



TABLE 1B

ASSIGNED SPECIAL TAXES  
FOR ANNEXATION AREA

Land Use Class	Description	Building Square Feet	Assigned Special Tax
Taxable Developed Property			
1	Single Family Detached Dwelling Unit	> 2,900	\$5,398 per Unit
2	Single Family Detached Dwelling Unit	2,751 - 2,900	5,134 per Unit
3	Single Family Detached Dwelling Unit	2,601 - 2,750	4,869 per Unit
4	Single Family Detached Dwelling Unit	2,451 - 2,600	4,603 per Unit
5	Single Family Detached Dwelling Unit	2,301 - 2,450	4,383 per Unit
6	Single Family Detached Dwelling Unit	2,151 - 2,300	4,339 per Unit
7	Single Family Detached Dwelling Unit	2,001 - 2,150	3,985 per Unit
8	Single Family Detached Dwelling Unit	0 - 2,000	3,676 per Unit
9	Multi-Family Dwelling Unit	> 2,300	3,676 per Unit
10	Multi-Family Dwelling Unit	2,151 - 2,300	3,456 per Unit
11	Multi-Family Dwelling Unit	2,001 - 2,150	3,235 per Unit
12	Multi-Family Dwelling Unit	1,851 - 2,000	3,015 per Unit
13	Multi-Family Dwelling Unit	1,701 - 1,850	2,882 per Unit
14	Multi-Family Dwelling Unit	1,551 - 1,700	2,573 per Unit
15	Multi-Family Dwelling Unit	1,401 - 1,550	2,440 per Unit
16	Multi-Family Dwelling Unit	1,251 - 1,400	2,308 per Unit
17	Multi-Family Dwelling Unit	1,101 - 1,250	2,131 per Unit
18	Multi-Family Dwelling Unit	0 - 1,100	1,690 per Unit
19	Non-Residential Property	NA	1.54 per Building Square Foot
Taxable Property			
20	Final Mapped Property	NA	1.85 per Lot Square Foot
21	Undeveloped Property	NA	1.80 per Lot Square Foot

2. Backup Special Tax Rates

TABLE 2

BACKUP SPECIAL TAXES

Description	Rate
Developed Property	\$1.50 per Lot Square Foot
Final Mapped Property	1.50 per Lot Square Foot
Undeveloped Property	1.50 per Lot Square Foot

3. Maximum Special Tax

The Maximum Special Tax for parcels classified as Developed Property and Final Mapped Property will equal the greater of the Assigned Special Tax or the Backup Special Tax.

4. Maximum Special Tax for Moderate Income / Affordable Housing Units

Taxable Property classified as Moderate Income Unit(s) will be taxed at a Maximum Special Tax equal to 50% of their Assigned Special Tax in Table 1. Assessor's Parcels classified as Affordable Housing Unit(s) will be exempt from the Special Tax as long as they remain classified as such. There can be no more than sixteen (16) Moderate Income Units.

5. Increases in the Maximum Special Tax

On each July 1, commencing on July 1, 2014, the Maximum Special Tax for each class of property in the Original Area (commencing on July 1, 2015 for each class of property in the Annexation Area) shall be increased by 3% over the Maximum Special Tax then in effect.

**D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2013-2014 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement and the City shall levy the Special Tax until the amount of Special Taxes equal the Special Tax Requirement.

1. Prior to Bond Issuance

For each Fiscal Year commencing prior to the date on which Bond Issuance occurs, the City shall levy a Special Tax on all Taxable Property within the CFD in accordance with the following steps:

First: Determine the Special Tax Requirement (Pre-Bond Issuance):

- a) Calculate the Administrative Expenses of the CFD for such Fiscal Year.
- b) Calculate the amount which may be levied in such Fiscal Year to increase the balance on deposit in the Project Fund to equal the Project Fund Requirement. Such amount shall equal the aggregate Special Taxes which may be levied on all Taxable Property at 100% of the applicable Assigned Special Tax rates in Table 1 less the amounts calculated in (a).
- c) Calculate the sum of items (a) and (b) to arrive at the Special Tax Requirement (Pre-Bond Issuance).

Second: Levy the Special Tax Requirement Proportionately on each Assessor's Parcel of Taxable Property up to 100% of the applicable Assigned Special Tax rates in Table 1.

2. After Bond Issuance

For each Fiscal Year commencing with the Fiscal Year following the date on which Bond Issuance occurs, the City shall levy a Special Tax on all Taxable Property within the CFD in accordance with the following steps:

First: Determine the Special Tax Requirement (Post-Bond Issuance):

- a) Calculate the Debt Service or periodic costs on all outstanding Bonds.
- b) Calculate the Administrative Expenses of the CFD for such Fiscal Year.
- c) Calculate any amount required to establish or replenish any Reserve Fund.
- d) Calculate the amount which must be levied in such Fiscal Year to increase the balance on deposit in the Project Fund (including the proceeds of Bonds deposited or projected to be deposited in the Project Fund in such Fiscal Year) to equal the Project Fund Requirement. No amount may be included in the Special Tax Requirement (Post Bond Issuance) to be deposited in the

- Project Fund if such deposit would cause the amount on deposit therein to exceed the Project Fund Requirement.
- e) Calculate the sum of items (a) through (d).
  - g) Subtract from item (e), any amounts available to pay Debt Service or other periodic costs on the Bonds including Capitalized Interest to arrive at the Special Tax Requirement (Post-Bond Issuance).

Second: Levy the Special Tax Proportionately on each Assessor's Parcel of Developed Property at a rate up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the second step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcels of Final Mapped Property at up to 100% of the Assigned Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the third step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Assigned Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Fifth: If the sum of the amounts collected in the second, third, and fourth steps is insufficient to satisfy the Special Tax Requirement, then the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax as needed to satisfy the Special Tax Requirement.

Sixth: If additional monies are needed to satisfy the Special Tax Requirement after the second through fifth steps have been completed, the Special Tax on each Assessor's Parcel of Final Mapped Property whose Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax as needed to satisfy the Special Tax Requirement.

#### **E. EXEMPTIONS**

The City shall not levy Special Taxes on Public Property within the boundaries of the CFD, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 3-70.17 of the Act shall be taxed and classified in accordance with its use excluding property classified as Affordable Housing Units.

#### **F. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that the City reserves the right to provide for any alternative method of collection, including but not limited to (a) direct billing and (b) billing, whether direct or through the services of the County, at different times, upon the CFD Administrator making a determination that such alternative method of collection better enables the CFD to meet its financial obligations. The City may covenant to foreclose and may actually foreclose on Assessor's Parcels with delinquent Special Taxes as permitted by the Act. The direct billing of the Special Tax may include the collection of the First Year

Prorated Special Tax with respect to an Assessor Parcel on the date that such Assessor's Parcel becomes Alternative Developed Property.

**G. APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator not later than one calendar year after having paid the Special Tax that is disputed. The CFD Administrator shall promptly review the appeal and, if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the City Council whose subsequent decision shall be binding. If the decision of the CFD Administrator (if the appeal is not filed with the City Council) or the City Council (if the appeal is filed with the City Council) requires the Special Tax to be modified in favor of the property owner, no cash refund shall be made for prior years' Special Tax levies, but an adjustment shall be made to the next Special Tax levy(ies). This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

**H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**"Future Facilities Costs"** means amount required to fully fund the Project Fund Requirement less Public Facilities costs funded by Previously Issued Bonds by the CFD, interest earnings on the Project Fund actually earned prior to the date of prepayment, Special Taxes collected for the Project Fund Requirement, and/or any other source of Public Facilities funding.

**"Outstanding Bonds"** means all previously issued bonds issued and secured by the levy of Special Taxes, which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding bonds to be redeemed at a later date with the proceeds of prior prepayments of Maximum Special Taxes.

**"Previously Issued Bonds"** means all Bonds that have been issued by the CFD prior to the date of prepayment.

**1. Prepayment in Full**

The obligation of an Assessor's Parcel of Developed Property or Undeveloped Property for which a Building Permit has been issued to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only after Bonds have been issued for the CFD, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 60 days prior to any Interest Payment Date for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The CFD Administrator may charge a fee for providing this service.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

		Bond Redemption Amount
	plus	Future Facilities Amount
	plus	Redemption Premium
	plus	Defeasance Amount
	plus	Administrative Fees and Expenses
	less	Reserve Fund Credit
Total:	equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Step Number:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Maximum Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property to be prepaid, compute the Maximum Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
3. Divide the Maximum Special Tax computed pursuant to Step 2 by the total estimated Maximum Special Taxes based on the Developed Property Special Tax which could be charged, less any Assessor's Parcels which have been prepaid.
4. Multiply the quotient computed pursuant to Step 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
5. Compute the current Future Facilities Costs.
6. Multiply the quotient computed pursuant to Step 3 by the total Future Facilities Costs to compute the amount of the Future Facilities Amount to be retired and prepaid (the "*Future Facilities Amount*").
7. Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the amount the Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

11. Add the amounts computed pursuant to Steps 8 and 9 and subtract the amount computed pursuant to Step 10 (the "*Defeasance Amount*").
12. Verify the administrative fees and expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming the Outstanding Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "*Administrative Fees and Expenses*").
13. The reserve fund credit (the "*Reserve Fund Credit*") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Maximum Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 6, 7, 11 and 12, less the amount computed pursuant to Step 13 (the "*Prepayment Amount*").
15. From the Prepayment Amount, the amounts computed pursuant to Steps 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds, make debt service payments, or to deposit in the Project Fund to the extent that the project fund requirement has not been satisfied. Except that the amount computed pursuant to Step 12 shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment amount that is not \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under Step 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Parcel from the County tax rolls. With respect to any Parcel that is prepaid in full, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

## 2. Prepayment in Part

The Maximum Special Tax on a Parcel of Developed Property or Undeveloped Property for which a building permit has been issued may be partially prepaid in increments of \$2,000. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = PE \times F$$

These terms have the following meaning:

**PP** = the partial prepayment

**PE** = the Prepayment Amount calculated according to Section H.1

**F** = the percent by which the owner of the Parcel(s) is partially prepaying the Maximum Special Tax.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax, (ii) the amount of partial prepayment expressed in increments of \$5,000, and (iii) the company or agency that will be acting as the escrow agent. Partial prepayment must be made not less than 60 days prior to any redemption date for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The CFD Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the Administrator shall (i) distribute the funds remitted to it according to Step 15 of Section H.1, and (ii) indicate in the records of the CFD that there has been a partial prepayment of the Maximum Special Tax and that a portion of the Maximum Special Tax equal to the outstanding percentage  $(1.00 - F)$  of the remaining Maximum Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Taxes that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

#### **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City Council reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the City Council's discretion. Interpretations may be made by the City Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in the Rate and Method of Apportionment of Special Taxes.

#### **J. TERM OF THE SPECIAL TAX**

The Special Tax may be levied for no more than 45 years from Bond Issuance.

## APPENDIX C

### SUMMARY OF THE FISCAL AGENT AGREEMENT

*The following is a summary of certain provisions of the Fiscal Agent Agreement not otherwise described in the text of this Official Statement. This summary does not purport to be comprehensive or definitive and is subject to all of the complete terms and provisions of the Fiscal Agent Agreement, to which reference is hereby made.*

#### Definitions

**“Acquisition Agreement”** means the Acquisition Agreement, dated as of November 1, 2013, between the City and Catellus Alameda Development, LLC, as originally executed and as it may thereafter be amended or supplemented in accordance with its terms.

**“Administrative Expenses”** means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the City in carrying out its duties under the Fiscal Agent Agreement (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds pursuant to the Fiscal Agent Agreement, any amounts paid or payable to any persons or entities employed by the City in connection with the discharge of any of the City’s obligations under the Fiscal Agent Agreement (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States), , and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the discharge of their respective duties under the Fiscal Agent Agreement or in connection with the 2016 Bonds and, in the case of the City, in any way related to the administration of the Bonds or the District. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid.

**“Administrative Expense Fund”** means the fund by that name established by the Fiscal Agent Agreement.

**“Agreement”** means the Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions of the Fiscal Agent Agreement.

**“Annual Debt Service”** means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of the Fiscal Agent Agreement) providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year pursuant to the Fiscal Agent Agreement).

**“Auditor”** means the auditor/controller of the County, as such other official at the County who is responsible for preparing property tax bills.

**“Authorized Officer”** means the City Manager (including any Interim City Manager), the Finance Director, the City Clerk, or any other officer or employee of the City authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in the Fiscal Agent Agreement as required to be undertaken by an Authorized Officer.



"Bond Counsel" means (i) Quint & Thimmig LLP, or (ii) any attorney or other firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Fund" means the fund by that name established by the Fiscal Agent Agreement.

"Bond Register" means the books for the registration and transfer of Bonds maintained by the Fiscal Agent under the Fiscal Agent Agreement.

"Bond Year" means the one-year period beginning on September 2 in each year and ending on September 1 in the following year except that the first Bond Year shall begin on the Closing Date and end on September 1, 2016.

"Bonds" means, collectively, the 2016 Bonds, and, if the context requires, any Parity Bonds, at any time Outstanding under the Fiscal Agent Agreement or any Supplemental Agreement.

"Business Day" means any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the state in which the Principal Office is located are authorized or obligated by law or executive order to be closed.

"CDIAC" means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

"Capitalized Interest Account" means the account by that name established under the Fiscal Agent Agreement.

"City" means the City of Alameda, California.

"Closing Date" means the date upon which there is a physical delivery of the 2016 Bonds in exchange for the amount representing the purchase price of the 2016 Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2016 Bonds or (except as otherwise referenced in the Fiscal Agent Agreement) as it may be amended to apply to obligations issued on the date of issuance of the 2016 Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, executed by the City and NBS Government Finance Group as the initial Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the 2016 Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee, fees and expenses of Fiscal Agent's counsel, expenses incurred by the City in connection with the issuance of the 2016 Bonds, special tax consultant fees and expenses, Bond (underwriter's) discount, legal fees and charges, including bond counsel and disclosure counsel, financial advisor fees, rating agency fees, costs of bond insurance (if applicable), charges for execution, transportation and safekeeping of the 2016 Bonds and other costs, charges and fees in connection with the foregoing.

"Cost of Issuance Fund" means the fund by that name established by the Fiscal Agent Agreement.

"County" means the County of Alameda, California.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Debt Service" means the scheduled amount of interest and amortization of principal (including principal payable by reason of the mandatory sinking payment provisions of the Fiscal Agent Agreement) on the Bonds and the scheduled amount of interest and amortization of principal payable on any Parity Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to the Fiscal Agent Agreement.

"District" means the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements), formed pursuant to the Law and the Resolution of Formation.

"District Value" means the market value, as of the date of the appraisal described below, of all parcels of real property in the District subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund and with the proceeds of any proposed series of Parity Bonds, as determined by reference to (i) an appraisal performed within six (6) months of the date of issuance of any proposed Parity Bonds by an MAI appraiser (the "Appraiser") selected by the City, or (ii), in the alternative, the assessed value of all such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent:

- (i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

"Finance Director" means the Finance Director of the City or any person otherwise acting as the chief financial officer of the City, or such person's written designee.

"Fiscal Agent" means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers provided in the Fiscal Agent Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Fiscal Agent Agreement.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Improvement Fund" means the fund by that name established pursuant to the Fiscal Agent Agreement.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the City or any Authorized Officer, and who, or each of whom: (i) is judged by the person or entity that approved them to have experience in matters relating to the issuance and/or administration of bonds under the Law; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, (at <http://emma.msrb.org>); and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Interest Payment Dates" means March 1 and September 1 of each year, commencing September 1, 2016.

"Law" means the City of Alameda Special Tax Financing Improvement Code, constituting Section 3-70.1 et seq. of the Alameda Municipal Code.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final scheduled maturity date for any Outstanding Bonds.

"Minimum Administrative Expense Requirement" means (a) for Fiscal Year 2015-2016, \$25,000; and (b) for each Fiscal Year after Fiscal Year 2015-2016, an amount equal to 102% of the Minimum Administrative Expense Requirement in effect for the immediately preceding Fiscal Year.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer of the City.

"Ordinance" means Ordinance No. 3125, adopted by the City Council of the City on May 5, 2015, and any other ordinance of the City levying the Special Taxes.

"Original Purchaser" means the first purchaser of the 2016 Bonds from the City, being Stifel, Nicolaus & Company, Incorporated.

"Outstanding", when used as of any particular time with reference to Bonds, means (subject to the provisions of the Fiscal Agent Agreement) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Fiscal Agent Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City pursuant to the Fiscal Agent Agreement or any Supplemental Agreement.

"Owner" or "Bondowner" means any person who shall be the registered owner of any Outstanding Bond.

"Parity Bonds" means bonds issued by the City for the District payable and secured on a parity with any then Outstanding Bonds, pursuant to the Fiscal Agent Agreement.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Agreement.

"Permitted Investments" means the following, but only to the extent that the same are acquired at Fair Market Value and are otherwise legal investments for funds of the City:

(a) Federal Securities.

(b) Registered state warrants or treasury notes or bonds of the State of California (the "State"), including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State, which are rated in one of the two highest short-term or long-term rating categories by either Moody's Investors Service or Standard and Poor's Ratings Group, and which have a maximum term to maturity not to exceed three years.

(c) Time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank or trust company, or a state or federal savings and loan association which may include the Fiscal Agent and its affiliates; provided, that the certificates of deposit shall be one or more of the following: continuously and fully insured by the Federal Deposit Insurance Corporation and/or continuously and fully secured by securities described in subdivision (a) or (b) of the definition of Permitted Investments which shall have a market value, as determined on a marked-to-market basis calculated at least weekly, and exclusive of accrued interest, or not less than 102 percent of the principal amount of the certificates on deposit.

(d) Commercial paper which at the time of purchase is of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by either Moody's Investors Service or Standard and Poor's Ratings Services, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an "A" or higher rating for the issuer's debentures, other than commercial paper, by either Moody's Investors Service or Standard and Poor's Ratings Services, provided that purchases of eligible commercial paper may not exceed 180 days' maturity nor represent more than 10 percent of the outstanding commercial paper of an issuing corporation. Purchases of commercial paper may not exceed 20 percent of the total amount invested pursuant to the definition of Permitted Investments.

(e) A repurchase agreement with a state or nationally chartered bank or trust company or a national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that all

of the following conditions are satisfied: (1) the agreement is secured by any one or more of the securities described in subdivision (a) of the definition of Permitted Investments, (2) the underlying securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars (\$100,000,000) and which is independent of the issuer of the repurchase agreement, and (3) the underlying securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than 103 percent of the amount so invested.

(f) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution the long-term unsecured obligations of which are rated Aa2 and "AA" or better, respectively, by Moody's Investors Service and Standard and Poor's Ratings Services at the time of initial investment. The investment agreement shall be subject to a downgrade provision with at least the following requirements: (1) the agreement shall provide that within five business days after the financial institution's long-term unsecured credit rating has been withdrawn, suspended, other than because of general withdrawal or suspension by Moody's Investors Service or Standard and Poor's Ratings Services from the practice of rating that debt, or reduced below "AA-" by Standard and Poor's Ratings Services or below "Aa3" by Moody's Investors Service (these events are called "rating downgrades") the financial institution shall give notice to the City and, within the five-day period, and for as long as the rating downgrade is in effect, shall deliver in the name of the City or the Fiscal Agent to the City or the Fiscal Agent Federal Securities allowed as investments under subdivision (a) of the definition of Permitted Investments with aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement invested with the financial institution at that time, and shall deliver additional allowed federal securities as needed to maintain an aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement within three days after each evaluation date, which shall be at least weekly, and (2) the agreement shall provide that, if the financial institution's long-term unsecured credit rating is reduced below "A3" by Moody's Investors Service or below "A-" by Standard and Poor's Ratings Services, the Fiscal Agent or the City may, upon not more than five business days' written notice to the financial institution, withdraw the investment agreement, with accrued but unpaid interest thereon to the date, and terminate the agreement.

(g) The Local Agency Investment Fund of the State of California.

(h) Investments in a money market mutual fund (including any funds of the Fiscal Agent or its affiliates and including any funds for which the Fiscal Agent or its affiliates provides investment advisory or other management services) rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody's Investors Service or Standard & Poor's Ratings Services.

(i) Any other lawful investment for City funds.

"Principal Office" means the corporate trust office of the Fiscal Agent as identified pursuant to the Fiscal Agent Agreement; provided, however, for the purpose of maintenance of the Registration Books and surrender of Bonds for payment, transfer or exchange such term means the office at which the Fiscal Agent conducts its corporate agency business, or such other or additional offices as may be designated by the Fiscal Agent.

"Project" means the facilities eligible to be funded by the District, as specified by the Resolution of Formation and the Resolution of Alteration.

"Rate and Method of Apportionment" means the Rate and Method of Apportionment of Special Tax for the District, as approved by the Resolution of Formation, and as it may be amended from time to time in accordance with the provisions of the Law.

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

“Refunding Bonds” means bonds issued by the City for the District the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the debt service on the Refunding Bonds in any Bond Year is not in excess of the debt service on the Bonds being refunded, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

“Registration Books” means the records maintained by the Fiscal Agent pursuant to the Fiscal Agent Agreement for the registration and transfer of ownership of the Bonds.

“Regulations” means temporary and permanent regulations promulgated under the Code.

“Reserve Fund” means the fund by that name established pursuant to the Fiscal Agent Agreement.

“Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (1) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the initial principal amount of the Bonds.

“Resolution” means the Resolution adopted by the City Council of the City on February 16, 2016, authorizing the issuance of the 2016 Bonds.

“Resolution of Alteration” means Resolution No. 15015, adopted by the City Council of the City on April 7, 2015, pursuant to which proceedings were conducted under the Law to, among other matters, add to the description of the facilities authorized to be funded by the District.

“Resolution of Formation” means Resolution No. 14880, adopted by the City Council of the City on January 7, 2014.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 15L, New York, New York 10041-0099, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Special Tax Fund” means the fund by that name established by the Fiscal Agent Agreement.

“Special Tax Prepayments” means the proceeds of any prepayments of Special Taxes received by the City, as calculated pursuant to the Rate and Method of Apportionment, less any administrative fees or penalties collected as part of any such prepayment.

“Special Tax Prepayments Account” means the account by that name within the Bond Fund established by the Fiscal Agent Agreement.

“Special Tax Revenues” means the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien, but shall not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds.

“Special Taxes” means the special tax levied within the District pursuant to the Law, the Ordinance and the Fiscal Agent Agreement.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Law and which agreement is amendatory of or supplemental to the Fiscal Agent Agreement, but only if and to the extent that such agreement is specifically authorized under the Fiscal Agent Agreement.

“Tax Consultant” means NBS Government Finance Group, or another independent financial or tax consultant retained by the City for the purpose of computing the Special Taxes.

“2016 Bonds” means the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) 2016 Special Tax Bonds, issued and outstanding under the Fiscal Agent Agreement.

### **Pledge of Special Tax Revenues**

The Bonds are secured by a first pledge of all of the Special Tax Revenues (other than the Special Tax Revenues to be retained by the City or deposited to the Administrative Expense Fund pursuant to the Fiscal Agent Agreement, and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated in the Fiscal Agent Agreement to the payment of the principal of, and interest and any premium on, the Bonds as provided therein and in the Law until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with the Fiscal Agent Agreement.

Amounts in the Improvement Fund, the Administrative Expense Fund, the Costs of Issuance Fund and the Special Tax Revenues to be retained by the City or deposited to the Administrative Expense Fund pursuant to the Fiscal Agent Agreement or deposited to the Improvement Fund pursuant to the Fiscal Agent Agreement, are not pledged to the repayment of the Bonds. The facilities financed by the District are not in any way pledged to pay the debt service on the Bonds. Any proceeds of the sale, condemnation or destruction of any facilities financed by the District are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

### **Funds and Accounts**

Special Tax Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Special Tax Fund. The City will transfer or cause to be transferred to the Fiscal Agent, as soon as practicable following receipt, all Special Tax Revenues received by the City from and after July 1, 2016, which amounts will be deposited by the Fiscal Agent to the Special Tax Fund (with Special Taxes collected prior to July 1, 2016 to be used to make payments due and owing by the City under the Acquisition Agreement and to pay related administrative expenses of the City). In addition, the Fiscal Agent shall deposit in the Special Tax Fund amounts to be transferred thereto pursuant to The Fiscal Agent Agreement.

Notwithstanding the foregoing,

(i) with respect to the first Special Tax Revenues collected by the City in any Fiscal Year in the amount of the Minimum Administrative Expense Requirement for such Fiscal Year; first, the City may retain all or any portion thereof, and not remit the same to the Fiscal Agent, to the extent the City determines that it needs said amount to pay Administrative Expenses of the City (and the City shall so use such amount to pay Administrative Expenses); and second, any remaining portion of such amount shall be separately identified by the City and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the City and shall be deposited by the Fiscal

Agent first, in the Bond Fund to the extent needed to pay any past due debt service on the Bonds; second, to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement; and third, to the Special Tax Fund for use as described in the Fiscal Agent Agreement; and

(iii) any proceeds of Special Tax Prepayments shall be separately identified by the City and shall be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting the Future Facilities Costs (as defined in the Rate and Method of Apportionment) shall be deposited by the Fiscal Agent to the Improvement Fund so long as the Improvement Fund has not theretofore been closed pursuant to the Fiscal Agent Agreement, and if the Improvement Fund has been closed, then such amount shall be retained by the City to be used to pay Project costs; and (b) any remaining portion of any Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement; and

(iv) any Special Tax Revenues constituting the portion, if any, of the Special Tax Requirement (Pre-Bond Issuance) (as defined in the Rate and Method of Apportionment), or any Special Tax Revenues constituting the portion, if any, of the Special Tax Requirement (Post Bond Issuance) (as defined in the Rate and Method of Apportionment); in each case that is to pay directly for the acquisition or construction of any portion of the Project will be separately identified by the City and shall be deposited by the Fiscal Agent in the Improvement Fund so long as the Improvement Fund has not theretofore been closed pursuant to the Fiscal Agent Agreement, and if the Improvement Fund has been closed, then such amount shall be retained by the City to be used to pay Project costs.

Moneys in the Special Tax Fund will be held by the Fiscal Agent for the benefit of the City and the Owners of the Bonds, shall be disbursed as provided below and, pending and disbursement, shall be subject to a lien in favor of the Owners of the Bonds and the City.

From time to time as needed to pay the obligations of the District, but no later than the Business Day before each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the Reserve Fund, the Special Tax Fund and the Capitalized Interest Account to the Bond Fund pursuant to the Fiscal Agent Agreement, such that the amount in the Bond Fund equals the principal (including any sinking payment, or principal due pursuant to optional or special tax prepayment redemptions), premium, if any, and interest due on the Bonds on the next Interest Payment Date, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement; provided that no such transfers shall exceed the amount then available to be transferred from the Special Tax Fund.

In addition to the foregoing, if in any Fiscal Year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund and the Reserve Fund in respect of the Interest Payment Dates occurring in the Bond Year that commences in such Fiscal Year, the Finance Director may direct the Fiscal Agent to transfer to the Administrative Expense Fund, from time to time, any amount in the Special Tax Fund in excess of the amount needed to make such transfers to the Bond Fund and the Reserve Fund, if the Finance Director determines that monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund.

Moneys in the Special Tax Fund will be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from investment of amounts in the Special Tax Fund will be retained in the Special Tax Fund to be used for the purposes thereof.



Administrative Expense Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Administrative Expense Fund, to the credit of which deposits shall be made as required by the Fiscal Agent Agreement. Moneys in the Administrative Expense Fund are to be held by the Fiscal Agent for the benefit of the City, and will be disbursed as provided in the Fiscal Agent Agreement. Moneys in this fund are not pledged as security for the 2016 Bonds.

Amounts in the Administrative Expense Fund will be withdrawn by the Fiscal Agent and paid to the City or its order upon receipt by the Fiscal Agent of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense, and the nature of such Administrative Expense. Amounts transferred to the Administrative Expense Fund pursuant to the Fiscal Agent Agreement will be used for purposes of such fund prior to using other available amounts therein.

Annually, on the last day of each Fiscal Year, the Fiscal Agent will withdraw any amounts then remaining in the Administrative Expense Fund in excess of \$25,000.00 that have not otherwise been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, and transfer such amounts to the Special Tax Fund.

Moneys in the Administrative Expense Fund will be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained in the Administrative Expense Fund to be used for the purposes of such fund.

Costs of Issuance Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Costs of Issuance Fund, to the credit of which a deposit will be made as required by the Fiscal Agent Agreement. Moneys in the Costs of Issuance Fund will be held by the Fiscal Agent and will be disbursed as provided in the Fiscal Agent Agreement. Moneys in this fund are not pledged as security for the 2016 Bonds.

Amounts in the Costs of Issuance Fund will be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by an Authorized Officer and delivered to the Fiscal Agent concurrently with the delivery of the 2016 Bonds. The Fiscal Agent will pay all Costs of Issuance upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition, or upon receipt of an Officer's Certificate requesting payment of a Cost of Issuance not listed on the initial requisition delivered to the Fiscal Agent on the Closing Date. Each such Officer's Certificate shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent will have no duty to confirm the accuracy of such facts. The Fiscal Agent shall maintain the Cost of Issuance Fund for a period of 90 days from the Closing Date and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Administrative Expense Fund.

Moneys in the Cost of Issuance Fund will be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Cost of Issuance Fund to be used for the purposes of such fund.

Bond Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Bond Fund to the credit of which deposits shall be made as required by the Fiscal Agent Agreement, and within said fund a Special Tax Prepayments Account and a Capitalized Interest Account to the credits of which deposits will be made as required by the Fiscal Agent Agreement, and any other amounts required to be deposited therein by the Fiscal Agent Agreement or the Law. Moneys in the Bond Fund and the account therein shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds, will be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, will be subject to a lien in favor of the Owners of the Bonds.

On each Interest Payment Date, and following any transfers required pursuant to the Fiscal Agent Agreement in connection with such Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in the Fiscal Agent Agreement, or a redemption of the Bonds required by the Fiscal Agent Agreement, such payments to be made in the priority listed in the succeeding paragraph. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer described in clause (ii) of the second paragraph under "Special Tax Fund" above will be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds. In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the preceding sentence, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited by the Fiscal Agent in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the Fiscal Agent Agreement, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Each such payment shall be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

Moneys in the Special Tax Prepayments Account will be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given by the Fiscal Agent under the Fiscal Agent Agreement, and will be used (together with any amounts transferred pursuant to the Reserve Fund provisions of the Fiscal Agent Agreement) to redeem Bonds on the redemption date selected in accordance with the Fiscal Agent Agreement.

All moneys in the Capitalized Interest Account will be transferred to the Bond Fund on the Business Day prior to September 1, 2016, to be used for the payment of Debt Service on the 2016 Bonds due on the immediately succeeding Interest Payment Date. When no amounts remain on deposit in the Capitalized Interest Account, the Capitalized Interest Account will be closed.

Moneys in the Bond Fund and the Special Tax Prepayments Account and the Capitalized Interest Account will be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from investment of amounts in the Bond Fund and the Special Tax Prepayments Account and the Capitalized Interest Account will be retained in the Bond Fund and the Special Tax Prepayments Account and the Capitalized Interest Account, respectively, to be used for the purposes of such fund and account as applicable.

If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and/or interest on the Bonds, the Fiscal Agent will notify the Finance Director in writing of such failure or withdrawal, and (in addition to any notice required under the Continuing Disclosure Agreement) the Finance Director will notify CDIAC of such failure or withdrawal within 10 days of the failure to make such payment or the date of such withdrawal.

**Reserve Fund.** There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Reserve Fund to the credit of which a deposit will be made on the Closing Date as required by the Fiscal Agent Agreement, which deposits, in the aggregate, will be equal to the initial Reserve Requirement, and deposits will be made as provided in the Fiscal Agent Agreement. Moneys in the Reserve Fund will be held by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on, the Bonds and will be subject to a lien in favor of the Owners of the Bonds.

Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming Bonds from the Bond Fund.

Whenever, on the Business Day before any Interest Payment Date, or on any other date at the request of an Authorized Officer, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent will provide written notice to the City of the amount of the excess and will transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with the Fiscal Agent Agreement.

Amounts in the Reserve Fund will be withdrawn, at the written request of an Authorized Officer, for purposes of making payment to the federal government to comply with the Fiscal Agent Agreement.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption, in accordance with the Fiscal Agent Agreement, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the City to be used for any lawful purpose under the Law. Notwithstanding the foregoing, no amounts will be transferred from the Reserve Fund pursuant to the Fiscal Agent Agreement until after (i) the calculation, of any amounts due to the federal government following payment of the Bonds and withdrawal of any such amount under the Fiscal Agent Agreement for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to the Fiscal Agent Agreement, a proportionate amount in the Reserve Fund (determined by the Finance Director on the basis of the principal of Bonds to be redeemed and the then original principal of the Bonds) will be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to the Fiscal Agent Agreement.

Moneys in the Reserve Fund will be invested in accordance with the Fiscal Agent Agreement. One Business Day before each Interest Payment Date, interest earnings and profits resulting from said investment will be transferred by the Fiscal Agent to the Bond Fund to be used by the Fiscal Agent for the purposes of such fund, but any such transfer will be made only to the extent that following such transfer the amount on deposit in the Reserve Fund equals the then Reserve Requirement.

#### **Certain Covenants of the City**

The City will punctually pay or cause to be paid the principal of and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Fiscal Agent Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Fiscal Agent Agreement and all Supplemental Agreements and of the Bonds.

The Bonds are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund (including the Special Tax Prepayments Account and the Capitalized Interest Account therein), the Reserve Fund and the Special Tax Fund created under the Fiscal Agent Agreement.

In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default under the Fiscal Agent Agreement, to the benefits of the Fiscal Agent Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien created in the Fiscal Agent Agreement for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement.

The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Special Tax Revenues. Such books of record and accounts shall at all times during City business hours and following reasonable prior written notice be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

The City will comply with all applicable provisions of the Law in administering the District; provided that the City shall have no obligation to advance any of its own funds for any purpose whatsoever under the Fiscal Agent Agreement.

The City shall assure that the proceeds of 2016 Bonds are not so used as to cause the 2016 Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2016 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

The City shall comply with all requirements of the Law so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or about July 1 of each year, the Fiscal Agent shall provide the Finance Director with a notice stating the amounts then on deposit in the Bond Fund and the Reserve Fund. The receipt of such notice by the Finance Director shall in no way affect the obligations of the City under the following three paragraphs. Upon receipt of such notice, the Finance Director shall communicate with the Auditor or other appropriate official of the County to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year. In computing the amount of Special Taxes to be levied, the City shall take into account funds available in the Bond Fund and the Special Tax Fund to make the payment of debt service on the Bonds due on the Interest Payment Dates occurring in the next calendar year,

along with any transfers of investment earnings on amounts in the Reserve Fund pursuant to the Fiscal Agent Agreement to the Bond Fund expected to occur on such Interest Payment Date.

The City shall effect the levy of the Special Taxes from time to time during each Fiscal Year in accordance with the Ordinance and the Rate and Method of Apportionment. Specifically, the City shall compute the amount of Special Taxes to be so levied each Fiscal Year before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next secured or unsecured, as applicable, real property tax roll. Upon the completion of the computation of the amounts of the levy, the City shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll. The Special Taxes so levied shall be payable and be collected in the same manner and at the same time and in the same installment as the taxes on property levied on the tax roll are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general ad valorem taxes levied on the County tax roll.

In the event that the City determines to levy all or a portion of the Special Taxes by means of direct billing of the property owners within the District, and to the extent permitted by the Ordinance, the City shall, not less than forty-five (45) days prior to the first Interest Payment Date for which the levy is being made, send bills to the property owners in the District for Special Taxes necessary to meet the financial obligations of the District due on the Interest Payment Dates for which the levy is being made, said bills to specify that the amounts so levied shall be due and payable in two equal installments with each installment due not less than thirty (30) days prior to the related Interest Payment Date and each installment shall be delinquent if not paid when due.

In any event, the City shall fix and levy the amount of Special Taxes within the District required for the timely payment of principal of and interest on any outstanding Bonds becoming due and payable, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses, and shall take into account any prepayments of Special Taxes theretofore received by the City. The Special Taxes so levied shall not exceed the maximum amounts as provided in the Rate and Method of Apportionment.

The Finance Director is authorized in the Fiscal Agent Agreement to employ consultants to assist in computing the levy of the Special Taxes under the Fiscal Agent Agreement and any reconciliation of amounts levied to amounts received. The fees and expenses of such consultants and the costs and expenses of the Finance Director (including a charge for City staff time) in conducting its duties under the Fiscal Agent Agreement shall be an Administrative Expense under the Fiscal Agent Agreement.

The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Fiscal Agent Agreement.

The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2016 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2016 Bonds would have caused the 2016 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

The City shall take all actions necessary to assure the exclusion of interest on the 2016 Bonds from the gross income of the owners of the 2016 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2016 Bonds.

The Finance Director is hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for City staff time) in conducting foreclosure proceedings shall be an Administrative Expense under the Fiscal Agent Agreement.

Except as expressly permitted by the Fiscal Agent Agreement, the City shall not issue any additional bonds secured by (A) a pledge of Special Taxes on a parity with or senior to the pledge thereof under the Fiscal Agent Agreement; or (B) any amounts in any funds or accounts established under the Fiscal Agent Agreement.

In determining the yield of the 2016 Bonds to comply with the Fiscal Agent Agreement, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the 2016 Bonds, without regard to whether or not prepayments are received or 2016 Bonds redeemed.

The City covenants and agrees in the Fiscal Agent Agreement that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default on the Bonds or a breach of any other provision of the Fiscal Agent Agreement; however, the Participating Underwriter or any 2015 Bondholder may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under the Continuing Disclosure Agreement, including seeking mandate or specific performance by court order.

The City covenants and agrees in the Fiscal Agent Agreement to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any Fiscal Year, equal to 110% of the aggregate of the debt service due on the Bonds in such Fiscal Year, plus a reasonable estimate of Administrative Expenses for such Fiscal Year. It is hereby acknowledged that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.

The following requirements will apply to the 2016 Bonds, in addition to those requirements under the Fiscal Agent Agreement:

(A) Annual Reporting. Not later than October 30 of each calendar year, beginning with the October 30, 2016, and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the City shall cause the following information to be supplied to CDIA: (i) the name of the City; (ii) the full name of the District; (iii) the name, title, and series of the Bond issue; (iv) any credit rating for the Bonds and the name of the rating agency; (v) the Closing Date of the Bond issue and the original principal amount of the Bond issue; (vi) the amount of the Reserve Requirement; (vii) the principal amount of Bonds outstanding; (viii) the balance in the Reserve Fund; (ix) the amount, if any, in the Capitalized Interest Account; (x) the number of parcels in the District that are delinquent with respect to Special Tax payments, the amount that each parcel is delinquent, the total amount of Special Taxes due on the delinquent parcels, the length of time that each has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified; (xi) the balance, if any, in the Improvement Fund; (xii) the assessed value of all parcels subject to the Special Tax to repay the Bonds as shown on the most recent equalized roll, the date of assessed value reported, and the source of the information; (xiii) the total amount of Special Taxes due, the total amount of unpaid Special Taxes, and whether or not the Special Taxes are paid under the County's Teeter Plan (Chapter 6.6 (commencing with Section 54773) of the California Government Code); (xiv) the reason and the date, if applicable, that the Bonds were retired; and (xv) contact information for the party

providing the foregoing information. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and interest on the Bonds, the Fiscal Agent shall notify the City of such failure or withdrawal in writing. The City shall notify CDIAC and the Original Purchaser of such failure or withdrawal within 10 days of such failure or withdrawal, and the City shall provide notice under the Continuing Disclosure Agreement of such event as required thereunder.

(C) Special Tax Reporting. The Finance Director shall file, or cause to be filed, a report with the City no later than January 1, 2016, and at least once a year thereafter, which annual report shall contain: (i) the amount of Special Taxes collected and expended with respect to the District, (ii) the amount of Bond proceeds collected and expended with respect to the District, and (iii) the status of the Project. It is acknowledged that the Special Tax Fund and the Special Tax Prepayments Account are the accounts into which Special Taxes collected on the District will be deposited for purposes of Section 50075.1(c) of the California Government Code, and the funds and accounts listed in the Fiscal Agent Agreement are the funds and accounts into which Bond proceeds will be deposited for purposes of Section 53410(c) of the California Government Code, and the annual report described in the preceding sentence is intended to satisfy the requirements of Sections 50075.1(d), 50075.3(d) and 53411 of the California Government Code.

(D) Amendment. The reporting requirements of the Fiscal Agent Agreement shall be amended from time to time, without action by the City or the Fiscal Agent (i) with respect to subparagraphs (A) and (B) above, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Law, and (ii) with respect to subparagraph (C) above, to reflect any amendments to Section 50075.1, 50075.3, 53410 or 53411 of the California Government Code. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the City's obligations under the Continuing Disclosure Agreement. The City shall notify the Fiscal Agent in writing of any such amendments which affect the reporting obligations of the Fiscal Agent under the Fiscal Agent Agreement.

(E) No Liability. None of the City and its officers, agents and employees (including but not limited to the Finance Director), or the Fiscal Agent, shall be liable for any inadvertent error in reporting the information required by the Fiscal Agent Agreement.

The Finance Director shall provide, or cause to be provided, copies of any reports prepared pursuant to the above described provisions to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the City to produce such information and pay any postage or other delivery cost to provide the same, as determined by the Finance Director. The term "Bondowner" for purposes of the foregoing shall include any beneficial owner of the Bonds.

The City covenants not to exercise any rights it may have under the Law to waive delinquency and redemption penalties related to the Special Taxes or to declare Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the owners of the Bonds. The City further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds that will remain Outstanding following such tender.

The City will not bid at a foreclosure sale of property in respect of delinquent Special Taxes unless it expressly agrees to take the property subject to the lien for Special Taxes imposed by the

District and that the Special Taxes levied on the property are payable while the City owns the property.

### **Deposit and Investment of Moneys in Funds**

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. The Officer's Certificate shall contain a certification to the Fiscal Agent that the investments being directed are Permitted Investments as required under the Fiscal Agent Agreement. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments described in clause (h) of the definition thereof; provided, however, that any such investment shall be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent shall have received an Officer's Certificate specifying a specific money market fund into which the funds shall be invested and, if no such Officer's Certificate is so received, the Fiscal Agent shall hold such moneys uninvested.

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the City shall be invested by the City in any lawful investments that the City may make or in any Permitted Investment, which in any event by their terms mature prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the Fiscal Agent Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in the Fiscal Agent Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

The Fiscal Agent or the City's Finance Director may act as principal or agent in the acquisition or disposition of any investment, and all investments may be made through the Fiscal Agent's investment department or that of its affiliates. The Fiscal Agent or its affiliates may act as sponsor, agent manager or depository with regard to any Permitted Investment. Neither the Fiscal Agent nor the Finance Director shall incur any liability for losses arising from any investments made pursuant to the applicable provisions of the Fiscal Agent Agreement.

Except as otherwise provided in the next sentence, the City shall direct or make investments under the Fiscal Agent Agreement such that all investments of amounts deposited in any fund or account created by or pursuant to the Fiscal Agent Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by the Fiscal Agent Agreement or the Code) at Fair Market Value. The City shall direct or make investments under the Fiscal Agent Agreement such that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent shall have no duty in connection with the determination of the Fair Market Value of any investment other than to follow: (A) its normal practices in the purchase, sale and determining the value of Permitted Investments; and (B) the investment directions of the City.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Fiscal Agent Agreement for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Finance Director under the Fiscal Agent Agreement, provided that the Fiscal Agent or the Finance Director, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Fiscal Agent Agreement.



The Fiscal Agent shall sell in a commercially reasonable manner, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Finance Director shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Fiscal Agent Agreement.

The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of security transactions to be effected by the Fiscal Agent under the Fiscal Agent Agreement as they occur. The City specifically waives the right to receive such notification to the extent permitted by applicable law and agrees that it will instead receive monthly cash transactions statements which include detail for the investment transactions effected by the Fiscal Agent under the Fiscal Agent Agreement; provided, however, that the City retains its rights to, upon written request to the Fiscal Agent, receive brokerage confirmation on any investment transaction requested by the City and affected by the Fiscal Agent at no additional cost.

### **Rebate of Excess Investment Earnings to the United States**

The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2016 Bonds.

The City will direct the Fiscal Agent to withdraw such amounts from the Reserve Fund as necessary to make any required rebate payments, and pay such amounts to the federal government as required by the Code and the Regulations. In the event of any shortfall in amounts available to make such payments, the City shall make such payment from any amounts available in the Administrative Expense Fund or from any other lawfully available funds of the District. Any fees or expenses incurred by the City under or pursuant to the foregoing provisions of the Fiscal Agent Agreement are Administrative Expenses.

In order to provide for the administration of the actions described in the preceding paragraph, the Finance Director may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Finance Director may deem appropriate and in addition, and without limitation of the provisions of the Fiscal Agent Agreement, the Finance Director may rely conclusively upon and be fully protected from all liability in relying upon the opinions, determinations, calculations and advice of such agents, attorneys and consultants employed under the Fiscal Agent Agreement. The Fiscal Agent may rely conclusively upon the City's determinations, calculations and certifications required by the Fiscal Agent Agreement. The Fiscal Agent shall have no responsibility to independently make any calculation or determination or to review the City's calculations.

### **Liability of City**

The City shall not incur any responsibility in respect of the Bonds or the Fiscal Agent Agreement other than in connection with the duties or obligations explicitly in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent in the Fiscal Agent Agreement or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the City, including the Finance Director, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of the Fiscal Agent

Agreement. The City, including the Finance Director, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Fiscal Agent Agreement in good faith and in accordance therewith.

The City shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Fiscal Agent Agreement) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent or other appropriate agent or consultant, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

### **Fiscal Agent**

MUFG Union Bank, N.A., at its corporate trust office in Los Angeles, California is thereby appointed Fiscal Agent and paying agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in the Fiscal Agent Agreement, and no implied covenants or obligations shall be read into the Fiscal Agent Agreement against the Fiscal Agent.

Any company or association into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company or association resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company or association shall be eligible under the following paragraph of this Section, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything in the Fiscal Agent Agreement to the contrary notwithstanding. The Fiscal Agent shall give the Finance Director written notice of any such succession under the Fiscal Agent Agreement.

The City may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank, association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above

referred to, then for the purposes of the Fiscal Agent Agreement, combined capital and surplus of such bank, association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent. Upon such acceptance, the successor Fiscal Agent shall be vested with all rights and powers of its predecessor under the Fiscal Agent Agreement without any further act.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of the Fiscal Agent Agreement within forty-five (45) days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Bondowner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

If, by reason of the judgment of any court, or reasonable agency, the Fiscal Agent is rendered unable to perform its duties under the Fiscal Agent Agreement, all such duties and all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement shall be assumed by and vest in the Finance Director for the benefit of the Owners. The City covenants for the direct benefit of the Owners that its Finance Director in such case shall be vested with all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent under the Fiscal Agent Agreement, in trust for the benefit of the Owners of the Bonds. In such event, the Finance Director may designate a successor Fiscal Agent qualified to act as Fiscal Agent under the Fiscal Agent Agreement.

The recitals of facts, covenants and agreements in the Fiscal Agent Agreement and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Fiscal Agent Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of the Fiscal Agent Agreement; but in the case of any such certificates or opinions by which any provisions of the Fiscal Agent Agreement are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Fiscal Agent Agreement. Except as provided above in this paragraph, Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Fiscal Agent Agreement, upon any resolution, order, notice, request, requisition, Officer's Certificate, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Fiscal Agent Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Fiscal Agent Agreement, or as to the correctness of any amounts received, and its liability shall be limited to the proper accounting for such funds as it shall actually receive.

The Fiscal Agent may consult with counsel, who may be counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Fiscal Agent Agreement in good faith and in accordance therewith.

In order to perform its duties and obligations under the Fiscal Agent Agreement, the Fiscal Agent may employ such persons or entities as it deems necessary or advisable. The Fiscal Agent shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith under the Fiscal Agent Agreement, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

The Fiscal Agent agrees to accept and act upon instructions or directions pursuant to the Fiscal Agent Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Fiscal Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Fiscal Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Fiscal Agent in its discretion elects to act upon such instructions, the Fiscal Agent's reasonable understanding of such instructions shall be deemed controlling. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Fiscal Agent, including without limitation the risk of interception and misuse by third parties.

The Fiscal Agent shall not be considered in breach of or in default in its obligations under the Fiscal Agent Agreement or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of god or of the public enemy or terrorists, acts of a government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement as the City shall reasonably request, including but not limited to periodic cash transaction statements which

include detail for all investment transactions effected by the Fiscal Agent or brokers selected by the City. Upon the City's election, such statements will be delivered via the Fiscal Agent's online service and upon electing such service, paper statements will be provided only upon request.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Improvement Fund, the Special Tax Fund, the Bond Fund, the Special Tax Prepayments Account, the Capitalized Interest Account, the Reserve Fund, the Administrative Expense Fund and the Costs of Issuance Fund. Such books of record and accounts shall upon reasonable prior notice at all times during business hours be subject to the inspection of the City and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, requisition, Officer's Certificate, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Fiscal Agent Agreement) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of the City, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The City shall pay to the Fiscal Agent from time to time, promptly upon written request, reasonable compensation for all services rendered as Fiscal Agent under the Fiscal Agent Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Fiscal Agent Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under the Fiscal Agent Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder (including legal fees and expenses) which are not due to its negligence or willful misconduct. The obligation of the City under this Section shall survive resignation or removal of the Fiscal Agent under the Fiscal Agent Agreement and payment of the Bonds and discharge of the Fiscal Agent Agreement, but any monetary obligation of the City arising under this Section shall be limited solely to amounts on deposit in the Administrative Expense Fund.

#### **Amendment of the Fiscal Agent Agreement**

The Fiscal Agent Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or

amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Law, the laws of the State of California or the Fiscal Agent Agreement), or reduce the percentage of Bonds required for the amendment of the Fiscal Agent Agreement. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Fiscal Agent Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City in the Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power reserved to or conferred upon the City in the Fiscal Agent Agreement;

(B) to make modifications not adversely affecting any outstanding series of Bonds of the City in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the City may deem necessary or desirable and not inconsistent with the Fiscal Agent Agreement, and which shall not adversely affect the rights of the Owners of the Bonds;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure the exclusion from gross income, for purposes of federal income taxation, of interest on the 2016 Bonds; and

(E) in connection with the issuance of Parity Bonds under and pursuant to the Fiscal Agent Agreement.

The Fiscal Agent may in its discretion, but shall not be obligated to, enter into any such Supplemental Agreement authorized by the Fiscal Agent Agreement which materially adversely affects the Fiscal Agent's own rights, duties or immunities under the Fiscal Agent Agreement or otherwise with respect to the Bonds or any agreements related thereto. The Fiscal Agent may request and shall be fully protected in relying upon, an opinion of Bond Counsel that any proposed Supplemental Agreement complies with the applicable requirements of the Fiscal Agent Agreement.

### **Discharge of Agreement**

The City shall have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Fiscal Agent Agreement is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the City shall determine as confirmed by Bond Counsel, an Independent Financial Consultant or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Fiscal Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the City shall have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in the Fiscal Agent Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Fiscal Agent Agreement and all other obligations of the City under the Fiscal Agent Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligations of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, to pay all amounts owing to the Fiscal Agent pursuant to the Fiscal Agent Agreement, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, shall continue in any event.

Upon compliance by the City with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid over to the City and any Special Taxes thereafter received by the City shall not be remitted to the Fiscal Agent but shall be retained by the City to be used for any purpose permitted under the Law.

## APPENDIX D

### FORM OF OPINION OF BOND COUNSEL

March \_\_, 2016

City Council  
City of Alameda, California  
2263 Santa Clara Avenue  
Alameda, California 94501

**OPINION:**     \$\_\_\_\_\_ City of Alameda Community Facilities District No. 13-1  
(Alameda Landing Public Improvements) 2016 Special Tax Bonds

---

Members of the City Council:

We have acted as bond counsel to the City of Alameda, California (the "City") in connection with the issuance by the City, for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the "District"), of its \$\_\_\_\_\_ City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) 2016 Special Tax Bonds (the "Bonds"), pursuant to the City of Alameda Special Tax Financing Improvement Code, constituting Section 3-70.1 of the Alameda Municipal Code (the "Law"), a Fiscal Agent Agreement, dated as of March 1, 2016 (the "Fiscal Agent Agreement"), by and between the City, for and on behalf of the District, and MUFG Union Bank, N.A., as fiscal agent, and Resolution No. \_\_\_\_\_ adopted by the City Council of the City on February 16, 2016 (the "Resolution").

In connection with this opinion, we have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution and in the Fiscal Agent Agreement, and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is a municipal corporation and chartered city organized and existing under its charter and the laws of the State of California, with the power to enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein and issue the Bonds.

2. The Fiscal Agent Agreement has been duly entered into by the City and constitutes a valid and binding obligation of the City enforceable upon the City in accordance with its terms.

3. Pursuant to the Law, the Fiscal Agent Agreement creates a valid lien on the funds pledged by the Fiscal Agent Agreement for the security of the Bonds, on a parity with the pledge thereof with respect to any Parity Bonds that may be issued under, and as such term is defined in, the Fiscal Agent Agreement.



4. The Bonds have been duly authorized, executed and delivered by the City and are valid and binding limited obligations of the City for the District, payable solely from the sources provided therefor in the Fiscal Agent Agreement.

5. Subject to the City's compliance with certain covenants, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, and (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure by the City to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Resolution and the Fiscal Agent Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the City and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE CITY

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement"), dated as of March 1, 2016, is by and between NBS GOVERNMENT FINANCE GROUP, as dissemination agent (the "Dissemination Agent"), and the City of Alameda, California (the "City").

#### RECITALS:

WHEREAS, the City has issued, for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the "District"), its City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements), 2016 Special Tax Bonds (the "Bonds") in the initial principal amount of \$\_\_\_\_\_; and

WHEREAS, the Bonds have been issued pursuant to a Fiscal Agent Agreement, dated as of March 1, 2016 (the "Fiscal Agent Agreement"), by and between MUFG Union Bank, N.A., as fiscal agent (the "Fiscal Agent"), and the City, for and on behalf of the District; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the owners and beneficial owners of the Bonds and in order to assist the underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

#### AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. In addition to the definitions of capitalized terms set forth in Section 1.03 of the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the Recitals above, the following terms shall have the following meanings when used in this Disclosure Agreement:

*"Annual Report"* means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

*"Disclosure Representative"* means the Finance Director of the City, or the Finance Director's designee, or such other officer or employee as the City shall designate as the Disclosure Representative hereunder in writing to the Dissemination Agent from time to time.

*"Dissemination Agent"* means NBS Government Finance Group, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

*"EMMA" or "Electronic Municipal Market Access"* means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and

disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

*"Listed Events"* means any of the events listed in Section 5(a) or 5(b) of this Disclosure Agreement.

*"MSRB"* means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

*"Official Statement"* means the Official Statement, dated March \_\_, 2016, relating to the Bonds.

*"Participating Underwriter"* means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with 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 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

### Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The City shall, or shall cause the Dissemination Agent to, not later than the March 1 occurring after the end of each fiscal year of the City, commencing with the report for the 2015-16 fiscal year, which is due not later than February 1, 2017, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than seven months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b) of this Section 3 for providing the Annual Report to EMMA), the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City.

(d) *Report of Non-Compliance.* If the City is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the City shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the City is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination

Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Agreement, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. It is acknowledged that the Closing Date for the Bonds occurred after the end of the 2015-2016 fiscal year of the City. In light of the foregoing, submission of the Official Statement shall satisfy the City's obligation to file an Annual Report for fiscal year 2015-2016.

The Annual Report for each fiscal year commencing with the Annual Report for the 2016-2017 fiscal year, shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the City for the most recently completed fiscal year, prepared in accordance generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* The Annual Report for each fiscal year commencing with fiscal year 2016-2017 shall also include the following information:

(i) The principal amount of Bonds Outstanding as of the September 30 next preceding the date of the Annual Report.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of the September 30 next preceding the date of the Annual Report.

(iii) The balance in the Improvement Fund, if any, as of the September 30 next preceding the date of the Annual Report.

(iv) The total assessed value of all parcels within the District on which the Special Taxes are levied, as shown on the assessment roll of the City Assessor last equalized prior to the September 30 next preceding the date of the Annual Report, and a statement of assessed value-to-lien ratios therefor, either by individual parcel or by categories, in a table similar to Table 4 in the Official Statement.

(v) The Special Tax aggregate delinquency rate for all parcels within the District on which the Special Taxes are levied, the aggregate number of parcels within the District on which the Special Taxes are levied and which are delinquent in payment of Special Taxes, and the percentage of the most recent annual Special Tax levy that is delinquent, all as of the September 30 next preceding the date of the Annual Report.

(vi) The status of foreclosure proceedings for any parcels within the District on which the Special Taxes are levied and a summary or the results of any foreclosure sales, or other collection efforts with respect to delinquent Special Taxes, as of the September 30 next preceding the date of the Annual Report.

(vii) The identity of any property owner representing more than five percent (5%) of the annual Special Tax levy who is delinquent in payment of such Special Taxes, as shown on the assessment roll of the City Assessor last equalized prior to the September 30 next

preceding the date of the Annual Report, the number of parcels so delinquent, and the total dollar amount of all such delinquencies.

(viii) A land ownership summary listing property owners responsible for more than five percent (5%) of the annual Special Tax levy, as shown on the assessment roll of the County Assessor last equalized prior to the January 1 next preceding the date of the Annual Report.

(ix) The most recent annual information required to be provided to the California Debt and Investment Advisory Commission pursuant to Section 5.19 of the Fiscal Agent Agreement.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on EMMA. The City shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the City 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.

#### Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The City shall, or shall cause the Dissemination (if not the City) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), 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.

(b) *Material Reportable Events.* The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) 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.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* The City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Fiscal Agent Agreement.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NBS Government Finance Group

If the Dissemination Agent is not the City, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the City. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports,

notices or disclosures provided to it under this Disclosure Agreement and has no liability to any person, including any Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the City shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the City.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the City for its services provided hereunder as agreed to between the Dissemination Agent and the City from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder, with payment to be made from any lawful funds of the District. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, the owners of the Bonds, the Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any written direction from the City or a written opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the City. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the City to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the City under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the City that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

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

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bond owners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bond owners or Beneficial Owners.

If this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the City shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the

Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or future notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, any Bond owner, any Beneficial Owner, the Fiscal Agent or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and the owners and the 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 Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.



IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

CITY OF ALAMEDA, CALIFORNIA

By: \_\_\_\_\_  
Elizabeth D. Warmerdam,  
*Interim City Manager*

NBS GOVERNMENT FINANCE GROUP, as  
Dissemination Agent

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

## EXHIBIT A

### NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Alameda, California

Name of Bond Issue: \$\_\_\_\_\_ City of Alameda Community Facilities District No. 13-1  
(Alameda Landing Public Improvements), 2016 Special Tax Bonds

Date of Issuance: March \_\_, 2016

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.17 of the Fiscal Agent Agreement, dated as of March 1, 2016, between the Obligor and MUFG Union Bank, N.A., as fiscal agent. The Obligor anticipates that the Annual Report will be filed by \_\_\_\_\_.

Date: \_\_\_\_\_

By: NBS Government Finance Group, as  
Dissemination Agent

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT – HOMEBUILDER

This Continuing Disclosure Agreement – Homebuilder (the “Disclosure Agreement”) dated as of March 1, 2016, is executed and delivered by Tri Pointe Homes, Inc., a California corporation (the “Developer”), and NBS Government Finance Group, as dissemination agent (the “Dissemination Agent”), in connection with the execution and delivery by the City of Alameda, California (the “City”), for and on behalf of the City of Alameda Community Facilities District 13-1 (Alameda Landing Public Improvements) (the “District”), of its City of Alameda Community Facilities District 13-1 (Alameda Landing Public Improvements), 2016 Special Tax Bonds (the “Bonds”).

The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of March 1, 2016 (the “Fiscal Agent Agreement”), by and between the City, for and on behalf of the District, and MUFG Union Bank, N.A., as fiscal agent. The Bonds are payable from special taxes levied on property in the District, and the Developer currently owns property in the District.

The Developer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer and the Dissemination Agent for the benefit of the owners and the beneficial owners of the Bonds.

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

“Affiliate” means any Person presently directly (or indirectly through one or more intermediaries) currently under managerial control of the Developer, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property which the Developer owns or the Developer’s ability to pay the Special Taxes related to the Property which the Developer owns).

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

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the \_\_\_\_\_ of the Developer or his designee acting on behalf of the Developer, or such other officer or employee as the Developer shall designate in writing to the Dissemination Agent from time to time.

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

“District” shall mean the City of Alameda Community Facilities District 13-1 (Alameda Landing Public Improvements).

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“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 and the same shall remain undismissed for a period of 60 days, 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.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30.

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

“MSRB” means the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement, dated March \_\_, 2016, relating to the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds, being Stifel, Nicolaus & Company, Incorporated.

“Person” shall mean any natural person, corporation, partnership, firm, or association, whether acting in an individual fiduciary, or other capacity.

“Property” means the real property within the boundaries of the District that is owned by the Developer or any Affiliate.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless 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>.

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

“Semiannual Report” shall mean any report to be provided by the Developer on or prior to December 15 of each year pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“State” shall mean the State of California.

### SECTION 3. Provision of Annual Reports.

(a) The Developer shall, or shall cause the Dissemination Agent to, not later than June 15 of each year, commencing June 15, 2016, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If, in any year, June 15 falls on a Saturday, Sunday or a holiday on which the Dissemination Agent's offices are closed for business, such deadline shall be extended to the next following day on which the Dissemination Agent's offices are open for business. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement, provided that the audited financial statements, if any, of the Developer may be submitted separately from the balance of the Annual Report and later than the date required for the filing of the Annual Report if they are not available by that date. In addition, the Developer shall, or shall cause the Dissemination Agent to, not later than December 15 of each year, commencing December 15, 2016, provide to the Repository a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If, in any year, December 15 falls on a Saturday, Sunday or a holiday on which the Dissemination Agent's offices are closed for business, such deadline shall be extended to the next following day on which the Dissemination Agent's offices are open for business.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report and Semiannual Report to Repositories, the Developer shall provide the Annual Report or the Semiannual Report, as applicable, to the Dissemination Agent or shall provide notification to the Dissemination Agent that the Developer is preparing, or causing to be prepared, the Annual Report or the Semiannual Report, as applicable, and the date which the Annual Report or the Semiannual Report, as applicable, is expected to be available. If by such date, the Dissemination Agent has not received a copy of the Annual Report or the Semiannual Report, as applicable, or notification as described in the preceding sentence, the Dissemination Agent shall notify the Developer of such failure to receive the report.

(c) If the Dissemination Agent is unable to provide an Annual Report or Semiannual Report to Repositories by the date required in subsection (a) or to verify that an Annual Report or Semiannual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repository in the form required by the Repository.

(d) The Developer shall, or shall cause the Dissemination Agent to:

(i) determine each year prior to the date for providing the Annual Report and the Semiannual Report the name and address of the Repository; and

(ii) promptly file a report with the Developer and the County certifying that the Annual Report or the Semiannual Report, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the Repository.

(e) Notwithstanding any other provision of this Disclosure Agreement, any of the required filings hereunder shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

### SECTION 4. Content of Annual Report and Semiannual Report.

(a) The Developer's Annual Report and Semiannual Report shall contain or include by reference the information which is available as of the date of the filing of the Annual Report or the Semiannual Report, as applicable, relating to the following:

1. A discussion of the sources of funds to finance development of the Property, and whether any material defaults exist under any loan arrangement related to such financing.

2. A summary of development activity with respect to the Property, including the number of parcels for which building permits have been issued, the number of parcels for which certificates of occupancy have been issued, and the number of parcels for which sales have closed, all since the most recent Annual Report or Semiannual Report.

3. Status of completion of the development of the Property being undertaken by the Developer, and any major legislative, administrative and judicial challenges known to the Developer to or affecting the development of the Property or the time for construction of any public or private improvements to the Property to be made by the Developer (the "Developer Improvements").

4. Any sale by the Developer or any Affiliate of the Property or any portion thereof to another Person, other than to buyers of completed homes, including a description of the property sold (acreage, number of lots, etc.) and the identity of the Person that so purchased the property.

5. Status of Special Tax payments with respect to the Property.

(b) In addition to any of the information expressly required to be provided under paragraph (a) above, the Developer 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.

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

(a) Pursuant to the provisions of this Section 5, the Developer shall give, or cause to be given, notice of the occurrence of any of the following events, if material under clauses (b) and (c), within 10 business days after the occurrence of any of the following events:

1. Failure to pay any real property taxes, special taxes or assessments levied on the Property.

2. Damage to or destruction of any of the Developer Improvements which has a material adverse effect on the value of the Property.

3. Material default by the Developer or any Affiliate on any loan with respect to the construction or permanent financing of the Developer Improvements.

4. Material default by the Developer or any Affiliate on any loan secured by all or any portion of the Property.

5. Payment default by the Developer or any Affiliate on any loan of the Developer or any Affiliate (whether or not such loan is secured by the Property) which is beyond any applicable cure period in such loan.

6. The filing of any proceedings with respect to the Developer or any Affiliate, in which the Developer or any Affiliate, may be adjudicated as bankrupt or discharged from any or all of their respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts.

7. The filing of any lawsuit against the Developer or any of its Affiliates which, in the reasonable judgment of the Developer, will adversely affect the completion of the Developer Improvements, or litigation which if decided against the Developer or any of its Affiliates, in the reasonable judgment of the Developer, would materially adversely affect the financial condition of the Developer.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable federal securities laws. The Dissemination Agent shall have no responsibility to determine the materiality of any of the Listed Events.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Developer shall within 10 business days of the occurrence of the respective event, file a notice of such occurrence with the Dissemination Agent which shall then promptly distribute such notice to the Repository, with a copy to the City.

SECTION 6. Termination of Reporting Obligation. The Developer's obligations under this Disclosure Agreement shall terminate upon the following events:

(a) the legal defeasance, prior redemption or payment in full of all of the Bonds,

(b) if as of the date for filing a Semiannual Report or an Annual Report the Property is responsible for less than twenty percent (20%) of the Special Taxes levied in the Fiscal Year for which such Semiannual Report or Annual Report is being prepared, or

(c) upon the delivery by the Developer to the City of an opinion of nationally recognized bond counsel to the effect that the information required by this Disclosure Agreement is no longer required. Such opinion shall be based on information publicly provided by the Securities and Exchange Commission or a private letter ruling obtained by the Developer or a private letter ruling obtained by a similar entity to the Developer.

If such termination occurs prior to the final maturity of the Bonds, the Developer shall give notice of such termination in the same manner as for an Annual Report hereunder.

SECTION 7. Dissemination. The Developer may from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Developer, the Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Developer pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing (i) thirty days written notice to the Developer, the City and the Fiscal Agent, and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Developer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5, 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 the Developer, or the type of business conducted;

(b) The amendment or waiver either (i) is approved by the Bondowners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bondowners, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the City and the Fiscal Agent, materially impair the interests of the Bondowners or Beneficial Owners of the Bonds; and

(c) The Developer, or the Dissemination Agent, shall have delivered copies of the amendment and any opinion delivered under (b) above.

If the financial information or operating data to be provided in the Annual Report or Semiannual Report is amended pursuant to the provisions hereof, the first 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.

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

The Developer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Developer, and that under some circumstances compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such laws.

SECTION 10. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Agreement, the Participating Underwriter or any Bondowner or Beneficial Owner of the Bonds may seek mandate or specific performance by court order, to cause the Developer or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their 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 Developer agrees to pay the Dissemination Agent reasonable fees for the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Developer, the Participating Underwriter, Bondowners or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from the Developer or an opinion of nationally recognized bond counsel. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of its obligations under this Disclosure Agreement. The Dissemination Agent may conclusively rely upon any Annual Report or Semiannual Report provided to it by the Developer as constituting the Annual Report or Semiannual Report, as the case may be, required of the Developer in accordance with this Disclosure Agreement and shall have no duty or obligation to review such Annual Report or Semiannual Report. The Dissemination Agent shall have no duty to prepare any Annual Report or Semiannual Report, nor shall the Dissemination Agent be responsible for filing any Annual Report or Semiannual Report not provided to it by the Developer in a timely manner in a form suitable for filing with the Repository. Any company succeeding to all or substantially all of the Dissemination



Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

SECTION 12. Reporting Obligation of Developer's Transferees. The Developer shall, in connection with any sale or transfer of ownership of land within the District which will result in the transferee (which term shall include any successors and assigns of the Developer) becoming responsible for the payment of more than twenty (20) percent of the Special Taxes levied on property within the District in the Fiscal Year following such transfer, cause such transferee to enter into a disclosure agreement with terms substantially similar to the terms of this Disclosure Agreement, whereby such transferee agrees to provide the information of the type described in Sections 4 and 5 of this Disclosure Agreement; provided that such transferee's obligations under such disclosure agreement shall terminate upon the land owned by the transferee becoming responsible for the payment of less than twenty (20) percent of the annual Special Taxes.

SECTION 13. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 14. Developer as Independent Contractor. In performing under this Disclosure Agreement, it is understood that the Developer is an independent contractor and not an agent of the City or the District.

SECTION 15. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Disclosure Representative:

Dissemination Agent:

NBS  
32605 Temecula Parkway, Suite 100  
Temecula, CA 92592

Fiscal Agent:

MUFG Union Bank, N.A.  
350 California Street, 11th Floor  
San Francisco, CA 94104

Participating Underwriter:

Stifel, Nicolaus & Company, Incorporated  
One Montgomery Street, 35<sup>th</sup> Floor  
San Francisco, CA 94104

City or District:

City of Alameda  
2263 Santa Clara Avenue  
Alameda, CA 94501  
Attention: Finance Director

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the City, the Dissemination Agent, the Fiscal Agent, the Participating Underwriter and Bondowners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 17. Assignability. The Developer shall not assign this Disclosure Agreement or any right or obligation hereunder except to the extent permitted to do so under the provisions of Section 12 hereof. The Dissemination Agent may, with prior written notice to the Developer and the City, assign this Disclosure Agreement and the Dissemination Agent's rights and obligations hereunder to a successor Dissemination Agent.

SECTION 18. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

SECTION 19. Governing Law. The validity, interpretation and performance of this Disclosure Agreement shall be governed by the laws of the State of California applicable to contracts made and performed in California.

SECTION 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

TRI POINTE HOMES, INC., a California  
corporation

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

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

NBS GOVERNMENT FINANCE GROUP, as  
Dissemination Agent

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

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

## APPENDIX G

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix G has been provided by The Depository Trust Company (“DTC”), New York, NY, for use in securities offering documents, and the City does not take responsibility for the accuracy or completeness thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the 2016 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2016 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.*

*The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the 2016 Bonds, payment of principal, interest and other payments on the 2016 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2016 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the 2016 Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the 2016 Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2016 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2016 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2016 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 Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2016 Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

THE FISCAL AGENT, AS LONG AS A BOOK-ENTRY-ONLY SYSTEM IS USED FOR THE 2016 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 2016 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail

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

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

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

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

12. THE DISTRICT, THE CITY AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE 2016 BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE DISTRICT, THE CITY AND THE UNDERWRITER ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE 2016 BONDS OR AN ERROR OR DELAY RELATING THERETO.

**APPENDIX H**  
**APPRAISAL REPORT**

## Appraisal Report

**City of Alameda Community  
Facilities District No. 13-1  
(Alameda Landing Public Improvements)**  
Alameda, California 94501



**Date of Report:** January 22, 2016

DRAFT

### Prepared For:

Ms. Elena Adair, Finance Director  
City of Alameda  
2263 Santa Clara Avenue  
Alameda, California 94501

### Prepared By:

Kevin K. Ziegenmeyer, MAI  
Eric A. Segal, MAI  
Sara A. Gilbertson, Appraiser



January 22, 2016

Ms. Elena Adair, Finance Director  
City of Alameda  
2263 Santa Clara Avenue  
Alameda, California 94501

RE: City of Alameda Community Facilities  
District No. 13-1 (Alameda Landing Public Improvements)  
City of Alameda, California

Dear Ms. Adair:

At your request and authorization, Seevers • Jordan • Ziegenmeyer has prepared an appraisal report for the purpose of estimating the market value (*fee simple estate*) of certain taxable properties within the boundaries of the City of Alameda Community Facilities District (CFD) No. 13-1 (Alameda Landing Public Improvements), under the conditions and assumptions set forth in the attached report.

The appraisal report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004). This document is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2016-2017 edition of USPAP.

The City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) encompasses approximately 21 acres of land area approved for the development of 255 residential homes (164 attached and 91 detached); of which 16 consist of inclusionary (below market rate or BMR) housing units and 78 homes (75 market rate and 3 BMR) have transferred to individual homebuyers. In addition to these 21 acres, an additional 44.13 gross acres was annexed into the City of Alameda CFD No. 2013-1 which is planned for a 24 acre (net) mixed-use district along the waterfront, but is still vested with Community Improvement Commission of the City of Alameda, now the Successor Agency. In addition to the abovementioned residential units, the District will also contain approximately 40,970 square feet of land owned by the Housing Authority of the City of Alameda. The property owned by the Successor Agency and the Housing Authority are not subject to the special tax lien which subject to public ownership and, thus, not part of the appraised property herein. The appraised properties comprise the taxable residential units within the boundaries of the City of Alameda Community Facilities District No. 13-1. Alameda Landing is located west of Webster Street/Webster Tube, north of Willie Stargell Avenue, within the City of Alameda, Alameda County, California, just south of the city of Oakland and east of the city of San Francisco.

We have been requested to provide the market value of the fee simple interest in the appraised properties comprising the District, under the assumptions and conditions cited in the attached report. The value estimates assume a transfer would reflect a cash transaction or terms that are considered to be equivalent to cash. The estimates are also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self-interest and assuming neither is under duress.

3825 Atherton Road, Suite 500 | Rocklin, CA 95765 | Phone: 916.435.3883 | Fax: 916.435.4774



Ms. Elena Adair  
January 22, 2016  
Page 2

The value of the District accounts for the impact of the lien of the Special Tax securing the City of Alameda Community Facilities District No. 13-1(Alameda Landing Public Improvements) Bonds.

As a result of our analysis, it is our opinion the market value, by ownership, and cumulative, or aggregate, value of the fee simple interest in the appraised properties, as of the date of inspection (December 20, 2015), in accordance with the assumptions and conditions set forth in the attached document (please refer to pages 7 through 9), is:

CONCLUSIONS OF VALUE					
Completed (Sold) Units w/o Assessed Values					
	Property Rights	Date of Value	Market Value per Unit	Number of Units	Conclusion (Rd.)
<b>Attached (Linear) Units - Market Rate</b>					
Residence 1	Fee Simple	December 20, 2015	\$765,000	7	\$ 5,355,000
Residence 4	Fee Simple	December 20, 2015	\$795,000	8	\$ 6,360,000
Residence 5	Fee Simple	December 20, 2015	\$890,000	8	\$ 7,120,000
Residence 6	Fee Simple	December 20, 2015	\$930,000	8	\$ 7,440,000
Residence 7	Fee Simple	December 20, 2015	\$1,000,000	8	\$ 8,000,000
<b>Detached (Cadence) Units - Market Rate</b>					
Residence 1	Fee Simple	December 20, 2015	\$1,140,000	12	\$ 13,680,000
Residence 2	Fee Simple	December 20, 2015	\$1,185,000	11	\$ 13,035,000
Residence 3	Fee Simple	December 20, 2015	\$1,245,000	9	\$ 11,205,000
Residence 4	Fee Simple	December 20, 2015	\$1,290,000	4	\$ 5,160,000
<b>Attached (Linear) Units - Below Market Rate</b>					
Residence 1	Fee Simple	December 20, 2015	\$335,025	1	\$ 335,025
Residence 2	Fee Simple	December 20, 2015	\$326,867	1	\$ 326,867
Residence 3	Fee Simple	December 20, 2015	\$367,186	1	\$ 367,186
<b>Aggregate Retail Value of the Completed (Sold) Residential Units</b>				78	\$ 78,384,078
<b>Master Developer (TriPointe Homes, Inc.) Held Components</b>					
Attached Units	Fee Simple	December 20, 2015		122	\$ 45,270,000
Detached Units	Fee Simple	December 20, 2015		55	\$ 36,320,000
<b>Market Value (in bulk) of the Master Developer Component</b>				177	\$ 81,590,000
<b>Cumulative (Aggregate) Value of the District</b>					\$ 159,974,078

This letter must remain attached to the report, which contains 115 pages plus related tables, exhibits and Appendix, in order for the value opinion set forth herein to be considered valid.

We hereby certify the appraised properties have been inspected and we have impartially considered all data collected in the investigation. Further, we have no past, present or anticipated future interest in the property. The appraised properties do not have any significant natural, cultural, recreational or scientific value. The appraiser certifies this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

Ms. Elena Adair  
January 22, 2016  
Page 3

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

Sincerely,

**DRAFT**

Kevin Ziegenmeyer, MAI  
State Certification No.: AG013567  
Expires: June 4, 2017

**DRAFT**

Eric A. Segal, MAI  
State Certification No.: AG026558  
Expires: February 18, 2017

**DRAFT**

Sara A. Gilbertson, Appraiser  
State Certification No.: 3002204  
Expires: May 29, 2016

/dtn

DRAFT

## TABLE OF CONTENTS

<b>Summary of Important Facts and Conclusions</b>	1
<b>Introduction</b>	
Client, Intended User and Intended Use of the Appraisal	3
Type and Definition of Value	3
Appraisal Report Format	3
Property Rights Appraised	4
Dates of Inspection, Value and Report	4
Scope of Work	4
Extraordinary Assumptions and Hypothetical Conditions	7
General Assumptions and Limiting Conditions	8
Certification Statements	10
<b>Subject Property</b>	
Property History	13
Property Identification and Legal Data	16
Site Description	24
Subject Photographs	27
<b>Market Area</b>	
Alameda County	29
Neighborhood	34
Residential Market	41
Highest and Best Use	54
<b>Valuation Analysis</b>	
Approaches to Value	57
Market Valuation – Floor Plans	60
Bulk Market Valuation – Master Developer	82
Summary and Conclusion	95
Exposure Time	96
Allocation of Value by Phase – Master Developer	97
<b>Appendix</b>	
A – Readdressing/Reassigning Appraisal Reports	
B – Glossary of Terms	
C – Qualifications of Appraiser(s)	

## SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

<b>Property Name:</b>	The appraised properties comprise the residential units (attached and detached) within the boundaries of City of Alameda Community Facilities District No. 13-1. The property owned by the Successor Agency and the Housing Authority are not subject to the special tax lien which subject to public ownership and, thus, not part of the appraised property herein.
<b>Property Location:</b>	Alameda Landing is located west of Webster Street/Webster Tube, north of Willie Stargell Avenue, within the City of Alameda, Alameda County, California, just south of the city of Oakland and east of the city of San Francisco. More specifically, the appraised properties are located along the west side of Fifth Street, between Mitchell Avenue and Willie Stargell Avenue, as well as the northwest quadrant of Mitchell Avenue and Webster Street/Webster Street Tube.
<b>Assessor's Parcel Numbers/Ownership:</b>	Final subdivision maps have been recorded for all units within the City of Alameda Community Facilities District No. 13-1 boundary. The appraised properties will consist of 255 separate Assessor's parcels, the bulk of which are owned by TriPointe Homes, Inc., the exception being 78 completed residential units (without an assessed value for vertical improvements) that are owned by individual homeowners.
<b>Property Type/Current Use:</b>	Improved and unimproved residential units
<b>Zoning/Land Use:</b>	The appraised properties are zoned MX (Mixed Use Planned Development). For a complete description of the governing zoning ordinances, please refer to the <i>Property Identification and Legal Data</i> section of this report.
<b>Flood Zone:</b>	The appraised properties are located in Flood Zone X – areas outside of the 100- and 500-year floodplains.
<b>Earthquake Zone:</b>	According to the Seismic Safety Commission, the subject site is located within Zone 4, which is considered to be the highest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42

(revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

**Highest and Best Use:** Single-family residential development, as approved and proposed

**Date of Inspection:** December 20, 2015

**Effective Date of Value:** December 20, 2015

**Date of Report:** January 22, 2016

**Property Rights Appraised:** Fee simple estate

**Conclusion of Value:**

CONCLUSIONS OF VALUE					
Completed (Sold) Units w/o Assessed Values	Property Rights	Date of Value	Market Value per Unit	Number of Units	Conclusion (Rd.)
<b>Attached (Linear) Units - Market Rate</b>					
Residence 1	Fee Simple	December 20, 2015	\$765,000	7	\$ 5,355,000
Residence 4	Fee Simple	December 20, 2015	\$795,000	8	\$ 6,360,000
Residence 5	Fee Simple	December 20, 2015	\$890,000	8	\$ 7,120,000
Residence 6	Fee Simple	December 20, 2015	\$930,000	8	\$ 7,440,000
Residence 7	Fee Simple	December 20, 2015	\$1,000,000	8	\$ 8,000,000
<b>Detached (Cadence) Units - Market Rate</b>					
Residence 1	Fee Simple	December 20, 2015	\$1,140,000	12	\$ 13,680,000
Residence 2	Fee Simple	December 20, 2015	\$1,185,000	11	\$ 13,035,000
Residence 3	Fee Simple	December 20, 2015	\$1,245,000	9	\$ 11,205,000
Residence 4	Fee Simple	December 20, 2015	\$1,290,000	4	\$ 5,160,000
<b>Attached (Linear) Units - Below Market Rate</b>					
Residence 1	Fee Simple	December 20, 2015	\$335,025	1	\$ 335,025
Residence 2	Fee Simple	December 20, 2015	\$326,867	1	\$ 326,867
Residence 3	Fee Simple	December 20, 2015	\$367,186	1	\$ 367,186
<b>Aggregate Retail Value of the Completed (Sold) Residential Units</b>				78	\$ 78,384,078
<b>Master Developer (TriPointe Homes, Inc.) Held Components</b>					
Attached Units	Fee Simple	December 20, 2015		122	\$ 45,270,000
Detached Units	Fee Simple	December 20, 2015		55	\$ 36,320,000
<b>Market Value (in bulk) of the Master Developer Component</b>				177	\$ 81,590,000
<b>Cumulative (Aggregate) Value of the District</b>					\$ 159,974,078

It should be noted the values presented above are subject to the general and extraordinary assumptions, hypothetical conditions and limiting conditions (please refer to pages 7 through 9) presented in the attached report.

## CLIENT, INTENDED USER AND INTENDED USE

The client and intended user of the report is the City of Alameda and the associated Finance Team. The appraisal report is intended for use as an aid in bond underwriting. Seevers • Jordan • Ziegenmeyer authorizes the reproduction of this appraisal report for inclusion in the Preliminary Official Statement (POS) and Official Statement (OS) for the express purpose of marketing the Bonds.

## APPRAISAL REPORT FORMAT

This document is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2016-2017 edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

## TYPE AND DEFINITION OF VALUE

The purpose of this appraisal is to estimate the market value, by ownership, and cumulative, or aggregate, value (*fee simple estate*) of the appraised (taxable) properties comprising the City of Alameda Community Facilities District (CFD) No. 13-1 (Alameda Landing Public Improvements). Market value and aggregate value are defined as follows:

- Market Value:** The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
- (1) Buyer and seller are typically motivated;
  - (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
  - (3) A reasonable time is allowed for exposure in the open market;
  - (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
  - (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

**Aggregate Value:** The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does

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

not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions<sup>2</sup>

### **PROPERTY RIGHTS APPRAISED**

The estimates of value derived in this report are for the fee simple estate. The definition of this real property interest is offered below.

***Fee Simple Estate:*** absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>3</sup>

The rights appraised are also subject to the General and Extraordinary Assumptions and Limiting Conditions contained in this report and to any exceptions, encroachments, easements and rights-of-way recorded. The value estimates account for the impact of the Lien of the Special Tax securing the City of Alameda CFD No. 13-1 (Alameda Landing Public Improvements) Bonds.

### **DATES OF INSPECTION, VALUE AND REPORT**

An inspection of the subject property was completed on December 20, 2015, which represents the effective date of cumulative, or aggregate, market value of the appraised properties. This appraisal report was completed and assembled on January 22, 2016.

### **SCOPE OF WORK**

This appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an “appraisal assignment,” as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

Several legal and physical aspects of the subject property were researched and documented. A physical inspection of the property was completed and serves as the basis for the site description contained in this report. The sales history and associated closing statements was provided by the City of Alameda. Numerous documents were provided for the appraisal, including: project maps; phasing maps; recorded final maps; vesting tentative map; and Disposition & Development Agreement (DDA). The zoning and entitlements, earthquake zone, flood zone and utilities were verified with applicable public agencies at the City of Alameda. Property tax information for the current tax year was obtained from the County of Alameda Treasurer-Tax Collector’s Office.

<sup>2</sup> The Dictionary of Real Estate Appraisal, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015), 6.

<sup>3</sup> The Dictionary of Real Estate Appraisal, 90.

Data relating to the subject’s neighborhood and surrounding market area were analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area; newspaper articles; real estate conferences; and interviews with various market participants, including property owners, property managers, brokers, developers and local government agencies.

In this appraisal, the highest and best use of the subject property as though vacant and improved was determined based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity).

It is not uncommon for appraisers to be asked to appraise properties at atypical times, relative to when market participants most often transfer properties. The market recognizes typical points during the development process when master planned projects often transfer, such as upon obtaining entitlements, completion of spinal infrastructure and/or recordation of final subdivision maps, for instance. In valuation assignments that involve value scenarios that do not coincide with the typical transaction points along the development timeline, the appraiser must apply market logic to the particular stage of the project. Since the subject is at one of these atypical points, we have employed market logic in the valuation of the subject in its as-is condition. For purposes of analysis, the market valuation of the attached and detached residential units not transferred to individual homebuyers was derived using the land residual analysis, or discounted cash flow analysis (DCF). Under the land residual analysis, the expected revenue, absorption period, expenses and discount rate associated with the development and sell-off of the residential units to individual homebuyers was utilized.

In the land residual analysis, the revenue component of the DCF was based on the market value for the residential units being developed on the subject property, which has been well received by the market and considered representative of the market. A number of assumptions were made in the discounted cash flow analysis, not the least of which was the forecast of absorption, or disposition, of the residential units comprising the attached and detached components. In addition to the expected revenue, the absorption period, expenses and discount rate associated with the development and sell-off of the residential units was utilized, the results of which provided an estimate of market value for the appraised properties within the District held by the master developer.

As a component of the land residual analysis, the market value of the residential units was estimated using the sales comparison approach to value. The resultant home (unit) values were assigned to the various parcels sold (and closed escrow) to individual homeowners.

At your request, we have also prepared an analysis of value, by Phase, which is presented at the end of this Appraisal Report.

This appraisal report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004).

The individuals involved in the preparation of this appraisal include Kevin K. Ziegenmeyer and Eric A. Segal, MAIs, and Sara Gilbertson, Appraiser. Mr. Ziegenmeyer, Mr. Segal and Ms. Gilbertson inspected the subject property. Mr. Segal and Ms. Gilbertson also 1) reviewed the subject property information provided by the owner/developer, 2) collected and confirmed market data, 3) analyzed the market data and 4) prepared the draft report. Mr. Ziegenmeyer 1) provided professional input and direction and 2) made any necessary revisions and/or amplifications to the draft report.

DRAFT

#### **EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**

It is noted the use of an extraordinary assumption or hypothetical condition can impact the results of an appraisal.

##### **Extraordinary Assumptions**

1. It is assumed there are no adverse soil conditions, toxic substances or other environmental hazards that may interfere or inhibit the development of the subject properties.
2. The exact locations of the easements referenced in a preliminary title report were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of the referenced easements. It is assumed the easements which would be noted in a preliminary title report do not have an impact on the opinions of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value. The opinions of value presented in this report are predicated on none of the items referenced in the preliminary title report having a detrimental impact upon the utility of the property as proposed, nor the opinions of value. If, at some future date, these exceptions are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value.

##### **Hypothetical Conditions**

None

DRAFT

#### **GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

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

————— *Seevers • Jordan • Ziegenmeyer* —————

subject's physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.

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

————— *Seevers • Jordan • Ziegenmeyer* —————

**CERTIFICATION STATEMENT**

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

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

**DRAFT**

Kevin K. Ziegenmeyer, MAI  
State Certification No.: AG013567 (Expires June 4, 2017)

January 22, 2016  
DATE

—SeEVERS • JORDAN • ZIEGENMEYER—

10

**CERTIFICATION STATEMENT**

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

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

**DRAFT**

Eric A. Segal, MAI  
State Certification No.: AG026558 (February 18, 2017)

January 22, 2016  
DATE

—SeEVERS • JORDAN • ZIEGENMEYER—

11

### CERTIFICATION STATEMENT

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

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

**DRAFT**

Sara A. Gilbertson, Appraiser  
State Certification No.: 3002204 (May 29, 2016)

January 22, 2016  
DATE

—Seever • Jordan • Ziegenmeyer—

12

### PROPERTY HISTORY

The appraised properties (i.e., the taxable residential units/lots within the boundaries of City of Alameda Community Facilities District No. 13-1) are located within the 72-acre mixed-use development, known as Alameda Landing. Formerly the United States Navy's Fleet Industrial Supply Center, upon build-out Alameda Landing will consist of up to 300 units of housing (including low income housing to be developed by the Housing Authority), a 285,000-square-foot retail center, a 15,000-square-foot waterfront district that will include restaurants and entertainment retail stores, up to 400,000 square feet of office space, and an eight-acre waterfront park or other allowable uses consistent with the approved master plan. To initiate development of Alameda Landing, the former Community Improvement Commission of the City of Alameda, now the Successor Agency, entered into a Disposition and Development Agreement with Catellus Alameda Development, LLC ("Catellus") as Master Developer of the project. Subsequent to the Disposition and Development Agreement, Catellus and the City entered into a Development Agreement for Alameda Landing. The following map shows the planned uses of Alameda Landing. The appraised properties encompass the taxable residential component only.



Source: Alameda Landing Marketing Brochure

In accordance with the Development Agreement, the City formed two Community Facility Districts ("CFDs") to facilitate the development of Alameda Landing. The first CFD (CFD No. 13-1), of

—Seever • Jordan • Ziegenmeyer—

13



which comprises the appraised properties, is known as Alameda Landing Public Improvements and was formed in January 2014. After voter approval was received on the formation of the CFD, the City subsequently annexed 44.13 additional acres (gross) in April 2015, and increased the total bond authorization of the CFD from \$20 million to \$40 million. This appraisal does not value the additional annexed property as it is not taxable at this time. A second CFD (CFD No. 13-2), known as Alameda Landing Municipal Services District, will fund general municipal services within Alameda Landing on a pay-as-you-go basis and does not have bonding authorization.

The following table summarizes the entitlements for the currently taxable property within the boundaries of the District.

Development Sub-Phase	Total No. of Housing Units	Attached Units	Detached Units
<b><u>Market Rate Units</u></b>			
1	132	65	67
2	52	52	0
3	<u>55</u>	<u>31</u>	<u>24</u>
Subtotal	239	148	91
<b><u>Inclusionary (BMR) Units</u></b>			
1	9	9	--
2	4	4	--
3	<u>3</u>	<u>3</u>	<u>--</u>
Subtotal	16	16	--
<b>TOTAL</b>	<b>255</b>	<b>164</b>	<b>91</b>

According to a representative of the master developer, TriPointe Homes, Inc., all site development (in-tract) costs for Phase 1 have been completed, while Phase 2 is about 85% complete with approximately \$550,000 remaining in site development (in-tract) costs. Site development has not commenced for Phase 3, which are estimated to cost approximately \$4.0 million.

In Phase 1, 39 of the 65 attached units and 36 of the 67 detached units have transferred to individual homebuyers. Additionally, 3 of the 9 BMR units in Phase 1 have transferred to individual homebuyers.

As previously mentioned, an additional 44.13 acres (gross) was annexed into the City of Alameda CFD No. 2013-1 following the voter approved formation of the first CFD (CFD No. 13-1) in January 2014. These 44.13 acres are located at the north end of Alameda Landing along the Oakland Estuary, currently intended for approximately 24 net acres of mixed-use waterfront development. Specifically, the waterfront mixed-use development will include 400,000 square feet of commercial and office space, as well as an eight-acre park. This property is currently vested with the Successor Agency. In addition to the abovementioned residential units, the District will also contain

approximately 40,970 square feet of land owned by the Housing Authority of the City of Alameda, which is planned for 26 low-income residential units.

These properties (vested with the Successor Agency and the Housing Authority) are *not* currently subject to the special tax lien and, thus, *not* part of the appraised property herein. However, they are expected to be subject to the lien at some future point.

The appraised properties are the subject of a Disposition and Development Agreement (Alameda Landing Mixed Use Project) by and between the Community Improvement Commission of the City of Alameda and Palmtree Acquisition Corporation (d/b/a Catellus Alameda Development, LLC), dated December 5, 2006. Subsequent to the Disposition and Development Agreement, Catellus and the City entered into a Development Agreement for Alameda Landing. According to the City of Alameda, the disposition and development of the Alameda Landing project was structured such that Catellus Alameda Development, LLC acquired the land from the Successor Agency and simultaneously transferred the land to TriPointe Homes, Inc. or the land transferred directly to TriPointe Homes, Inc. from the Successor Agency, who entered into a purchase and sale agreement with Catellus Alameda Development, LLC at a specified price several years ago. The agreed upon purchase price under the three phase takedown are not indicative of the current market value of the appraised properties estimated herein due to the significant improvement in market conditions subsequent to the agreement and the completion of improvements (both infrastructure and homes) to date.

## **PROPERTY IDENTIFICATION AND LEGAL DATA**

### **Location**

Alameda Landing is located west of Webster Street/Webster Tube, north of Willie Stargell Avenue, within the City of Alameda, Alameda County, California, approximately two miles south of the city of Oakland and approximately 14 miles east of the city of San Francisco. More specifically, the appraised properties are located along the west side of Fifth Street, between Mitchell Avenue and Willie Stargell Avenue, as well as the northwest quadrant of Mitchell Avenue and Webster Street/Webster Street Tube.

### **Assessor's Parcel Number/Ownership**

Final subdivision maps have been recorded for all units within the City of Alameda Community Facilities District No. 13-1 boundary. The appraised properties will consist of 255 separate Assessor's parcels, the bulk of which are owned by TriPointe Homes, Inc., the exception being 78 completed residential units (without an assessed value for vertical improvements) that are owned by individual homeowners.

### **Legal Description**

A legal description of the appraised properties, which would be contained in a preliminary title report, was not provided for use in this analysis.

### **Assessment and Tax Information**

#### ***Ad Valorem Taxes***

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

The base year was set at 1975-76, or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occur, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and supplemental assessments. Bonded indebtedness approved prior to 1978 and any bonds subsequently approved by a two-thirds vote of the district, in which the property is located, can be added to the 1% tax rate.

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted substantially as the remaining infrastructure and property improvements are completed and in consideration of the definition of market value employed in this appraisal, which assumes a sale of the appraised properties. The appraised properties are located in Tax Rate Area 21-004, which is subject to a tax rate of 1.1747%.

### ***Special Taxes and Assessments***

As referenced, the appraised properties are located within the boundaries of City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements). According to the Rate and Method of Apportionment, the annual special taxes applicable to the subject's facilities are as presented in the table below:

Land Use	Assigned Annual Special Tax Rate		
Taxable Developed Property			
Single Family Detached Dwelling Unit	> 2,900 SF	\$4,498	per Dwelling Unit
Single Family Detached Dwelling Unit	2,751 - 2,900 SF	\$4,278	per Dwelling Unit
Single Family Detached Dwelling Unit	2,601 - 2,750 SF	\$4,058	per Dwelling Unit
Single Family Detached Dwelling Unit	2,451 - 2,600 SF	\$3,836	per Dwelling Unit
Single Family Detached Dwelling Unit	2,301 - 2,450 SF	\$3,653	per Dwelling Unit
Single Family Detached Dwelling Unit	2,151 - 2,300 SF	\$3,616	per Dwelling Unit
Single Family Detached Dwelling Unit	2,001 - 2,150 SF	\$3,321	per Dwelling Unit
Single Family Detached Dwelling Unit	0 - 2,000 SF	\$3,064	per Dwelling Unit
Multi-Family Dwelling Unit	< 2,300 SF	\$3,064	per Dwelling Unit
Multi-Family Dwelling Unit	2,151 - 2,300 SF	\$2,880	per Dwelling Unit
Multi-Family Dwelling Unit	2,001 - 2,150 SF	\$2,696	per Dwelling Unit
Multi-Family Dwelling Unit	1,851 - 2,000 SF	\$2,513	per Dwelling Unit
Multi-Family Dwelling Unit	1,701 - 1,850 SF	\$2,401	per Dwelling Unit
Multi-Family Dwelling Unit	1,551 - 1,700 SF	\$2,144	per Dwelling Unit
Multi-Family Dwelling Unit	1,401 - 1,550 SF	\$2,034	per Dwelling Unit
Multi-Family Dwelling Unit	1,251 - 1,400 SF	\$1,923	per Dwelling Unit
Multi-Family Dwelling Unit	1,101 - 1,250 SF	\$1,776	per Dwelling Unit
Multi-Family Dwelling Unit	0 - 1,100 SF	\$1,408	per Dwelling Unit
Non-Residential Property	NA	\$1.54	per Building Square Foot
Taxable Property			
Final Mapped Property	NA	\$1.50	per Lot Square Foot
Undeveloped Property	NA	\$1.50	per Lot Square Foot

The bond indebtedness and direct levies will be considered in the valuation of the subject property. Backup annual special taxes applicable to the subject's facilities are as presented in the next table.

Description	Rate
Developed Property	\$1.50 per Lot Square Foot
Final Mapped Property	\$1.50 per Lot Square Foot
Undeveloped Property	\$1.50 per Lot Square Foot

### General Plan Designation, Zoning and Entitlements

The portion of the Alameda Landing project considered the subject of this appraisal assignment relates to that developable portion subject to the lien of the Special Tax securing the City of Alameda Community Facilities District No. 13-1 Bonds, which are those parcels designated for attached and detached residential units (for-sale unit only).

According to the City of Alameda Planning Department, a Mixed Use Planned Development (MX) designation covers the subject property. According to the City of Alameda Municipal Code, the purpose of the MX district is to encourage the development of a compatible mixture of land uses which may include residential, retail, offices, recreational, entertainment, research oriented light industrial, water oriented and other related uses. The compatibility and interaction between mixed uses is to be insured through adoption of Master Plan and development plan site plan, which indicate proper orientation, desirable design character and compatible land uses to provide for:

1. A more pedestrian-oriented ~~non~~automotive environment and flexibility in the design of land uses and structures than are provided by single purpose zoning districts, including but not limited to shared parking;
2. The enhancement and preservation of property and structures with historical or architectural merit, unique topography, landscape or water areas, or other features requiring special treatment or protection;
3. Recreation areas that are more accessible to both the MX district's inhabitants and other City residents;
4. Environments that are more conducive to mutual interdependence in terms of living, working, shopping, entertainment and recreation; and
5. Flexibility in the design, layout and timing of build-out of large-scale mixed use projects in order to respond to market demands while ensuring that development is in conformance with adopted standards, procedures and guidelines. In order to accomplish this purpose, the City may establish Development Standards, Procedures and Guidelines (which govern, among other items, processing procedures, project-wide design guidelines addressing architecture, site planning, parking, circulation, streetscape, open space, landscaping, lighting, project identification and signage, and specific use design guidelines) as part of the Master Plan to which the Development Plans must then conform.

The MX zoning designation is in conformance with the general plan designation of MU7 (Mixed Use – 7) Catellus Mixed Use Commercial District. Specifically, according to the City of Alameda General Plan, this area of the former Naval Air Station provides an opportunity to create a new waterfront oriented, mixed-use district with residential, commercial, research and development, and office uses and a major new public waterfront park. Implementation policies, standards, and guidelines for private and public development and improvements in this mixed use area are included in the Catellus Mixed Use Master Plan.

The following table summarizes the entitlements for the property within the boundaries of the District.

Development Sub-Phase	Total No. of Housing Units	Attached Units	Detached Units
<b><u>Market Rate Units</u></b>			
1	132	65	67
2	52	52	0
3	<u>55</u>	<u>31</u>	<u>24</u>
Subtotal	239	148	91
<b><u>Inclusionary (BMR) Units</u></b>			
1	9	9	--
2	4	4	--
3	<u>3</u>	<u>3</u>	--
Subtotal	16	16	
<b>TOTAL</b>	<b>255</b>	<b>164</b>	<b>91</b>

In addition to the abovementioned residential units, the District will also contain a waterfront mixed-use development, which will include 400,000 square feet of commercial and office space, as well as an eight-acre park (currently vested with the Successor Agency), and approximately 40,970 square feet of land owned by the Housing Authority of the City of Alameda, which is planned for 26 low-income residential units.

These properties (vested with the Successor Agency and the Housing Authority) are not currently subject to the special tax lien and, thus, are not part of the appraised property herein. However, the Successor Agency property is expected to be subject to the lien at some future point.

### Flood Zone

Source: FEMA Flood Map Service

FEMA Flood Zone: X – areas outside of the 100- and 500-year floodplains.

Map Panel: 06001C –0066G & 06001C-0067G

Panel Date: August 3, 2009

Flood Insurance: Not required

### Earthquake Zone

According to the Seismic Safety Commission, the subject site is located within Zone 4, which is considered to be the highest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology. In general, a number of faults are located in the Southern California and throughout California; thus, the area is subject to severe ground shaking during earthquakes. Competitive sites face similar seismic risk.

### Conditions of Title

A preliminary title report was not provided for this analysis. It is assumed there are no adverse conditions on title. The appraiser assumes no negative title restrictions and accepts no responsibility for matters pertaining to title.

### Easements

An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions currently impacting the parcels. Please refer to a preliminary title report for information regarding potential easements, as the appraiser is not a surveyor nor qualified to determine the exact location of any easements. It is assumed that any easements noted in a preliminary title report do not have an impact on the opinion of value set forth in this report. If at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion of value contained herein.

### Assessor's Parcel Maps

The following maps identify the boundary of the City of Alameda Community Facilities District No. 13-1, as well as a lot plot map identifying the status of each unit within Phase 1 (this map does not reflect the most current closed/sold units, as this map is dated September 22, 2015) .

**City of Alameda Community Facilities District No. 13-1 Boundary Map**







## SITE DESCRIPTION

The City of Alameda Community Facilities District No. 13-1, which encompasses a portion of the Alameda Landing development, is located west of Webster Street/Webster Tube, north of Willie Stargell Avenue, within the City of Alameda, Alameda County, California, approximately two miles south of the city of Oakland and approximately 14 miles east of the city of San Francisco. More specifically, the appraised properties are located along the west side of Fifth Street, between Mitchell Avenue and Willie Stargell Avenue, as well as the northwest quadrant of Mitchell Avenue and Webster Street/Webster Street Tube. The District currently represents improved, partially improved and unimproved land proposed for attached and detached residential development. The subject property is further discussed as follows.

**Size and Shape:** The City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) encompasses approximately 21 acres of land area and is irregular in shape.

**Topography:** Generally level

**Soil:** A soils study was not provided for this analysis. This appraisal assumes the soil and subsoil conditions are suitable for development based on the existing development plan being implemented.

### Adjacent Land Uses:

**North:** Future waterfront mixed-use commercial site  
**East:** Retail development (Alameda Landing)  
**South:** Residential development (Bayport Alameda) and the College of Alameda  
**West:** Residential development and vacant land planned for further residential development

**Offsite Improvements:** There are three project entrances from Fifth Street, Willie Stargell Avenue and Mitchell Avenue. Willie Stargell Avenue and Mitchell Avenue have direct access to Webster Avenue, a primary connector route between Alameda and Oakland. Fifth Street is a primary north/south thoroughfare through the project linking the subdivisions, from which other roadways intersect. Several interior residential streets will connect with any of the aforementioned streets to provide good access throughout the community. At this point, all of the off-site improvements servicing Sub-Phases 1, 2 and 3 are installed.

**Access:** Primary access to the appraised properties is via Webster Street/Webster Tube, Willie Stargell Avenue and Marina Village Parkway/Mitchell Avenue. The following map shows the primary access routes to and from the Alameda Landing development.



Source: Alameda Landing Marketing Brochure

### Utilities:

Public utilities, including electricity, gas, water, and telephone service, have been extended to the subject project and are served by the following providers:

**Water:** East Bay Municipal Utility District  
**Sewer:** City of Alameda  
**Trash:** Waste Mgmt. of Alameda County  
**Drainage:** City of Alameda  
**Electricity:** Alameda Power and Telecom  
**Gas:** Alameda Power and Telecom  
**School District:** Alameda Unified School District  
**Fire District:** City of Alameda  
**Law Enforcement:** City of Alameda

### Hazardous Waste:

At the time of inspection, the appraiser did not observe the existence of hazardous material, which may or may not be present on the properties. The appraiser has no knowledge of the existence of such materials on the properties. However, the appraiser is not qualified to detect such substances. The presence of potentially hazardous materials could affect the value of the properties. The value estimate is predicated on the assumption that there is no such material on or in the properties that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them.

**Functional Adequacy and Utility:** The infrastructure of the master plan, from a conceptual standpoint, has three project entrances from Fifth Street, Willie Stargell Avenue and Mitchell Avenue. Willie Stargell Avenue and Mitchell Avenue have direct access to Webster Avenue, a primary connector route between Alameda and Oakland. Fifth Street is primary north/south thoroughfare through the project linking the subdivisions, from which other roadways intersect. An interior street system will serve all of the various components of development. Based upon this plan, overall functional utility is considered to be typical for similar redevelopment projects in the Bay Area.

**Development Plan:** The plan for approximately 21 acres is to develop 255 residential homes (164 attached and 91 detached); of which 16 consist of inclusionary housing units. In addition to the abovementioned residential units, the District will also contain approximately 40,970 square feet of land owned by the Housing Authority of the City of Alameda, which is not subject to the special tax lien and, thus, not part of the appraised property herein. The property is located in Phase III of the Alameda Landing development.

**Infrastructure Development:** All backbone infrastructure improvements have been completed.

**Grading:** Mass grading of the project is complete, as well as in-tracts for Sub-Phase 1. Phase 2 is about 85% complete with approximately \$550,000 remaining in site development (in-tract) costs. Site development has not commenced for Phase 3, which are estimated to cost approximately \$4.0 million.

**Drainage:** Based on the development plan, a physical inspection of the appraised properties, and assuming typical grading and paving work will be completed, it is expected the appraised properties will have adequate drainage.

**Conclusion:** The configuration and size of the subject property is considered adequate for residential development. While the project and the housing market stalled amidst the economic collapse in 2008, the historical demand for single-family product bodes well for this project over the long term and should ultimately increase the demand for the complementary land uses within this planned community, a significant portion of which is already complete. With an aggressive marketing campaign, the Alameda Landing project should continue to be competitive with other communities within the Bay Area.

#### SUBJECT PHOTOGRAPHS



Attached units (Linear) completed – Phase 1



Attached units (Linear) completed – Phase 1



Detached units (Cadence) completed – Phase 1



Detached units (Cadence) completed – Phase 1



Detached units (Cadence) under construction – Phase 1



Phase 2 under construction

### SUBJECT PHOTOGRAPHS



Phase 2 under construction



Phase 2 under construction

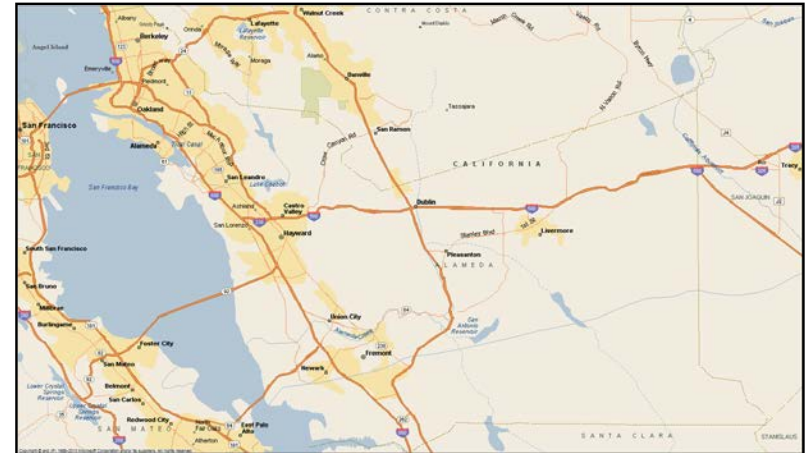


Phase 3



Phase 3

### ALAMEDA COUNTY



### **Introduction**

One of the nine Bay Area counties, Alameda County is located on the eastern shores of the San Francisco Bay, and is bordered on the north by Contra Costa County, on the south by Santa Clara County, on the east by San Joaquin County. The 821 square miles of Alameda offer a variety of topography and geography. A coastal plain stretches some five miles from the Bay to the base of the Berkeley Hills. The county also reaches to the top of the Berkeley Hills on their southwest side. At the south end of the hills, a gap leads to Livermore Valley, which covers most of the eastern part of the county. The coastal plain is covered with urban areas, and the cities extend high into the Berkeley Hills. Livermore Valley is less densely populated and includes areas of farmland. Alameda County enjoys a mild coastal climate with little extremes of temperature and moderate amounts of rainfall. Forests cover large areas of the Berkeley hills, separated by grassy areas. Oakland is the county seat and most populous city in the county.

### **Population**

The population of Alameda County is nearly 1.6 million, and has shown moderate growth over the past five years, with an average growth rate of 1.1% per year. The city of Dublin has grown the most, with a very high average annual growth rate of 4.4% over the last five years. With a population of over 410,000, Oakland represents the largest city in the county, followed by Fremont, Hayward and Berkeley.



The following table illustrates population trends for Alameda County over the past few years.

POPULATION TRENDS							
City	2010	2011	2012	2013	2014	2015	%/Yr
Alameda	73,717	74,044	74,619	75,395	75,961	76,638	0.8%
Albany	18,481	18,343	18,481	18,483	18,457	18,565	0.1%
Berkeley	112,363	113,918	114,807	116,118	117,383	118,780	1.1%
Dublin	45,681	46,202	46,771	50,049	53,430	55,844	4.4%
Emeryville	9,795	10,108	10,194	10,302	10,481	10,570	1.6%
Fremont	213,524	215,374	217,695	220,846	224,116	226,551	1.2%
Hayward	143,921	145,090	147,090	149,326	151,047	152,889	1.2%
Livermore	80,932	81,536	82,375	83,624	84,815	85,990	1.2%
Newark	42,592	42,694	43,024	43,489	43,821	44,204	0.8%
Oakland	391,475	392,446	395,690	401,628	405,703	410,603	1.0%
Piedmont	10,674	10,708	10,801	10,925	11,011	11,113	0.8%
Pleasanton	70,135	70,527	71,245	72,124	73,028	74,850	1.3%
San Leandro	84,831	85,354	86,029	86,981	87,661	88,441	0.9%
Union City	69,625	69,736	70,620	71,576	72,109	72,744	0.9%
Unincorporated	141,494	141,676	142,812	144,375	145,474	146,787	0.7%
<b>Total</b>	<b>1,509,240</b>	<b>1,517,756</b>	<b>1,532,253</b>	<b>1,555,241</b>	<b>1,574,497</b>	<b>1,594,569</b>	<b>1.1%</b>

Source: California Department of Finance

## Transportation

The availability of a broad transportation network has been one of the major factors in the region's growth. The county is served by a number of Interstate routes and freeways, including Interstates 80, 580 and 880. Interstate 80 connects the western portion of the area to San Francisco to the west and the Sacramento region to the east. Interstate 580 connects the eastern portion of the county to San Joaquin County in the Central Valley to the east. Three bridges connect Alameda County across the Bay, including the Bay, Dumbarton and San Mateo Bridges. Bay Area Rapid Transit (BART) serves a large part of the region. The city of Oakland is the terminus of vital interstates and railways and has long been a major West Coast transportation hub for travelers and cargo. In addition, the ports of Alameda and Oakland are active participants in Pacific Rim trade. The city of Oakland (Jack London Square) is a passenger stop for Amtrak trains. Oakland International Airport is the main airport serving the region. San Francisco International Airport is also easily accessible.

## Employment & Economy

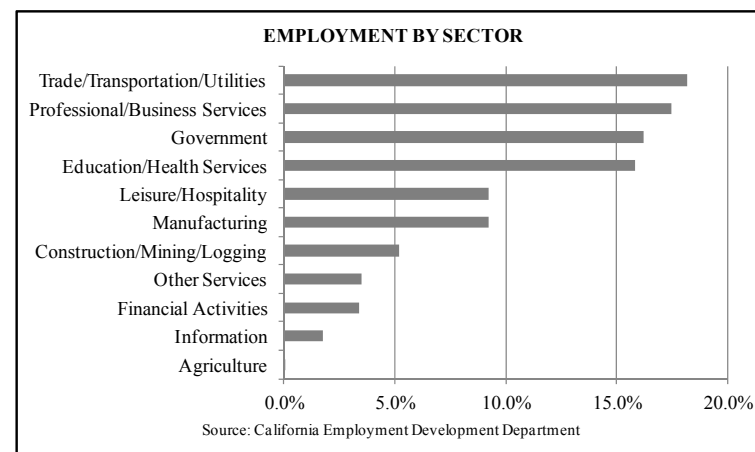
The California Employment Development Department has reported the following employment data for Alameda County over the past several years.

EMPLOYMENT TRENDS						
	2009	2010	2011	2012	2013	2014
Labor Force	761,500	781,800	786,200	799,800	806,400	812,000
Employment	681,600	696,400	706,900	730,100	747,800	764,300
Job Growth	(29,400)	14,800	10,500	23,200	17,700	16,500
Unemployment Rate	10.5%	10.9%	10.1%	8.7%	7.3%	5.9%

Source: California Employment Development Department

The unemployment rate in Alameda County was 4.2% in September 2015, which compares to rates of 5.9% for California and 5.1% for the U.S. Most areas within the state and nation, including Alameda County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, and declines during 2011-2015.

Alameda County has a diverse economy, with no one sector accounting for a majority of the employment in the region. The following chart indicates the percentage of total employment for each sector within the county.



As can be seen in the chart above, the area's largest employment sectors are Trade/Transportation/Utilities, which includes retail and wholesale trade (18.1% of total employment); Professional and Business Services (17.5%); Government (16.2%); and Educational and Health Services (15.8%).

The table on the following page lists the largest employers in Alameda County.

LARGEST EMPLOYERS			
	Employer	Industry	Employees
1	University of California, Berkeley	Education	19,779
2	County of Alameda	Government	9,042
3	Kaiser Permanente Medical Group	Healthcare	8,618
4	Lawrence Livermore National Laboratory	Manufacturing	8,007
5	Safeway	Retail - Grocery	7,570
6	Alta Bates Summit Medical Center	Healthcare	7,443
7	Oakland Unified School District	Education	5,660
8	City of Oakland	Government	4,604
9	Tesla Motors	Manufacturing	4,500
10	Waste Management	Wholesale Trade	3,753

Source: County of Alameda, Comprehensive Annual Financial Report, June 30, 2014

Historically, Alameda County businesses, particularly in Oakland and its urban neighbors, were mostly manufacturing (including World War II shipbuilding), warehousing and distribution, food processing, and printing and publishing. Though many of these businesses survive today, manufacturing has become a much smaller portion of the economy. Oakland's relative affordability of land and less traffic congestion compared to other Bay Area locations, coupled with a state-of-the-art fiber-optic network, have attracted many high-tech employers to the area. The closure of the many military installations in the county has also led to new commercial and residential uses. The Alameda Naval Air Station, now Alameda Point, offers deep-water piers, an airport, laboratories and industrial buildings, housing and recreational facilities.

The Port of Oakland, the nation's fifth-largest containerized cargo port, remains a powerful economic engine for the county, providing jobs at the seaport and the Oakland International Airport. The port handles 98% of Northern California's containerized cargo, and the airport is the nation's 14<sup>th</sup> largest air cargo operation.

Scientific research is another Alameda County hallmark. The Lawrence Berkeley National Laboratory and Lawrence Livermore National Laboratory are part of the U.S. Department of Energy and are managed by the University of California. Another facility, Sandia National Laboratories, is operated and managed by Sandia Corporation, a wholly owned subsidiary of Lockheed Martin Corporation, as a contractor for the U.S. Department of Energy. All of these facilities are world-class research leaders, creating thousands of jobs over the years. Many private technology firms have located nearby to partner with the labs on scientific projects.

The University of California at Berkeley, one of the nation's top-ranked research universities, is another major employer. The university provides an academic culture and educated workforce that enhance the entire region and attract new businesses to the area. Further south, California State University Hayward also provides higher education and thousands of jobs.

## Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. In the year 2013 (most recent data available from the U.S. Census Bureau), Alameda County's median household income was \$72,128, which was much higher than the state of California's median income of \$60,185.

## Recreation & Culture

Alameda County offers a variety of recreational and cultural opportunities. A number of parks preserve large tracts of land in the Berkeley Hills, including the Redwood Regional Park, Joaquin Miller Park and the Anthony Chabot Regional Park. Excursions to San Francisco are within a short drive and include the Golden Gate Bridge, Alameda Mammal Center, Muir Woods, Alcatraz and Angel Islands, to name a few. Public golf courses, neighborhood parks, community and recreation centers, museums, galleries, restaurants and wineries are located throughout the county. The county is home to three major professional sports franchises: the Oakland Athletics (Major League Baseball), Oakland Raiders (NFL football) and Golden State Warriors (NBA basketball).

## Conclusion

Alameda County has experienced moderate population growth, averaging 1.1% per year over the past five years. Most of this growth has been due to in-migration of businesses and residents from more expensive Bay Area counties. Some of the county's location advantages include its temperate climate, proximity to San Francisco, employment opportunities, University presence, good transportation linkages, and relative affordability compared to other Bay Area locations. After a period of contraction in the economy and real estate markets around 2008-2010, the region has seen improvement in employment and economic conditions over the past few years. The near-term outlook is for continued growth.

## NEIGHBORHOOD



### Introduction

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.”<sup>4</sup>

### Neighborhood Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries. The subject’s neighborhood boundaries can generally be described as the Alameda city limits which include Alameda Island and the northern portion of Bay Farm Island, adjacent to the west of Oakland and in the eastern San Francisco Bay across from San Francisco.

<sup>4</sup> The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 156.

## Demographics

According to demographic reports prepared by Esri Business Analyst Online (Esri), formerly STDB Online, current demographics within the subject’s neighborhood (as defined above) are summarized in the following table.

Population (2015)	75,666 persons
Population (2020), % change	79,129 persons, +4.58%
Median Age	42.0 years
Number of Households	30,845
Average Household Size	2.40 persons
% of Households Owner-Occupied	45.5%
% of Households Renter Occupied	54.5%
Median Household Income	\$76,545

As reported by CoreLogic (formerly DataQuick Information Services), the median resale home price in the city of Alameda as of September 2015 (latest available) was \$742,500, which is up 4.9% from the same period last year. In comparison, the City’s median resale home price is higher than the County’s (\$625,000, which is up 12.2% from the same period last year), which includes the cities of Albany, Berkeley, Castro Valley, Dublin, Emeryville, Fremont, Hayward, Livermore, Newark, Oakland, Pleasanton, San Leandro, San Lorenzo and Union City.

According to the California Employment Development Department, the city of Alameda has an unemployment rate of 3.6% as of September 2015. The city of Alameda’s unemployment rate is slightly lower than Alameda County’s unemployment rate (4.2%).

### Transportation

Although Alameda geographically is an island, it has easy access to and from Oakland, Emeryville, Berkeley, and San Francisco. The appraised properties are located along the west side of Fifth Street, between Mitchell Avenue and Willie Stargell Avenue, as well as the northwest quadrant of Mitchell Avenue and Webster Street/Webster Street Tube. Primary access to the property is via Webster Street/Webster Tube, Willie Stargell Avenue and Marina Village Parkway/Mitchell Avenue. Alameda Island consists mostly of neighborhood streets, with the major east/west thoroughfares consisting of Atlantic, Lincoln and Central Avenues. Major north/south thoroughfares include Main Street, Constitution Way, Grand Street, Park Street, Broadway and High Street.

Access to Oakland and Interstates 580 and 880 are provided via Webster Street/Posey Tube (just northeast of Alameda Landing), Park Street, Lincoln Avenue and High Street.

Interstate 580 originates north of the subject in San Rafael and travels south along the eastern edge of Oakland. After reaching Hayward, the 80-mile stretch of freeway turns east and continues through Dublin and Livermore before returning to a southern direction just outside of Tracy where it connects to Interstate 5. Interstate 880 runs north to south for its entire 45 mile length between Oakland and San Jose.

The San Francisco Bay Ferry provides year-round weekday and weekend service, as well as service on select holidays, between Alameda Main Street or Oakland Jack London Square terminals in the East Bay and San Francisco Ferry Building or Pier 41 terminals.

Additionally, Bay Area Rapid Transit (BART) serves a large part of the region. The Estuary Crossing Shuttle (EXS) is a free shuttle bus service that links Lake Merritt BART and Alameda Landing with a stop at Webster Street and Atlantic Avenue with service every half hour between 7:00 AM and 12:07 PM, and from 3:30 PM to 6:30 PM. The Alameda Landing Express is a free shuttle from Alameda Landing (stop is adjacent to Target on Fifth Street) to the 12<sup>th</sup> Street BART station in Oakland (stop is on Broadway and 11<sup>th</sup> Street, in front of the Marriott). This shuttle operates weekdays from 6:45 AM to 10:00 AM, and 3:30 PM to 7:00 PM.

The Oakland International Airport on the southern end of Bay Farm Island, outside the Alameda city limits. The airport is owned by the Port of Oakland and is the closest airport to the San Francisco financial district – both geographically and by public transit. It is one of three international airports in the San Francisco Bay Area (the others including San Francisco International Airport and the San Jose International Airport). The Oakland International Airport provides passenger service to cities in the United States, Mexico and Europe, while cargo flights fly to cities in the United States, Canada and Japan.

## Land Uses

The subject neighborhood contains a mixture of primarily retail, office and residential uses, as well as scattered industrial development. Land uses adjacent to the subject include a heavy concentration of newer residential, as well as supporting commercial development. East of the appraised properties is Marina Village a 200-acre Class A Office, Flex and Tech campus with 30 buildings and over one million rentable square feet. To the south is College of Alameda, which is part of the Peralta Community College District. The 62-acre campus opened in 1968. Southwest of the appraised properties is Bayport Alameda which consists of 495 single-family houses and 91 apartment units. Just north of Bayport Alameda are 290 Coast Guard housing units. Between the Coast Guard housing and Alameda Landing's future mixed-use waterfront development is a site for 400 future residential housing units, part of the larger Alameda Point project. Alameda Point, a former naval air station which closed in 1997, is home to historic buildings, wildlife habitats, and shoreline on the

San Francisco Bay. In June 2013 the Navy gave title of the 1,400± acres of land and water, which encompasses nearly a quarter of the 10-square-mile island's land mass, to the City of Alameda. The City has recently focused on the redevelopment plan of 68 acres, known as Site A, which is shown in the following map. The City partnered with commercial developer srmErnst, residential builder Thompson Dorfman Partners, retail specialist Madison Marquette and affordable housing developer Eden Housing. This estimated \$500 million project is proposed for 800 residential units, including 200 affordable homes, as well as retail and commercial space. In total, Alameda Point is proposed for 1,425 residential units by 2023.



More details related to new and proposed residential projects in Alameda are discussed in the *Residential Market* section, presented next.

As previously discussed in the *Property History* section, the appraised properties represent a portion of Alameda Landing development, a mixed-use development that includes residential and retail land use components. The retail component is predominately built-out and leased, anchored by Target and Safeway. Other tenants within the center include a variety of national and regional tenants, shown in the following site plan provided in the Alameda Landing Marketing Brochure.





## Conclusion

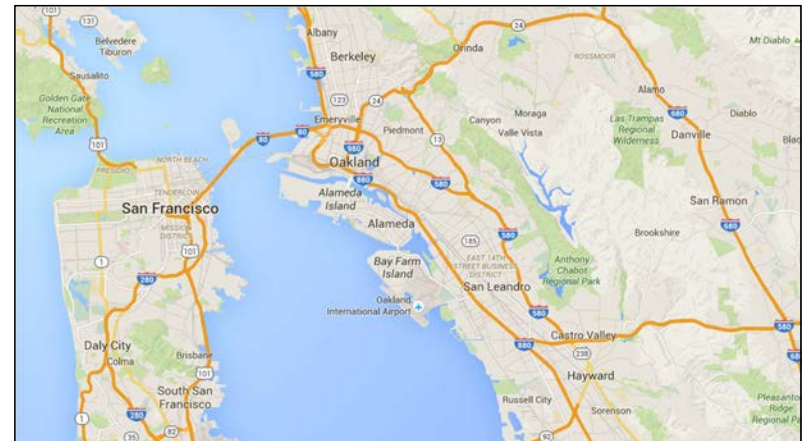
The appraised properties are located in an established neighborhood characterized by mostly retail and residential development, with supporting community uses. The appraised properties have a good location with respect to commercial services, thoroughfares, public transportation and community services. The area is anticipated to experience limited growth in the foreseeable future because the immediate area is mostly built-out.

DRAFT

## RESIDENTIAL MARKET

### Market Definition

The subject property is located in the city of Alameda in the northwestern part of Alameda County. The neighborhood is characterized as a transitioning mixed-use area near the waterfront. Once home to the U.S. Navy's Fleet Industrial Supply Center, Alameda Landing is being redeveloped with a mix of uses including homes, restaurants, offices and retail space. Based on the location and surrounding uses, the subject characteristics best support a project designed for a combination of entry-level and/or first-time move-up home buyers. In this analysis of the residential market, we will first analyze market trends within the regional area of Alameda County, and then focus on the city of Alameda and similar markets.



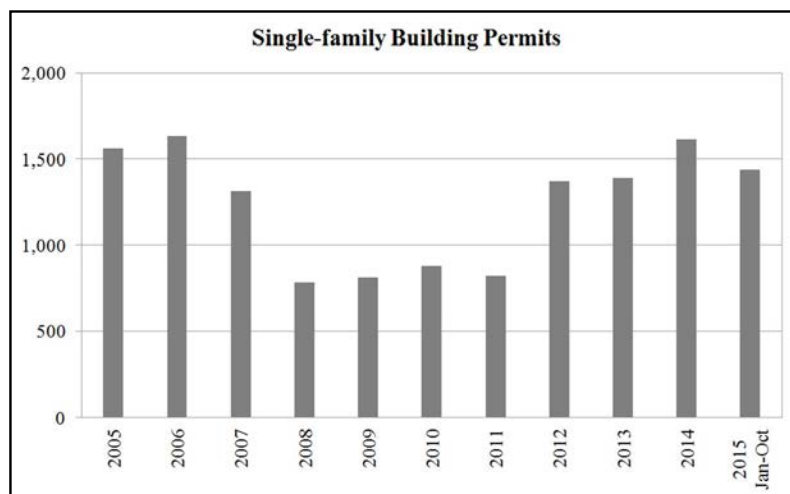
### Building Permits

Single-family building permits for Alameda County are shown in the table and chart on the following page.

Single-family Building Permits

	Alameda County	Percent Change
2005	1,561	--
2006	1,635	4.7%
2007	1,315	-19.6%
2008	780	-40.7%
2009	811	4.0%
2010	879	8.4%
2011	820	-6.7%
2012	1,373	67.4%
2013	1,391	1.3%
2014	1,613	16.0%
2015	1,441	N/Ap
Jan-Oct		

Source: SOCDs Building Permits Database



The number of single-family permits for the regional area declined from 2006 through 2008, was fairly steady through 2011, and then increased in 2012. Another increase was seen in 2014. Based on year-to-date figures, it is likely 2015's permit volume will be close to 2014.

## Future Development

According to the City of Alameda, three major residential projects are currently under consideration by the City. The Del Monte Master Plan is a proposal to rehabilitate and redevelop the Del Monte Warehouse site at 1501 Buena Vista Avenue for 380 housing units and 30,000 square feet of commercial space. At Alameda Point, "Site A" will be developed by Alameda Point Partners with a mixed-use neighborhood on 68 acres. The plans for Site A include 800 residential units, 600,000 square feet of commercial space, and 15 acres of public parks. Finally, a proposal has been made for a housing development with 52 new homes at the corner of Clement Avenue and Willow Street. Besides the three projects described above, another project known as the Boatworks has been proposed for a few years. The project, located on 9.5 acres at Oak Street and Clement Avenue near the Park Street Bridge, was most recently proposed for 182 housing units and a two-acre public park on the waterfront, but the City rejected the developer's proposal in June 2015. This area will likely be developed in the future, but the plans and timeline are unknown at this point.

Below is a map showing housing units coming to Alameda (prepared by Cushman & Wakefield), as provided in the Alameda Landing Marketing Brochure.



## New Home Pricing and Sales

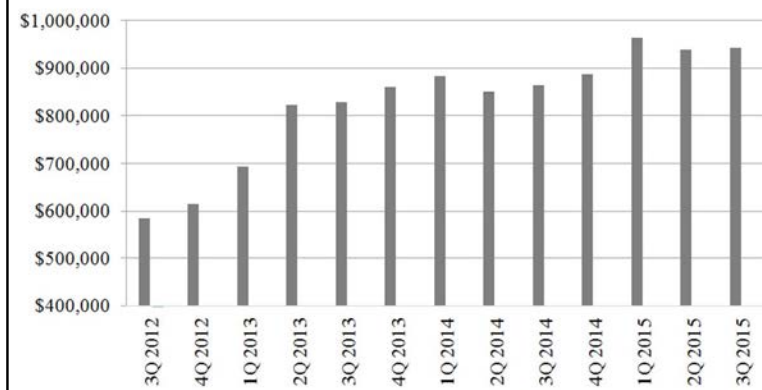
The Gregory Group surveys active new home projects in California and Nevada. In the following table and chart we present the average sale prices for active single-family residential projects in Alameda County for the past three years. The data include both attached and detached projects, but the vast majority of units are detached homes.

**New Home Sales – Alameda County**

	Average Price	% Change Average Price	Average Home Size (SF)	Average Price / Avg SF	% Change Price/SF	Quarter Sold	Number of Projects	Sold Per Project Per Month
3Q 2012	\$583,850	--	2,111	\$277	--	411	34	4.0
4Q 2012	\$614,353	5.2%	2,129	\$289	4.3%	361	32	3.8
1Q 2013	\$693,849	12.9%	2,260	\$307	6.4%	382	26	4.9
2Q 2013	\$822,828	18.6%	2,372	\$347	13.0%	189	20	3.2
3Q 2013	\$829,499	0.8%	2,346	\$354	1.9%	97	20	1.6
4Q 2013	\$859,292	3.6%	2,448	\$351	-0.7%	232	29	2.7
1Q 2014	\$883,113	2.8%	2,516	\$351	0.0%	345	29	4.0
2Q 2014	\$849,914	-3.8%	2,452	\$347	-1.2%	316	28	3.8
3Q 2014	\$863,603	1.6%	2,437	\$354	2.2%	233	25	3.1
4Q 2014	\$887,290	2.7%	2,425	\$366	3.3%	246	25	3.3
1Q 2015	\$963,930	8.6%	2,559	\$377	2.9%	191	25	2.5
2Q 2015	\$939,413	-2.5%	2,450	\$383	1.8%	324	31	3.5
3Q 2015	\$942,384	0.3%	2,365	\$398	3.9%	310	37	2.8

Source: The Gregory Group

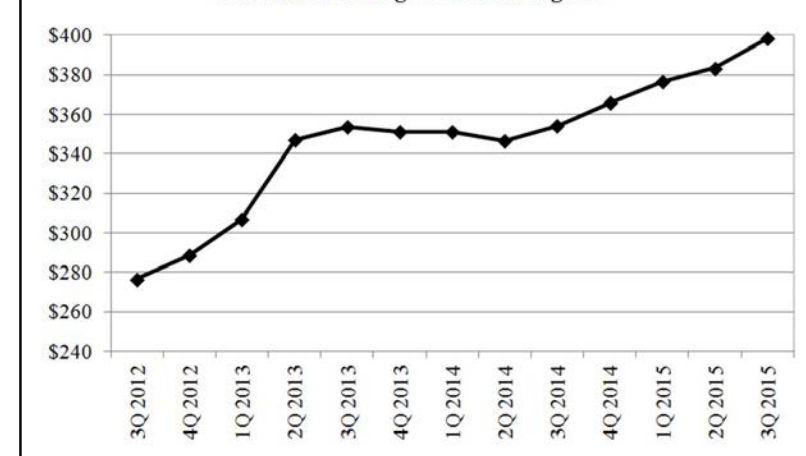
**New Home Average Price**



Source: The Gregory Group

The average new home price in the region has generally trended upward from the Third Quarter of 2012, with just a couple of small dips in certain quarters. The rate of increase was particularly strong in the first half of 2013, with more modest increases over the past two years. In the following table we show the average home price divided by the average home size for Alameda County.

**New Home Average Price / Average SF**

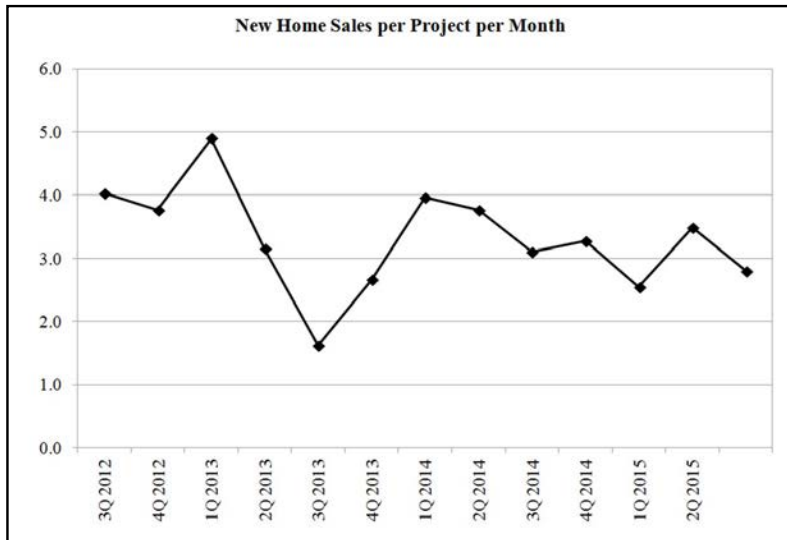


Source: The Gregory Group

Looking at the average price per square foot, this indicator increased rapidly in the first half of 2013, remained relatively flat from mid-2013 to mid-2014, and has increased steadily over the past 12 months, reaching about \$398 per square foot as of the Third Quarter of 2015.

The following chart shows recent trends in absorption (number of sales per project per month) for Alameda County.





Source: The Gregory Group

In terms of the number of new home sales in Alameda County, there have been ups and downs from quarter to quarter, but the overall trend has been fairly flat over the last three years, with the exception of a relatively low sales level in the Third Quarter of 2013. In the Third Quarter of 2015, there were 2.8 sales per project per month, which was down from 3.5 in the previous quarter, and down slightly from 3.1 a year earlier. Over the last 12 months (through the Third Quarter of 2015), the average was 3.0 sales per month, which was very close to the average for the prior 12-month period of 3.4 units per month.

#### Active Projects, Current New Home Pricing & Absorption

For this portion of the analysis, we will focus on the city of Alameda and similar markets in the East Bay and South Bay (Peninsula) areas. There are currently three active projects in Alameda, two of which are a portion of the appraised properties (Linear and Cadence). For this analysis, we will look at additional projects located in the Alameda County communities of Fremont, Hayward, Newark, Oakland and Union City; the San Mateo County areas of San Mateo and Daly City; and the Hunters Point Shipyard area in the southeastern part of San Francisco near the waterfront. These projects are considered to be most competitive with the subject property given their locations and product offerings. The projects are summarized in the following tables.

#### Active Projects Summary – Third Quarter 2015

Project	Community	Builder	Average Price	Avg. Home Size (SF)	Avg. Price/SF	Lot Size (SF)	Units Planned	Units Offered	Units Sold	Units Unsold
Linear	Alameda	Tri Pointe Homes	\$838,500	1,835	\$457	Attached	106	64	55	9
Cadence	Alameda	Tri Pointe Homes	\$1,195,173	2,600	\$460	3,300	91	42	35	7
The Ridge	Alameda	Signature Homes	\$1,383,333	3,737	\$370	12,000	21	18	18	0
Mission Peak	Fremont	Mission Peak Devel.	\$2,047,500	3,458	\$592	5,900	42	22	22	0
Terra Bella	Fremont	Standard Pacific	\$979,450	1,944	\$504	2,155	45	13	5	8
Apricot Station	Hayward	HayPck LLC	\$760,883	2,066	\$368	2,450	57	38	32	6
Camden Place	Hayward	Standard Pacific	\$699,222	1,774	\$394	1,682	144	112	102	10
Pinnacle	Hayward	Meritage Homes	\$1,242,450	4,260	\$292	8,500	42	42	36	6
Regency Square	Hayward	KB Home	\$684,333	1,957	\$350	1,485	80	80	78	2
Canopy at Timber	Newark	Trumark Homes	\$707,000	1,813	\$390	Attached	80	58	55	3
Cedar Lane	Newark	K. Hovnanian	\$721,452	1,845	\$391	Attached	85	23	22	1
Shade at Timber	Newark	Trumark Homes	\$841,333	2,251	\$374	1,672	84	40	38	2
Jade/Monte Vista Villas	Oakland	Discovery Builders	\$732,063	2,313	\$316	Attached	182	175	175	0
Bellevue	Oakland	D.R. Horton	\$1,896,657	4,610	\$411	5,100	15	15	2	13
Patina	Union City	Pulte Homes	\$1,166,990	3,066	\$381	5,000	45	33	23	10
Brightside	San Mateo	Shea Homes	\$1,177,730	1,560	\$755	Attached	80	80	80	0
Crestview Estates	Daly City	Lennar Homes	\$1,191,380	2,241	\$532	N/A	79	37	37	0
Tidelands	San Mateo	The New Home Co.	\$889,250	1,200	\$741	Attached	76	8	3	5
Overall Minimum			\$684,333	1,200	\$292					
Overall Maximum			\$2,047,500	4,610	\$755					
Overall Average			\$1,064,150	2,474	\$449					

Source: The Gregory Group

#### Active Projects – Recent Absorption (Number of Sales)

Project	Community	Avg. Home Price	Open Date	3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014
Linear	Alameda	\$838,500	Oct-14	11	18	19	--	--	--
Cadence	Alameda	\$1,195,173	Oct-14	10	3	14	--	--	--
The Ridge	Alameda	\$1,383,333	Nov-14	7	6	--	--	--	--
Mission Peak	Fremont	\$2,047,500	Mar-15	11	11	--	--	--	--
Terra Bella	Fremont	\$979,450	May-15	2	3	--	--	--	--
Apricot Station	Hayward	\$760,883	Jan-15	4	10	18	--	--	--
Camden Place	Hayward	\$699,222	May-14	12	23	16	34	7	10
Pinnacle	Hayward	\$1,242,450	Jan-15	2	19	15	--	--	--
Regency Square	Hayward	\$684,333	May-14	2	23	8	20	12	13
Canopy at Timber	Newark	\$707,000	Mar-15	27	16	12	--	--	--
Cedar Lane	Newark	\$721,452	Jul-15	22	--	--	--	--	--
Shade at Timber	Newark	\$841,333	Mar-15	18	12	8	--	--	--
Jade/Monte Vista Villas	Oakland	\$732,063	Oct-10	0	10	10	5	5	5
Bellevue	Oakland	\$1,896,657	Mar-15	0	2	0	--	--	--
Patina	Union City	\$1,166,990	May-15	3	20	--	--	--	--
Brightside	San Mateo	\$1,177,730	Oct-14	13	27	23	17	0	--
Crestview Estates	Daly City	\$1,191,380	Mar-15	12	25	0	--	--	--
Tidelands	San Mateo	\$889,250	Aug-15	3	--	--	--	--	--
Total				159	228	143	76	24	28
No. of Projects				18	16	12	4	4	3
Sales per Project per Quarter				8.8	14.3	11.9	19.0	6.0	9.3
Sales per Project per Month				2.9	4.8	4.0	6.3	2.0	3.1

Source: The Gregory Group

As shown in the preceding table, over the last 18 months the monthly absorption rate per project has ranged from 2.0 to 6.3 sales, with an 18 month average of 3.9 sales per project per month. Over the most recent nine months, the average was also 3.9 sales. Given market conditions and the subject's location and physical features, we estimate the subject could achieve an average absorption rate of 4.0 sales per month.

## Recently Sold Out Projects

New home projects not tracked by The Gregory Group within this expanded market area are located in the Bayview/Hunters Point market area to the southwest of the subject Alameda. These projects are discussed below.

### *Hunters Point Shipyard (The Shipyard) – Block 50 (Olympia)*

Block 50 of The Shipyard was marketed as Olympia and contained 25 condominium style units ranging in size from 948 square feet to 1,587 square feet of two-bedroom/two-bathroom and three-bedroom/three-bathroom units. Olympia sold all 25 units in six months (the project came on line in June 2014 and reached sell out by year end), with average sales prices for the market rate units of \$748,350.

### *Hunters Point Shipyard (The Shipyard) – Block 51 (Merchant)*

Block 51 of The Shipyard was marketed as Merchant and came on line shortly after Olympia. Merchant contained 63 condominium style units ranging in size from 457 square feet to 1,158 square feet of studio, one-bedroom/one-bathroom, and two-bedroom/two-bathroom units. Merchant sold all 63 units in less than eight months, with average sales prices for the market rate units of \$568,055.

### *Bay Meadows*

In the Bay Meadows area of San Mateo, Tri Pointe Homes recently sold all 76 units at Canterbury, an attached townhome project that opened in March 2014. The homes, ranging in size from 1,250 to 2,235 square feet, sold over a period of five quarters, which equates to an absorption rate of 5.1 units per month. The average base price was \$1,198,720 as of the first quarter of 2015.

Also in Bay Meadows, Tri Pointe Homes developed a 63-unit condominium project called Amelia. All 63 units were sold in the fourth quarter of 2013 and first quarter of 2014, indicating a sales rate of about 10.5 units per month. Units ranged in size from 1,259 to 1,900 square feet with an average base price of \$927,900 as of the first quarter of 2014.

Shea Homes developed 93 attached townhomes in the Landsdowne project of Bay Meadows. Homes began selling in June 2013 and sold out in the third quarter of 2014, indicating an absorption rate of 5.2 sales per month. Floor plans ranged from 1,237 to 2,353 square feet in size, with an average base price of \$1,011,607 as of the third quarter of 2014.

## Resale Market

We have analyzed recent trends in the resale market in addition to the preceding analysis of the new home market. Based on data obtained from the Quattro multiple listing service (which includes data from East Bay Regional Data Inc. or EBRDI), the following table shows resales of homes located in Alameda or Oakland, sold since September 1, 2015, and built in 2010 or later.

**Recent Resales – Alameda/Oakland**

Address	City	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sale Price/SF	Sale % of List	Days on Market	Lot Size
730 34th St	Oakland	09/25/15	2,200	\$1,030,000	\$899,000	\$468	114.6%	14	3,991
3425 Noyo St	Oakland	09/11/15	2,696	\$1,025,000	\$995,000	\$380	103.0%	115	12,159
9660 Armstrong	Oakland	10/23/15	1,692	\$443,000	\$429,000	\$262	103.3%	12	1,944
6512 Bayview Dr	Oakland	09/30/15	2,438	\$737,500	\$732,900	\$303	100.6%	7	3,325
6508 Bayview Dr	Oakland	10/05/15	2,349	\$767,575	\$729,900	\$327	105.2%	47	3,325
6510 Bayview Dr	Oakland	09/11/15	2,349	\$778,745	\$729,900	\$332	106.7%	35	2,200
6506 Bayview Dr	Oakland	09/15/15	2,166	\$791,080	\$726,900	\$365	108.8%	83	2,940
1619 11th St	Oakland	10/17/15	1,500	\$740,000	\$740,000	\$493	100.0%	1	2,584
1466 13th	Oakland	10/20/15	1,500	\$740,000	\$740,000	\$493	100.0%	1	2,600
730 34th St	Oakland	09/25/15	2,200	\$1,030,000	\$899,000	\$468	114.6%	15	3,991
6077 Ascot Dr	Oakland	09/23/15	4,082	\$1,875,000	\$1,850,000	\$459	101.4%	56	7,237
3295 Adams St	Alameda	12/3/15	2,537	\$1,050,000	\$1,119,500	\$414	93.8%	56	5,064
9428 Tanner Wy	Oakland	12/16/15	1,647	\$450,000	\$449,000	\$273	100.2%	51	2,786
1778 12th St	Oakland	10/29/15	1,054	\$510,000	\$489,000	\$484	104.3%	41	N/Av
Average:			2,172	\$854,850	\$823,507	\$394	104.0%	38	4,165

Source: Quattro Multiple Listing Service/EBRDI

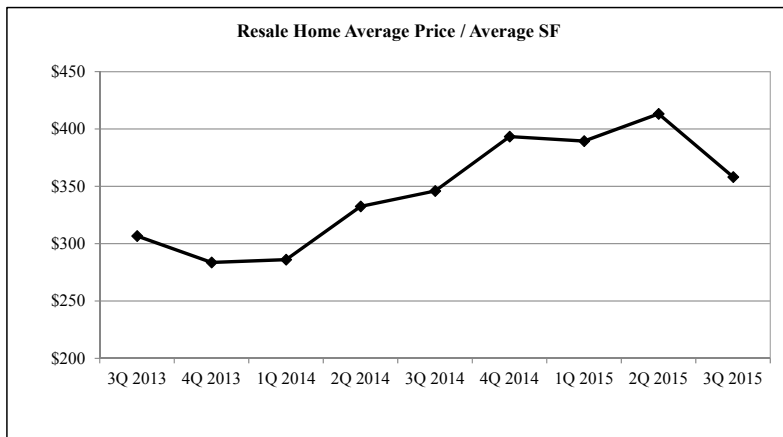
The recent resales in Oakland indicate very strong market demand with an average sale-price-to-list-price ratio of over 100% and an average time on the market of 38 days.

The table and chart on the following page show historical resale data for the cities of Alameda and Oakland. Again, this data includes only those homes built in 2010 or later.

**Resale History – Alameda/Oakland**

	Total Sales	Avg. Home Size (SF)	Avg. Price	Avg. Price/Avg. SF
3Q 2013	16	2,365	\$725,046	\$307
4Q 2013	11	1,965	\$557,363	\$284
1Q 2014	7	1,751	\$500,750	\$286
2Q 2014	16	2,027	\$673,924	\$332
3Q 2014	17	3,146	\$1,088,519	\$346
4Q 2014	16	2,214	\$870,692	\$393
1Q 2015	15	2,326	\$905,973	\$389
2Q 2015	23	2,114	\$873,448	\$413
3Q 2015	25	2,441	\$874,307	\$358

Source: Quattro Multiple Listing Service/EBRDI



Source: Quattro Multiple Listing Service/EBRDI

For resales of newer homes in Alameda and Oakland, the average price per square foot has trended upward over the past two years, from about \$300 per square foot at the end of 2013 to the high \$300's/low \$400's in recent quarters. The volume of sales has picked up in 2015: there were 79 sales in the past 12 months, and 51 in the 12-month period before that.

#### Ability to Pay

In this section, we will examine the ability to pay among prospective buyers for a representative price range of \$765,000 to \$1,290,000 (consistent with our conclusions of estimated floor plan values). First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 90% (down payment of 10%), mortgage interest rate of 4.0%, 360 monthly payments, and a 30% ratio for the mortgage payment as a percent of monthly gross monthly. The following tables show the estimates of the annual household income that would be required to afford a home priced within the range of \$765,000 and \$1,290,000.

#### Income Requirement

Home Price	\$765,000	Home Price	\$1,290,000
Loan % of Price (Loan to Value)	90%	Loan % of Price (Loan to Value)	90%
Loan Amount	\$688,500	Loan Amount	\$1,161,000
Interest Rate	4.00%	Interest Rate	4.00%
Mortgage Payment	\$3,287	Mortgage Payment	\$5,543
Mortgage Payment % of Income	30%	Mortgage Payment % of Income	30%
Monthly Income	\$10,957	Monthly Income	\$18,476
Annual Income	\$131,480	Annual Income	\$221,712

We have obtained income data from Esri for a 10-mile radius surrounding the subject property, which is considered representative of typical buyers for the subject property. It is noted this geographic area is wider than the immediate neighborhood profiled previously in the Neighborhood section of this report, which focuses on the subject's immediate location.

In the tables on the next, we show the income brackets within a 20-mile radius, along with estimates of the percentage of households able to afford a \$765,000 to \$1,290,000 home within each income bracket.



Ability to Pay (\$765,000 home)			
Household Income	Percent of Households	Percent Able to Pay	Households Able to Pay
< \$15,000	10.8%	0.0%	0.0%
\$15,000 - \$24,999	7.1%	0.0%	0.0%
\$25,000 - \$34,999	7.1%	0.0%	0.0%
\$35,000 - \$49,999	10.0%	0.0%	0.0%
\$50,000 - \$74,999	14.9%	0.0%	0.0%
\$75,000 - \$99,999	12.0%	0.0%	0.0%
\$100,000 - \$149,999	16.4%	21.0%	3.4%
\$150,000 - \$199,999	9.2%	100.0%	9.2%
\$200,000 +	12.5%	100.0%	12.5%
	100%		25.1%

Source: Esri (household income)

Ability to Pay (\$1,290,000 home)			
Household Income	Percent of Households	Percent Able to Pay	Households Able to Pay
< \$15,000	10.8%	0.0%	0.0%
\$15,000 - \$24,999	7.1%	0.0%	0.0%
\$25,000 - \$34,999	7.1%	0.0%	0.0%
\$35,000 - \$49,999	10.0%	0.0%	0.0%
\$50,000 - \$74,999	14.9%	0.0%	0.0%
\$75,000 - \$99,999	12.0%	0.0%	0.0%
\$100,000 - \$149,999	16.4%	0.0%	0.0%
\$150,000 - \$199,999	9.2%	0.0%	0.0%
\$200,000 +	12.5%	100.0%	12.5%
	100%		12.5%

Source: Esri (household income)

The preceding analysis indicates that approximately 25.1% of households within a 10-mile radius of the subject property would be able to pay for a home priced at \$765,000, and approximately 12.5% of households would be able to pay for a \$1,290,000 home.

## Conclusion

We have summarized some of the key points from this section as follows:

- For new homes in the regional area of Alameda County, the average price has trended upward since the Third Quarter of 2012. The rate of increase was particularly strong in the first half of 2013, with more modest increases over the past two years.
- The average price per square foot for new homes in Alameda County increased rapidly in the first half of 2013, remained relatively flat from mid-2013 to mid-2014, and has increased steadily over the past 12 months.

- Absorption rates in the region have been fairly flat over the last three years. Over the last 12 months, the average for all projects in Alameda County was 3.1 sales per project per month.
- Among the active projects deemed most similar to the subject (located in Alameda and similar markets), the average absorption rate was 3.9 sales per project per month over the past 18 months, which is indicative of a healthy market with good demand.
- In the resale market for recently constructed homes (built since 2010), sales volume has increased in 2015 and the average price per square foot has increased over the past two years.
- Overall, demand for new homes in the subject's market area is healthy. While the housing market has been in a stage of expansion for the past several years, market surveys, and recent interviews with housing market analysts, indicate the housing market in certain segments of the Bay Area may be beginning to plateau with respect to market appreciation. The year over year double digit increases are forcing many buyers to once again consider housing options further east in the Central Valley market areas.

DRAFT

## **HIGHEST AND BEST USE ANALYSIS**

The term “highest and best use,” as used in this report, is defined as follows:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.<sup>5</sup>

Two analyses are typically required for highest and best use. The first analysis is highest and best use of the land as though vacant, and the second analysis is the highest and best use as improved (which is not applicable). Definitions of these terms are provided in the Glossary of Terms in the Appendix to this report.

### **Highest and Best Use as though Vacant**

In accordance with the definition of highest and best use, it is appropriate to analyze the subject as though vacant as it relates to legal permissibility, physical possibility, financial feasibility and maximum productivity.

#### ***Legal Permissibility***

The legal factors influencing the highest and best use of the subject property are primarily government regulations such as zoning and building codes. The subject property represents approximately 21 acres entitled for 255 residential homes (164 attached and 91 detached); of which 16 consist of inclusionary housing units. The subject property, as proposed and partially improved, represents a portion of a master planned community that has undergone extensive planning and review. Based on the difficulties in obtaining the subject’s existing approvals, it is doubtful any significant project changes would be allowed.

#### ***Physical Possibility***

The physical and locational characteristics of the properties have been previously described in this report. In summary, the physical characteristics of the site, terrain and soils are suitable for the proposed uses.

Location considerations include the compatibility of the subject’s proposed use(s) and location with respect to surrounding uses. As indicated previously, the subject represents a portion of a master planned community, which has undergone extensive planning and review. The proposed development has been carefully designed to include an appropriate mix of land uses that are compatible with adjacent uses and uses throughout the master planned community.

<sup>5</sup> The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 109.

It should be noted at the time of inspection the appraiser did not observe the existence of hazardous material, which may or may not be present on the properties. The appraiser has no knowledge of the existence of such materials on the properties. However, the appraiser is not qualified to detect such substances. The presence of potentially hazardous materials could affect the value of the properties. The value estimate herein is predicated on the assumption there is no material on or in the properties that would cause a loss of value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field if desired.

There are no known significant easements that would prohibit the development of the properties. Overall, the subject has locational characteristics, access and utilities, which support the subject’s intended uses.

### ***Financial Feasibility***

A determination of financial feasibility is dependent primarily upon demand. The subject property is located in an area that has experienced modest population growth in recent years, with the little population growth a direct result of the limited supply of developable land. As noted in the *Residential Market* overview section, the subject’s Bay Area location coupled with the limited supply of land, has experienced significant increases in land value. Also, sales of production lots and homes in the area remain relatively strong.

As shown later in this report by the land residual analysis, where home and remaining site development costs are deducted from current home prices, the subject’s land value is positive (reflecting its as vacant condition), which demonstrates that single-family residential development is financially feasible. Further, buyers are actively buying homes and builders are earnestly buying land, reflecting ample demand. Development of the subject property as a single-family residential subdivision is financially feasible.

### ***Maximum Productivity***

There is only one land use that is legally permissible, physically possible and financially feasible; to develop the subject property as single-family residential units.

### ***Conclusion of the Highest and Best Use – As Though Vacant***

Legal, physical, and market conditions have been analyzed to evaluate the highest and best use of the properties. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the properties. The only use that meets the four criteria for determining the highest and best use is a well-balanced single-family residential development. The subject should be developed according to this land use designation. Based on this analysis, residential development is judged to be the subject’s highest and best use as vacant land.

### **Highest and Best Use as Improved (Proposed)**

Based on the valuation analysis presented later in this Report, the proposed homes to be constructed on the selected subject site are representative of the market for similar product in the market area and are considered financially feasible, with reasonable developer's incentive, and maximally productive.

### **Probable Buyer**

The most probable buyer of the appraised properties is a merchant builder looking to acquire land for production home development.

DRAFT

### **APPROACHES TO VALUE**

The valuation process is a systematic set of procedures an appraiser follows to provide answers to a client's questions about real property value.<sup>6</sup> This process involves the investigation, organization and analysis of pertinent market data and other related factors that affect the market value of real estate. The market data is analyzed in terms of any one or all of the three traditional approaches to estimating real estate value. These are the cost, sales comparison, and income capitalization approaches. One additional analysis—a discounted cash flow analysis—is also applicable. Each approach to value is briefly discussed and defined as follows:

#### **Cost Approach**

The cost approach is based on the premise that no prudent buyer would pay more for a particular property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility. Thus, this approach to value relates directly to the economic principle of substitution, as well as supply and demand. The cost approach is most applicable when valuing properties where the improvements are new or suffer only a minor amount of accrued depreciation, and is especially persuasive when the site value is well supported. The cost approach is also highly relevant when valuing special-purpose or specialty properties and other properties that are not frequently exchanged in the market.

The definition of the cost approach is offered as follows:

A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.<sup>7</sup>

#### **Sales Comparison Approach**

The sales comparison approach is based on the premise that the value of a property is directly related to the prices being generated for comparable, competitive properties in the marketplace. Similar to the cost approach, the economic principles of substitution, as well as supply and demand are basic to the sales comparison approach. This approach has broad applicability and is particularly persuasive when there has been an adequate volume of recent, reliable transactions of similar properties that indicate value patterns or trends in the market. When sufficient data are available, this approach is the most direct and systematic approach to value estimation. Typically, the sales comparison approach is most pertinent when valuing land, single-family homes and small, owner-occupied commercial and office properties.

<sup>6</sup> The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 243.

<sup>7</sup> The Dictionary of Real Estate Appraisal, 54.

The definition of the sales comparison approach is offered as follows:

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.<sup>8</sup>

### Income Capitalization Approach

The income capitalization approach is based on the premise that income-producing real estate is typically purchased as an investment. From an investor's point of view, the potential earning power of a property is the critical element affecting value. The concepts of anticipation and change, as they relate to supply and demand issues and substitution, are fundamental to this valuation approach. These concepts are important because the value of income-producing real estate is created by the expectation of benefits (income) to be derived in the future, which is subject to changes in market conditions. Value may be defined as the present worth of the rights to these future benefits.

Within the income capitalization approach there are two basic techniques that can be utilized to estimate market value. These techniques of valuation are direct capitalization and yield capitalization.

*Direct Capitalization:* A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified.<sup>9</sup>

*Yield Capitalization:* A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.<sup>10</sup>

The definition of the income capitalization approach is offered as follows:

Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.<sup>11</sup>

### Discounted Cash Flow Analysis

A discounted cash flow analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of

valuation, the appraiser/analyst specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate. A discounted cash flow analysis will be presented in this appraisal: the Land Residual Analysis, which is defined below.

*Land Residual Analysis:* This analysis considers the residual value of the subject land by deducting costs from home prices over a projected absorption period, with the result representing the value of land.

<sup>8</sup> The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 207.

<sup>9</sup> The Dictionary of Real Estate Appraisal, 65.

<sup>10</sup> The Dictionary of Real Estate Appraisal, 251.

<sup>11</sup> The Dictionary of Real Estate Appraisal, 115.

### MARKET VALUATION – FLOOR PLANS

In this analysis, we will estimate the market values of the floor plans offered within the District, as of the date of inspection, December 20, 2015, to apply to those respective units that have transferred to individual homeowners as assessed values have not yet been assigned. The objective of the analyses is to estimate the base prices of the floor plans offered (utilizing the smallest floor plan size when various sizes due to options available), net of incentives, upgrades and lot premiums. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs. Base price pertains to the typical lot size within the subject. The sales comparison approach to value is employed in order to establish the market values for each floor plan.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), “*The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.*” The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the subject property. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

As previously discussed, the subject consists of attached and detached residential units. The attached product line, known as Linear, consists of five floor plans (Residences 1, 4, 5, 6 and 7) and three inclusionary/below market rate (BMR) floor plans (Residences 1, 2 and 3). Since the BMR units have predetermined sales prices, these floor plans will not be analyzed in this section and the actual set sales prices will be utilized. The detached product line (Cadence) consists of four floor plans (Residences 1 through 4).

A total of 42 Linear units (inclusive of three BMR unit) and 36 Cadence units have sold to individual homeowners as of our date of value/inspection (December 20, 2015). While many other units within each product line were in escrow as of the date of value, these units will be included in the analysis of the bulk market value of the master developer, presented in the next section, as title is still vested with the Developer.

Our survey included new home sales (as well as pending sales and available units) in Alameda Landing. Specifically, we were provided with new home closings within Linear at Alameda Landing

for our analysis of the attached residential units, and closings at Cadence at Alameda Landing for the detached residential units, as sales in the subject’s subdivision are deemed to provide the best estimate of market value for the subject’s floor plans.

### **FLOOR PLAN COMPARABLE SUMMARIES – ATTACHED UNITS (LINEAR)**

RESIDENCE 1							
No.	Location	Contract Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)
		Close of Escrow Date	PV of Bonds Total Consideration		Bedroom	Bathroom	
1	Linear at Alameda Landing	Feb-15	\$593,562	1,077	2	2.0	N/Ap
	450 Mitchell Avenue	Sep-15	\$44,531				
	Alameda		<b>\$638,093</b>				
2	Linear at Alameda Landing	Mar-15	\$674,899	1,077	2	2.0	N/Ap
	440 Mitchell Lane	Oct-15	\$44,531				
	Alameda		<b>\$719,430</b>				
3	Linear at Alameda Landing	Apr-15	\$675,860	1,066	2	2.0	N/Ap
	427 Itliong Lane	Nov-15	\$44,531				
	Alameda		<b>\$720,391</b>				
4	Linear at Alameda Landing	Jun-15	\$760,673	1,066	2	2.0	N/Ap
	411 Itliong Lane	Dec-15	\$44,531				
	Alameda		<b>\$805,204</b>				
	Linear at Alameda Landing	Oct-15	--	1,017	2	2.0	N/Ap
	Residence 1 Base Floor Plan						
	Alameda						

RESIDENCE 4							
No.	Location	Contract Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)
		Close of Escrow Date	PV of Bonds Total Consideration		Bedroom	Bathroom	
1	Linear at Alameda Landing	Feb-15	\$666,920	1,638	2	2.5	N/Ap
	2789 Fifth Street	Sep-15	\$31,160				
	Alameda		<b>\$698,080</b>				
2	Linear at Alameda Landing	Mar-15	\$693,654	1,638	2	2.5	N/Ap
	447 McCall Lane	Oct-15	\$31,160				
	Alameda		<b>\$724,814</b>				
3	Linear at Alameda Landing	Mar-15	\$707,446	1,638	2	2.5	N/Ap
	432 Mitchell Avenue	Sep-15	\$31,160				
	Alameda		<b>\$738,606</b>				
4	Linear at Alameda Landing	Apr-15	\$786,961	1,638	2	2.5	N/Ap
	430 Mitchell Avenue	Oct-15	\$31,160				
	Alameda		<b>\$818,121</b>				
	Linear at Alameda Landing	Oct-15	--	1,638	2	2.5	N/Ap
	Residence 4 Base Floor Plan						
	Alameda						



RESIDENCE 5

No.	Location	Contract Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)
		Close of Escrow Date	PV of Bonds Total Consideration		Bedroom	Bathroom	
1	Linear at Alameda Landing 2773 Fifth Street Alameda	Dec-14 Aug-15	\$702,395 \$31,160 <b>\$733,555</b>	1,987	3	3.5	N/Ap
2	Linear at Alameda Landing 449 McCall Lane Alameda	Feb-15 Oct-15	\$850,729 \$31,160 <b>\$881,889</b>	1,905	3	2.5	N/Ap
3	Linear at Alameda Landing 443 McCall Lane Alameda	Mar-15 Oct-15	\$750,803 \$31,160 <b>\$781,963</b>	1,987	3	2.5	N/Ap
4	Linear at Alameda Landing 428 Mitchell Avenue Alameda	Apr-15 Oct-15	\$899,999 \$31,160 <b>\$931,159</b>	1,987	3	2.5	N/Ap
	Linear at Alameda Landing Residence 5 Base Floor Plan Alameda	Oct-15	--	1,905	3	3.5	N/Ap

RESIDENCE 6

No.	Location	Contract Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)
		Close of Escrow Date	PV of Bonds Total Consideration		Bedroom	Bathroom	
1	Linear at Alameda Landing 2795 Fifth Street Alameda	Jan-15 Sep-15	\$779,873 \$44,531 <b>\$824,404</b>	2,303	3	2.5	N/Ap
2	Linear at Alameda Landing 441 McCall Lane Alameda	Mar-15 Oct-15	\$816,806 \$44,531 <b>\$861,337</b>	2,323	3	2.5	N/Ap
3	Linear at Alameda Landing 429 Itliong Lane Alameda	May-15 Nov-15	\$931,611 \$41,857 <b>\$973,468</b>	2,185	3	2.5	N/Ap
4	Linear at Alameda Landing 409 Itliong Lane Alameda	Nov-15 Dec-15	\$900,000 \$41,857 <b>\$941,857</b>	2,248	3	2.5	N/Ap
	Linear at Alameda Landing Residence 6 Base Floor Plan Alameda	Oct-15	--	2,185	3	2.5	N/Ap

RESIDENCE 7

No.	Location	Contract Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)
		Close of Escrow Date	PV of Bonds Total Consideration		Bedroom	Bathroom	
1	Linear at Alameda Landing 446 Mitchell Avenue Alameda	Jan-15 Sep-15	\$872,854 \$44,531 <b>\$917,385</b>	2,454	3 - 4	3.0	N/Ap
2	Linear at Alameda Landing 2781 Fifth Street Alameda	Feb-15 Sep-15	\$898,492 \$44,531 <b>\$943,023</b>	2,454	3 - 4	3.0	N/Ap
3	Linear at Alameda Landing 420 Mitchell Avenue Alameda	May-15 Oct-15	\$901,573 \$44,531 <b>\$946,104</b>	2,454	3 - 4	3.0	N/Ap
4	Linear at Alameda Landing 413 Itliong Lane Alameda	Sep-15 Dec-15	\$969,955 \$44,531 <b>\$1,014,486</b>	2,433	3 - 4	3.0	N/Ap
	Linear at Alameda Landing Residence 7 Base Floor Plan Alameda	Oct-15	--	2,433	3 - 4	3.0	N/Ap

FLOOR PLAN COMPARABLE SUMMARIES – DETACHED UNITS (CADENCE)

RESIDENCE 1

No.	Location	Contract Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)
		Close of Escrow Date	PV of Bonds Total Consideration		Bedroom	Bathroom	
1	Cadence at Alameda Landing 2762 Bette Street Alameda	Apr-15 Aug-15	\$1,020,691 \$48,267 <b>\$1,068,958</b>	2,109	3	2.5	2,655
2	Cadence at Alameda Landing 2752 Grant Lane Alameda	May-15 Sep-15	\$1,116,218 \$48,267 <b>\$1,164,485</b>	2,109	3	2.5	2,655
3	Cadence at Alameda Landing 2756 Bette Street Alameda	Jun-15 Sep-15	\$1,111,419 \$48,267 <b>\$1,159,686</b>	2,109	3	2.5	2,655
4	Cadence at Alameda Landing 410 DeWitt Lane Alameda	Dec-15 Jan-16	\$1,076,017 \$48,267 <b>\$1,124,284</b>	2,109	3	2.5	2,655
	Cadence at Alameda Landing Residence 1 Base Floor Plan Alameda	Oct-15	--	2,109	3	2.5	2,655

### RESIDENCE 2

No.	Location	Contract Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)
		Close of Escrow Date	PV of Bonds Total Consideration		Bedroom	Bathroom	
1	Cadence at Alameda Landing 2756 Grant Lane Alameda	Apr-15 Oct-15	\$1,120,164 \$58,978 <b>\$1,179,142</b>	2,623	3	3.5	2,655
2	Cadence at Alameda Landing 2752 Bette Street Alameda	May-15 Sep-15	\$1,096,393 \$58,978 <b>\$1,155,371</b>	2,623	3	3.5	2,655
3	Cadence at Alameda Landing 409 DeWitt Lane Alameda	Sep-15 Oct-15	\$1,138,563 \$58,978 <b>\$1,197,541</b>	2,623	3	3.5	2,691
4	Cadence at Alameda Landing 409 Carnevale Lane Alameda	Available N/Ap	\$1,145,475 \$58,978 <b>\$1,204,453</b>	2,623	3	3.5	2,655
	Cadence at Alameda Landing Residence 2 Base Floor Plan Alameda	Oct-15	--	2,623	3	3.5	2,655

### RESIDENCE 3

No.	Location	Contract Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)
		Close of Escrow Date	PV of Bonds Total Consideration		Bedroom	Bathroom	
1	Cadence at Alameda Landing 406 Mosley Avenue Alameda	Mar-15 Aug-15	\$1,142,377 \$58,978 <b>\$1,201,355</b>	2,695	4	3.5	3,245
2	Cadence at Alameda Landing 402 Mosley Avenue Alameda	Apr-15 Sep-15	\$1,131,798 \$58,978 <b>\$1,190,776</b>	2,695	4	3.5	3,245
3	Cadence at Alameda Landing 2750 Bette Street Alameda	Jun-15 Oct-15	\$1,218,788 \$58,978 <b>\$1,277,766</b>	2,695	4	3.5	3,439
4	Cadence at Alameda Landing 2746 Bette Street Alameda	Available N/Ap	\$1,207,585 \$58,978 <b>\$1,266,563</b>	2,695	4	3.5	3,393
	Cadence at Alameda Landing Residence 3 Base Floor Plan Alameda	Oct-15	--	2,695	4	3.5	3,245

### RESIDENCE 4

No.	Location	Contract Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)
		Close of Escrow Date	PV of Bonds Total Consideration		Bedroom	Bathroom	
1	Cadence at Alameda Landing 415 Mosley Avenue Alameda	Mar-15 Jul-15	\$1,092,925 \$58,978 <b>\$1,151,903</b>	2,879	5	3.5	3,245
2	Cadence at Alameda Landing 2760 Bette Street Alameda	Apr-15 Sep-15	\$1,209,652 \$65,373 <b>\$1,275,025</b>	3,364	6	4.0	3,319
3	Cadence at Alameda Landing 2758 Grant Lane Alameda	Jun-15 Sep-15	\$1,215,044 \$58,978 <b>\$1,274,022</b>	2,879	5	3.5	3,319
4	Cadence at Alameda Landing 406 Singleton Avenue Alameda	Available N/Ap	\$1,327,685 \$65,373 <b>\$1,393,058</b>	3,364	6	4.0	3,027
	Cadence at Alameda Landing Residence 4 Base Floor Plan Alameda	Oct-15	--	2,879	5	3.5	3,319

### Discussion of Adjustments

In order to estimate the market values for the subject floor plans, the comparable transactions were adjusted to reflect the subject with regard to categories that affect market value. If a comparable has an attribute considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories that are considered inferior to the subject and are adjusted upward. In order to isolate and quantify the adjustments on the comparable sales data, percentage or dollar adjustments are considered appropriate. At a minimum, the appraiser considers the need to make adjustments for the following items:

- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions (time)
- Location
- Physical features

A paired sales analysis is performed in a meaningful way when the quantity and quality of data are available. Even so, many of the adjustments require the appraiser's experience and knowledge of the market and information obtained from those knowledgeable and active in the marketplace. A detailed analysis involving each of these factors and the value conclusion for each unit follows.

### Total Consideration

The appraised properties are analyzed based on the total consideration of home price and the assumption of bonds, if any. Bond debt has a direct impact on the amount for which the end product

will sell. In an effort to account for the impact of bond indebtedness on the sales price, we establish a present value amount for the bond encumbrance based on the annual assessment. The present value amount is based on the annual special tax (determined by the Rate and Method of Apportionment provided, please refer to the *Property Identification and Legal Data* section for more information), an interest rate of 5.5% and the remaining term from the date of sale (30 years). All of the comparables are encumbered by bonds; thus, the present value of the bonds is considered in this analysis to determine the total consideration with each sale.

#### Upgrades and Incentives

The objective of the analysis is to estimate the base price per floor plan, net of incentives. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs. All of the comparables represent new home sales and upgrades were reported for each of the sales; therefore, each comparables adjusted downward (dollar-for-dollar) by the amount reported for each sale to get to the base price.

#### Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. As previously noted, the opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All of the comparables represent fee simple estate transactions. Therefore, adjustments for this factor are not necessary.

#### Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. If the seller provides incentives in the form of paying for closing costs or an interest rate buy down, a discount has been obtained by the buyer for financing terms. This discount price must then be adjusted to a cash equivalent basis. Also, any incentives applicable toward closing costs would have been reflected in the incentives adjustments previously considered. No adjustments were required for this factor.

#### Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding

The comparables did not involve any non-market or atypical conditions of sale. Adjustments for this factor do not apply.

#### Market Conditions (Date of Sale, Phase Adjustment)

The market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a neighborhood, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

Based on the trending in pricing at the subject property we have applied the following market adjustments, which are supported by other active projects in the market area.

Months	Adjustment (per month)
1 - 2	0.5%
3 - 4	1.0%
5 - 6	1.5%
7 - 10	2.0%
11+	2.5%

Finally, while we have also utilized some active listings in our analysis, no adjustment has been applied to these comparables as there is no evidence the unit listed prices are not being achieved at the project.

#### Location

Location is a very important factor to consider when making comparisons. The comparables need not be in the same neighborhood, but should be in neighborhoods that offer the same advantage and have, in general, the same overall desirability to the most probable buyer or user. The comparables are located in the same location (Alameda Landing) as the subject; location adjustments are not necessary.

#### Community Appeal

In addition to market location adjustments, we consider community appeal adjustments. Even within a specific market location, often specific community characteristics influence sale prices. Occasionally, prices on one street may be significantly higher or lower than the next, despite similar home characteristics. Community characteristics that may influence sale prices include a gated amenity or the condition of surrounding development.

The subject and all of the comparable sales represent the same new home project (Alameda Landing) with new home construction and its own project identity. Therefore, adjustments for community appeal are not warranted.

#### Lot Size

The lot size adjustment pertains to the differences between the subject's average lot size (which, for the subject, is representative of an average size for each floor plan as plotted) and comparables with either larger or smaller lots. It does not include any premium location adjustments, which are adjusted for later. The amount of the adjustment used in the comparison of the base lot sizes comes from a survey of premiums paid for larger lots. A lot size adjustment factor of \$40.00/SF is considered reasonable for the subject's market area. Using the estimated lot size adjustment factor, adjustments are applied to the comparables, accordingly. This adjustment is only applicable to the detached residential units (Cadence), as the attached units have no applicable land area.

#### Lot Premiums

Properties sometimes achieve premiums for corner or cul-de-sac positioning, or proximity to open space or views. Adjustments for lot position premiums would be in addition to lot size adjustments previously considered. The subject does not feature any lots meriting a lot premium, and all lots are generally similar in size. The subject does not feature any atypical premiums such as view or open space frontage. Some of the comparable sales include a negative lot position. These comparable sales have a Fifth Street address, fronting this primary access street within the Alameda Landing project. Residential units along this street are considered to have an inferior lot position and a discount of approximately 5% is warranted. No other adjustments for lot premiums are required.

#### Design and Appeal/Quality of Construction

Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeals to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices. The comparables are similar to the subject in regard to design and appeal.

Construction quality can differ from slightly to substantially between projects and is noted in the exterior and interior materials and design features of a standard unit. In terms of quality of construction, the subject represents good construction quality. All of the comparable sales feature similar construction quality and do not require adjustments.

#### Age/Condition

All of the comparables represent sales of new construction; therefore, an adjustment for age/condition is not warranted.

#### Functional Utility

The subject property and respective comparables represent traditional attached or detached single-family residential construction, with detached units on standard lots for the area. Adjustments for this factor do not apply.

#### Room Count

For similar size units the differences between room count is a buyer preference. One buyer might prefer two bedrooms and a den versus a three-bedroom unit. Extra rooms typically result in additional building area and are accounted for in the size adjustment. Therefore, no adjustments are made for number of total rooms or bedrooms. Because bathrooms are a functional item for each floor plan and add substantial cost due to the number of plumbing fixtures, an adjustment is made for the difference in the number of fixtures between the subject and the comparable sales. The adjustment is based on an amount of \$5,000 per fixture (or half-bath) and is supported by cost estimates for a good quality home in the Residential Cost Handbook, published by the Marshall and Swift Corporation. Considering the fact that plumbing upgrades for existing bathrooms generally range from \$5,000 to over \$25,000 for the various fixtures, the \$12,500 per fixture, or half-bath, is supported. Consequently, a factor of \$25,000 per full bath is also applied in our analysis.

### Unit Size/Living Area

Units similar (in the same development), except for size, were compared to derive the applicable adjustment for unit size. Those used for comparison purposes, are units within similar projects. Units within the same project were used since they have a high degree of similarity in quality, workmanship, design and appeal. Other items such as a single level or two-story designs, number of bathrooms and number of garage spaces were generally similar in these comparisons, in order to avoid other influences in price per square foot. Where differences exist, they are minor and do not impact the overall range or average concluded.

The range indicated by the paired units in this analysis generally demonstrated a value range from approximately \$40 to \$80 per square foot. Considering the information cited above, a factor of \$60 per square foot is concluded to be appropriate and reasonable for the difference in living area between the subject and the comparables, given the quality of the product.

### Number of Stories

This factor was considered as part of the *Unit Size/Living Area* factor. An additional adjustment is not warranted.

### Parking/Garage

As discussed, there have been an adequate number of recent sales of the subject's floor plans and an adjustment for this element of comparison is not required.

### Landscaping

This factor was considered as part of the *Quality of Construction* factor. An additional adjustment is not warranted.

### Conclusion

The following pages include grids reflecting the aforementioned adjustments.

DRAFT

ADJUSTMENT GRID - ATTACHED RESIDENCE 1									
Project Information:		Subject Property		Comparable No. 1		Comparable No. 2		Comparable No. 3	
Project Name		Landing @ Alameda Landing		Landing @ Alameda Landing		Landing @ Alameda Landing		Landing @ Alameda Landing	
Plan		Residence 1		Residence 1		Residence 1		Residence 1	
Address/ Lot Number		Base Plan		440 Mitchell Lane		427 Ilhong Lane		411 Ilhong Lane	
City/Area		Alameda		Alameda		Alameda		Alameda	
Price per SF		N/A		\$59,562		\$67,499		\$67,860	
Price per SF (Including 30 Years of Depreciation)		N/A		\$41,431		\$48,665		\$41,431	
Price per SF (Including 30 Years of Depreciation and Land)		N/A		\$68,493		\$77,410		\$77,410	
Price per SF (Including 30 Years of Depreciation and Land and 30 Years of Depreciation)		N/A		\$92,47		\$67,99		\$75,15	
Total Consideration per SF		N/A		\$92,47		\$67,99		\$75,15	
Incentives		N/A		No		No		No	
Upgrades		Base		Upgrades		Upgrades		Upgrades	
Effective Base Sale Price (Including Bonds)		\$20,431		\$20,431		\$20,431		\$20,431	
Factor									
Property Rights		Fee Simple		Similar		Similar		Similar	
Financing Terms		Cash Equivalent		Similar		Similar		Similar	
Conditions of Sale		Market		Market		Market		Market	
Market Conditions		MV 10/15		2/19/2015		1/19/2015		6/20/2015	
Date of Sale		N/A		\$100,869		\$94,560		\$64,659	
Phase Adjustment		N/A							
Project Incentive Adjustment		N/A							
Property Location		Alameda		Alameda		Alameda		Alameda	
Community Appeal		Average		Similar		Similar		Similar	
Lot Size		N/A		N/A		N/A		N/A	
Lot Premium/Discount		Standard		Similar		Similar		Similar	
Design and Appeal		Good		Similar		Similar		Similar	
Quality of Construction		Good		Similar		Similar		Similar	
Age (Total Effective)		New		Similar		Similar		Similar	
Condition		Good/New		Similar		Similar		Similar	
Functional Utility		Average		Similar		Similar		Similar	
Room Count		2		2		2		2	
Bedrooms		2		2		2		2	
Baths		2		2		2		2	
Living Area (SF)		\$25,000		1,077		(\$3,600)		1,066	
Number of Stories		One		One		One		One	
Central Air Conditioning		Central/Fixed		Similar		Similar		Similar	
Refrigeration		Central/Fixed		Similar		Similar		Similar	
Landscaping		Front		Similar		Similar		Similar	
Pool/Spa		None		Similar		Similar		Similar	
Patios/Decks		None		Similar		Similar		Similar	
Fencing		None		Similar		Similar		Similar	
Fireplace(s)		None		Similar		Similar		Similar	
Kitchen Equipment		Average		Similar		Similar		Similar	
Other Adjustments		None		None		None		None	
Set Adjustments		\$180,522		\$142,602		\$142,602		\$112,180	
Adjusted Base Retail Value (Including Bonds)		\$759,222		\$759,222		\$759,222		\$759,222	
Concluded Base Retail Value		\$765,000							
Indicated Value Per SF		\$752.21							

ADJUSTMENT GRID - ATTACHED RESIDENCE 4									
Project Information:		Subject Property:		Comparable No. 1		Comparable No. 2		Comparable No. 3	
Project Name		Lot at Alameda Landing		Lot at Alameda Landing		Lot at Alameda Landing		Lot at Alameda Landing	
Plan		Residence 4		Residence 4		Residence 4		Residence 4	
Address / Lot Number		2789 Fifth Street		443 McCall Lane		432 Mitchell Avenue		432 Mitchell Avenue	
City/Area		Alameda		Alameda		Alameda		Alameda	
Price		\$666,920		\$421.48		\$311.90		\$311.90	
Price per SF		\$407.16		\$311.60		\$311.60		\$311.60	
Room Count		3		3		3		3	
Bedrooms		2		2		2		2	
Baths		2.5		2.5		2.5		2.5	
Living Area (SF)		\$25,000		\$25,000		\$25,000		\$25,000	
Number of Stories		1.638		1.638		1.638		1.638	
Roofing		Similar		Similar		Similar		Similar	
Roofing Cooling		Similar		Similar		Similar		Similar	
Roofing Heating		Similar		Similar		Similar		Similar	
Landscaping		Similar		Similar		Similar		Similar	
Pool/Spa		None		None		None		None	
Patios/Decks		Similar		Similar		Similar		Similar	
Fencing		Similar		Similar		Similar		Similar	
Fireplaces		None		None		None		None	
Kitchen Equipment		Similar		Similar		Similar		Similar	
Appliances		Similar		Similar		Similar		Similar	
Price Adjustments		None		None		None		None	
Net Adjustments		\$175,033		\$175,033		\$175,033		\$175,033	
Adjusted Base Retain Value (Including Bonds)		\$801,903		\$801,903		\$801,903		\$801,903	
Concluded Base Retain Value		\$795,000		\$795,000		\$795,000		\$795,000	
Indicated Value Per SF		\$485.35		\$485.35		\$485.35		\$485.35	

ADJUSTMENT GRID - ATTACHED RESIDENCE 5									
Project Information:		Subject Property:		Comparable No. 1		Comparable No. 2		Comparable No. 3	
Project Name		Lot at Alameda Landing		Lot at Alameda Landing		Lot at Alameda Landing		Lot at Alameda Landing	
Plan		Residence 5		Residence 5		Residence 5		Residence 5	
Address / Lot Number		2773 Fifth Street		443 McCall Lane		443 McCall Lane		443 McCall Lane	
City/Area		Alameda		Alameda		Alameda		Alameda	
Price		\$702,395		\$426.58		\$377.86		\$377.86	
Price per SF		\$333.50		\$311.60		\$311.60		\$311.60	
Room Count		3		3		3		3	
Bedrooms		3		3		3		3	
Baths		3.5		3.5		3.5		3.5	
Living Area (SF)		\$25,000		\$25,000		\$25,000		\$25,000	
Number of Stories		1.987		1.987		1.987		1.987	
Roofing		Similar		Similar		Similar		Similar	
Roofing Cooling		Similar		Similar		Similar		Similar	
Roofing Heating		Similar		Similar		Similar		Similar	
Landscaping		Similar		Similar		Similar		Similar	
Pool/Spa		None		None		None		None	
Patios/Decks		Similar		Similar		Similar		Similar	
Fencing		Similar		Similar		Similar		Similar	
Fireplaces		None		None		None		None	
Kitchen Equipment		Similar		Similar		Similar		Similar	
Appliances		Similar		Similar		Similar		Similar	
Price Adjustments		None		None		None		None	
Net Adjustments		\$200,680		\$200,680		\$200,680		\$200,680	
Adjusted Base Retain Value (Including Bonds)		\$891,405		\$891,405		\$891,405		\$891,405	
Concluded Base Retain Value		\$890,000		\$890,000		\$890,000		\$890,000	
Indicated Value Per SF		\$466.79		\$466.79		\$466.79		\$466.79	

ADJUSTMENT GRID - ATTACHED RESIDENCE 6									
Project Information:		Subject Property	Comparable No. 1	Comparable No. 2	Comparable No. 3	Comparable No. 4			
Project Name		Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing			
Plan		Residence 6	Residence 6	Residence 6	Residence 6	Residence 6			
Address/Lot Number		2795 Fifth Street	441 McCall Lane	429 Hlong Lane	409 Hlong Lane	409 Hlong Lane			
City/Area		Alameda	Alameda	Alameda	Alameda	Alameda			
Price			\$779,873	\$816,806	\$831,611	\$900,000			
Price per SF		N/Ap	\$338.63	\$354.67	\$380.60	\$400.36			
Price (PV at 3.5% over 30 years)		N/Ap	\$41,431	\$41,431	\$41,437	\$41,857			
Total Consideration (Including Bonds)		N/Ap	\$82,444	\$82,444	\$82,457	\$84,877			
Total Consideration Per SF		N/Ap	\$357.97	\$374.01	\$399.76	\$418.98			
Incentives		N/Ap	No	No	No	No			
Phase Adjustment		Base	Upgrades (88,973)	Upgrades (52,966)	Upgrades (\$72,711)	Upgrades (\$49,507)			
Property Incentive Adjustment									
Community Appeal									
Lot Size		N/Ap	N/Ap	N/Ap	N/Ap	N/Ap			
Lot Premium Discount		Standard	Inferior (+5%)	Standard	Standard	Standard			
Design and Appeal		Good	Good	Good	Good	Good			
Quality of Construction		Good	Good	Good	Good	Good			
Age (Total Effective)		New	New	New	New	New			
Functional Utility		Average	Similar	Similar	Similar	Similar			
Room Count		3	3	3	3	3			
Bedrooms		2.5	2.5	2.5	2.5	2.5			
Living Area (SF)		\$55,000	\$57,000	\$57,000	\$57,000	\$57,000			
Number of Stories		Three	Three	Three	Three	Three			
Roofing/Cooling		Central/Fixed	Central/Fixed	Central/Fixed	Central/Fixed	Central/Fixed			
Landscaping		Front	2 Car (1 tandem)	2 Car (1 tandem)	2 Car (1 tandem)	2 Car (1 tandem)			
Pool/Spa		None	Similar	Similar	Similar	Similar			
Patios/Decks		None	Similar	Similar	Similar	Similar			
Fencing		None	Similar	Similar	Similar	Similar			
Kitchen Equipment		Average	Similar	Similar	Similar	Similar			
Other		None	None	None	None	None			
Gross Adjustments			\$203,602	\$149,946	\$132,708	\$53,237			
Net Adjustments			\$189,469	\$109,880	\$60,057	\$33,780			
Adjusted Base Retail Value (Including Bonds)			\$995,901	\$945,212	\$860,814	\$888,570			
Concluded Base Retail Value									
Indicated Value Per SF									
			903,000						
			\$425.63						

ADJUSTMENT GRID - ATTACHED RESIDENCE 7											
Project Information:		Subject Property		Comparable No. 1		Comparable No. 2		Comparable No. 3		Comparable No. 4	
Project Name		Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing	Lariat @ Alameda Landing
Plan		Residence 7	Residence 7	Residence 7	Residence 7	Residence 7	Residence 7	Residence 7	Residence 7	Residence 7	Residence 7
Address/ Lot Number		446 Mitchell Avenue	446 Mitchell Avenue	446 Mitchell Avenue	446 Mitchell Avenue	446 Mitchell Avenue	446 Mitchell Avenue	446 Mitchell Avenue	446 Mitchell Avenue	446 Mitchell Avenue	446 Mitchell Avenue
City/Area		Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda
Price											
Price per SF		N/Ap	\$358.69	\$372.854	\$366.13	\$367.39	\$367.39	\$367.39	\$367.39	\$367.39	\$909.955
Bonds (PV at 5.5% over 30 years)		N/Ap		\$44,531	\$44,531	\$44,531	\$44,531	\$44,531	\$44,531	\$44,531	\$44,531
Total Consideration (Including Bonds)		N/Ap		\$97,385	\$97,385	\$97,385	\$97,385	\$97,385	\$97,385	\$97,385	\$97,385
Total Consideration per SF		N/Ap		\$371.83	\$384.28	\$385.54	\$385.54	\$385.54	\$385.54	\$385.54	\$941.486
Phase Adjustment		N/Ap	No	No	No	No	No	No	No	No	No
Incentives		N/Ap	No	No	No	No	No	No	No	No	No
Upgrades		Base	Upgrades	Upgrades	Upgrades	Upgrades	Upgrades	Upgrades	Upgrades	Upgrades	Upgrades

ADJUSTMENT GRID - DETACHED RESIDENCE 1									
Project Information:		Subject Property:		Comparable No. 1:		Comparable No. 2:		Comparable No. 3:	
Project Name		Address	City/Area	Address	City/Area	Address	City/Area	Address	City/Area
Plan		Base Plan		Base Plan		Base Plan		Base Plan	
City/Area		City/Area		City/Area		City/Area		City/Area	
Price		Price		Price		Price		Price	
Price per SF		Price per SF		Price per SF		Price per SF		Price per SF	
Room Count		Room Count		Room Count		Room Count		Room Count	
Bedrooms		Bedrooms		Bedrooms		Bedrooms		Bedrooms	
Baths		Baths		Baths		Baths		Baths	
Lot Size		Lot Size		Lot Size		Lot Size		Lot Size	
Lot Area (SF)		Lot Area (SF)		Lot Area (SF)		Lot Area (SF)		Lot Area (SF)	
Number of Stories		Number of Stories		Number of Stories		Number of Stories		Number of Stories	
Roofing		Roofing		Roofing		Roofing		Roofing	
Roofing Cooling		Roofing Cooling		Roofing Cooling		Roofing Cooling		Roofing Cooling	
Landscaping		Landscaping		Landscaping		Landscaping		Landscaping	
Pool/Spa		Pool/Spa		Pool/Spa		Pool/Spa		Pool/Spa	
Patios/Decks		Patios/Decks		Patios/Decks		Patios/Decks		Patios/Decks	
Fencing		Fencing		Fencing		Fencing		Fencing	
Fireplaces		Fireplaces		Fireplaces		Fireplaces		Fireplaces	
Kitchen Equipment		Kitchen Equipment		Kitchen Equipment		Kitchen Equipment		Kitchen Equipment	
Other Adjustments		Other Adjustments		Other Adjustments		Other Adjustments		Other Adjustments	
Net Adjustments		Net Adjustments		Net Adjustments		Net Adjustments		Net Adjustments	
Adjusted Base Retail Value (Including Bonds)		Adjusted Base Retail Value (Including Bonds)		Adjusted Base Retail Value (Including Bonds)		Adjusted Base Retail Value (Including Bonds)		Adjusted Base Retail Value (Including Bonds)	
Concluded Base Retail Value		Concluded Base Retail Value		Concluded Base Retail Value		Concluded Base Retail Value		Concluded Base Retail Value	
Indicated Value Per SF		Indicated Value Per SF		Indicated Value Per SF		Indicated Value Per SF		Indicated Value Per SF	

ADJUSTMENT GRID - DETACHED RESIDENCE 2									
Project Information:		Subject Property:		Comparable No. 1:		Comparable No. 2:		Comparable No. 3:	
Project Name		Address	City/Area	Address	City/Area	Address	City/Area	Address	City/Area
Plan		Base Plan		Base Plan		Base Plan		Base Plan	
City/Area		City/Area		City/Area		City/Area		City/Area	
Price		Price		Price		Price		Price	
Price per SF		Price per SF		Price per SF		Price per SF		Price per SF	
Room Count		Room Count		Room Count		Room Count		Room Count	
Bedrooms		Bedrooms		Bedrooms		Bedrooms		Bedrooms	
Baths		Baths		Baths		Baths		Baths	
Lot Size		Lot Size		Lot Size		Lot Size		Lot Size	
Lot Area (SF)		Lot Area (SF)		Lot Area (SF)		Lot Area (SF)		Lot Area (SF)	
Number of Stories		Number of Stories		Number of Stories		Number of Stories		Number of Stories	
Roofing		Roofing		Roofing		Roofing		Roofing	
Roofing Cooling		Roofing Cooling		Roofing Cooling		Roofing Cooling		Roofing Cooling	
Landscaping		Landscaping		Landscaping		Landscaping		Landscaping	
Pool/Spa		Pool/Spa		Pool/Spa		Pool/Spa		Pool/Spa	
Patios/Decks		Patios/Decks		Patios/Decks		Patios/Decks		Patios/Decks	
Fencing		Fencing		Fencing		Fencing		Fencing	
Fireplaces		Fireplaces		Fireplaces		Fireplaces		Fireplaces	
Kitchen Equipment		Kitchen Equipment		Kitchen Equipment		Kitchen Equipment		Kitchen Equipment	
Other Adjustments		Other Adjustments		Other Adjustments		Other Adjustments		Other Adjustments	
Net Adjustments		Net Adjustments		Net Adjustments		Net Adjustments		Net Adjustments	
Adjusted Base Retail Value (Including Bonds)		Adjusted Base Retail Value (Including Bonds)		Adjusted Base Retail Value (Including Bonds)		Adjusted Base Retail Value (Including Bonds)		Adjusted Base Retail Value (Including Bonds)	
Concluded Base Retail Value		Concluded Base Retail Value		Concluded Base Retail Value		Concluded Base Retail Value		Concluded Base Retail Value	
Indicated Value Per SF		Indicated Value Per SF		Indicated Value Per SF		Indicated Value Per SF		Indicated Value Per SF	



ADJUSTMENT GRID - DETACHED RESIDENCE 3												
Project Information			Subject Property		Comparable No. 1		Comparable No. 2		Comparable No. 3		Comparable No. 4	
Plan	Address	City/State	Galender @ Alameda Landring	Galender @ Alameda Landring	Galender @ Alameda Landring	Galender @ Alameda Landring	Galender @ Alameda Landring	Galender @ Alameda Landring	Galender @ Alameda Landring	Galender @ Alameda Landring	Galender @ Alameda Landring	Galender @ Alameda Landring
Plan	Address	City/State	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda
Price	Price per SF		N/A	\$1,432,777	\$419,966	\$1,131,798	\$452,34	\$1,218,788	\$448,018	\$1,207,585	\$448,018	\$1,207,585
Basis (PW at 5.5% over 30 years)				\$58,978	\$58,978	\$58,978	\$58,978	\$58,978	\$58,978	\$58,978	\$58,978	\$58,978
Total Consideration (Including Bonds)				\$1,201,153	\$1,190,776	\$1,190,776	\$1,190,776	\$1,277,764	\$1,277,764	\$1,266,963	\$1,266,963	\$1,266,963
Total Consideration per SF				\$445.77	\$445.85	\$445.85	\$445.85	\$452.12	\$452.12	\$449.97	\$449.97	\$449.97
Improvements			N/A	No	No	No	No	No	No	No	No	No
Upgrades			N/A	Upgrades	Upgrades	Upgrades	Upgrades	Upgrades	Upgrades	Upgrades	Upgrades	Upgrades
Effective Base Sales Price (Including Bonds)				\$1,099,878	\$1,139,878	\$1,139,878	\$1,139,878	\$1,218,788	\$1,218,788	\$1,248,788	\$1,248,788	\$1,248,788
Adjustments:												
Factor												
Property Rights			Fee Simple	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Financing Terms			Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Conditions of Sale			Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Market Conditions												
Date of Sale			MV 10/15	\$15,981,477/2015	\$102,389	\$102,389	\$102,389	\$102,389	\$102,389	\$102,389	\$102,389	\$102,389
Phase Adjustment			N/A									
New Incentive Adjustment			N/A									
Project Location			Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda
Construction Type			Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Lot Size			3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245
Lot Premium/Discount			Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard
Design and Appeal			Good	Good	Good	Good	Good	Good	Good	Good	Good	Good
Quality of Construction			Good	Good	Good	Good	Good	Good	Good	Good	Good	Good
Age (Total Effective)			New	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Condition (New)			Good	Good	Good	Good	Good	Good	Good	Good	Good	Good
Functional Utility			Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Room Count			4	4	4	4	4	4	4	4	4	4
Bedrooms			4	4	4	4	4	4	4	4	4	4
Baths			3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Living Area (SF)			2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695
Number of Stories			Three	Three	Three	Three	Three	Three	Three	Three	Three	Three
Garaging Counting			2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car
Garaging			2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car
Landscaping			Front	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Pool/Spa			None	None	None	None	None	None	None	None	None	None
Patio/Deck			Courtyard	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Fencing			Rear	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Furniture(s)			None	None	None	None	None	None	None	None	None	None
Appliances/Equipment			None	None	None	None	None	None	None	None	None	None
Other			Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Gross Adjustments				\$25,400				\$153,467				\$21,605
Net Adjustments				\$153,983				\$102,389				\$15,920
Adjusted Base Retail Value (Including Bonds)				\$1,253,861				\$1,342,167				\$1,264,708
Concluded Base Retail Value				\$1,248,690								
Adjusted Value Per SF				\$441.97								

ADJUSTMENT GRID - DETACHED RESIDENCE 4											
Project Information		Subject Property		Comparable No. 1		Comparable No. 2		Comparable No. 3		Comparable No. 4	
PIN	Cadence @ Alameda Land	Cadence @ Alameda Land	Cadence @ Alameda Land	Cadence @ Alameda Land	Cadence @ Alameda Land	Cadence @ Alameda Land	Cadence @ Alameda Land	Cadence @ Alameda Land	Cadence @ Alameda Land	Cadence @ Alameda Land	Cadence @ Alameda Land
Address Lot Number	Residence 4	Residence 4	Residence 4	Residence 4	Residence 4	Residence 4	Residence 4	Residence 4	Residence 4	Residence 4	Residence 4
City	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda	Alameda
Price	N/A/p	\$405.54	\$1,092,925	\$359.59	\$637.37	\$1,209,652	\$450.85	\$1,215,044	\$394.07	\$1,371,685	\$1,371,685
Bonds (PW at 5.5% over 30 years)											
Total Consideration (Including Bonds)											
Total Consideration (per SF)											
Data Source											
Upgrades											
Effective Base Sales Price (including Bonds)											
Adjustments:											
Factor											
Property Rights	Fee Simple	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Financing Terms	Cash Equivalent	Similar	Market	Market	Market	Market	Market	Market	Market	Market	Market
Conditions of Sale	Market Conditions										
Date of Sale	MV 10/15	3/7/2015	\$150,681	4/15/2015	\$110,185	6/6/2015	\$40,396	Available 12/15			
Phase Adjustment	N/A/p										
New Incentive Adjustment	N/A/p										
Community Appeal	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Lot Size	\$4.00	3,319	3,319	3,319	3,319	3,319	3,027	3,027	3,027	3,027	3,027
Design and Appeal	Standard	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Quality of Construction	Good	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Age (Total Effective)	AGE (Total Effective)	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Functional Utility	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Room Count	5	5	6	5	5	5	6	6	6	6	6
Bedrooms	3.5	3.5	4	3.5	3.5	3.5	4	4	4	4	4
Living Area (SF)	\$60.00	2,695	2,695	2,695	2,695	2,695	3,564	3,564	3,564	3,564	3,564
Kitchen Features	Central Island	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Heating/Cooling	Geared	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car	2 Car
Landscaping	Front	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Pool/Spa	Noise	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Privacy/Fences	Goodyard	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Fencing	Stair	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Storage (Sq Ft)	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Kitchen Equipment	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Other	None	None	None	None	None	None	None	None	None	None	None
Gross Adjustments		\$191,108	\$608,485	\$608,485	\$608,485	\$608,485	\$608,485	\$608,485	\$608,485	\$608,485	\$608,485
Net Adjustments		\$150,083	\$150,083	\$150,083	\$150,083	\$150,083	\$150,083	\$150,083	\$150,083	\$150,083	\$150,083
Adjusted Base Retail Value (including Bonds)		\$1,770,961	\$1,770,961	\$1,770,961	\$1,770,961	\$1,770,961	\$1,770,961	\$1,770,961	\$1,770,961	\$1,770,961	\$1,770,961
Combinable Base Retail Value		\$1,294,000	\$1,294,000	\$1,294,000	\$1,294,000	\$1,294,000	\$1,294,000	\$1,294,000	\$1,294,000	\$1,294,000	\$1,294,000
Indicated Value Per SF		\$448.07	\$448.07	\$448.07	\$448.07	\$448.07	\$448.07	\$448.07	\$448.07	\$448.07	\$448.07

### Conclusion – Market Rate Units

All of the comparables were given consideration in our concluded opinions of value. Generally, adjustments were made, as warranted, for market conditions, as well as differences relating to special taxes, lot size (Cadence/detached units only), and living area. The comparable data was located in the subject's immediate area, and all represented transactions of the same floor plans analyzed. Following adjustments, the indicated ranges of value and averages of the comparables for each floor plan are summarized in the following tables, along with our conclusions of market value.

ATTACHED (LINEAR) UNITS			
	Adjusted Market Value Range	Adjusted Market Average	Concluded Market Value per Unit
Residence 1	\$759,222 - \$780,150	\$768,998	<b>\$765,000</b>
Residence 4	\$788,949 - \$806,049	\$797,147	<b>\$795,000</b>
Residence 5	\$875,229 - \$907,190	\$892,600	<b>\$890,000</b>
Residence 6	\$860,814 - \$995,901	\$922,649	<b>\$930,000</b>
Residence 7	\$978,299 - \$1,033,812	\$1,006,941	<b>\$1,000,000</b>
	<b>Average</b>		<b>\$876,000</b>

DETACHED (CADENCE) UNITS			
	Adjusted Market Value Range	Adjusted Market Average	Concluded Market Value per Unit
Residence 1	\$1,076,167 - \$1,174,079	\$1,133,093	<b>\$1,140,000</b>
Residence 2	\$1,144,137 - \$1,209,767	\$1,188,007	<b>\$1,185,000</b>
Residence 3	\$1,242,467 - \$1,253,861	\$1,247,970	<b>\$1,245,000</b>
Residence 4	\$1,270,961 - \$1,334,353	\$1,295,611	<b>\$1,290,000</b>
	<b>Average</b>		<b>\$1,215,000</b>

### Below Market Rate Units

As previously discussed, the subject consists of 16 inclusionary/below market rate (BMR) units. There are three different floor plans for the BMR units (Residences 1, 2 and 3) and each have a different predetermined sales price. Based on information provided to the appraisers, the following sale prices have been determined for each BMR floor plan:

	Sales Price
Residence 1	<b>\$335,025</b>
Residence 2	<b>\$326,867</b>
Residence 3	<b>\$367,186</b>
<b>Average</b>	<b>\$343,026</b>

### Aggregate Value of Sold Units without Assessed Values

Based on the discussion above, the resulting aggregate value of the 78 residential units that have transferred to individual homeowners as of the date of inspection, December 20, 2015, inclusive of three BMR units, is offered below.

	Concluded Market Value per Unit	No. of Units Sold	Extension
<b>Attached (Linear) Units - Market Rate</b>			
Residence 1	\$765,000	7	\$ 5,355,000
Residence 4	\$795,000	8	\$ 6,360,000
Residence 5	\$890,000	8	\$ 7,120,000
Residence 6	\$930,000	8	\$ 7,440,000
Residence 7	\$1,000,000	8	\$ 8,000,000
	<b>Sub-Total</b>	<b>39</b>	<b>\$ 34,275,000</b>
<b>Detached (Cadence) Units - Market Rate</b>			
Residence 1	\$1,140,000	12	\$ 13,680,000
Residence 2	\$1,185,000	11	\$ 13,035,000
Residence 3	\$1,245,000	9	\$ 11,205,000
Residence 4	\$1,290,000	4	\$ 5,160,000
	<b>Sub-Total</b>	<b>36</b>	<b>\$ 43,080,000</b>
<b>Attached (Linear) Units - Below Market Rate</b>			
Residence 1	\$335,025	1	\$ 335,025
Residence 2	\$326,867	1	\$ 326,867
Residence 3	\$367,186	1	\$ 367,186
	<b>Sub-Total</b>	<b>3</b>	<b>\$ 1,029,078</b>
<b>TOTAL</b>		<b>78</b>	<b>\$ 78,384,078</b>

This estimate of aggregate value above represents a "not-less-than" value due to the fact we analyzed each floor plan based on the smallest floor plan size when various sizes due to options available.

### **BULK MARKET VALUATION – MASTER DEVELOPER**

With two product lines being developed on the subject property, attached and detached single-family residential homes, in order to estimate the market value of the subject property in bulk, the land residual analysis, or discounted cash flow, will be utilized. This valuation method is used in estimating land value when subdivision and development are the highest and best use of the land being appraised. All direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the value of the land. The land residual analyses are conducted on a quarterly basis. As a discounted cash flow analysis, the land residual analysis consists of four primary components, which are listed as follows:

- **Revenue** – the total gross income derived from the disposition of the subject’s proposed housing units.
- **Absorption Analysis** – the time frame required to sell-off the components. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).
- **Expenses** – the expenses associated with the sell-off of the components are calculated in this section – including administration, marketing, expenses, remaining site development costs and construction costs, commission costs and property taxes.
- **Discount Rate** – the appropriate discount rate is derived by employing a variety of data.

Discussions of these four concepts begin below, with the discounted cash flow analyses offered at the end of this section. In light of the attached and detached product lines offered, two land residual analyses will be performed herein – one for each land use component. The results of both land residual analyses will be combined in order to estimate the market value of the balance of the property held by the master developer in bulk.

#### **Revenue**

The individual component valuations of the subject property comprise the revenue of the discounted cash flow analysis. Specifically, the subject property represents the City of Alameda Community Facilities District No. 13-1(Alameda Landing Public Improvements). The appraised properties analyzed in this section comprise the for-sale residential units (attached and detached) within the boundaries of the CFD owned by the master developer.

The projected sales price for the average unit within each village will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, such as horizontal and vertical construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses.

A benchmark (average) unit size of 1,836 square feet for the attached units will be utilized. Based on the previous analysis of the attached floor plans offered, the benchmark (average) unit with 1,836 square feet of living area could achieve a price of \$876,000. Additionally, the BMR units have predetermined sales prices which are utilized in this analysis. Based on the anticipated ratio between floor plans (4 Residence 1 units, 4 Residence 2 units and 8 Residence 3 units is expected), a weighted average per unit sales price of \$349,006 will be utilized in this analysis. Note three BMR units have sold and been assigned a value in the previous analysis; therefore, the remaining 13 BMR units are analyzed in this section.

Similarly, the benchmark (average) unit size of 2,577 square feet for the detached units will be utilized. Based on the previous analysis of the detached floor plans offered, the benchmark (average) unit with 2,577 square feet of living area could achieve a price of \$1,215,000.

The following table summarized the number of housing units that have sold as of the date of value (December 20, 2015), as well as the number of units still held by the master developer.

Development Sub-Phase	No. of Housing Units Sold	Remaining No. of Housing Units	Attached Units	Detached Units
<b><u>Market Rate Units</u></b>				
1	( 39 / 36 )	57	26	31
2	0	52	52	0
3	0	55	31	24
Subtotal	75	164	109	55
<b><u>Inclusionary (BMR) Units</u></b>				
1	( 3 / -- )	6	6	--
2	0	4	4	--
3	0	3	3	--
Subtotal	3	13	13	

Based on the information provided in the above table, the remaining units held by the master developer are summarized below and will be utilized in our analysis herein:

- Phase 1 consists of 32 attached units (inclusive of 6 BMR units) and 31 detached units,
- Phase 2 consists exclusively of 56 attached units (inclusive of 4 BMR units), and
- Phase 3 consists of 34 attached units (inclusive of 3 BMR units) and 24 detached units

As will be discussed in the expense section that follows, the Developer has model homes, which requires an upgrade amenity cost. Typically, builders capture approximately 50% of the cost through

the sale of the model and the furniture. Although furnishings are a real cost of the model improvements, they are personal property, not real estate. Thus, furnishings are not included in the opinion of value for the model home premiums. Given this consideration, the recapture cost for model homes are typically reduced to 25% to 40% of model improvement costs. In light of the fact the models already exist, coupled with the estimated amount of foot traffic for the subject property, and the number of units remaining to sell, it is anticipated the Developer will not recapture the cost of the model homes.

### ***Closing Projections***

For the attached product, the typical time required for the construction of units is estimated at approximately nine to 18 months from start to closing. For the detached product, construction of the homes is estimated at approximately six to nine months. It is assumed that closings will occur within six months of the date of sale. These assumptions are reflected in the projected construction schedules shown in the land residual model's project activity table in the section titled direct construction and phasing. Since the land residual analysis is conducted on a quarterly basis, closings are reflected in the following period.

### ***Changes in Market Conditions (Price Increases or Decreases)***

Based on market surveys, responses are mixed whether market participants trend revenues and expenses. Generally market participants prefer not to price trend, but sometimes they will trend when trying to justify a sale price when there is strong competition for land. Or, participants have indicated they may trend if the sell-off period is anticipated to be protracted. However, under current market conditions, there is likelihood of some home price appreciation during the sell-off period. The subject has a projected 3-year sell-off period. We estimate a level appreciation factor of 3.0% per year (0.75% per quarter) for the subject's sell-off. There is a one-period lag between when home contracts are signed and construction is completed and homes are closed. Therefore, closing revenue is connected to the corresponding appreciation factor of the period of sale (contract).

### ***Absorption***

We estimate the subject can achieve an absorption rate of 4.0 sales per month per project (12.0 sales per quarter) for the sell-off period, which is consistent with the average monthly absorption rate observed by Phase 1 over the first 10 months of opening (4.4 units per month for the attached units and 4.0 units per month for the detached units).

### ***Expense Projections***

A deduction will be made for expenses attributable to the project over the holding period. They are estimated as follows:

#### ***General and Administrative***

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.0% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 2.0% for general and administrative expenses. This expense category is spread evenly over the entire sellout period (seven and ten periods, respectively).

#### ***Marketing and Sales***

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. Considering the specifics of the subject property, a figure of 5.0%, or 3.0% for marketing and 2.0% for sales is used in the marketing and sales expense category.

#### ***Property Taxes (Ad Valorem and Special Taxes)***

The subject is located within an area with a 1.1747% tax rate. Though a property tax bill was unavailable, according to the Developer total taxes are reportedly 1.75% (including special taxes and HOA expenses), suggesting direct levies of approximately 0.112%. This amount is applied to the estimated market value and divided by the total number of homes to yield an estimate of ad valorem taxes/home/year. This amount is applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year. The subject will be encumbered by Special Taxes and the City of Alameda CFD No. 13-1 (Alameda Landing Public Improvements) Tax, which are taken into consideration in this analysis. The proposed Special Taxes attributable to each unit will be dependent on the anticipated unit size, with the maximum effective tax rate including both ad valorem and special taxes not to exceed 2.00%.

Based on preliminary analyses, the maximum annual special tax for the subject's CFD is \$2,229 per attached unit (weighted average including BMR units) and \$3,836 per detached unit. A copy of the City of Alameda CFD No. 13-1 (Alameda Landing Public Improvements) is provided in the *Property Identification and Legal Data* section.

The total tax expense is reduced over the absorption period, as the land components are sold off.

Allocations for HOA fees of \$257 per attached units and \$149 per detached unit (per month) are applicable to the lot (land) valuation. The total HOA expense is assumed to be incurred once construction is initiated, and is reduced over the absorption period, as units are transferred to homebuyers.

#### ***Remaining Site Development Costs***

According to a representative of the master developer, TriPointe Homes, Inc., all site development (in-tract) costs for Phase 1 have been completed, while Phase 2 is about 85% complete with approximately \$550,000 remaining in site development costs. Site development has not commenced for Phase 3, which are estimated to cost approximately \$4.0 million, for a total of \$4,550,000. These remaining site development costs will be incurred as the units are being constructed and are allocated between the attached (\$2,894,828) and the detached (\$1,655,172) land use components.

#### ***Permits and Fees***

Permits and fees represent all fees payable upon obtaining building permit for the construction of the proposed units and include school fees and any impact fees. According to the Developer, permits and fees for the benchmark units are approximately \$21,000 per attached unit and \$25,000 per detached unit.

#### ***Direct and Indirect Construction Costs***

Construction costs are generally classified into two groups, direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle.

Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

The Developer indicated its direct construction costs would range from \$110 to \$125 per square foot for the attached units and \$90 to \$95 per square foot for the detached units.

These costs are generally consistent with cost comparables, and considering the assumed average quality product line for the benchmark unit, a direct cost estimate of \$125 per square foot is applied to the benchmark 1,836 square foot attached units and \$95 per square foot is applied to the benchmark 2,577 square foot detached unit, given the principle of economies of scale.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator

Indirect costs can generally range anywhere from 5% to above 30% of the direct costs, with the upper end of the range inclusive of site costs, permits and fees, building shell and tenant improvements. An estimate of 11% is reasonable for the subject property (excluding marketing, sales, general and administrative expenses and taxes, which are accounted for separately), which is consistent with the Developer's pro-forma. The direct and indirect expenses will be distributed over each period of the cash flow analyses based on the absorption schedule and projected closings.

#### ***Model Complex***

Models for the subject product lines have already been constructed and no additional cost is deemed necessary.

#### ***Summary***

The following charts summarize the revenue and expenses discussed on the preceding pages for the subject's attached and detached residential units.

### ATTACHED UNITS (BENCHMARK)

REVENUE SUMMARY					
Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension
Composite Average	109	1,836	\$477	\$876,000	\$95,484,000
80% AMI BMR Units	13			\$349,066	\$4,537,858
<b>Total</b>	<b>122</b>	<b>1,836</b>		<b>\$819,851 (Avg)</b>	\$100,021,858 (without appreciation)

EXPENSES SUMMARY					
<b>General and Administrative</b>					
	2.0% of total revenue*			\$2,069,305	
<b>Marketing and Sales</b>					
	5.0% of total revenue*			\$5,173,262	
<b>Ad Valorem Taxes</b>					
1.1859% - Tax Rate				\$536,857	
	÷ Total Number of Units: 122			\$4,400	/unit
<b>Special Taxes</b>					
CFD No. 13-1 Special Taxes					
Market Rate Units		\$2,401	/unit		
BMR Units		\$1,201	/unit		
Weighted Average Special Taxes				\$2,273	/unit
<b>Site Development Costs (proportionate share)</b>					
				\$23,728	/unit
				\$2,894,828	
<b>Estimated Permits and Fees at Building Permit/Occupancy</b>					
Average Permits and Fees/Unit				\$21,000	
x Number of Units				122	
Total Permits and Fees				\$2,562,000	
<b>Construction Costs</b>					
SE	Units	Cost/SF	Extension	Indirects	
Typical Floor Plan	1,836	122	\$125	\$27,992,900	\$3,079,219
<b>Average Direct Construction Costs</b>					
Indirect Costs				\$229,450	
	11% of Direct Costs			\$25,240	
<b>Model Complex</b>					
				\$0	

\* Inclusive of appreciation

### DETACHED UNITS (BENCHMARK)

REVENUE SUMMARY					
Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension
Composite Average	55	2,577	\$472	\$1,215,000	\$66,825,000
<b>Total</b>	<b>55</b>	<b>2,577</b>		<b>\$1,215,000 (Avg)</b>	\$66,825,000 (without appreciation)

EXPENSES SUMMARY					
<b>General and Administrative</b>					
	2.0% of total revenue*			\$1,354,725	
<b>Marketing and Sales</b>					
	5.0% of total revenue*			\$3,386,813	
<b>Ad Valorem Taxes</b>					
1.1859% - Tax Rate				\$430,363	
	÷ Total Number of Units: 55			\$7,825	/unit
<b>Special Taxes</b>					
CFD No. 13-1 Special Taxes					
Market Rate Units				\$3,836	/unit
<b>Site Development Costs (proportionate share)</b>					
				\$30,094	/unit
				\$1,655,172	
<b>Estimated Permits and Fees at Building Permit/Occupancy</b>					
Average Permits and Fees/Unit				\$25,000	
x Number of Units				55	
Total Permits and Fees				\$1,375,000	
<b>Construction Costs</b>					
SE	Units	Cost/SF	Extension	Indirects	
Typical Floor Plan	2,577	55	\$95	\$13,462,213	\$1,480,843
<b>Average Direct Construction Costs</b>					
Indirect Costs				\$244,768	
	11% of Direct Costs			\$26,924	
<b>Model Complex</b>					
				\$0	

\* Inclusive of appreciation

### Discount Rate

The project yield rate is the rate of return on the total un-leveraged investment in a development, including both equity and debt. The leveraged yield rate is the rate of return to the “base” equity position when a portion of the development is financed. The “base” equity position represents the total equity contribution. The developer/builder may have funded all of the equity contribution, or a consortium of investors/builders as in a joint venture may fund it. Most surveys indicate that the threshold project yield requirement is about 20% to 30% for production home type projects. Instances in which project yields may be less than 20% often involve profit participation arrangements in master planned communities where the master developer limits the number of competing tracts.

According to a leading publication within the appraisal industry, the PwC Real Estate Investor Survey<sup>12</sup>, discount rates for land development projects ranged from 10.00% to 20.00%, with an average of 15.90% during the Second Quarter 2015, which is down 85 basis points (16.75%) from the Fourth Quarter 2014 (land survey completed every six months). These rates are free-and-clear of financing, are inclusive of developer's profit, and assume entitlements are in place. Without entitlements in place, the PwC survey indicates certain investors increase the discount rate between 100 and 800 basis points (an average increase of 400 basis points).

According to the data presented in the survey prepared by PwC, the majority of those respondents who use the discounted cash flow (DCF) method do so free and clear of financing. Additionally, the participants reflect a preference in including the developer's profit in the discount rate, versus a separate line item for this factor. As such, the range of rates presented above is inclusive of the developer's profit projection.

The discount rates are based on a survey that includes residential, office, retail and industrial developments. Participants in the survey indicate the highest expected returns are on large-scale, unapproved developments. The low end of the range was extracted from projects where certain development risks had been lessened or eliminated. Several respondents indicate they expect slightly lower returns when approvals/entitlements are already in place.

Excerpts from recent PwC surveys are copied below.

Of the four main property types covered in our Survey, three of them are expected to positively move along the real estate cycle, shifting mainly into either expansion or recovery, which will provide development opportunities. The one exception is the national multifamily sector, where many metros are expected to move into contraction by year-end 2015... Over the next 12 months, all investor participants expect one foresee development land values to increase. Appreciation ranges up to 15.0% and averages 5.2%. (Second Quarter 2015)

Looking ahead over the next 12 months, surveyed investors unanimously forecast property values in the national development land market to increase. Expected appreciation ranges up to 15.0% and average 5.0%. (Fourth Quarter 2014)

As both the U.S. economy and the commercial real estate (CRE) industry's fundamentals show continued signs of improvement, interest in CRE development has picked up across each main property sector – office, retail, industrial, apartments, and lodging. As a result, certain investors in the national development land market are looking to acquire new parcels, finish entitling owned tracts, and/or convert parcels into readied sites... For the first time in quite a while, our surveyed investors are unanimous in their expectations that values for development land will increase over the next 12 months... Appreciation ranges up to 10.0% and averages 3.6% – up quite a bit from six months ago when the average was 2.6%. (Second Quarter 2014)

Survey results suggest that investors anticipate commercial real estate (CRE) fundamentals to continue to improve, opening up diverse development land opportunities across all property types... The outlook for development improved for the second straight year. In addition, and perhaps more importantly, the average outlook for development is considered “fair” – an improvement from two years ago when the average outlook was “modestly poor...” The improvement in the development outlook does not mean that the CRE industry will be flooded with new supply in the near future and that vast opportunities exist for development land investors. “Some markets still have a significant inventory of land with entitlements and some with partial infrastructure that will move forward with development first, so we still need to be patient,” says an investor, who suggests looking for opportunities in metros where sustainable job growth exists. Another strategizes to “find the right land location and then wait for buyers to show up.” (Fourth Quarter 2013)

Improvements to the U.S. housing market and domestic economy have sparked increased interest in commercial real estate (CRE) development as many investors note that a growing number of developers are talking about and planning new projects. “The market is certainly improving in specific areas and specific submarkets,” says an investor. Nevertheless, patience is a key word among many development land investors since the recovery in the CRE industry is occurring very slowly in many areas. “It’s all about timing, and you need to be in the right market at the right time,” shares another. (Second Quarter 2013)

Information for a developing in-house database of project yield rates is presented in the table on the below.

Data Source	Yield / IRR Expectations (Inclusive of Profit)
PwC Real Estate Investor Survey - Second Quarter 2015 (updated semi-annually)	Range of 10.0% to 20.0%, with an average of 15.90%, inclusive of profit and assuming entitlements in place, for land development (national average)
Josh Roden - Meritage (2013)	20% to 25% for entitled lots
Jeb Elmore - Lewis Operating Corp (2013)	18% to 25%. Longer term, higher risk projects on higher side of the range, shorter term, lower risk projects on the lower side of the range. Long term speculation properties (10 to 20 years out) often closer to 30%.
Greg Ackerman - Pulte (2010)	18% minimum, 20% target
Chris Downey - Hon Development	Minimum IRR of 20-25%; for an 8 to 10 year cash flow, mid to upper 20% range
Gary Gorian - Dale Poe Development	25% IRR for land development is typical (no entitlements); slightly higher for properties with significant infrastructure costs
David Pitts - Newhall Land and Farming	20% to 30% IRR for land development deals on an unleveraged basis
Mark Palkowitsh - MSP California, LLC	35% for large land deals from raw unentitled to tentative map stage, unleveraged or leveraged. 25% to 30% from tentative map to pad sales to merchant builders, unleveraged
Rick Nieman - GFC	18% to 22% for land with some entitlements, unleveraged. 30% for raw unentitled
Lin Stinson - Providence Realty Group	Low 20% range yield rate required to attract capital to longer-term land holdings
Dan Boyd - ESE Land Company	Merchant builder yield requirements in the 20% range for traditionally financed tract developments. Larger land holdings would require 25% to 30%. Environmentally challenged or politically risky development could well run in
Tulare Windmill Ventures, LLC	10% discount rate excluding profit for single-family subdivisions
David Jacobsen - Ridgecrest Homes	10% to 40% for single-family residential subdivisions with 1-2 year development timelines
Mike Grant - Premier Homes	15% to 20% IRR
Lyle McCullogh - California Pacific Homes	No less than 20% IRR for land development, either entitled or unentitled
Roy Robertson - Ekotec	20% to 30% for an unentitled property, the lower end of the range would reflect those properties close to tentative maps
Gordon MacKenzie - Brookfield Development	No less than 30% when typical entitlement risk exists

<sup>12</sup> PwC Real Estate Investor Survey, PricewaterhouseCoopers, 2<sup>nd</sup> Quarter 2015, Volume 28, Number 2.

Even though much of the entitlement risk has been mitigated, there is risk associated with estimating the timing that the subject components will be sold off, especially when the market is entering an expanding stage. In addition, there is risk associated with unforeseen factors such as broad economic declines and job losses. Considering these factors, and the positive and negative characteristics previously described, we estimate an internal rate of return of 14% for the attached units and 20% for the detached units, inclusive of developer's incentive. A lower developer's incentive is concluded for the attached units due to the lower risk associated with this product type (smaller units have a larger buyer pool than larger units due to affordability). This static profit level is generally consistent with merchant builder expectations for the region, and reflects the competitive nature of the single-family residential housing market in the Bay Area.

DRAFT

<b>Data Source</b>	<b>Profit Expectations</b>
Lance Goulette - Mission Peak Co. (2015)	10% net profit is the target for any residential development, which typically is geared towards move-up homebuyers with a Bay Area concentration
Josh Roden - Meritage (2013)	8% to 10% net profit, regardless of product type, market area or lot condition
Jeb Elmore - Lewis Operating Corp (2013)	8% to 10%, with better located projects with less uncertainty regarding pricing and absorption at the lower end of the range and higher risk projects nearer the high end of the range.
Dustin Barker - Lennar (2011)	10% to 15%
Greg Ackerman - Pulte (2010)	9% profit, 18+% gross margin (5% for marketing/sales, 4% for G&A)
Steve Schnable - JMC Homes (2008)	15% line item profit expectation with two to three home sales per month at current home prices
Tulare Windmill Ventures, LLC (2007)	15% typical profit factor for single-family subdivisions
Mike Grant - Premier Homes (2007)	12% static profit
John Bacigalupi - Beazer Homes (2007)	Static profit expectation was 20% during the period of expansion (2000-2005), but it is now 10% to 15% given the recent moderation/stabilization in the residential market
David Jacobsen - Ridgecrest Homes (2007)	10% for typical single-family projects, up to a maximum of 35%
Mike Winn - Reynen & Bards (2005)	12% to 25% profit pre-tax; typical development timeline of 5 to 8 years
Doug Eikenbary - William Lyon Homes (2005)	8% to 10% target profit for both single-family subdivisions and master-planned communities; typical development timeline of 1 to 2 years

The land residual analyses are presented on the following pages.

ATTACHED UNITS

REVENUE AND SALES SUMMARY

	1	2	3	4	5	6	7	8	9	10	11	12	Total
Prepaid-AD months													
Sales	12	12	12	12	12	12	12	12	12	12	12	12	12
Construction Period	12	12	12	12	12	12	12	12	12	12	12	12	12
Close of Inventory (C/I)	12	12	12	12	12	12	12	12	12	12	12	12	12
Unsold Inventory	110	86	86	74	62	50	38	26	14	2	0	0	
\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 1,639,703	\$ -	\$ 100,021,858	
Indirect (appreciation) Factor	0.00%	1.50%	1.50%	2.25%	3.00%	3.00%	4.50%	5.25%	6.75%	7.50%	8.25%	8.25%	
Indirect (depreciation) Factor	0.00%	0.75%	0.75%	1.00%	1.25%	1.25%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	
Indirect (amortization) Factor	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Total Sales Revenue	\$ -	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 98,821.36	\$ 10,428,586	\$ 10,428,586	\$ 10,428,586	\$ 103,465,233

EXPENSES AND CASH FLOW SUMMARY

	1	2	3	4	5	6	7	8	9	10	11	12	Total
Prepaid-AD months													
Marketing and Administrative	(517,242)	(517,242)	(517,242)	(517,242)	(517,242)	(517,242)	(517,242)	(517,242)	(517,242)	(517,242)	(517,242)	(517,242)	(517,242)
Marketing and Sales	\$0	(549,913)	(549,913)	(549,913)	(549,913)	(549,913)	(549,913)	(549,913)	(549,913)	(549,913)	(549,913)	(549,913)	(549,913)
AD Voluntary/Involuntary Income	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)
Advertising and Promotional Fees	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)	(51,242)
HOA Fees / Month	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Remaining Site Development Costs	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)
Remaining Administrative Costs	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)
Indirect Construction Costs	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)	(54,642)
Model Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Permits	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)	(528,473)
Total Expenses	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)
NET INCOME BEFORE DEVELOPERS' INCENTIVE	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)
NET INCOME BEFORE DEVELOPERS' INCENTIVE	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)
Present Value Factor	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Discount Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Discounted Cash Flow	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)
Net Present Value	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)	\$ (517,242)

CONCLUSION OF VALUABLE DISCOUNTED CASHFLOW ANALYSIS (RD)

NET INCOME BEFORE DEVELOPERS' INCENTIVE	(51,159.99)	\$24,739.49	\$42,783.49	\$42,739.49	\$42,643.10	\$42,542.62	\$42,440.22	\$42,337.84	\$42,235.47	\$42,133.10	\$42,030.72	\$41,928.35	\$ 452,700.00
Total Developer's Incentive	\$ 1,055.21	\$20,236.24	\$20,236.24	\$20,236.24	\$20,236.24	\$20,236.24	\$20,236.24	\$20,236.24	\$20,236.24	\$20,236.24	\$20,236.24	\$20,236.24	\$ 2,023,624.00
NET INCOME BEFORE DISCOUNTING	(51,159.99)	\$34,975.73	\$62,969.73	\$62,975.73	\$62,779.34	\$62,306.38	\$61,703.98	\$61,066.59	\$60,399.21	\$59,697.34	\$58,964.56	\$58,222.59	\$ 474,724.00
Present Value Factor	0.0052	0.9396	0.9592	0.9821	0.9926	0.9944	0.9958	0.9968	0.9975	0.9980	0.9983	0.9985	0.9987
Discounted Rate (Cost of Borrowed Funds)	(51,000.00)	\$32,973.41	\$60,938.65	\$61,848.65	\$62,643.13	\$63,326.94	\$63,900.06	\$64,363.66	\$64,727.56	\$64,999.77	\$65,176.18	\$65,258.51	\$ 474,724.00
Discounted Cash Flow	\$ (51,000.00)	\$32,973.41	\$60,938.65	\$61,848.65	\$62,643.13	\$63,326.94	\$63,900.06	\$64,363.66	\$64,727.56	\$64,999.77	\$65,176.18	\$65,258.51	\$ 474,724.00
Net Present Value	\$ (51,000.00)	\$32,973.41	\$60,938.65	\$61,848.65	\$62,643.13	\$63,326.94	\$63,900.06	\$64,363.66	\$64,727.56	\$64,999.77	\$65,176.18	\$65,258.51	\$ 474,724.00



**DETACHED UNITS**

<b>REVENUE AND SALES SUMMARY</b>							
Period (3 months):	1	2	3	4	5	6	Total
Sales	12	12	12	12	7		55
Interim Construction Period	12	12	12	12	7	0	55
Close of Escrow (COE)	0	12	12	12	12	7	55
Unsold Inventory	43	31	19	7	0	0	
<b>Sales Price (unappreciated)</b>	\$ 14,580,000	\$ 14,580,000	\$ 14,580,000	\$ 14,580,000	\$ 8,505,000	\$ -	\$ 66,825,000
<b>Inflation (Appreciation) Factor</b>	0.00%	0.75%	1.50%	2.25%	3.00%	3.75%	
<b>Appreciated Sales Revenue (COE)</b>	\$ -	\$ 14,580,000	\$ 14,689,350	\$ 14,798,700	\$ 14,908,050	\$ 8,760,150	\$ 67,736,250
<b>Total Sales Revenue</b>	\$ -	\$ 14,580,000	\$ 14,689,350	\$ 14,798,700	\$ 14,908,050	\$ 8,760,150	\$ 67,736,250
<b>EXPENSES AND CASH FLOW SUMMARY</b>							
Period (3 months):	1	2	3	4	5	6	Total
General and Administrative	(\$225,788)	(\$225,788)	(\$225,788)	(\$225,788)	(\$225,788)	(\$225,788)	\$ (1,354,725)
Marketing and Sales	\$0	(\$729,000)	(\$734,468)	(\$739,935)	(\$745,403)	(\$438,008)	\$ (3,386,813)
Ad Valorem Real Estate Taxes	(\$107,680)	(\$84,186)	(\$60,692)	(\$37,198)	(\$13,979)	\$0	\$ (303,735)
CFD No. 13-1 Special Taxes	(\$52,745)	(\$41,237)	(\$29,729)	(\$18,221)	(\$6,713)	\$0	\$ (148,645)
HOA Fees / Month	\$0	(\$13,857)	(\$8,493)	(\$3,129)	\$0	\$0	\$ (25,479)
Remaining Site Development Costs	(\$361,129)	(\$361,129)	(\$361,129)	(\$361,129)	(\$210,658)	\$0	\$ (1,655,172)
Direct Construction Costs	(\$1,468,605)	(\$2,959,239)	(\$2,981,268)	(\$3,003,297)	(\$2,395,050)	(\$888,812)	\$ (13,696,271)
Indirect Construction Costs	(\$161,547)	(\$325,516)	(\$327,939)	(\$330,363)	(\$263,455)	(\$97,769)	\$ (1,506,590)
Model Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Permits	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$175,000)	\$0	\$ (1,375,000)
<b>Total Expenses</b>	<b>(\$2,677,492)</b>	<b>(\$5,039,951)</b>	<b>(\$5,029,505)</b>	<b>(\$5,019,059)</b>	<b>(\$4,036,046)</b>	<b>(\$1,650,576)</b>	<b>\$ (23,452,430)</b>
<b>NET INCOME BEFORE DEVELOPER'S INCENTIVE</b>	<b>\$ (2,677,492)</b>	<b>\$ 9,540,049</b>	<b>\$ 9,659,845</b>	<b>\$ 9,779,641</b>	<b>\$ 10,872,004</b>	<b>\$ 7,109,774</b>	<b>\$ 44,283,820</b>
<b>Present Value Factor</b>							
Discount Rate	20.00%	0.95238	0.90703	0.86384	0.82270	0.78353	0.74622
Discounted Cash Flow	(\$2,549,993)	\$8,653,105	\$8,344,537	\$8,045,735	\$8,518,500	\$5,305,423	\$ 36,317,307
<b>Net Present Value</b>	<b>\$36,317,307</b>						
<b>CONCLUSION OF VALUE BY DISCOUNTED CASH FLOW ANALYSIS (RD)</b>							<b>\$ 36,320,000</b>
<b>NET INCOME BEFORE DEVELOPER'S INCENTIVE</b>	(\$2,677,492)	\$9,540,049	\$9,659,845	\$9,779,641	\$10,872,004	\$7,109,774	\$ 44,283,820
Total Developer's Incentive	8.36%	\$0	\$1,218,888	\$1,228,030	\$1,237,171	\$1,246,313	\$732,349
<b>NET INCOME (BEFORE DISCOUNTING)</b>	<b>(\$2,677,492)</b>	<b>\$8,321,161</b>	<b>\$8,431,815</b>	<b>\$8,542,469</b>	<b>\$9,625,691</b>	<b>\$6,377,425</b>	<b>\$ 38,621,069</b>
<b>Present Value Factor</b>							
Discount Rate (Cost of Borrowed Funds)	6.00%	0.98522	0.97066	0.95632	0.94218	0.92826	0.91454
Discounted Cash Flow	(\$2,637,923)	\$8,077,032	\$8,063,488	\$8,048,580	\$8,935,147	\$5,832,424	\$ 36,318,749
<b>Net Present Value</b>	<b>\$36,318,749</b>						

**SUMMARY AND CONCLUSION**

We have been requested to provide the market value, by ownership, and cumulative, or aggregate, value of the fee simple interest in the appraised properties comprising the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements), under the assumptions and conditions cited in the attached report. The value estimates assume a transfer would reflect a cash transaction or terms that are considered to be equivalent to cash. The estimates are also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self-interest and assuming neither is under duress.

The value of the District accounts for the impact of the lien of the Special Tax securing the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) Bonds.

As a result of our analysis, it is our opinion the market value, by ownership, and cumulative, or aggregate, value of the fee simple interest in the appraised properties, as of the date of inspection (December 20, 2015), in accordance with the assumptions and conditions set forth in the attached document (please refer to pages 7 through 9), is:

<b>CONCLUSIONS OF VALUE</b>					
Completed (Sold) Units w/o Assessed Values	Property Rights	Date of Value	Market Value per Unit	Number of Units	Conclusion (Rd.)
<b>Attached (Linear) Units - Market Rate</b>					
Residence 1	Fee Simple	December 20, 2015	\$765,000	7	\$ 5,355,000
Residence 4	Fee Simple	December 20, 2015	\$795,000	8	\$ 6,360,000
Residence 5	Fee Simple	December 20, 2015	\$890,000	8	\$ 7,120,000
Residence 6	Fee Simple	December 20, 2015	\$930,000	8	\$ 7,440,000
Residence 7	Fee Simple	December 20, 2015	\$1,000,000	8	\$ 8,000,000
<b>Detached (Cadence) Units - Market Rate</b>					
Residence 1	Fee Simple	December 20, 2015	\$1,140,000	12	\$ 13,680,000
Residence 2	Fee Simple	December 20, 2015	\$1,185,000	11	\$ 13,035,000
Residence 3	Fee Simple	December 20, 2015	\$1,245,000	9	\$ 11,205,000
Residence 4	Fee Simple	December 20, 2015	\$1,290,000	4	\$ 5,160,000
<b>Attached (Linear) Units - Below Market Rate</b>					
Residence 1	Fee Simple	December 20, 2015	\$335,025	1	\$ 335,025
Residence 2	Fee Simple	December 20, 2015	\$326,867	1	\$ 326,867
Residence 3	Fee Simple	December 20, 2015	\$367,186	1	\$ 367,186
<b>Aggregate Retail Value of the Completed (Sold) Residential Units</b>				<b>78</b>	<b>\$ 78,384,078</b>
<b>Master Developer (TriPointe Homes, Inc.) Held Components</b>					
Attached Units	Fee Simple	December 20, 2015		122	\$ 45,270,000
Detached Units	Fee Simple	December 20, 2015		55	\$ 36,320,000
<b>Market Value (in bulk) of the Master Developer Component</b>				<b>177</b>	<b>\$ 81,590,000</b>
<b>Cumulative (Aggregate) Value of the District</b>					<b>\$ 159,974,078</b>

### EXPOSURE TIME

Exposure time is the period a property interest would have been offered on the market *prior to* the hypothetical consummation of a sale at market value on the effective date of the appraisal. Marketing time reflects the time it might take to sell an interest in real property at its estimated market value during the period *immediately after* the effective date of the appraisal. Exposure time and marketing time may or may not be similar depending on whether market activity in the immediate future continues in the same manner as in the immediate past. Indications of the exposure time associated with a market value estimate are provided by the marketing times of sale comparables, interviews with participants in the market, and analysis of general economic conditions. Estimation of a future marketing time is more difficult, requiring forecasting and analysis of trends. The exposure time is estimated for the subject property below.

As described above, exposure time is defined as the length of time a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate of time based on an analysis of past events assuming a competitive and open market. The residential land market throughout the Bay Area region has shown signs of recovery. A transfer of residential land has typically occurred within 12 months of exposure. Given the size of the subject properties, and the condition of the market, it is expected that if appropriately priced, the exposure time for the subject properties, assuming the properties (by ownership) are not marketed concurrently, would likely be approximately **12 months**.

### ALLOCATION OF VALUE BY PHASE – MASTER DEVELOPER

At your request, we have also prepared an analysis of the attached and detached land components held by the master developer (TriPointe Homes, Inc.), by Phase. As with the market value of the master developer held component presented in the previous section, the allocation of value by Phase will be derived using the land residual analysis (discounted cash flow) approach to value. This valuation method is used in estimating land value when subdivision and development are the highest and best use of the land being appraised. All direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the value of the land. The land residual analyses are conducted on a quarterly basis. As a discounted cash flow analysis, the land residual analysis consists of four primary components, which are listed as follows:

- **Revenue** – the total gross income derived from the disposition of the subject’s proposed housing units.
- **Absorption Analysis** – the time frame required to sell-off the components. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).
- **Expenses** – the expenses associated with the sell-off of the components are calculated in this section – including administration, marketing, expenses, remaining site development costs and construction costs, commission costs and property taxes.
- **Discount Rate** – the appropriate discount rate is derived by employing a variety of data.

Discussions of these four concepts begin below, with the discounted cash flow analyses offered at the end of this section. In light of the attached and detached product lines offered, two land residual analyses will be performed herein – one for each land use component. The results of both land residual analyses will be combined in order to estimate the market value of the balance of the property held by the master developer in bulk.

#### **Revenue**

The individual component valuations of the subject property comprise the revenue of the discounted cash flow analysis. Specifically, the subject property represents the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements). The appraised properties analyzed in this section comprise the for-sale residential units (attached and detached) within the boundaries of the CFD owned by the master developer.

The projected sales price for the average unit within each village will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, such as horizontal and vertical

construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses.

A benchmark (average) unit size of 1,836 square feet for the attached units will be utilized. Based on the previous analysis of the attached floor plans offered, the benchmark (average) unit with 1,836 square feet of living area could achieve a price of \$876,000. Additionally, the BMR units have predetermined sales prices which are utilized in this analysis. Based on the anticipated ratio between floor plans (4 Residence 1 units, 4 Residence 2 units and 8 Residence 3 units is expected), a weighted average per unit sales price of \$349,006 will be utilized in this analysis. Note three BMR units have sold and been assigned a value in the previous analysis; therefore, the remaining 13 BMR units are analyzed in this section.

Similarly, the benchmark (average) unit size of 2,577 square feet for the detached units will be utilized. Based on the previous analysis of the detached floor plans offered, the benchmark (average) unit with 2,577 square feet of living area could achieve a price of \$1,215,000.

We have been requested to provide estimates of value, by phase, of the remaining lots/units, in bulk, held by the master developer. To restate, the following table summarized the number of housing units that have sold as of the date of value (December 20, 2015), as well as the number of units still held by the master developer.

Development Sub-Phase	No. of Housing Units Sold	Remaining No. of Housing Units	Attached Units	Detached Units
<b>Market Rate Units</b>				
1	( 39 / 36 )	57	26	31
2	0	52	52	0
3	0	55	31	24
Subtotal	75	164	109	55
<b>Inclusionary (BMR) Units</b>				
1	( 3 / -- )	6	6	--
2	0	4	4	--
3	0	3	3	--
Subtotal	3	13	13	

Again, based on the information provided in the above table, the remaining units held by the master developer are summarized below and will be utilized in our analysis herein:

- Phase 1 consists of 32 attached units (inclusive of 6 BMR units) and 31 detached units,
- Phase 2 consists exclusively of 56 attached units (inclusive of 4 BMR units), and

- Phase 3 consists of 34 attached units (inclusive of 3 BMR units) and 24 detached units

As in the valuation of the subject property in bulk, it is anticipated the Developer will not recapture the cost of the model homes that already exist. The estimated aggregate retail value for the subject's attached and detached units, by phase, is as follows:

#### PHASE 1

##### REVENUE SUMMARY - Attached

Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension*
Composite Average	26	1,836	\$477	\$876,000	\$22,776,000
80% AMI BMR Units	6			\$349,066	\$2,094,396
<b>Total</b>	<b>32</b>	<b>1,836</b>		<b>\$777,200 (Avg)</b>	<b>\$24,870,396</b>

\*Exclusive of appreciation

##### REVENUE SUMMARY - Detached

Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension*
Composite Average	31	2,577	\$472	\$1,215,000	\$37,665,000
<b>Total</b>	<b>31</b>	<b>2,577</b>		<b>\$1,215,000 (Avg)</b>	<b>\$37,665,000</b>

\*Exclusive of appreciation

#### PHASE 2

##### REVENUE SUMMARY - Attached

Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension*
Composite Average	52	1,836	\$477	\$876,000	\$45,552,000
80% AMI BMR Units	4			\$349,066	\$1,396,264
<b>Total</b>	<b>56</b>	<b>1,836</b>		<b>\$838,362 (Avg)</b>	<b>\$46,948,264</b>

\*Exclusive of appreciation

### PHASE 3

#### REVENUE SUMMARY - Attached

Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension*
Composite Average	31	1,836	\$477	\$876,000	\$27,156,000
80% AMI BMR Units	3			\$349,066	\$1,047,198
<b>Total</b>	<b>34</b>	<b>1,836</b>		<b>\$829,506 (Avg)</b>	<b>\$28,203,198</b>

\*Exclusive of appreciation

#### REVENUE SUMMARY - Detached

Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension*
Composite Average	24	2,577	\$472	\$1,215,000	\$29,160,000
<b>Total</b>	<b>24</b>	<b>2,577</b>		<b>\$1,215,000 (Avg)</b>	<b>\$29,160,000</b>

\*Exclusive of appreciation

#### Closing Projections

For the attached product, the typical time required for the construction of units is estimated at approximately nine to 18 months from start to closing. For the detached product, construction of the homes is estimated at approximately six to nine months. It is assumed that closings will occur within six months of the date of sale. These assumptions are reflected in the projected construction schedules shown in the land residual model's project activity table in the section titled direct construction and phasing. Since the land residual analysis is conducted on a quarterly basis, closings are reflected in the following period.

#### Changes in Market Conditions (Price Increases or Decreases)

Based on market surveys, responses are mixed whether market participants trend revenues and expenses. Generally market participants prefer not to price trend, but sometimes they will trend when trying to justify a sale price when there is strong competition for land. Or, participants have indicated they may trend if the sell-off period is anticipated to be protracted. However, under current market conditions, there is likelihood of some home price appreciation during the sell-off period. The subject has a projected 3-year sell-off period. We estimate a level appreciation factor of 3.0% per year (0.75% per quarter) for the subject's sell-off. There is a one-period lag between when home contracts are signed and construction is completed and homes are closed. Therefore, closing revenue is connected to the corresponding appreciation factor of the period of sale (contract).

#### Absorption

We estimate the subject can achieve an absorption rate of 4.0 sales per month (12.0 sales per quarter) for the sell-off period, which is consistent with the average monthly absorption rate observed by Phase 1 over the first 10 months of opening (4.4 units per month for the attached units and 4.0 units per month for the detached units). The highest and best use of the subject property is for the development of a single project with two product lines (attached and detached). As requested, we have estimated market value by phase; thus, while the absorption of 4.0 sale per month (12.0 sales per quarter) is applicable to the entire project, initiation of sales of future phases are not initiated till the prior phase nears sell-out.

#### Expense Projections

A deduction will be made for expenses attributable to the project over the holding period, which was discussed previously in the market value of the master developer held component, in bulk. They are restated as follows:

#### General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.0% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 2.0% for general and administrative expenses. This expense category is spread evenly over the entire sellout period (seven and ten periods, respectively).

#### Marketing and Sales

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. Considering the specifics of the subject property, a figure of 5.0%, or 3.0% for marketing and 2.0% for sales is used in the marketing and sales expense category.

#### Property Taxes (Ad Valorem and Special Taxes)

The subject is located within an area with a 1.1747% tax rate. Though a property tax bill was unavailable, according to the Developer total taxes are reportedly 1.75% (including special taxes and HOA expenses), suggesting direct levies of approximately 0.112%. This amount is applied to the estimated market value and divided by the total number of homes to yield an estimate of ad valorem taxes/home/year. This amount is applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year. The subject will be encumbered by Special Taxes and the City of

Alameda CFD No. 13-1 (Alameda Landing Public Improvements) Tax which are taken into consideration in this analysis. The proposed Special Taxes attributable to each unit will be dependent on the anticipated unit size, with the maximum effective tax rate including both ad valorem and special taxes not to exceed 2.00%.

Based on preliminary analyses, the maximum annual special tax for the subject's CFD is \$2,229 per attached unit (weighted average including BMR units) and \$3,836 per detached unit. A copy of the City of Alameda CFD No. 13-1 (Alameda Landing Public Improvements) is provided in the *Property Identification and Legal Data* section. The total tax expense is reduced over the absorption period, as the land components are sold off.

Allocations for HOA fees of \$257 per attached units and \$149 per detached unit (per month) are applicable to the lot (land) valuation. The total HOA expense is assumed to be incurred once construction is initiated, and is reduced over the absorption period, as units are transferred to homebuyers.

#### ***Remaining Site Development Costs***

According to a representative of the master developer, TriPointe Homes, Inc., all site development (in-tract) costs for Phase 1 have been completed, while Phase 2 is about 85% complete with approximately \$550,000 remaining in site development costs, or approximately \$9,821 per remaining unit (based on 52 attached units and 4 BMR units for a total of 56 units; there are no detached units in Phase 2). Site development has not commenced for Phase 3, which are estimated to cost approximately \$4.0 million, or approximately \$68,966 per remaining unit (based on 31 attached units, 3 BMR units and 24 detached units for a total of 58 units in Phase 3). These remaining site development costs will be incurred as the units are being constructed.

#### ***Permits and Fees***

Permits and fees represent all fees payable upon obtaining building permit for the construction of the proposed units and include school fees and any impact fees. According to the Developer, permits and fees for the benchmark units are approximately \$21,000 per attached unit and \$25,000 per detached unit.

#### ***Direct and Indirect Construction Costs***

Construction costs are generally classified into two groups, direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle.

Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

The Developer indicated its direct construction costs would range from \$110 to \$125 per square foot for the attached units and \$90 to \$95 per square foot for the detached units.

These costs are generally consistent with cost comparables, and considering the assumed average quality product line for the benchmark unit, a direct cost estimate of \$125 per square foot is applied to the benchmark 1,836 square foot attached units and \$95 per square foot is applied to the benchmark 2,577 square foot detached unit, given the principle of economies of scale.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator

Indirect costs can generally range anywhere from 5% to above 30% of the direct costs, with the upper end of the range inclusive of site costs, permits and fees, building shell and tenant improvements. An estimate of 11% is reasonable for the subject property (excluding marketing, sales, general and administrative expenses and taxes, which are accounted for separately), which is consistent with the Developer's pro-forma. The direct and indirect expenses will be distributed over each period of the cash flow analyses based on the absorption schedule and projected closings.

#### ***Model Complex***

As previously noted, models for the subject product lines have already been constructed and no additional cost is deemed necessary.

#### ***Summary***

The following charts summarize the revenue and expenses discussed on the preceding pages for the subject's attached and detached residential units, by phase.

PHASE 1

REVENUE SUMMARY - Attached

Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension*
Composite Average	26	1,836	\$477	\$876,000	\$22,776,000
80% AMI BMR Units	6			\$349,066	\$2,094,396
<b>Total</b>	<b>32</b>	<b>1,836</b>		<b>\$777,200 (Avg)</b>	<b>\$24,870,396</b>

EXPENSES SUMMARY

<b>General and Administrative</b>					
	2.0% of total revenue**			\$500,672	
<b>Marketing and Sales</b>					
	5.0% of total revenue**			\$1,251,680	
<b>Ad Valorem Taxes</b>					
1.1859% - Tax Rate				\$151,321	
	÷ Total Number of Units: 32			\$4,729	/unit
<b>Special Taxes</b>					
CFD No. 13-1 Special Taxes					
Market Rate Units		\$2,401	/unit		
BMR Units		\$1,201	/unit		
Weighted Average Special Taxes				\$2,176	/unit
<b>Site Development Costs</b>					
				\$0	/unit
				\$0	
<b>Estimated Permits and Fees at Building Permit/Occupancy</b>					
Average Permits and Fees/Unit				\$21,000	
x Number of Units				32	
Total Permits and Fees				\$672,000	
<b>Construction Costs</b>					
	SF	Units	Cost/SF	Extension*	Indirects
Typical Floor Plan	1,836	32	\$125	\$7,342,400	\$807,664
Average Direct Construction Costs					
Indirect Costs		11% of Direct Costs		\$229,450	
				\$25,240	
<b>Model Complex</b>					
				\$0	

\* Exclusive of appreciation

\*\* Inclusive of appreciation

PHASE 1

REVENUE SUMMARY - Detached

Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension*
Composite Average	31	2,577	\$472	\$1,215,000	\$37,665,000
<b>Total</b>	<b>31</b>	<b>2,577</b>		<b>\$1,215,000 (Avg)</b>	<b>\$37,665,000</b>

EXPENSES SUMMARY

<b>General and Administrative</b>					
	2.0% of total revenue**			\$758,039	
<b>Marketing and Sales</b>					
	5.0% of total revenue**			\$1,895,096	
<b>Ad Valorem Taxes</b>					
1.1859% - Tax Rate				\$273,231	
	÷ Total Number of Units: 31			\$8,814	/unit
<b>Special Taxes</b>					
CFD No. 13-1 Special Taxes					
Market Rate Units				\$3,836	/unit
<b>Site Development Costs</b>					
				\$0	/unit
				\$0	
<b>Estimated Permits and Fees at Building Permit/Occupancy</b>					
Average Permits and Fees/Unit				\$25,000	
x Number of Units				31	
Total Permits and Fees				\$775,000	
<b>Construction Costs</b>					
	SF	Units	Cost/SF	Extension*	Indirects
Typical Floor Plan	2,577	31	\$95	\$7,587,793	\$834,657
Average Direct Construction Costs					
Indirect Costs		11% of Direct Costs		\$244,768	
				\$26,924	
<b>Model Complex</b>					
				\$0	

\* Exclusive of appreciation

\*\* Inclusive of appreciation

PHASE 2

REVENUE SUMMARY - Attached

Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension*
Composite Average	52	1,836	\$477	\$876,000	\$45,552,000
80% AMI BMR Units	4			\$349,066	\$1,396,264
<b>Total</b>	<b>56</b>	<b>1,836</b>		<b>\$838,362 (Avg)</b>	<b>\$46,948,264</b>

EXPENSES SUMMARY

<b>General and Administrative</b>					
	2.0% of total revenue**			\$970,655	
<b>Marketing and Sales</b>					
	5.0% of total revenue**			\$2,426,638	
<b>Ad Valorem Taxes</b>					
1.1859% - Tax Rate				\$258,289	
	÷ Total Number of Units: 56			\$4,612	/unit
<b>Special Taxes</b>					
CFD No. 13-1 Special Taxes					
Market Rate Units		\$2,401	/unit		
BMR Units		\$1,201	/unit		
Weighted Average Special Taxes				\$2,315	/unit
<b>Site Development Costs</b>					
				\$9,821	/unit
				\$550,000	
<b>Estimated Permits and Fees at Building Permit/Occupancy</b>					
Average Permits and Fees/Unit				\$21,000	
x Number of Units				56	
Total Permits and Fees				\$1,176,000	
<b>Construction Costs</b>					
Typical Floor Plan	SF	Units	Cost/SF	Extension*	Indirects
	1,836	56	\$125	\$12,849,200	\$1,413,412
Average Direct Construction Costs					
Indirect Costs		11% of Direct Costs		\$229,450	
				\$25,240	
<b>Model Complex</b>					
				\$0	

\* Exclusive of appreciation

\*\* Inclusive of appreciation

PHASE 3

REVENUE SUMMARY - Attached

Unit Type	No. of Units	Average Unit Size	Average Sale \$/SF	Average Value Per Unit	Extension*
Composite Average	31	1,836	\$477	\$876,000	\$27,156,000
80% AMI BMR Units	3			\$349,066	\$1,047,198
<b>Total</b>	<b>34</b>	<b>1,836</b>		<b>\$829,506 (Avg)</b>	<b>\$28,203,198</b>

EXPENSES SUMMARY

<b>General and Administrative</b>					
	2.0% of total revenue**			\$598,903	
<b>Marketing and Sales</b>					
	5.0% of total revenue**			\$1,497,258	
<b>Ad Valorem Taxes</b>					
1.1859% - Tax Rate				\$118,353	
	÷ Total Number of Units: 34			\$3,481	/unit
<b>Special Taxes</b>					
CFD No. 13-1 Special Taxes					
Market Rate Units		\$2,401	/unit		
BMR Units		\$1,201	/unit		
Weighted Average Special Taxes				\$2,295	/unit
<b>Site Development Costs</b>					
				\$68,966	/unit
				\$2,344,828	
<b>Estimated Permits and Fees at Building Permit/Occupancy</b>					
Average Permits and Fees/Unit				\$21,000	
x Number of Units				34	
Total Permits and Fees				\$714,000	
<b>Construction Costs</b>					
Typical Floor Plan	SF	Units	Cost/SF	Extension*	Indirects
	1,836	34	\$125	\$7,801,300	\$858,143
Average Direct Construction Costs					
Indirect Costs		11% of Direct Costs		\$229,450	
				\$25,240	
<b>Model Complex</b>					
				\$0	

\* Exclusive of appreciation

\*\* Inclusive of appreciation

### PHASE 3

#### REVENUE SUMMARY - Detached

<u>Unit Type</u>	<u>No. of Units</u>	<u>Average Unit Size</u>	<u>Average Sale \$/SF</u>	<u>Average Value Per Unit</u>	<u>Extension*</u>
Composite Average	24	2,577	\$472	\$1,215,000	\$29,160,000
<b>Total</b>	<b>24</b>	<b>2,577</b>		<b>\$1,215,000 (Avg)</b>	<b>\$29,160,000</b>

#### EXPENSES SUMMARY

<b>General and Administrative</b>					
	2.0% of total revenue**			\$596,687	
<b>Marketing and Sales</b>					
	5.0% of total revenue**			\$1,491,716	
<b>Ad Valorem Taxes</b>					
1.1859% - Tax Rate				\$166,382	
	÷ Total Number of Units: 24			\$6,933	/unit
<b>Special Taxes</b>					
CFD No. 13-1 Special Taxes					
Market Rate Units				\$3,836	/unit
<b>Site Development Costs</b>					
				\$68,966	/unit
				\$1,655,172	
<b>Estimated Permits and Fees at Building Permit/Occupancy</b>					
Average Permits and Fees/Unit			\$25,000		
x Number of Units		24			
Total Permits and Fees				\$600,000	
<b>Construction Costs</b>					
	<u>SF</u>	<u>Units</u>	<u>Cost/SF</u>	<u>Extension*</u>	<u>Indirects</u>
Typical Floor Plan	2,577	24	\$95	\$5,874,420	\$646,186
<b>Average Direct Construction Costs</b>					
				\$244,768	
Indirect Costs		11% of Direct Costs		\$26,924	
<b>Model Complex</b>					
				\$0	

\* Exclusive of appreciation

\*\* Inclusive of appreciation

#### Discount Rate

The project yield rate is the rate of return on the total un-leveraged investment in a development, including both equity and debt. The leveraged yield rate is the rate of return to the “base” equity position when a portion of the development is financed. The “base” equity position represents the total equity contribution. The developer/builder may have funded all of the equity contribution, or a consortium of investors/builders as in a joint venture may fund it. Most surveys indicate that the threshold project yield requirement is about 20% to 30% for production home type projects.

Instances in which project yields may be less than 20% often involve profit participation arrangements in master planned communities where the master developer limits the number of competing tracts.

As discussed in the preceding valuation section, according to the PwC Real Estate Investor Survey<sup>13</sup>, discount rates for land development projects ranged from 10.00% to 20.00%, with an average of 15.50% during the Fourth Quarter 2015, which is down slightly from the average from the Second Quarter 2015 (land survey completed every six months), of 15.90%, and down 125 basis points below last year’s average (Fourth Quarter 2014). These rates are free-and-clear of financing, are inclusive of developer’s profit, and assume entitlements are in place. Without entitlements in place, the PwC survey has indicated certain investors increase the discount rate between 100 and 800 basis points (an average increase of 400 basis points).

Even though much of the entitlement risk has been mitigated, there is risk associated with estimating the timing that the subject components will be sold off, especially when the market is entering an expanding stage. In addition, there is risk associated with unforeseen factors such as broad economic declines and job losses. An all-inclusive internal rate of return (IRR) of 14% for the attached units and 20% for the detached units was concluded for the market value, in bulk, of the TriPointe Homes, Inc. (master developer) help components. In allocating the values by Phase, there is less risk associated with the Phase 1 components, as construction is nearly complete; whereas, there is greater risk associated with the Phase 3 components, which remains undeveloped. Based on the percent of work completed on Phases 1 and 2, the following IRRs are concluded for the allocated values by Phase:

<b>Phase</b>	<b>Attached / Units</b>	<b>Detached / Lots</b>
1	13.2% / 32 units	15.0% / 31 Lots
2	14.0% / 56 Units	--
3	14.25% / 34 Units	20.0% / 24 Lots
<i>Overall (in bulk)</i>	<i>14.0% / 122 Units</i>	<i>20.0% / 55 Lots</i>

As previously discussed, a lower developer’s incentive is concluded for the attached units due to the lower risk associated with this product type (smaller units have a larger buyer pool than larger units due to affordability).

#### Conclusion

The land residual analyses are presented on the following pages.

<sup>13</sup> PwC Real Estate Investor Survey, PricewaterhouseCoopers, 4<sup>th</sup> Quarter 2015, Volume 28, Number 4.



PHASE 1: ATTACHED UNITS

REVENUE AND SALES SUMMARY

Period (3 months):	1	2	3	4	Total
Sales	12	12	8	0	32
Interim Construction Period	12	12	8	0	32
Close of Escrow (COE)	0	12	12	8	32
Unsold Inventory	20	8	0	0	
<b>Sales Price (unappreciated)</b>	\$ 9,326,399	\$ 9,326,399	\$ 6,217,599	\$ -	\$ 24,870,396
<b>Inflation (Appreciation) Factor</b>	0.00%	0.75%	1.50%	2.25%	
<b>Appreciated Sales Revenue (COE)</b>	\$ -	\$ 9,326,399	\$ 9,396,346	\$ 6,310,863	
<b>Total Sales Revenue</b>	\$ -	\$ 9,326,399	\$ 9,396,346	\$ 6,310,863	\$ 25,033,608

EXPENSES AND CASH FLOW SUMMARY

Period (3 months):	1	2	3	4	Total
General and Administrative	(\$125,168)	(\$125,168)	(\$125,168)	(\$125,168)	\$ (500,672)
Marketing and Sales	\$0	(\$466,320)	(\$469,817)	(\$315,543)	\$ (1,251,680)
Ad Valorem Real Estate Taxes	(\$37,830)	(\$23,644)	(\$9,458)	\$0	\$ (70,932)
CFD No. 13-1 Special Taxes	(\$17,407)	(\$10,880)	(\$4,352)	\$0	\$ (32,639)
HOA Fees / Month	(\$15,408)	(\$6,163)	\$0	\$0	\$ (21,571)
Remaining Site Development Costs	\$0	\$0	\$0	\$0	\$ -
Direct Construction Costs	(\$2,447,467)	(\$2,465,823)	(\$2,484,179)	\$0	\$ (7,397,468)
Indirect Construction Costs	(\$269,221)	(\$271,240)	(\$273,260)	\$0	\$ (813,721)
Model Costs	\$0	\$0	\$0	\$0	\$ -
Building Permits	(\$252,000)	(\$252,000)	(\$168,000)	\$0	\$ (672,000)
<b>Total Expenses</b>	<b>(\$3,164,501)</b>	<b>(\$3,621,238)</b>	<b>(\$3,534,233)</b>	<b>(\$440,711)</b>	<b>\$ (10,760,683)</b>
<b>NET INCOME BEFORE DEVELOPER'S INCENTIVE</b>	<b>\$ (3,164,501)</b>	<b>\$ 5,705,161</b>	<b>\$ 5,862,113</b>	<b>\$ 5,870,152</b>	<b>\$ 14,272,924</b>
<b>Present Value Factor</b>					
Internal Rate of Return (IRR)	13.20%	0.96805	0.93713	0.90719	0.87821
Discounted Cash Flow	(\$3,063,409)	\$5,346,471	\$5,318,060	\$5,155,230	\$ 12,756,353
Net Present Value	\$12,756,353				

CONCLUSION OF VALUE BY DISCOUNTED CASH FLOW ANALYSIS (RD) \$ 12,760,000

PHASE 1: DETACHED UNITS

REVENUE AND SALES SUMMARY

Period (3 months):	1	2	3	4	Total
Sales	12	12	7	0	31
Interim Construction Period	12	12	7	0	31
Close of Escrow (COE)	0	12	12	7	31
Unsold Inventory	19	7	0	0	
<b>Sales Price (unappreciated)</b>	\$ 14,580,000	\$ 14,580,000	\$ 8,505,000	\$ -	\$ 37,665,000
<b>Inflation (Appreciation) Factor</b>	0.00%	0.75%	1.50%	2.25%	
<b>Appreciated Sales Revenue (COE)</b>	\$ -	\$ 14,580,000	\$ 14,689,350	\$ 8,632,575	
<b>Total Sales Revenue</b>	\$ -	\$ 14,580,000	\$ 14,689,350	\$ 8,632,575	\$ 37,901,925

EXPENSES AND CASH FLOW SUMMARY

Period (3 months):	1	2	3	4	Total
General and Administrative	(\$189,510)	(\$189,510)	(\$189,510)	(\$189,510)	\$ (758,039)
Marketing and Sales	\$0	(\$729,000)	(\$734,468)	(\$431,629)	\$ (1,895,096)
Ad Valorem Real Estate Taxes	(\$68,308)	(\$41,866)	(\$15,424)	\$0	\$ (125,598)
CFD No. 13-1 Special Taxes	(\$29,729)	(\$18,221)	(\$6,713)	\$0	\$ (54,663)
HOA Fees / Month	(\$8,493)	(\$3,129)	\$0	\$0	\$ (11,622)
Remaining Site Development Costs	\$0	\$0	\$0	\$0	\$ -
Direct Construction Costs	(\$1,468,605)	(\$2,959,239)	(\$2,360,171)	(\$875,962)	\$ (7,663,976)
Indirect Construction Costs	(\$161,547)	(\$325,516)	(\$259,619)	(\$96,356)	\$ (843,037)
Model Costs	\$0	\$0	\$0	\$0	\$ -
Building Permits	(\$300,000)	(\$300,000)	(\$175,000)	\$0	\$ (775,000)
<b>Total Expenses</b>	<b>(\$2,226,191)</b>	<b>(\$4,566,481)</b>	<b>(\$3,740,904)</b>	<b>(\$1,593,456)</b>	<b>\$ (12,127,032)</b>
<b>NET INCOME BEFORE DEVELOPER'S INCENTIVE</b>	<b>\$ (2,226,191)</b>	<b>\$ 10,013,519</b>	<b>\$ 10,948,446</b>	<b>\$ 7,039,119</b>	<b>\$ 25,774,893</b>
<b>Present Value Factor</b>					
Internal Rate of Return (IRR)	15.00%	0.96386	0.92902	0.89544	0.86307
Discounted Cash Flow	(\$2,145,726)	\$9,302,732	\$9,803,658	\$6,075,274	\$ 23,035,939
Net Present Value	\$23,035,939				

CONCLUSION OF VALUE BY DISCOUNTED CASH FLOW ANALYSIS (RD) \$ 23,040,000

CONCLUSION OF VALUE BY DISCOUNTED CASH FLOW ANALYSIS (RD)

PHASE 3: DETACHED UNITS

REVENUE AND SALES SUMMARY									
End of Period									
Period(3 months)	1	2	3	4	5	6	Total		
Sales	0	0	0	12	7	0	24	0	24
Interim Construction Period	0	0	0	12	7	0	24	0	24
Close of Escrow (COE)	0	0	0	5	12	7	24	0	24
Unsold Inventory	24	24	19	7	0	0	24	0	24
Sales Price (unapreciated)	\$	- \$	- \$	6,075,000 \$	8,508,000 \$	- \$	29,160,000	- \$	29,160,000
Initial (Appreciation) Factor	0.00%	0.75%	1.50%	2.25%	3.00%	3.75%	14.00%	- \$	- \$
Appreciated Sales Revenue (COE)	\$	- \$	- \$	6,166,125 \$	14,908,000 \$	- \$	29,834,325	- \$	29,834,325
Total Sales Revenue	\$	- \$	- \$	6,166,125 \$	14,908,000 \$	- \$	29,834,325	- \$	29,834,325
EXPENSES AND CASH FLOW SUMMARY									
Period(3 months)	1	2	3	4	5	6	Total		
General and Administrative	(99,448)	(99,448)	(99,448)	(99,448)	(99,448)	(99,448)	(596,688)	(596,688)	(596,688)
Marketing and Sales	0	0	0	(308,706)	(308,706)	(308,706)	(926,118)	(926,118)	(926,118)
Ad Valorem Real Estate Taxes	(\$41,595)	(\$41,595)	(\$41,595)	(\$41,595)	(\$41,595)	(\$41,595)	(252,585)	(252,585)	(252,585)
COE No. 13 Special Taxes	(\$21,016)	(\$21,016)	(\$21,016)	(\$21,016)	(\$21,016)	(\$21,016)	(126,096)	(126,096)	(126,096)
HDX Fees (Month)	0	0	0	(3,129)	(3,129)	(3,129)	(9,387)	(9,387)	(9,387)
Remaining Site Development Costs	(\$551,724)	(\$551,724)	(\$551,724)	(\$551,724)	(\$551,724)	(\$551,724)	(3,309,840)	(3,309,840)	(3,309,840)
Direct Construction Costs	0	0	0	(\$2,127,316)	(\$2,127,316)	(\$2,127,316)	(6,381,948)	(6,381,948)	(6,381,948)
Indirect Construction Costs	0	0	0	(\$234,007)	(\$234,007)	(\$234,007)	(702,021)	(702,021)	(702,021)
Model Costs	0	0	0	0	0	0	0	0	0
Building Permits	0	0	0	(\$300,000)	(\$300,000)	(\$300,000)	(900,000)	(900,000)	(900,000)
Total Expenses	(\$715,783)	(\$715,783)	(\$1,538,695)	(\$3,123,376)	(\$3,697,576)	(\$1,524,037)	(18,319,073)	(18,319,073)	(18,319,073)
NET INCOME BEFORE DEVELOPER'S INCENTIVE	\$	(715,783) \$	(1,538,695) \$	3,042,749 \$	11,210,472 \$	7,236,113 \$	\$	\$	\$
Present Value Factor	20.00%	0.95238	0.90703	0.86384	0.82270	0.78353	0.74622		
Internal Rate of Return (IRR)									
Discounted Cash Flow	(\$681,698)	(\$649,237)	(\$1,329,182)	\$2,503,277	\$8,783,698	\$5,399,699	\$14,026,557		
Net Present Value									
CONCLUSION OF VALUE BY DISCOUNTED CASH FLOW ANALYSIS (RD)								\$14,030,000	

Summary of Allocation of Value by Phase – Master Development

The following table summarizes the allocation of market value of the master developer (TriPointe Homes, Inc.) held components, by Phase. The values account for the impact of the lien of the Special Tax securing the City of Alameda Community Facilities District No. 13-1(Alameda Landing Public Improvements) Bonds.

	Property Rights	Date of Value	Number of Units	Conclusion (Rd.)
Phase 1				
Attached Units	Fee Simple	December 20, 2015	32	\$ 12,760,000
Detached Units	Fee Simple	December 20, 2015	31	\$ 23,040,000
				<b>\$ 35,800,000</b>
Phase 2				
Attached Units	Fee Simple	December 20, 2015	56	\$ 21,780,000
Detached Units	Fee Simple	December 20, 2015	--	\$ -
				<b>\$ 21,780,000</b>
Phase 3				
Attached Units	Fee Simple	December 20, 2015	34	\$ 9,980,000
Detached Units	Fee Simple	December 20, 2015	24	\$ 14,030,000
				<b>\$ 24,010,000</b>
Total Allocated Market Value (in bulk)				<b>\$ 81,590,000</b>

The allocation of value, by Phase, above is for illustrative purposes only and are not indicative of the market value for each Phase. Consistent with the highest and best use of the subject property discussed herein, the market value of the land components held by the master developer (TriPointe Homes, Inc.) is to develop consistent with the existing development plan, as a single project of both attached and detached homes.

# **APPENDIX**

## **A - READDRESSING/REASSIGNING APPRAISAL REPORTS**

**Readdressing/Reassigning Appraisal Reports**

Seevers Jordan Ziegenmeyer adheres to the requirements of the 2014-2015 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP). This edition is effective from January 1, 2014 through December 31, 2015. The following excerpts pertain to readdressing/reassigning appraisal reports:

**Advisory Opinion 26, Page A-89:**

Once a report has been prepared for a named client(s) and any other identified intended users and for an identified intended use, the appraiser cannot “readdress” (transfer) the report to another party.

**Advisory Opinion 27, Pages A-91 to A-92:**

Situations often arise in which appraisers who have previously appraised a property are asked by a different party to appraise the same property.... Accepting the assignment from the subsequent prospective client is not prohibited by USPAP, assuming appropriate disclosure is made to the client before being engaged and any existing confidential information is handled properly.... If there is a new potential client, valuation services performed for that new client would constitute a new assignment and the assignment results would be specific to that new assignment.

**Frequently Asked Question No. 122, Page F-56 to F-57:**

It is never permissible to readdress a report by simply changing the client’s name on a completed report, regardless of whether the first client gave a release. The request from Lender B must be treated as a new assignment.

**B - GLOSSARY OF TERMS**

## GLOSSARY OF TERMS

Unless otherwise noted, the following definitions are from The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

**Aggregate of Retail Values:** The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

**As Is Market Value:** The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

**Band of Investment:** A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

**Bulk Value:** The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

**Comparative-Unit Method:** A method used to derive a cost estimate in terms of dollars per unit of area or volume based on known costs of similar structures that are adjusted for time and physical differences; usually applied to total building area.

**Cost Approach:** A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.

**Depreciation:** In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

**Direct Capitalization:** A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified.

**Discounted Cash Flow (DCF) Analysis:** The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

**Discount Rate:** A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*.

**Disposition Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market; 2) the property is subjected to market conditions prevailing as of the date of valuation; 3) both the buyer and seller are acting prudently and knowledgeably; 4) the seller is under compulsion to sell; 5) the buyer

is typically motivated; 6) both parties are acting in what they consider to be their best interests; 7) an adequate marketing effort will be made during the exposure time; 8) payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto; 9) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

**Easement:** The right to use another's land for a stated purpose.

**Exposure Time:** The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

**External Obsolescence:** A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.

**Extraction:** A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land.

**Extraordinary Assumption:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

**Fair Market Value:** The highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the

other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available. (California Code of Civil Procedure, Section 1263.320(a))

**Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

**Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

**Functional Obsolescence (Curable):** An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected.

**Functional Obsolescence (Incurable):** An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal.

**Highest and Best Use:** The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

**Hypothetical Condition:** A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

**Income Capitalization Approach:** Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.

**Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

**Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

**Marketing Time:** An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

**Neighborhood:** A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

**Obsolescence:** One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external.

**Prospective Opinion of Value:** A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

**Quantity Survey Method:** A cost-estimating method in which the quantity and quality of all materials used and all categories of labor required are estimated and unit cost figures are applied to arrive at a total cost estimate for labor and materials.

**Replacement Cost:** The estimated cost to construct, at current prices as of a specified date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.

**Reproduction Cost:** The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

**Sales Comparison Approach:** The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

**Site Coverage Ratio:** The gross area of the building footprint divided by the site area.

**Stabilized Occupancy:** 1. The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand. 2. An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.

**Subdivision Development Method:** A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

**Superadequacy:** An excess in the capacity or quality of a structure or structural component; determined by market standards.

**Unit-In-Place Method:** A cost-estimating method in which total building cost is estimated by adding together the unit costs for the various building components as installed; also called the *segregated cost method*.

**Yield Capitalization:** A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.

**Yield Rate:** A rate of return on capital, usually expressed as a compound annual percentage rate. A yield rate considers all expected property benefits, including the proceeds from sale at the termination of the investment.



Seevers  
Jordan  
Ziegenmeyer

Real Estate Appraisal & Consultation

Northern California/Nevada  
3825 Atherton Road, Suite 500  
Rocklin, California 95765

P: (916) 435-3883 F: (916) 435-4774

## C - QUALIFICATIONS OF APPRAISER(S)

### Kevin K. Ziegenmeyer, MAI, Partner

#### Introduction

Mr. Ziegenmeyer is a partner with Seevers Jordan Ziegenmeyer, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the Central Valley area of California, Northern Nevada, and within the Sacramento Metropolitan Area. Over the past several years, Mr. Ziegenmeyer has handled many of the firm's master-planned property appraisals and has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation.

#### Professional Affiliations

Appraisal Institute – MAI Designation  
Certified General Real Estate Appraiser - State of California (No. AG013567)

#### Education

##### Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

#### Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C  
Basic Valuation Procedures  
Real Estate Appraisal Principles  
Capitalization Theory and Techniques, Part A  
Advanced Income Capitalization  
Report Writing and Valuation Analysis  
Advanced Applications  
IRS Valuation Summit I & II  
2008, 2009, 2010 & 2011 Economic Forecast  
Business Practices and Ethics  
Contemporary Appraisal Issues with Small Business Administration Financing  
General Demonstration Appraisal Report Writing Seminar  
7-Hour National USPAP Update Course  
Valuation of Easements and Other Partial Interests  
2009 Summer Conference  
Uniform Appraisal Standards for Federal Land Acquisitions  
2008 Economic Update  
Valuation of Conservation Easements  
Subdivision Valuation  
(continued on next page.....)





Seevers  
Jordan  
Ziegenmeyer

Real Estate Appraisal & Consultation

Northern California/Nevada  
3825 Atherton Road, Suite 500  
Rocklin, California 95765

P: (916) 435-3883 F: (916) 435-4774

(.....continued from previous page)

2005 Annual Fall Conference  
General Comprehensive Exam Module I, II, III & IV  
Advanced Income Capitalization  
Advanced Sales Comparison & Cost Approaches  
2004 Central CA Market Update  
Computer-Enhanced Cash Flow Modeling  
Forecast 2000, 2001, 2002, 2003 & 2004  
Land Valuation Assignments  
Land Valuation Adjustment Procedures  
Highest & Best Use and Market Analysis  
Entitlements, Land Subdivision & Valuation  
Real Estate Value Cycles  
El Dorado Hills Housing Symposium  
Federal Land Exchanges  
M & S Computer Cost-Estimating, Nonresidential

#### Appraisal Experience

##### General-purpose:

Offices  
Retail  
Industrial  
Apartments  
Subdivisions  
Land

##### Special-purpose:

Athletic Clubs  
Churches  
Educational Facilities  
Restaurants  
Assisted-living Facilities  
Auto Sales and Service  
Lodging Facilities

Trusted & Respected Since 1978



Seevers  
Jordan  
Ziegenmeyer

Real Estate Appraisal & Consultation

Northern California/Nevada  
3825 Atherton Road, Suite 500  
Rocklin, California 95765

P: (916) 435-3883 F: (916) 435-4774

#### Sample of Appraisal Experience

Hunters Point Shipyard – Phase I  
San Francisco, San Francisco County, California

This appraisal was completed for use by the developer for determination of possible refinancing of the Redevelopment Agency of the City and County of San Francisco Community Facilities District (CFD) No. 7 (Hunters Point Shipyard) Bonds. The appraised property comprises Phase I of the Hunters Point Shipyard redevelopment area, which is commonly referred to as the Hilltop and Hillside subdivisions, and comprises approximately 75.32 gross acres of land, which includes 23.72± developable acres proposed for the construction of 1,142 residential units in a variety of attached single-family, townhouse and stacked residential units. Specifically, the Hilltop development contains 15.92± acres of land to be developed with 768 residential units, and the Hillside development contains 7.8± acres to be developed with 374 single-family residential units. In addition, Phase I will include 36.0± acres dedicated to parks and open space and 15.6± acres of streets and rights-of-way.

City of San Mateo Community Facilities District No. 2008-1 (Bay Meadows)  
San Mateo, San Mateo County, California

This appraisal was completed for use in a land-secured financing associated with the development of 52± developable acres proposed for the development of 724,225 square feet of office space, approximately 85,374 square feet of retail space and 1,121 residential housing units, with 832 residential housing units being developed on the residential land component and the balance (289 units) to be developed as part of the mixed-use component. The report was prepared for the City of San Mateo Department of Finance.

City of Redwood City Community Facilities District No. 2010-1 (One Marina)  
Redwood City, San Mateo County, California

This appraisal was completed for use in a land-secured financing associated with the development of 16.62± acres proposed for the construction of 231 townhome and flat-style residential units within 24 detached buildings. The report was prepared for the City of Redwood City Department of Finance.

County of San Joaquin Community Facilities District No. 2009-2 (Vernalis Interchange)  
Vernalis, San Joaquin County, California

This assignment involved the appraisal of approximately 3,457.41 gross acres of land comprising 40 separate Assessor's parcels devoted to (or intended for) aggregate mining operations by six independent mining operators, including Teichert, West Coast Aggregates, Granite, Knife River, DeSilva Gates and Cemex. The summary appraisal was completed for bond financing purposes, with the proceeds intended to finance the construction of a new interchange on State Route 132 at Bird Road, which is intended to enhance traffic operation safety at this intersection. This report was prepared for the County of San Joaquin.

Trusted & Respected Since 1978

### Sample of Appraisal Experience (continued)

Bickford Ranch Community Facilities District No. 2003-1 Placer County, California	The hypothetical market valuation of a proposed master planned community that will include 847.2 acres of land designated for 1,783 residential lots and a 9.7-acre commercial component. The appraisal will be used for bond underwriting purposes and was prepared for the County of Placer.
El Dorado Hills Community Facilities District No. 1992-1 (portion) El Dorado County, California	This assignment involved the hypothetical cumulative or aggregate, valuation of a sizeable portion of the existing Serrano master planned community. The appraisal included 1,597 single-family residential lots, 382 custom single-family residential lots, 33.05 acres of commercial land and 344 existing single-family residences. The appraisal will be used for bond underwriting purposes and was prepared for the County of El Dorado.
Community Facilities District No. 16 West Sacramento, California	This project involved the valuation of Bridgeway Lakes, a high-end 609-lot single-family residential community located in the Southport area of West Sacramento. Lot densities within the project varied from low and medium density to rural estate lots. This report was prepared for the City of West Sacramento.
Community Facilities District No. 17 West Sacramento, California	This assignment concerned the valuation of 252 single-family lots and 252 proposed multifamily units comprising the Parella residential community in the Southport area of West Sacramento. This report was prepared for the City of West Sacramento.
Diablo Grande Community Facilities District No. 1 (Series 2002) Stanislaus County, California	The appraisal involved the valuation of a partially improved resort and master planned community offering 1,410 residential lots, multifamily land, commercial land, a hotel site, vineyards and two 18-hole championship golf courses. The appraisal was used for bond underwriting purposes and was prepared for Western Hills Water District.
Plumas Lake Community Facilities District No. 2002-1 Yuba County, California	This appraisal included the valuation of a portion of the proposed, and partially improved, Plumas Lake Specific Plan area, and comprised 3,314 detached single-family residential lots. The appraisal was used for bond underwriting purposes and was prepared for the Olivehurst Public Utility District.

### Sample of Appraisal Experience (continued)

Brentwood Assessment District No. 2003-1 Brentwood, Contra Costa County, California	This assignment involved the valuation of an assessment district containing commercial and residential components comprising 5.66 acres of commercial land, 882 single-family residential lots and 15.8 acres of multifamily land. The appraisal was used for bond underwriting purposes and was prepared for the City of Brentwood.
Patterson Gardens & Keystone Pacific Business Park Patterson, Stanislaus County, California	This appraisal involved the valuation of a 985-lot single-family residential master planned community that included residential, commercial and public use components, and a non-contingent 224-acre industrial park. This report was prepared for Bank of America.
Syrah Condominiums Sacramento, Sacramento County, California	Syrah is a proposed 245-unit residential condominium development with dual phase valuations. This report was prepared for KeyBank.



Seevers  
Jordan  
Ziegenmeyer

Real Estate Appraisal & Consultation

Northern California/Nevada  
3825 Atherton Road, Suite 500  
Rocklin, California 95765

P: (916) 435-3883 F: (916) 435-4774

## Eric A. Segal, Partner

### Introduction

Mr. Segal is a Certified General real estate appraiser with Seevers Jordan Ziegenmeyer, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for SJZ. By 1999, he began writing narrative appraisal reports covering a variety of income properties. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, Mello-Roos and Assessment Districts, and residential subdivisions. He has developed the experience and background necessary to deal with complex assignments covering an array of property types.

### Professional Affiliations

Candidate for MAI Designation – Appraisal Institute

Certified General Real Estate Appraiser – State of California (No. AG026558)

Real Estate Appraiser - Certified General – State of Nevada (No. A.0207066-CG)

### Education

#### Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

#### Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Appraisal Litigation Practice and Courtroom Management

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

Advanced Applications





Northern California/Nevada  
3825 Atherton Road, Suite 500  
Rocklin, California 95765  
P: (916) 435-3883 F: (916) 435-4774

### Sample of Appraisal Experience

Pleasant Valley Mixed-Use Development  
Visitacion Valley Neighborhood  
San Francisco, San Francisco County, California

This appraisal was prepared for loan underwriting. The Pleasant Valley mixed-use development comprises approximately 20.08 gross acres of land to be developed in three phases. Phase 1 will contain 568 residential units, a grocery store, in-line retail stores, office space, public park and pedestrian access to the Caltrain Bayshore station, which is located just east of the development. Phase 2 will contain approximately 556 residential units and an additional public park (Visitacion Park). Phase 3 will contain approximately 555 residential units. In total, Pleasant Valley is expected to be developed with 1,679 residential units of studio/loft, 1, 2, 3 and 4-bedroom unit types.

Hunters Point Shipyard – Phase I  
San Francisco, San Francisco County, California

This appraisal was completed for use by the developer for determination of possible refinancing of the Redevelopment Agency of the City and County of San Francisco Community Facilities District (CFD) No. 7 (Hunters Point Shipyard) Bonds. The appraised property comprises Phase I of the Hunters Point Shipyard redevelopment area, which is commonly referred to as the Hilltop and Hillside subdivisions, and comprises approximately 75.32 gross acres of land, which includes 23.72± developable acres proposed for the construction of 1,142 residential units in a variety of attached single-family, townhouse and stacked residential units. Specifically, the Hilltop development contains 15.92± acres of land to be developed with 768 residential units, and the Hillside development contains 7.8± acres to be developed with 374 single-family residential units. In addition, Phase I will include 36.0± acres dedicated to parks and open space and 15.6± acres of streets and rights-of-way.

Santa Barbara Palms  
Las Vegas, Clark County, Nevada

Santa Barbara Palms is a 114-unit, age-restricted, low-income housing apartment project in Las Vegas. The appraisal was prepared under Section 223(f) of the Federal Housing Administration (FHA) MAP Program for a 223(f) Refinance for Capital One Multifamily Finance, LLC.

City of Dixon Community Facilities District No. 2013-1 (Parklane)  
Dixon, Solano County, California

This assignment involved the appraisal of 71.51 gross acres of land approved for the development of 401 single-family homes under construction by Brookefield Homes. The proposed Bond proceeds were to be used to reimburse the developer for infrastructure improvements. The estimate of market value accounted for the impact of the lien of the special taxes securing the proposed Bonds, and the estimated value was subject to a hypothetical condition such improvements were in place and available for use.

*Trusted & Respected Since 1978*



Northern California/Nevada  
3825 Atherton Road, Suite 500  
Rocklin, California 95765  
P: (916) 435-3883 F: (916) 435-4774

### Sample of Appraisal Experience (continued)

City of San Mateo Community Facilities District No. 2008-1 (Bay Meadows)  
San Mateo, San Mateo County, California

This appraisal was completed for use in a land-secured financing associated with the development of 52± developable acres proposed for the development of 724,225 square feet of office space, approximately 85,374 square feet of retail space and 1,121 residential housing units, with 832 residential housing units being developed on the residential land component and the balance (289 units) to be developed as part of the mixed-use component. The report was prepared for the City of San Mateo Department of Finance.

City of Redwood City Community Facilities District No. 2010-1 (One Marina)  
Redwood City, San Mateo County, California

This appraisal was completed for use in a land-secured financing associated with the development of 16.62± acres proposed for the construction of 231 townhome and flat-style residential units within 24 detached buildings. The report was prepared for the City of Redwood City Department of Finance.

County of San Joaquin Community Facilities District No. 2009-2 (Vernalis Interchange)  
Vernalis, San Joaquin County, California

This assignment involved the appraisal of approximately 3,457.41 gross acres of land comprising 40 separate Assessor's parcels devoted to (or intended for) aggregate mining operations by six independent mining operators, including Teichert, West Coast Aggregates, Granite, Knife River, DeSilva Gates and Cemex. The summary appraisal was completed for bond financing purposes, with the proceeds intended to finance the construction of a new interchange on State Route 132 at Bird Road, which is intended to enhance traffic operation safety at this intersection. This report was prepared for the County of San Joaquin.

HUD 223(f) Apartment Portfolio  
San Francisco, San Francisco County, California

This appraisal assignment involved the appraisal of nine multifamily properties in San Francisco containing between seven and 50 units, as well as mixed-use properties including ground floor retail tenants. The self-contained appraisals were completed in compliance with Federal regulatory requirements and guidelines that may apply as well as the requirements of the Federal Housing Administration (FHA) MAP Program for a 223(f) Refinance. This report was prepared for Column Guaranteed, LLC.

The Parkway & Quinto Ranch  
Santa Nella, Merced County, California

This appraisal involved the valuation of a 1,464-lot single-family residential master planned community that included residential, commercial and public use components, and a non-contingent 1,644-acre ranch subject to a conservation easement. This report was prepared for IndyMac Bank.

*Trusted & Respected Since 1978*



Seevers  
Jordan  
Ziegenmeyer

Real Estate Appraisal & Consultation

Northern California/Nevada  
3825 Atherton Road, Suite 500  
Rocklin, California 95765

P: (916) 435-3883 F: (916) 435-4774

### Sample of Appraisal Experience (continued)

Reclamation District No. 17 – Mossdale Tract  
(portion)  
County of San Joaquin, California

The appraised properties represented a portion of Reclamation District No. 17 identified as vacant residential, vacant commercial and vacant industrial land, and excluded those properties within the boundaries of the District zoned as agricultural and public use, and those properties with an assessed improvement value on the most recent property tax roll. Reclamation District No. 17 (Mossdale Tract) is located in San Joaquin County and contains approximately 16,107.58 acres of land comprising approximately 13,335 assessor's parcels. This report was prepared for Reclamation District No. 17.

Bickford Ranch Community Facilities District No.  
2003-1  
Placer County, California

The hypothetical market valuation of a proposed master planned community that will include 847.2 acres of land designated for 1,783 residential lots and a 9.7-acre commercial component. The appraisal will be used for bond underwriting purposes and was prepared for the County of Placer.

El Dorado Hills Community Facilities District No.  
1992-1 (portion)  
El Dorado County, California

This assignment involved the hypothetical cumulative, or aggregate, valuation of a sizeable portion of the existing Serrano master planned community. The appraisal included 1,597 single-family residential lots, 382 custom single-family residential lots, 33.05 acres of commercial land and 344 existing single-family residences. The appraisal will be used for bond underwriting purposes and was prepared for the County of El Dorado.

Diablo Grande Community Facilities District No. 1  
(Series 2002)  
Stanislaus County, California

The appraisal involved the valuation of a partially improved resort and master planned community offering 1,410 residential lots, multifamily land, commercial land, a hotel site, vineyards and two 18-hole championship golf courses. The appraisal was used for bond underwriting purposes and was prepared for Western Hills Water District.

Plumas Lake Community Facilities District No.  
2002-1  
Yuba County, California

This appraisal included the valuation of a portion of the proposed, and partially improved, Plumas Lake Specific Plan area, and comprised 3,314 detached single-family residential lots. The appraisal was used for bond underwriting purposes and was prepared for the Olivehurst Public Utility District.

Patterson Gardens & Keystone Pacific Business  
Park  
Patterson, Stanislaus County, California

This appraisal involved the valuation of a 985-lot single-family residential master planned community that included residential, commercial and public use components, and a non-contingent 224-acre industrial park. This report was prepared for Bank of America.

Trusted & Respected Since 1978



## Sara Gilbertson, Appraiser

### Introduction

Ms. Gilbertson is a licensed appraiser with Seevers Jordan Ziegenmeyer, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. She joined the firm in April 2011 after completing her bachelor's degree at California State University, Sacramento and has been writing narrative appraisal reports for a variety of commercial properties. She is now involved in appraisal assignments covering office, retail, industrial, land and mixed-use properties, as well as special-use properties including self-storage facilities, hotels and mobile home parks. Ms. Gilbertson has developed the experience and background necessary to deal with complex assignments covering an array of property types.

### Professional Affiliations

Certified General Real Estate Appraiser - State of California (No. 3002204)

### Education

#### Academic:

Bachelor of Science in Business Administration (Concentration in Real Estate and Land Development), California State University, Sacramento

#### Appraisal Institute Courses:

Basic Appraisal Principles  
 Basic Appraisal Procedures  
 Uniform Standards of Professional Appraisal Practice  
 Real Estate Finance and Statistics and Valuation Modeling  
 Sales Comparison Approach  
 Report Writing and Case Studies  
 Market Analysis and Highest and Best Use  
 Site Valuation and Cost Approach  
 Basic Income Capitalization  
 Expert Witness for Commercial Appraisers  
 Commercial Appraisal Review

### Sample of Appraisal Experience

27-Room Hotel  
Stockton, California

In this assignment for Wells Fargo Bank, we estimated the market value of the going concern of 27-room, limited service hotel. The market value of the going concern was also allocated between real property, FF&E (personal property), and business enterprise.

76,971 SF Multi-Building Office Complex  
Sacramento, California

This appraisal involved the valuation of a three, multi-tenant office buildings. In this assignment, we estimated the market value of the leased fee interest in the property as of a current inspection date, and the prospective market value upon stabilized occupancy. The as-is and prospective values were provided for each building, as well as in bulk. The client for this assignment was Mechanics Bank.

120,944 SF Office Building & 6,000 SF Bank Building  
Modesto, California

In this assignment for Bank of America, the subject property consisted of a five-story medical office building and a free standing bank branch building. We estimated the hypothetical market value of the property as if stabilized, the as-is market value, and the prospective market value upon stabilized occupancy.

14,703 SF Retail Building (Proposed)  
Escalon, California

This report involved the valuation of a commercial-zoned site proposed for development of a single tenant retail building with a credit tenant in place (build-to-suit). The valuation scenarios included the prospective market value (leased fee interest) upon completion of construction and at stabilized occupancy, the hypothetical market value (leased fee interest) at completion of construction and stabilized occupancy, and the as-is market value of the land (fee simple interest). The client for this assignment was Wells Fargo.

Commercial Laundry Facility  
Gilroy, California

This report involved the valuation of a two-building commercial laundry facility. We estimated the retrospective market value of the leased fee interest. The client was Libitzky Property Companies.

Mobile Home Park  
Lakeport, California

This assignment involved the valuation of multifamily project consisting of 19 income producing mobile home lots and two for-ret duplexes (or four apartment units). The valuation involved the prospective market value upon stabilized occupancy and the as-is market value which accounted for the renovation of the duplex units and deferred maintenance.

Mixed-Use Commercial Development (Proposed)  
Fresno, California

This appraisal involved the valuation of an 87.32 acre portion of master planned community proposed for retail, office, and multifamily development, as well as a plaza, lake, and recreation area. The valuation of multifamily parcels included some second level ("air rights") area. We estimated the as-is market value, hypothetical market values assuming all backbone infrastructure is in place in bulk, by parcel and the aggregate retail value. This report was prepared for Wells Fargo.





Business, Consumer Services & Housing Agency  
BUREAU OF REAL ESTATE APPRAISERS  
REAL ESTATE APPRAISER LICENSE

Sara A. Gilbertson

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3002204

Effective Date: May 30, 2014  
Date Expires: May 29, 2016

  
Jim Martin, Bureau Chief, BREAA

3014669

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

EXHIBIT D

CONTINUING DISCLOSURE AGREEMENT

[attach Continuing Disclosure Agreement here]



## CONTINUING DISCLOSURE AGREEMENT OF THE CITY

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement"), dated as of March 1, 2016, is by and between NBS GOVERNMENT FINANCE GROUP, as dissemination agent (the "Dissemination Agent"), and the City of Alameda, California (the "City").

### RECITALS:

WHEREAS, the City has issued, for and on behalf of the City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements) (the "District"), its City of Alameda Community Facilities District No. 13-1 (Alameda Landing Public Improvements), 2016 Special Tax Bonds (the "Bonds") in the initial principal amount of \$\_\_\_\_\_; and

WHEREAS, the Bonds have been issued pursuant to a Fiscal Agent Agreement, dated as of March 1, 2016 (the "Fiscal Agent Agreement"), by and between MUFG Union Bank, N.A., as fiscal agent (the "Fiscal Agent"), and the City, for and on behalf of the District; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the owners and beneficial owners of the Bonds and in order to assist the underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

### AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. In addition to the definitions of capitalized terms set forth in Section 1.03 of the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the Recitals above, the following terms shall have the following meanings when used in this Disclosure Agreement:

*"Annual Report"* means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

*"Disclosure Representative"* means the Finance Director of the City, or the Finance Director's designee, or such other officer or employee as the City shall designate as the Disclosure Representative hereunder in writing to the Dissemination Agent from time to time.

*"Dissemination Agent"* means NBS Government Finance Group, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

*"EMMA" or "Electronic Municipal Market Access"* means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

*"Listed Events"* means any of the events listed in Section 5(a) or 5(b) of this Disclosure Agreement.

*"MSRB"* means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

*"Official Statement"* means the Official Statement, dated March \_\_, 2016, relating to the Bonds.

*"Participating Underwriter"* means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with 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 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

### Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The City shall, or shall cause the Dissemination Agent to, not later than the March 1 occurring after the end of each fiscal year of the City, commencing with the report for the 2015-16 fiscal year, which is due not later than February 1, 2017, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than seven months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City.

(d) *Report of Non-Compliance.* If the City is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the City shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the City is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Agreement, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. It is acknowledged that the Closing Date for the Bonds occurred after the end of the 2015-2016 fiscal year of the City. In light of the foregoing, submission of the Official Statement shall satisfy the City's obligation to file an Annual Report for fiscal year 2015-2016.

The Annual Report for each fiscal year commencing with the Annual Report for the 2016-2017 fiscal year, shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the City for the most recently completed fiscal year, prepared in accordance generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* The Annual Report for each fiscal year commencing with fiscal year 2016-2017 shall also include the following information:

(i) The principal amount of Bonds Outstanding as of the September 30 next preceding the date of the Annual Report.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of the September 30 next preceding the date of the Annual Report.

(iii) The balance in the Improvement Fund, if any, as of the September 30 next preceding the date of the Annual Report.

(iv) The total assessed value of all parcels within the District on which the Special Taxes are levied, as shown on the assessment roll of the City Assessor last equalized prior to the September 30 next preceding the date of the Annual Report, and a statement of assessed value-to-lien ratios therefor, either by individual parcel or by categories, in a table similar to Table 4 in the Official Statement.

(v) The Special Tax aggregate delinquency rate for all parcels within the District on which the Special Taxes are levied, the aggregate number of parcels within the District on which the Special Taxes are levied and which are delinquent in payment of Special Taxes, and the percentage of the most recent annual Special Tax levy that is delinquent, all as of the September 30 next preceding the date of the Annual Report.

(vi) The status of foreclosure proceedings for any parcels within the District on which the Special Taxes are levied and a summary or the results of any foreclosure sales, or other collection efforts with respect to delinquent Special Taxes, as of the September 30 next preceding the date of the Annual Report.

(vii) The identity of any property owner representing more than five percent (5%) of the annual Special Tax levy who is delinquent in payment of such Special Taxes, as shown on the assessment roll of the City Assessor last equalized prior to the September 30 next preceding the date of the Annual Report, the number of parcels so delinquent, and the total dollar amount of all such delinquencies.

(viii) A land ownership summary listing property owners responsible for more than five percent (5%) of the annual Special Tax levy, as shown on the assessment roll of the County Assessor last equalized prior to the January 1 next preceding the date of the Annual Report.

(ix) The most recent annual information required to be provided to the California Debt and Investment Advisory Commission pursuant to Section 5.19 of the Fiscal Agent Agreement.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on EMMA. The City shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the City 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.

#### Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The City shall, or shall cause the Dissemination (if not the City) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), 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.

(b) *Material Reportable Events.* The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) 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.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* The City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Fiscal Agent Agreement.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NBS Government Finance Group

If the Dissemination Agent is not the City, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the City. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Agreement and has no liability to any person, including any Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship

with the City shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the City.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the City for its services provided hereunder as agreed to between the Dissemination Agent and the City from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder, with payment to be made from any lawful funds of the District. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, the owners of the Bonds, the Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any written direction from the City or a written opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the City. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the City to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the City under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the City that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

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

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bond owners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bond owners or Beneficial Owners.

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

basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or future notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, any Bond owner, any Beneficial Owner, the Fiscal Agent or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and the owners and the 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 Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

CITY OF ALAMEDA, CALIFORNIA

By: \_\_\_\_\_  
Elizabeth D. Warmerdam,  
*Interim City Manager*

NBS GOVERNMENT FINANCE GROUP, as  
Dissemination Agent

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

01019.24:J13753



**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligor: City of Alameda, California

Name of Bond Issue: \$\_\_\_\_\_ City of Alameda Community Facilities District No. 13-1  
(Alameda Landing Public Improvements), 2016 Special Tax Bonds

Date of Issuance: March \_\_, 2016

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.17 of the Fiscal Agent Agreement, dated as of March 1, 2016, between the Obligor and MUFG Union Bank, N.A., as fiscal agent. The Obligor anticipates that the Annual Report will be filed by \_\_\_\_\_.

Date: \_\_\_\_\_

By: NBS Government Finance Group, as  
Dissemination Agent

\* \* \* \* \*

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the 16th day of February, 2016, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of said City this 16th day of February, 2016.

---

Lara Weisiger, City Clerk  
City of Alameda

APPROVED AS TO FORM:

---

Janet C. Kern, City Attorney  
City of Alameda