NEW ISSUE—BOOK-ENTRY-ONLY **NO RATING**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$12,245,000
CITY OF SACRAMENTO
CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02 (IMPROVEMENTS) SPECIAL TAX BONDS, SERIES 2019

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

This Official Statement describes bonds that are being issued by the City of Sacramento (the "City") for the Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California (the "District"). The City of Sacramento Curtis Park Village Community Facilities District No. 2014-02 (Improvements) Special Tax Bonds, Series 2019 (the "Bonds") are being issued by the City to (a) pay the cost and expense of the acquisition and construction of certain public facilities and to finance certain governmental fees required in connection with the development within the District; (b) fund a reserve fund securing the Bonds; (c) pay costs of issuance of the Bonds; and (d) fund capitalized interest on the Bonds through September 1, 2019.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 et seq. of the Government Code of the State of California), and pursuant to a Master Indenture, dated as of August 1, 2019 as supplemented by a First Supplemental Indenture dated as of August 1, 2019, each by and between the City and Zions Bancorporation, National Association, as trustee (the "Trustee") (collectively, the "Indenture").

The Bonds are special limited obligations of the City and are payable solely from the proceeds of the Special Tax (as defined in this Official Statement) levied on taxable parcels within the District and from certain other funds pledged under the Indenture, all as further described in this Official Statement. The Special Tax will be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. See "SOURCES OF PAYMENT FOR THE BONDS."

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds may be made in integral multiples of $5,000 and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2020. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described in this Official Statement. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS — General Provisions" and APPENDIX H — "BOOK-ENTRY ONLY SYSTEM."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF SACRAMENTO, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAX, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PROCEEDS OF THE SPECIAL TAX LEVIED ON TAXABLE PARCELS IN THE DISTRICT AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

The Bonds are subject to optional redemption, extraordinary redemption from Special Tax prepayments and mandatory sinking fund redemption prior to maturity as set forth in this Official Statement. See "THE BONDS — Redemption."

THE BONDS ARE NOT RATED BY ANY RATING AGENCY, AND INVESTMENT IN THE BONDS INVOLVES SIGNIFICANT RISKS THAT ARE NOT APPROPRIATE FOR CERTAIN INVESTORS. CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE CITY TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "SPECIAL RISK FACTORS" FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(See Inside Cover Page)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, and subject to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California is serving as Disclosure Counsel to the City with respect to the Bonds. Certain legal matters will be passed on for the City by the Office of the City Attorney, for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, as counsel to the Underwriter, and for the Trustee by its counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about August 22, 2019.

STIFEL

Dated: August 6, 2019

$12,245,000
CITY OF SACRAMENTO
CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02
(IMPROVEMENTS) SPECIAL TAX BONDS, SERIES 2019
MATURITY SCHEDULE

Base *CUSIP No.*†: 786071

$3,065,000 Serial Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.†
2020	$ 15,000	3.000%	1.140%	101.889	NW6
2021	45,000	3.000	1.240	103.508	NX4
2022	55,000	4.000	1.400	107.674	NY2
2023	70,000	4.000	1.550	109.523	NZ9
2024	90,000	4.000	1.670	111.185	PA2
2025	105,000	4.000	1.780	112.629	PB0
2026	125,000	4.000	1.900	113.748	PC8
2027	145,000	4.000	2.030	114.520	PD6
2028	165,000	5.000	2.110	121.365[C]	PE4
2029	185,000	5.000	2.190	120.778[C]	PF1
2030	210,000	5.000	2.250	120.340[C]	PG9
2031	235,000	5.000	2.300	119.976[C]	PH7
2032	265,000	5.000	2.360	119.541[C]	PJ3
2033	290,000	5.000	2.410	119.180[C]	PK0
2034	320,000	5.000	2.460	118.820[C]	PL8
2035	355,000	5.000	2.510	118.462[C]	PM6
2036	390,000	3.000	3.050	99.339	PN4

$9,180,000 Term Bonds

$1,375,000 5.000% Term Bonds due September 1, 2039, Yield: 2.670% Price: 117.324[C] CUSIP No.† 786071 PP9

$3,185,000 5.000% Term Bonds due September 1, 2044, Yield: 2.830% Price: 116.198[C] CUSIP No.† 786071 PQ7

$4,620,000 5.000% Term Bonds due September 1, 2049, Yield: 2.880% Price: 115.849[C] CUSIP No.† 786071 PR5

[C] *Priced to the optional redemption date of September 1, 2026 at 103%.*
† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the City nor the Underwriter takes any responsibility for the accuracy of such numbers.*

CITY OF SACRAMENTO

CITY COUNCIL

Darrell Steinberg, Mayor
Eric Guerra, Vice Mayor, District 6
Angelique Ashby, District 1
Allen Warren, District 2
Jeff Harris, District 3
Steven Hansen, District 4
Jay Schenirer, District 5
Rick Jennings II, District 7
Larry Carr, District 8

ADMINISTRATIVE OFFICES

Howard Chan, City Manager
Michael Jasso, Assistant City Manager
Leyne Milstein, Assistant City Manager
Chris Conlin, Assistant City Manager
Hector Barron, Assistant City Manager
John Colville, City Treasurer
Susana Alcala Wood, City Attorney
Mindy Cuppy, City Clerk
Dawn Holm, Finance Director

PROFESSIONAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP

Disclosure Counsel

Stradling Yocca Carlson & Rauth, A Professional Corporation

Municipal Advisor

Hilltop Securities, Inc.
Encino, California

Trustee

Zions Bancorporation, National Association
Los Angeles, California

Special Tax Consultant

NBS
Temecula, California

Appraiser

Smith & Associates, Inc.
Folsom, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the City. No dealer, broker, salesperson or other person has been authorized by the City, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment to this Official Statement, is intended to be deposited with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org.

The information set forth in this Official Statement which has been obtained from third party sources is believed to be reliable, but such information is not guaranteed as to accuracy or completeness by the City. 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 made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement since the date of this Official Statement. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is made by this Official Statement to such documents on file with the City for further information. While the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the City. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "THE DISTRICT" and "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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City of Sacramento
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Crocker Rd
Curtis Park
Sacramento
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Rail Road
Sutterville Rd
Boundaries indicated are approximate
N

$12,245,000
CITY OF SACRAMENTO
CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02
(IMPROVEMENTS) SPECIAL TAX BONDS, SERIES 2019

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the table of contents and the appendices (collectively, the "Official Statement"), is to provide certain information concerning the issuance by the City of Sacramento (the "City") of City of Sacramento Curtis Park Village Community Facilities District No. 2014-02 (Improvements) Special Tax Bonds, Series 2019 (the "Bonds") in the aggregate principal amount of $12,245,000. The proceeds of the Bonds will be used to (a) pay the cost and expense of the acquisition and construction of certain public facilities and to finance certain governmental fees required in connection with the development of within the District; (b) fund a reserve fund securing the Bonds; (c) pay costs of issuance of the Bonds and (d) fund capitalized interest on the Bonds through September 1, 2019. See "THE FINANCING PLAN — Estimated Sources and Uses of Funds."

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California) (the "Act"), and pursuant to a Master Indenture, dated as of August 1, 2019 as supplemented by a First Supplemental Indenture dated as of August 1, 2019, each by and between the City and Zions Bancorporation, National Association, as trustee (the "Trustee") (collectively, the "Indenture").

The Bonds are secured under the Indenture by a pledge of and lien upon the proceeds of the Special Tax (as defined in this Official Statement) levied on taxable parcels within the District and all amounts held in the Special Tax Fund, the Bond Redemption Fund and the Bond Reserve Fund, as provided in the Indenture. See "SOURCES OF PAYMENT FOR THE BONDS."

The Bonds are being issued and delivered pursuant to the provisions of the Act and the Indenture. The Bonds are being sold pursuant to a Bond Purchase Contract between the Underwriter and the City. See "THE BONDS — General Provisions."

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions."

The District

General. The District consists of approximately 51 acres located approximately five miles south of downtown Sacramento. The District is a portion of the former Western Pacific Railyard, which was established by Western Pacific Railroad and owned and operated by the Union Pacific Railroad Company until the early 1980s. The District is situated north of Sutterville Road and is bordered by the Union Pacific railroad tracks on the west and 24th Street on the east. The development within the District is primarily planned for residential projects with the possibility of commercial uses within a portion of the District.

Approximately 38 acres of property in the District are expected to be subject to the Special Tax (as defined in this Official Statement) at build-out. As further described below, certain parcels are or could become exempt from the Special Tax levy pursuant to the Rate and Method (as defined below) based on their use as senior or age-restricted housing or for-rent multi-family housing. The balance of the property within the District which is not subject to the levy of the Special Tax consists primarily of a public park, a detention basin and other public right of ways. PDC Construction Company, Inc., a California corporation ("Petrovich") is currently the master developer of property in the District. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

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

Pursuant to the Act, on May 20, 2014, the City Council adopted Resolution No. 2014-0124 (the "Resolution of Intention"), stating its intention to form the District and to authorize the levy of a special tax on the taxable property within the District. On May 20, 2014 the City Council also adopted Resolution No. 2014-0135, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed $13,000,000 for the purpose of financing the acquisition, construction, expansion, improvement, or rehabilitation of certain public facilities to serve the area within the District and its neighboring areas. See "THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities."

On July 14, 2014, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed $13,000,000. A Notice of Special Tax Lien was recorded in the office of the Clerk Recorder's office of the County of Sacramento (the "County") on July 28, 2014 in Book No. 20140728 on Page No. 0740. On July 29, 2014, the City Council adopted Ordinance No. 2014-0022 (the "Ordinance") which authorizes the levy of a special tax pursuant to the Rate and Method of Apportionment of Special Tax within the District approved at the July 14, 2014 election (the "Rate and Method"), a copy of which is attached hereto as APPENDIX A.

Property Ownership and Development Status

The property in the District is a portion of a former railyard which was owned and operated by Western Pacific from the 1860's through the mid-1980's, at which time Union Pacific purchased the property and operated the railyard until the mid-1990's. Petrovich purchased a portion of the property associated with the former railyard in 2003 and undertook environmental and other remediation of the site to allow for residential and commercial uses. Petrovich's plan for the former railyard is development of an infill mixed-use project that was originally referred to as "Curtis Park Village" but is now known as "Crocker Village." At buildout, Crocker Village is expected to include for-sale single-family detached homes, an apartment complex, a senior housing apartment complex and a shopping center with approximately 230,000 square feet of retail space. The site for the shopping center is not within the boundaries of the District. See "Petrovich Development Plan—*Litigation With Respect to Commercial Property Site*" herein for a description of litigation between Petrovich and the City with respect to certain proposed uses on the shopping center site that is located outside of the District. As discussed below, Petrovich may develop an additional 29,000 square feet of retail space on a 2.5 acre parcel within the District.

The District is a portion of the proposed Crocker Village project. Within the District, there are residential villages planned for 273 for-sale single family homes at buildout, a site planned for a 131-unit apartment complex, a senior apartment complex called the Curtis Park Court Senior Apartments that was completed in 2016, and a parcel of approximately 2.5 acres which may be used for either residential purposes or an approximately 29,000 retail-commercial development (the "Flex Site"). Pursuant to the Rate and Method, the parcels associated with the Curtis Park Court Senior Apartments are not subject to the Special Tax levy and the parcels for the proposed 131-unit apartment complex are not expected to be subject to the Special Tax levy based on their current or expected use as multi-family for-rent or age-restricted property. There are currently no development plans for the Flex Site and, while such parcel is currently subject to the Special Tax, no Special Tax levy is assumed for such site for purposes of sizing of the Bonds. Should the ultimate use of the Flex Site be used as multi-family for-rent or age-restricted property, the Flex Site would also be exempt from the Special Tax levy under the Rate and Method. The balance of the property within the District is expected to be used for a public park, a detention basin and public right of ways.

Development within the District began in approximately 2014 and is ongoing. In 2014, BlackPine Curtis LLC (BlackPine Curtis LLC and BlackPine Builders, Inc. are affiliated entities and are referred to together as "BlackPine") purchased 74 residential lots within the District from Petrovich. As of the February 22, 2019 date of value of the Appraisal Report (as defined below), BlackPine had completed and conveyed 54 homes in the District to individual homeowners. As of July 15, 2019, BlackPine had completed and conveyed 64 of such 74 homes to individual homeowners and owned 10 homes under construction (5 of which were in escrow). BlackPine expects to complete and convey the 10 remaining homes within this original 74-lot development to individual homeowners by December 2019.

As set forth in the Appraisal Report, as of the February 22, 2019 date of value, within the District, Petrovich owned 90 finished lots, a mass-graded site of approximately 9.8 acres planned for 109 single family homes, a site of approximately 2.3 acres planned for the 131-unit apartment complex, and the 2.5 acre Flex Site. Between the February 22, 2019 date of value and July 15, 2019, Petrovich had completed additional construction to improve approximately 50% of the 109 lots on the 9.8 acre site to a finished status.

With respect to the 199 remaining planned for-sale single family homes in the District, Petrovich has entered into construction management agreements with BlackPine to undertake the construction, marketing and sale of such homes. Such homes will be marketed under the BlackPine brand. As further described under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT," title to these 199 lots is expected to be transferred by Petrovich to three single purpose entities during the construction phase, which are managed by Petrovich. Construction of the 199 homes on such lots will be undertaken in accordance with construction management agreements entered into by Petrovich, BlackPine, and the applicable single purpose entity.

Petrovich expects to begin construction of the 131-unit apartment complex in 2020 and its long-term plan is to own and manage such apartment complex. Petrovich currently does not have any plans for development for the Flex Site.

Backbone infrastructure remains to be completed by Petrovich in order to issue all building permits and for final inspection and occupancy of all planned residential units within the District. Such infrastructure includes completion of certain traffic and utility improvements, a park and a detention basin to be located thereon within the District, as further described herein. See "THE DISTRICT — Description of Authorized Facilities — *Status of Facilities*." Petrovich has commenced improvements on the park site and detention facility and expects to complete such improvements by the second quarter of 2020.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "budget" or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions "THE DISTRICT," "PROPERTY OWNERSHIP AND THE DEVELOPMENT" and APPENDIX B — "APPRAISAL REPORT AND UPDATE APPRAISAL REPORT."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Sources of Payment for the Bonds

General. The Bonds and any bonds issued and secured by and payable from the proceeds of the Special Tax on a parity with the Bonds, which may only be issued to refund the Bonds (the "Refunding Bonds") or any Refunding Bonds outstanding, are limited obligations of the City, and the interest on and principal of and redemption premiums, if any, on the Bonds and any Refunding Bonds are payable solely from the Special Tax to be levied annually against the taxable property in the District, or, to the extent necessary and subject to the conditions set forth in the Indenture, from the monies on deposit in the Bond Reserve Fund. As described in this Official Statement, the Special Tax will be collected along with *ad valorem* property taxes on the tax bills mailed by the County. Although the Special Tax constitutes a lien on the property subject to taxation in the District, it does not constitute a personal indebtedness of the owners of such property. There is no assurance that such owners will be financially able to pay the annual Special Tax or that they will pay such taxes even if they are financially able to do so.

Limited Obligations. Except for the Special Tax, no other revenues or taxes are pledged to the payment of the Bonds and any Refunding Bonds. The Bonds and any Refunding Bonds are not general obligations of the City but are special limited obligations of the City payable solely from the proceeds of the Special Tax and other amounts held under the Indenture as more fully described herein.

Special Tax. As used in this Official Statement, the term "Special Tax" means the taxes which have been authorized pursuant to the Act to be levied against Taxable Land (as defined in the Indenture) within the District under and pursuant to the Act and in accordance with the Rate and Method. See "SOURCES OF PAYMENT FOR THE BONDS — Special Tax" and APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." Under the Indenture, the City will pledge to repay the Bonds and any Refunding Bonds from the proceeds of the Special Tax on deposit in the Special Tax Fund established under the Indenture.

The Special Tax is the primary security for the repayment of the Bonds and any Refunding Bonds. In the event that the Special Tax is not paid when due, the only sources of funds available to pay the debt service on the Bonds and any Refunding Bonds are amounts held by the Treasurer in the Special Tax Fund and the amounts held in the Bond Reserve Fund and the Bond Redemption Fund held by the Trustee under the Indenture. See "SOURCES OF PAYMENT FOR THE BONDS."

Foreclosure Covenant. The City will covenant in the Indenture to, annually on or before October 1 of each year, review the public records of the County relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and (a) on the basis of such review the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year by $7,500 or more in order to enforce the lien of all such delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale, and (b) on the further basis of such review, if the City determines that the total amount so collected is less than 95% of the total amount of the Special Tax levied in such Fiscal Year, the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year to enforce the lien of all the delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale in accordance with the Act.

The City is not obligated to enforce the lien of any delinquent installment of the Special Tax for any Fiscal Year in which the City has received 100% of the amount of the installment from the County under the Teeter Plan (as defined below). The District is included in the County's Teeter Plan (as defined below). See "SOURCES OF PAYMENT FOR THE BONDS — Teeter Plan" and "SPECIAL RISK FACTORS — Teeter Plan Termination."

See "SOURCES OF PAYMENT FOR THE BONDS — Special Tax —*Foreclosure Covenant*" herein and APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Covenants of the City — Foreclosure of Special Tax Liens." There is no assurance that the Taxable Parcels within the District can be sold for the appraised or assessed values described in this Official Statement and in the Appraisal Report, or for a price sufficient to provide monies to pay the principal of and interest on the Bonds in the event of a default in payment of the Special Tax by current or future landowners within the District. See "SPECIAL RISK FACTORS — Property Values" and APPENDIX B — "APPRAISAL REPORT AND UPDATE APPRAISAL REPORT."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF SACRAMENTO, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAX, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PROCEEDS OF THE SPECIAL TAX AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

Refunding Bonds and Liens. Under the terms of the Indenture, the City may issue Refunding Bonds secured by the proceeds of the Special Tax on a parity with the Bonds if certain conditions are met, but only for the purpose of refunding the Bonds and Refunding Bonds. See "SOURCES OF PAYMENT FOR THE BONDS — Issuance of Refunding Bonds." Refunding Bonds may be issued by means of a supplemental indenture and without any requirement for the consent of any Holders. See APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Conditions for the Issuance of Bonds." Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Tax have been levied and may also be levied in the future on the property within the District, which could adversely affect the ability and willingness of the landowners to pay the Special Tax when due. See "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments."

Appraisal Report

An MAI appraisal (the "Appraisal Report") of certain of the land and existing improvements within the District was prepared by Smith & Associates, Inc., Folsom, California (the "Appraiser"). The Appraisal Report has a date of value of February 22, 2019 (the "Date of Value"). See APPENDIX B — "APPRAISAL REPORT AND UPDATE APPRAISAL REPORT." The Appraisal Report provides an estimate of market value by ownership, and an estimate of the not-less-than aggregate value (the sum of market values by ownership), for certain of the properties in the District that are subject to the lien of the Special Tax.

As of the Date of Value, the Appraiser estimates that the aggregate value of the Taxable Parcels (as defined in the Rate and Method) within the District, excluding the aforementioned property relating to the Curtis Park Court Senior Apartments and the proposed 131-unit apartment complex, was not less than \$73,110,000, which consists of (i) \$30,970,000 for the property, as of the Date of Value, owned by Petrovich (consisting of 199 proposed residential lots and the Flex Site); (ii) \$4,810,000 for 20 finished lots owned by

BlackPine; and (iii) $37,330,000 for the 54 homes owned by individual homeowners (which represents a rounded figure of the sum of the greater of the assessed value and actual sales prices of such homes).

As further described herein, Senior Housing Parcels and Multi-Family For-Rent Parcels are Tax-Exempt Parcels (as such terms are defined in the Rate and Method) and are not subject to the Special Tax levy. As a result, the property associated with the completed Curtis Park Court Senior Apartments and the parcel which is planned for the 131-unit apartment complex are not included in the appraised value of the Taxable Parcels and Special Tax revenue assumptions for purposes of sizing the Bonds. Because the Flex Site is currently classified as a Taxable Parcel, the Flex Site was included in the Appraisal Report. However, because the ultimate use of the Flex Site has not been determined, no Special Tax from the Flex Site was assumed for the sizing of the Bonds.

The Appraiser has prepared an Update Appraisal Report dated May 16, 2019. In the Update Appraisal Report, the Appraiser concludes that the value of the appraised properties as of May 15, 2019 is not less than the conclusion of value for such property set forth in the Appraisal Report.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in APPENDIX B. The City makes no representations as to the accuracy of the Appraisal Report. See "THE DISTRICT — Property Values" and "—Value-to-Lien Ratios." There is no assurance that any property within the District can be sold for the estimated values set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to provide monies to pay the Special Tax for that parcel in the event of a default in payment of the Special Tax by the land owner. See "THE DISTRICT," "SPECIAL RISK FACTORS — Property Values" and APPENDIX B — "APPRAISAL REPORT AND UPDATE APPRAISAL REPORT."

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in integral multiples of $5,000, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described in Appendix H. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX H — "BOOK-ENTRY ONLY SYSTEM."

Principal of, premium, if any, and interest on the Bonds are payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee, all as provided in the Indenture.

The Bonds are subject to optional redemption, extraordinary redemption, and mandatory sinking fund redemption as described herein. See "THE BONDS — Redemption." For a more complete descriptions of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE BONDS" and APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Professionals Involved in the Offering

Zions Bancorporation, National Association, Los Angeles, California, will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated is the underwriter (the "Underwriter") of the Bonds. The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City in connection with the issuance of the Bonds. Stradling

Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California is serving as Disclosure Counsel to the City with respect to the Bonds. Certain legal matters will be passed on for the City by the Office of the City Attorney, for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, as counsel to the Underwriter and for the Trustee by its counsel. Other professional services have been performed by Smith & Associates, Inc., Folsom, California, as the Appraiser, Hilltop Securities, Inc., Encino, California as municipal advisor to the City and NBS, Temecula, California, as Special Tax Consultant.

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see "FINANCIAL INTERESTS."

Continuing Disclosure

The City has agreed to provide, or cause to be provided, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission (the "Rule") certain financial information and operating data on an annual basis (the "City Reports"). The City has further agreed to provide, in a timely manner, notice of certain events with respect to the Bonds (the "Listed Events"). These covenants have been made in order to assist the Underwriter in complying with the Rule. The City Reports will be filed with the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB") available on the Internet at http://emma.msrb.org. Notices of Listed Events will also be filed with the MSRB. Within the last five years, the City and certain related entities have failed to comply in certain respects with prior continuing disclosure undertakings. See "CONTINUING DISCLOSURE."

The Underwriter does not consider Petrovich or BlackPine to be an "obligated person" with respect to the Bonds for purposes of the Rule. However, to assist in the marketing of the Bonds, Petrovich has agreed to provide, or cause to be provided on EMMA, updated information with respect to the development within the District (the "Developer Reports" and together with the City Reports, the "Reports"), on a semiannual basis and notices of certain events.

See "CONTINUING DISCLOSURE" and APPENDIX F and APPENDIX G for a description of the specific nature of the annual reports to be filed by the City and Petrovich, respectively, notices of Listed Events and the forms of the continuing disclosure undertakings pursuant to which such Reports are to be made.

Bond Holders' Risks

Certain events could affect the ability of the City to collect the Special Tax in an amount sufficient to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The Bonds are not rated by any nationally recognized rating agency. The purchase of the Bonds involves significant risks, and the Bonds may not be appropriate investments for certain investors. See "SPECIAL RISK FACTORS."

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the constitution and laws of the State as well as the proceedings of the City Council, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture.

Copies of the Indenture, the Appraisal Report and other documents and information are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City Treasurer's Office at 915 I Street, Historic City Hall, 3rd Floor, Sacramento, California 95814.

THE FINANCING PLAN

Authorized Facilities and Fees

A portion of the proceeds of the Bonds will be applied to finance the costs of the acquisition and construction of certain facilities and to finance governmental fees authorized under the Act which facilities and fees relating to the costs of such facilities, include without limitation, water and storm drain improvements, roadways and traffic improvements, landscaping and park improvements, in addition to other improvements authorized under the Acquisition Agreement described below. See "THE DISTRICT — Description of Authorized Facilities."

Estimated Sources and Uses of Funds

The following table sets forth the expected sources and uses of Bond proceeds and amounts of the Special Tax collected.

Sources of Funds:	
Principal Amount of Bonds	$ 12,245,000.00
Plus Net Original Issue Premium	1,954,590.80
Special Tax Collections	385,000.00
Total Sources	**$ 14,584,590.80**
Uses of Funds:	
Acquisition and Construction Fund	$ 12,761,215.54
Bond Redemption Fund(1)	14,933.75
Costs of Issuance(2)	749,901.39
Bond Reserve Fund	1,058,540.12
Total Uses	**$ 14,584,590.80**

(1) Amount represents capitalized interest on the Bonds through September 1, 2019.
(2) Includes Underwriter's Discount, Bond Counsel, Disclosure Counsel, Special Tax Consultant, municipal advisor and Trustee fees, appraisal costs, printing costs and other issuance costs.
Source: The Underwriter.

THE BONDS

General Provisions

The Bonds will be dated as of their date of delivery and will bear interest at the rates per annum, payable semiannually on each March 1 and September 1, commencing on March 1, 2020 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates, all as set forth on the inside cover page of this Official Statement.

Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless it is authenticated on a day during the period from the 16th day of the month next preceding an Interest Payment Date to such Interest Payment Date, both dates inclusive, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on a day on or before the 15th day of the month next preceding the first Interest Payment Date, in which event it shall bear interest from its date; provided, that if at the time of authentication of any Bond interest is then in default on any Outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds.

Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to the Indenture as the registered owner thereof at the close of business as of the Record Date, meaning the 15th day of the month next preceding any Interest Payment Date. Such interest will be paid by check of the Trustee mailed by first class mail to such registered owner at his address as it appears on such books, except that in the case of a Holder of $1,000,000 or more in aggregate principal amount of Outstanding Bonds, payment shall be made at such Holder's option by federal wire transfer of immediately available funds according to written instructions provided by such Holder to the Trustee at least 15 days before such Interest Payment Date to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America.

Payment of the principal of and redemption premiums, if any, on the Bonds shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to the Indenture as the registered owner thereof, such principal and redemption premiums, if any, to be paid only on the surrender of the Bonds at the Principal Corporate Trust Office of the Trustee at maturity or on redemption prior to maturity.

The Bonds will be issued as fully registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of $5,000 and any integral multiple thereof. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC's procedures and the procedures of DTC's Participants. See APPENDIX H — "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Bonds maturing on or after September 1, 2027, are subject to optional redemption by the City before their respective stated maturity dates, as a whole or in part on any date on or after September 1, 2026, from any source of available funds, upon mailed notice as provided in the Indenture, at the following redemption prices (expressed as a percentage of the principal amount of Bonds or portions thereof called for redemption), together with accrued interest thereon to the date of redemption:

Redemption Dates	***Redemption Price***
September 1, 2026, through August 31, 2027	103%
September 1, 2027, through August 31, 2028	102
September 1, 2028, through August 31, 2029	101
September 1, 2029 and any date thereafter	100

Extraordinary Redemption from Special Tax Prepayments. The Bonds are subject to extraordinary redemption by the City before their respective stated maturity dates, as a whole or in part on any Interest Payment Date on or after March 1, 2020, solely from prepayments of the Special Tax, upon mailed notice as provided in the Indenture, at the following redemption prices (expressed as a percentage of the principal amount of Bonds or portions thereof called for redemption), together with accrued interest to the date of redemption:

Redemption Dates	*Redemption Price*
Any Interest Payment Date from March 1, 2020 through and including March 1, 2027	103%
September 1, 2027, and March 1, 2028	102
September 1, 2028, and March 1, 2029	101
September 1, 2029, and any Interest Payment Date thereafter	100

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 2039, are subject to mandatory redemption by the City before their stated maturity date in part on each September 1, as set forth in the schedule below, solely from Sinking Fund Account Payments established under the Indenture for that purpose, upon mailed notice as provided in the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

Sinking Fund Redemption Date (September 1)	***Sinking Fund Payments***
2037	$420,000
2038	455,000
2039 (maturity)	500,000

The Bonds maturing on September 1, 2044, are subject to mandatory redemption by the City before their stated maturity date in part on each September 1, as set forth in the schedule below, solely from Sinking Fund Account Payments established under the Indenture for that purpose, upon mailed notice as provided in the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

Sinking Fund Redemption Date (September 1)	***Sinking Fund Payments***
2040	$540,000
2041	585,000
2042	635,000
2043	685,000
2044 (maturity)	740,000

The Bonds maturing on September 1, 2049, are subject to mandatory redemption by the City before their stated maturity date in part on each September 1, as set forth in the schedule below, solely from Sinking Fund Account Payments established under the Indenture for that purpose, upon mailed notice as provided in the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

Sinking Fund Redemption Date (September 1)	***Sinking Fund Payments***
2045	$795,000
2046	855,000
2047	920,000
2048	990,000
2049 (maturity)	1,060,000

Selection of Bonds for Redemption. If less than all of the Bonds outstanding are to be redeemed at the option of the City at any one time, the City will select the maturity date or dates of the Bonds to be redeemed. If less than all of the Bonds of any one maturity date are to be redeemed at any one time, the Trustee shall select the Bonds or the portions thereof of such maturity date to be redeemed in integral multiples of $5,000 in any manner that the Trustee deems appropriate.

Notice of Redemption. When Bonds are to be redeemed under the Indenture the Trustee shall give notice of the redemption of such Bonds. The notice of redemption must state the date of the notice, the Bonds to be redeemed, the date of issue of the Bonds, the redemption date, the redemption price, the place of redemption (being the address of the Principal Corporate Trust Office of the Trustee), the CUSIP number (if any) of the maturity or maturities and, if less than all of any such maturity, the numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. The notice must further state that interest on the Bonds to be redeemed or the portions thereof will not accrue from and after the date of redemption and that all Bonds must be surrendered for redemption at the Principal Corporate Trust Office of the Trustee so designated. If any Bond chosen for redemption is not redeemable in whole, the notice must state that the Bond is to be redeemed in part only and that upon presentation of the Bond for redemption there will be issued in lieu of the unredeemed portion of principal a new Bond or Bonds of the same series and maturity date of authorized denominations equal in aggregate principal amount to the unredeemed portion.

At least 30 days but no more than 90 days before the redemption date, the Trustee shall mail a copy of such notice by first-class mail, postage prepaid, to (a) the Holders of all Bonds selected for redemption at their addresses appearing on the register maintained by the Trustee in accordance with the Indenture, (b) to the securities information services selected by the City in accordance with the Indenture, and (c) to the Underwriter. Neither the failure to receive any such notice nor any immaterial defect in such notice will affect the sufficiency or validity of the proceedings for redemption.

Notwithstanding anything to the contrary contained in the Indenture, with respect to any notice of optional or extraordinary redemption of Bonds, unless, upon the giving of such notice, such Bonds are deemed to have been paid within the meaning of the Indenture, such notice will state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts are not received the notice will be of no force and effect and the City will not be required to redeem such Bonds. In the event that any such notice of redemption contains such a condition and such amounts are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the same manner, and to the same parties, as the notice of redemption was given. Such failure to redeem such Bonds shall not constitute an Event of Default under the Indenture.

Notwithstanding anything to the contrary contained in the Indenture, any notice of optional or extraordinary redemption of Bonds may be rescinded by written notice given to the Trustee by the City no later than five Business Days prior to the date specified for redemption. The Trustee will give notice of such rescission as soon thereafter as practicable in the same manner, and to the same parties, as notice of such redemption was given.

Effect of Redemption. If notice of redemption is given as provided in the Indenture and the money necessary for the payment of the principal of, and any redemption premiums and interest to the redemption date on, the Bonds or portions thereof so called for redemption is held by the Trustee, then on the redemption date the Bonds called for redemption or portions thereof will become due and payable, and from and after the redemption date interest on those Bonds or such portions thereof will cease to accrue and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the principal or such portions thereof and the redemption premiums, if any, thereon and the interest accrued thereon to the redemption date.

DEBT SERVICE SCHEDULE

The following table presents the semi-annual debt service on the Bonds (including sinking fund redemption), assuming there are no optional or extraordinary redemptions. See "SOURCES OF PAYMENT FOR THE BONDS" and "THE BONDS — Redemption."

Date	*Principal*	*Interest*	*Total Debt Service*
3/1/2020	--	$ 313,608.75	$ 313,608.75
9/1/2020	$ 15,000	298,675.00	313,675.00
3/1/2021	--	298,450.00	298,450.00
9/1/2021	45,000	298,450.00	343,450.00
3/1/2022	--	297,775.00	297,775.00
9/1/2022	55,000	297,775.00	352,775.00
3/1/2023	--	296,675.00	296,675.00
9/1/2023	70,000	296,675.00	366,675.00
3/1/2024	--	295,275.00	295,275.00
9/1/2024	90,000	295,275.00	385,275.00
3/1/2025	--	293,475.00	293,475.00
9/1/2025	105,000	293,475.00	398,475.00
3/1/2026	--	291,375.00	291,375.00
9/1/2026	125,000	291,375.00	416,375.00
3/1/2027	--	288,875.00	288,875.00
9/1/2027	145,000	288,875.00	433,875.00
3/1/2028	--	285,975.00	285,975.00
9/1/2028	165,000	285,975.00	450,975.00
3/1/2029	--	281,850.00	281,850.00
9/1/2029	185,000	281,850.00	466,850.00
3/1/2030	--	277,225.00	277,225.00
9/1/2030	210,000	277,225.00	487,225.00
3/1/2031	--	271,975.00	271,975.00
9/1/2031	235,000	271,975.00	506,975.00
3/1/2032	--	266,100.00	266,100.00
9/1/2032	265,000	266,100.00	531,100.00
3/1/2033	--	259,475.00	259,475.00
9/1/2033	290,000	259,475.00	549,475.00
3/1/2034	--	252,225.00	252,225.00
9/1/2034	320,000	252,225.00	572,225.00
3/1/2035	--	244,225.00	244,225.00
9/1/2035	355,000	244,225.00	599,225.00
3/1/2036	--	235,350.00	235,350.00
9/1/2036	390,000	235,350.00	625,350.00
3/1/2037	--	229,500.00	229,500.00
9/1/2037	420,000	229,500.00	649,500.00
3/1/2038	--	219,000.00	219,000.00
9/1/2038	455,000	219,000.00	674,000.00
3/1/2039	--	207,625.00	207,625.00
9/1/2039	500,000	207,625.00	707,625.00
3/1/2040	--	195,125.00	195,125.00
9/1/2040	540,000	195,125.00	735,125.00
3/1/2041	--	181,625.00	181,625.00
9/1/2041	585,000	181,625.00	766,625.00
3/1/2042	--	167,000.00	167,000.00
9/1/2042	635,000	167,000.00	802,000.00
3/1/2043	--	151,125.00	151,125.00
9/1/2043	685,000	151,125.00	836,125.00
3/1/2044	--	134,000.00	134,000.00
9/1/2044	740,000	134,000.00	874,000.00
3/1/2045	--	115,500.00	115,500.00
9/1/2045	795,000	115,500.00	910,500.00
3/1/2046	--	95,625.00	95,625.00
9/1/2046	855,000	95,625.00	950,625.00
3/1/2047	--	74,250.00	74,250.00
9/1/2047	920,000	74,250.00	994,250.00
3/1/2048	--	51,250.00	51,250.00
9/1/2048	990,000	51,250.00	1,041,250.00
3/1/2049	--	26,500.00	26,500.00
9/1/2049	1,060,000	26,500.00	1,086,500.00
Totals	**$12,245,000**	**$13,181,133.75**	**$25,426,133.75**

Source: The Underwriter.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are payable from and secured by the proceeds of the Special Tax and by amounts on deposit in the Special Tax Fund, the Bond Redemption Fund and the Bond Reserve Fund. The Bonds are not secured by monies on deposit in the Expense Fund, the Rebate Fund or the Acquisition and Construction Fund established by the Indenture.

The Indenture defines the term "Special Tax" to mean the special tax authorized to be levied and collected annually on all Taxable Land in the District under and pursuant to the Act at the special election held in the District on July 14, 2014. See APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions."

The City is legally authorized and has covenanted in the Indenture to cause the levy and collection of the Special Tax in an amount determined according to the Rate and Method. See "SOURCES OF PAYMENT FOR THE BONDS — Special Tax" and "SPECIAL RISK FACTORS — Proposition 218" below. The Rate and Method apportions the total amount of the Special Tax to be collected among the Taxable Parcels in the District. See "—Special Tax" and APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Although the Special Tax will be levied against Taxable Parcels within the District, it does not constitute a personal indebtedness of the property owners. There is no assurance that the property owners will be able to pay the Special Tax or that they will pay it even if able to do so. See "SPECIAL RISK FACTORS" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF SACRAMENTO, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAX, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PROCEEDS OF THE SPECIAL TAX AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

Special Tax

Authorization and Pledge. In accordance with the provisions of the Act, the City established the District on June 24, 2014, for the purpose of financing the various public improvements and governmental fees required in connection with the proposed development within the District. On July 14, 2014, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed $13,000,000, secured by special taxes levied on property within the District to finance the facilities and fees. The landowners within the District also voted to approve the Rate and Method which authorized the Special Tax to be levied to repay indebtedness of the District, including the Bonds.

The City will covenant in the Indenture, so long as any Bonds are Outstanding, to annually levy the Special Tax against all Taxable Land in the District in accordance with the Rate and Method and, subject to the limitations in the Rate and Method and the Act, make provision for the collection of the Special Tax in amounts which will be sufficient, together with the money then on deposit in the Bond Redemption Fund, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds as they become due and payable and to replenish the Bond Reserve Fund and to pay all current Expenses as they become due and payable in accordance with the provisions and terms of the Indenture.

The Special Tax is collected in the same manner as *ad valorem* property taxes for the County are collected and, except as otherwise provided in the Indenture or by the Act, are subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. See APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Under the Indenture, except as described below all proceeds of the Special Tax are to be deposited in the Special Tax Fund, which has been established under the Indenture and is held and maintained in trust by the City Treasurer. The City agrees in the Indenture to deposit all proceeds of the Special Tax in the Special Tax Fund when and as received and to transfer all amounts in the Special Tax Fund into the following funds in the following order of priority:

(1) to the Bond Redemption Fund to pay debt service payments on all outstanding Bonds and any Refunding Bonds,

(2) to the Bond Reserve Fund to the extent necessary to replenish the Bond Reserve Fund to the Required Bond Reserve,

(3) to the Expense Fund to pay Expenses, including certain administrative costs of the District, and

(4) to the Community Facilities Fund.

On or before each March 1 and September 1, the Treasurer will, from the money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Redemption Fund an amount equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds and Refunding Bonds on that March 1 and September 1. On or before each September 1, the Treasurer will, from the then remaining money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Redemption Fund an amount equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on that September 1, plus the aggregate of the Sinking Fund Account Payments required by the Indenture to be made on that September 1 into the Sinking Fund Account.

All of the aforesaid payments shall be made without priority of any payment over any other payment, and in the event that the money in the Bond Redemption Fund on any March 1 or September 1 is not equal to the amount of interest becoming due on all Bonds and Refunding Bonds on such date, or in the event that the money in the Bond Redemption Fund on any September 1 is not equal to the amount of principal of the Bonds and Refunding Bonds becoming due on such date plus the amount of the Sinking Fund Account Payments becoming due on such date, as the case may be, then such money shall be applied pro rata in such proportion as such interest and principal and Sinking Fund Account Payments bear to each other.

No deposit needs to be made into the Bond Redemption Fund if the amount of money contained in the Bond Redemption Fund is at least equal to the amount required by the Indenture to be deposited in the Bond Redemption Fund at the times and in the amounts described above.

Notwithstanding anything to the contrary in the Indenture, as soon as practicable after the receipt by the City of any prepayment of the Special Tax, the Treasurer shall (i) deposit any component thereof representing the "Remaining Facilities Cost Share" (as defined in the Rate and Method) in the Acquisition and Construction Fund, (ii) deposit any component thereof representing the "Administrative Expenses" (as defined in the Rate and Method) in the Expense Fund, and (iii) transfer to the Trustee for deposit in the Bond

Redemption Fund, any remaining amounts, for the extraordinary redemption of Bonds or Refunding Bonds pursuant to the terms of any Supplemental Indenture.

The Special Tax levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See the caption "*Limitation on Special Tax Levy*" below and "SPECIAL RISK FACTORS — Insufficiency of Special Tax" herein.

Rate and Method of Apportionment of Special Tax. The City is legally authorized and will covenant to cause the levy of the Special Tax in an amount determined according to a methodology, i.e., the Rate and Method which the City Council and the electors within the District have approved. The Rate and Method apportions the total amount of the Special Tax to be collected among the Taxable Parcels in the District as more particularly described below.

The following is a synopsis of the provisions of the Rate and Method for the District, which should be read in conjunction with the complete text of the Rate and Method which is attached as APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." The definitions of the capitalized terms used under this caption "*—Rate and Method of Apportionment of Special Tax*" are as set forth in APPENDIX A. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX A.

Classification of Parcels. Each Fiscal Year, the Administrator shall cause (1) each parcel within the District to be classified as a Taxable Parcel or Tax-Exempt Parcel, (2) each Taxable Parcel to be classified as a Developed Parcel, a Final Map Parcel, or an Undeveloped Parcel and (3) each Developed Parcel to be classified as a Single-Family Parcel or Other Land Use Parcel.

Exemptions. No Special Tax shall be levied on Assessor's Parcels of Public Property, Parcels owned by the City, school districts, special districts, or the state or federal government, Senior Housing Parcels and Multifamily For-Rent Parcels.

Maximum Annual Special Tax. The Maximum Annual Special Tax rates are set forth in Attachment 1 to the Rate and Method (see Appendix A), which rates have increased by two percent each Fiscal Year since the Fiscal Year which began on July 1, 2015. Each Fiscal Year, the City will compute the Annual Costs for the District which includes: (1) debt service on the Bonds and any Refunding Bonds that is due in the calendar year that begins in such Fiscal Year, (2) amounts necessary to replenish the Bond Reserve Fund to the Required Bond Reserve, (3) Administrative Expenses for the Fiscal Year, (4) amounts needed to fund (i) unpaid Special Tax delinquencies from previous Fiscal Years, to the extent not previously levied, and (ii) anticipated delinquencies for the current Fiscal Year on any Parcel which has no outstanding delinquent Special Tax and (5) authorized facilities. The City will then compute the Total Assigned Special Tax Revenue for Developed Parcels.

If the amount of Total Assigned Special Tax Revenue from Developed Parcels is greater than the Annual Costs, and the Special Tax levy occurs before the Final Bond Sale and funding of Authorized Facilities up to 100% of the Anticipated Construction Proceeds, the City will levy the Special Tax at 100% of the Assigned Special Tax for all Developed Parcels.

If the amount of Total Assigned Special Tax Revenue from Developed Parcels is greater than the Annual Costs, and the Special Tax levy occurs after the Final Bond Sale and funding of Authorized Facilities up to 100% of the Anticipated Construction Proceeds, the City will decrease proportionately the Assigned Special Tax levy for each Developed Parcel until the Special Tax revenue from the levy of the Assigned Special Tax on all Developed Parcels equals the Annual Costs. If Total Assigned Special Tax Revenue from Developed Parcels is less than the Annual Costs, the City will increase proportionately the Assigned Special Tax levy for each Final Map Parcel until the sum of the Total Assigned Special Tax Revenue from Developed Parcels plus the levy of the Assigned Special Tax on Final Map Parcels equals the Annual Costs.

If the amount of Total Assigned Special Tax Revenue for all Developed Parcels and for all Final Map Parcels is less than the Annual Costs, the City will increase proportionately the Assigned Special Tax levy for each Undeveloped Parcel until either the sum of the Total Assigned Special Tax Revenue from Developed Parcels plus the levy of the Assigned Special Tax on Final Map Parcels, plus the levy of the Assigned Special Tax Revenue on Undeveloped Parcels equals the Annual Costs.

If the amount of Total Assigned Special Tax Revenue for all Developed Parcels, all Final Map Parcels and all Undeveloped Parcels is less than the Annual Costs, the City will increase proportionately the Special Tax levy for each Developed Parcel the amount of the difference, if any, between the Assigned Special Tax for each Developed Parcel and the Maximum Annual Special Tax for each Developed Parcel up to 100 percent until such amount plus the sum of the amount of Total Assigned Special Tax Revenue for all Developed Parcels, all Final Map Parcels and all Undeveloped Parcels equals Annual Costs.

Annual Increases. On each July 1, the Assigned Special Tax and the Maximum Annual Special Tax rates will be increased by an amount equal to two percent of the amount in effect for the previous Fiscal Year.

Prepayment of Annual Special Tax. The Maximum Annual Special Tax obligation for a Parcel may be prepaid in full, or in part, provided that the terms set forth under the Rate and Method are satisfied. The Prepayment Amount is calculated as specified in Section 7 of the Rate and Method attached as APPENDIX A and examples of the calculation of such Prepayment Amount is set forth in Tables 1 through 3 to the Rate and Method.

Limitation on Special Tax Levy. Pursuant to Section 53321(d) of the Government Code, the special tax levied against any Parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Parcel within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the City may not be able to increase the tax levy to the Assigned Special Tax in all years. However, subject to the limitations on the City's ability to levy the necessary amount of the Special Tax as imposed by Section 53321(d) of the Government Code, the City can levy the Special Tax on Undeveloped Parcels to make-up all or a portion of any shortfall in the Special Tax levy, subject to the maximum Special Tax rate on Undeveloped Parcels.

Collection of Special Tax. The Special Tax is levied and collected by the Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes. The City may, however, collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations with respect to the District.

Although the Special Tax constitutes a lien on Taxable Parcels (as defined in the Rate and Method) within the District, they do not constitute a personal indebtedness of the owners of property within the District. In addition to the obligation to pay the Special Tax, properties in the District are subject to other assessments and special taxes as set forth under Table 1 below. These other special taxes and assessments are on parity with the lien for the Special Tax. Moreover, other liens for taxes and assessments could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners in the District. See "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments." There is no assurance that property owners will be financially able to pay the Special Tax or that they will pay such taxes even if financially able to do so. See “SPECIAL RISK FACTORS” below.

Foreclosure Covenant. The proceeds of delinquent amounts of the Special Tax received following a judicial foreclosure sale of parcels within the District resulting from a landowner’s failure to pay the Special Tax when due, up to the amount of the delinquent Special Tax lien, are included within the Special Tax revenues pledged to the payment of principal and interest on the Bonds under the Indenture, except any payment of the Special Tax on tax-defaulted parcels, including all delinquent and redemption penalties, fees and costs and the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture, so long as the County has paid to the City the Special Tax levied for a tax-defaulted parcel pursuant to the Teeter Plan established by the County. See “— Teeter Plan” below.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the City of the Special Tax in an amount which is less than the Special Tax levied, the City Council of the City may order that the Special Tax be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory.

However, the City will covenant in the Indenture to, annually on or before October 1 of each year, review the public records of the County relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and (a) on the basis of such review the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year by $7,500 or more in order to enforce the lien of all such delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale, and (b) on the further basis of such review, if the City determines that the total amount so collected is less than 95% of the total amount of the Special Tax levied in such Fiscal Year, the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year to enforce the lien of all the delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale in accordance with the Act.

The City is not obligated to enforce the lien of any delinquent installment of the Special Tax for any Fiscal Year in which the City has received 100% of the amount of the installment from the County under the Teeter Plan (as defined below).

See APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Covenants of the City — Foreclosure of Special Tax Liens.”

If foreclosure is necessary and other funds (including amounts in the Bond Reserve Fund) have been exhausted, debt service payments on the Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City. See “SPECIAL RISK FACTORS — Bankruptcy and Foreclosure” herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See “SPECIAL RISK FACTORS — Property Values” herein. Although the Act authorizes the City to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

Bond Reserve Fund

In order to secure the payment of principal of and interest on the Bonds, the City is required, upon delivery of the Bonds, to deposit in the Bond Reserve Fund an amount equal to the Required Bond Reserve and thereafter to maintain in the Bond Reserve Fund an amount equal to the Required Bond Reserve. The Indenture provides that the amount to be maintained in the Bond Reserve Fund as the Required Bond Reserve shall, as of any date of calculation, equal the least of (a) 10% of the principal amount of the Outstanding Bonds and Refunding Bonds, or (b) Maximum Annual Debt Service, or (c) 125% of the average Debt Service payable under the Indenture in the current and in all future Bond Years, all as determined by the City under the Internal Revenue Code of 1986 (the "Code") and specified in writing to the Trustee; provided, that such requirement (or any portion thereof) may be satisfied by the provision of one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank, the obligations insured by which insurer or issued by which bank, as the case may be, have at least one rating at the time of issuance of such policy or surety bond or letter of credit equal to "A" or higher assigned by Fitch or "A" or higher assigned by Moody's or "A" or higher assigned by S&P, in each case without regard to any numerical modifier or plus or minus sign; and provided further, that the amount of the Required Bond Reserve shall not increase at any time except upon the issuance of a new Series of Refunding Bonds; and provided further, that, with respect to the issuance of any issue of Refunding Bonds, if the amount on deposit in the Bond Reserve Fund would have to be increased by an amount greater than 10% of the stated principal amount of such issue of Refunding Bonds (or, if the issue has more than a de minimis amount of original issue discount or premium, of the issue price of such issue of Refunding Bonds) then the Required Bond Reserve shall be such lesser amount as is determined by a deposit of such 10%. As of the date of issuance of the Bonds the Required Bond Reserve will be fully funded in the amount of $1,058,540.12 from a portion of the proceeds of the Bonds.

Subject to the limits on the Maximum Annual Special Tax which may be levied within the District in accordance with the Rate and Method set forth in APPENDIX A, the City will covenant to levy the Special Tax in an amount that is anticipated to be sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Bond Reserve Fund at the Required Bond Reserve. Amounts in the Bond Reserve Fund are to be applied to (i) pay debt service on the Bonds and any Refunding Bonds, to the extent other monies in the Bond Redemption Fund are insufficient therefor; (ii) reinstate the amount available under any municipal bond insurance policy, surety bond, or letter of credit which may be issued and held in satisfaction of all or a portion of the Required Bond Reserve; and (iii) retire Bonds and any Refunding Bonds in whole or in part, to the extent that the amount on deposit in the Bond Reserve Fund exceeds the Required Bond Reserve due to a redemption or defeasance of Bonds or Refunding Bonds. See APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Allocation of Money in the Special Tax Fund."

Issuance of Refunding Bonds

The City may issue one or more series of Refunding Bonds (each a "Series"), in addition to the Bonds, which shall be secured by a lien on the Special Tax and funds pledged for the payment of the Bonds under the Master Indenture on a parity with the Outstanding Bonds. The Refunding Bonds shall be issued by means of a Supplemental Indenture and without the consent of any Holders, upon compliance with the provisions of the Master Indenture, which include, among others, the following specific conditions:

(a) No Event of Default under the Master Indenture or under any Supplemental Indenture shall have occurred and shall be then continuing; and

(b) After the issuance and delivery of such Series of bonds either (i) none of the Bonds or Refunding Bonds theretofore issued thereunder will be Outstanding or (ii) the Debt Service in each Bond Year that begins after the issuance of such Series is not increased by reason of the issuance of such Series.

See APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Conditions for the Issuance of Bonds."

Teeter Plan

In June 1993, the Board of Supervisors of the County approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis (irrespective of actual collections) to local political subdivisions for which the County acts as the tax-levying or tax-collecting agency.

Under the Teeter Plan, the County distributes tax collections on a cash basis to taxing entities during the fiscal year and at year-end distributes 100% of any taxes delinquent as of June 30th to the taxing entities and those special assessment districts and community facilities districts (and individual parcels within each district) that the County determines are eligible to participate in the Teeter Plan. The County may make eligibility determinations on an annual basis and may exclude a district or an individual parcel that had previously been included in the plan. The District is currently included in the County's Teeter Plan. The County has the discretion to determine which delinquent special taxes will be paid through the Teeter Plan on a case-by-case basis. See "SPECIAL RISK FACTORS — Teeter Plan Termination."

THE DISTRICT

General Description

The District was formed in 2014 by the City Council under the Act to provide for the financing of public improvements to meet the needs of new development. The eligible electors within the District authorized the City to incur bonded indebtedness with respect to the District to finance certain public facilities and governmental fees to meet the needs of new development within the District, approved the Rate and Method for the District and authorized the levy of the Special Tax.

The property in the District is a portion of a former railyard which was owned and operated by Western Pacific from the 1860's through the mid-1980's, at which time Union Pacific purchased the property and operated the railyard until the mid-1990's. Petrovich purchased a portion of the property associated with the former railyard in 2003 and undertook remediation of the site to allow for residential and commercial uses as well as a neighborhood park. Petrovich's plan for the former railyard is the development of an infill mixed-use project that was originally referred to as "Curtis Park Village" but is now known as "Crocker Village." At buildout, Crocker Village is expected to include for-sale single-family detached homes, an apartment complex, a senior affordable housing apartment complex (completed in 2016) and one or more shopping centers. Portions of one shopping center in Crocker Village located outside of the District have opened. Such shopping center is expected to include approximately 230,000 square feet of retail space at buildout. Petrovich may develop a third phase to the shopping center within the District on the Flex Site, however, the ultimate use of the Flex Site has not yet been determined. If developed as a third phase to the shopping center, the Flex Site is expected to include approximately 29,000 square feet of retail space. See "Petrovich Development Plan—*Litigation With Respect to Commercial Property Site*" herein for a description of litigation between Petrovich and the City with respect to certain proposed uses on the shopping center site that is located outside of the District.

The District is a portion of the proposed Crocker Village project. Within the District, there are residential villages planned for 273 for-sale single family homes at buildout, a site planned for a 131-unit apartment complex, a senior apartment complex called the Curtis Park Court Senior Apartments that was completed in 2016, and the Flex Site of approximately 2.5 acres. Pursuant to the Rate and Method, the parcels associated with the Curtis Park Court Senior Apartments are not subject to the Special Tax levy and the parcels for the proposed 131-unit apartment complex are not expected to be subject to the Special Tax levy based on the current expected use as multi-family for-rent or age-restricted property. There are currently no development plans for the Flex Site and, while such parcel is currently subject to the Special Tax, no Special Tax levy is assumed for such parcel for purposes of sizing of the Bonds. Should the ultimate use of the Flex Site be used as multi-family for-rent or age-restricted property, the Flex Site would also be exempt from the Special Tax levy under the Rate and Method. The balance of the property within the District is expected to be used for a public park, a detention basin and public right of ways.

Development within the District began in approximately 2014 and is ongoing. In 2014, BlackPine purchased 74 residential lots within the District from Petrovich. As of the February 22, 2019 Date of Value, BlackPine had completed and conveyed 54 homes within the District to individual homeowners. As of July 15, 2019, BlackPine had completed and conveyed 64 of such 74 homes within the District to individual homeowners and owned 10 homes under construction (5 of which were in escrow). BlackPine expects to complete and convey the 10 remaining homes within this original 74-lot development within the District to individual homeowners by December 2019.

With respect to the 199 remaining planned for-sale single family homes in the District, Petrovich has entered into construction management agreements with BlackPine to undertake the construction, marketing and sale of such homes. Such homes will be marketed under the BlackPine brand. Title to these 199 lots is expected to be transferred by Petrovich to three single purpose entities during the construction phase, which entities are managed by Petrovich. Construction of the 199 homes on such lots will be undertaken in accordance with construction management agreements entered into by Petrovich, BlackPine, and the applicable single purpose entity.

Petrovich expects to begin construction of the 131-unit apartment complex in 2020 and its long-term plan is to own and manage such apartment complex. Petrovich currently does not have any plans for development for the Flex Site.

See "PROPERTY OWNERSHIP AND THE DEVELOPMENT" for a description of the development status and remaining required infrastructure necessary to complete development in the District. A detailed description of the status of the construction and ownership as of the date of the Appraisal Report is included in APPENDIX B — "APPRAISAL REPORT AND UPDATE APPRAISAL REPORT."

Water and sewer service to the property is provided by the City. Electricity is supplied by Sacramento Municipal Utilities District and natural gas is supplied by Pacific Gas & Electric.

Description of Authorized Facilities

Acquisition Agreement. The City and Petrovich are parties to an Acquisition and Shortfall Agreement, dated as of May 1, 2017 (the "Acquisition Agreement"), which provides, among other things, the means by which Petrovich will construct the facilities to be acquired with the proceeds of the Bonds pursuant to certain requirements contained in the Acquisition Agreement, and which provides guidelines pursuant to which the City may acquire completed segments of the facilities with the proceeds of the Bonds. The Acquisition Agreement pertains to the acquisition of the public infrastructure constructed to serve development within the District.

Facilities. A portion of the proceeds from the sale of the Bonds will be deposited in the Acquisition and Construction Fund under the Indenture and used to pay for the costs of facilities authorized to be financed for the District, including such facilities which are included in the City's and other governmental agency fee programs, in accordance with the terms of the Indenture and the Acquisition Agreement. As more fully detailed in the Acquisition Agreement, costs of such facilities, including those which are included in the City's and other governmental agency fee programs and are eligible to be financed with the proceeds of the Bonds, consist of backbone infrastructure, including without limitation water and storm drain improvements, roadways and traffic improvements, landscaping and park improvements, in addition to other improvements authorized under the Acquisition Agreement. Approximately $12.76 million of the costs of such facilities or fees included in the City's governmental fee programs are expected to be reimbursed from Bond proceeds. The costs of the facilities and fees required for development within the District in excess of available proceeds from the sale of the Bonds are expected to be paid for by Petrovich. See "ESTIMATED SOURCES AND USES OF FUNDS." See "PROPERTY OWNERSHIP AND THE DEVELOPMENT— Petrovich Development Plan" for a description of the infrastructure required to be constructed by Petrovich in order to complete development within the District.

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay the Special Tax could be affected by the existence of other taxes and assessments imposed upon the property. These other taxes and assessments consist of the direct and overlapping debt in the District and are set forth in Table 1 below (the "Debt Report"). The Debt Report sets forth those entities that have issued debt other than general obligation bonds supported by *ad valorem* taxes. Table 1 does not include entities that only levy or assess fees, charges or special taxes for purposes other than supporting debt. The Debt Report includes the principal amount of the Bonds in addition to the District's allocable share of any outstanding community facilities district and assessment district bonds. The Debt Report has been derived from data assembled and reported to the City by California Municipal Statistics, Inc. as of April 1, 2019. Neither the City nor the Underwriter have independently verified the information in the Debt Report and do not guarantee its completeness or accuracy.

TABLE 1
CITY OF SACRAMENTO
CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02
(IMPROVEMENTS)
OVERLAPPING DEBT SUMMARY

Overlapping District	*Percent Applicable*	*Total Outstanding Bonded Debt*(1)
Sacramento Area Flood Control District Consolidated Capital Assessment District Bonds	0.020%	$ 55,628
City of Sacramento Curtis Park CFD No. 2014-02, Special Tax Bonds	**100.000**	**12,245,000**
Total		**$12,300,628**
Total Property Value(2): $73,110,000		
Value-to-Lien Ratio		**5.94:1**

(1) Excludes overlapping general obligation debt.
(2) Based on the Appraisal Report.
Source: California Municipal Statistics, Inc.; Appraiser; City.

Estimated Fiscal Year 2018-19 Tax Burden

The following table sets forth the estimated total tax obligation of single-family detached homes within the District based on Petrovich and BlackPine's estimated sales prices of homes in the District, the initial principal amount of the Bonds, the Fiscal Year 2018-19 Special Tax levy at the Assigned Special Tax rates and the Fiscal Year 2018-19 tax rates for overlapping taxing entities. The amounts charged and the effective tax rates vary for individual parcels within the District may increase or decrease in future years. See "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments."

TABLE 2
CITY OF SACRAMENTO
CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02
(IMPROVEMENTS)
ESTIMATED TAX OBLIGATION
FOR SAMPLE UNITS

Building Square Footage Category		***2,601 to 3,100***[(1)]	***Less than 2,601***[(1)]	***BlackPine Homes***[(2)]
Building Square Footage Used for Calculations		2,705	2,049	2,600
Lot Acreage		0.1	0.1	0.1
Assumptions				
Average Home Price[(3)]		$ 766,491	$ 566,908	$ 544,375
Homeowner's Exemption		(7,000)	(7,000)	(7,000)
Net Expected Assessed Value		**$ 759,491**	**$ 559,908**	**$ 537,375**
Ad Valorem Property Taxes[(4)]	***Percent of Total Assessed Value***			
General Purpose	1.0000%	$ 7,595	$ 5,599	$ 5,374
Los Rios Colleges GOB	0.0131	99	73	70
Sacramento City Unified School District GOB	0.1164	884	652	626
Total Ad Valorem Property Taxes	**1.1295%**	**$ 8,578**	**$ 6,324**	**$ 6,070**
District Charges				
SAFCA O&M Assessment #1		$ 27	$ 27	$ 27
SAFCA Consolidated Capital Assessment #2		254	193	244
Sacramento Core Library Serv. Tax		13	13	13
Sacramento Additional Library Serv. Tax		34	34	34
Neighborhood Park Maintenance CFD 2002-02[(5)]		69	69	69
Curtis Park Village Maintenance CFD 2013-03[(5)]		61	61	61
Citywide L&L Assessment District No. 2		84	84	84
Curtis Park CFD 2014-02[(6)]		3,464	2,598	2,598
American River Flood Zone C		8	8	8
Total Direct Changes		**$ 4,014**	**$ 3,088**	**$ 3,139**
Total Taxes and Direct Charges[(7)]		**$ 12,593**	**$ 9,412**	**$ 9,208**
Percent of Average Home Price		**1.66%**	**1.68%**	**1.64%**

(1) Reflects estimated home sizes for the 199 finished or mass-graded lots planned for for-sale single family homes.
(2) Reflects the average home size within the 74-home development purchased by BlackPine in 2014 that is currently underway.
(3) Based on estimated sales prices provided by Petrovich and BlackPine.
(4) Based on Fiscal Year 2018-19 *ad valorem* tax rates.
(5) Reflects the Fiscal Year 2018-19 maximum rates.
(6) Reflects the Fiscal Year 2018-19 Assigned Special Tax rates.
(7) Totals may not sum due to rounding.
Source: Alliant Tax Research (an affiliate of NBS); Appraiser; Sacramento County; California Municipal Statistics, Inc.

Property Values

Assessed Value. The estimated assessed value of the property within the District, as shown on the County's assessment roll for Fiscal Year 2019-20, is approximately $63,776,252. The assessed value of the property within the District represents the secured assessed valuation established by the County Assessor.

Assessed values do not necessarily represent market values. Article XIIIA of the California Constitution (Proposition 13) defines "full cash value" to mean "the County assessor's valuation of real property as shown on the 1975/76 roll under 'full cash value', or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors. Because of the general limitation to 2% per year in increases in full cash value of properties which remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. There can be no assurance that the assessed valuations of the properties within the District accurately reflect their respective market values, and the future fair market values of those properties may be lower than their current assessed valuations.

Table 3 below sets forth historical assessed values of the property within the District for the past five Fiscal Years. The assessed values in Table 3 include the completed Curtis Park Court Senior Apartments and the site for the proposed 131-unit apartment complex which is expected to be constructed by Petrovich. The parcels included in the Curtis Park Court Senior Apartments are Senior Housing Parcels and are not subject to the Special Tax levy. The parcel for the proposed 131-unit apartment complex is expected to be classified as a Multifamily For-Rent Parcel and is not expected to be subject to the Special Tax levy.

TABLE 3
CITY OF SACRAMENTO
CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02
(IMPROVEMENTS)
HISTORICAL ASSESSED VALUES

Fiscal Year	*Land Value*	*Improvement Value*	*Total Assessed Value*[(1)]	*Percentage Change*
2015-16	$21,367,147	$ 562,600	$21,929,747	--
2016-17	24,211,240	10,643,068	34,854,308	58.9%
2017-18	24,522,661	16,464,575	40,987,236	17.6
2018-19	27,180,709	23,576,582	50,757,291	23.8
2019-20	28,042,139	35,734,113	63,776,252	25.6

(1) Includes assessed values for the completed Curtis Park Court Senior Apartments which is a Tax-Exempt Parcel and the parcel for the proposed apartment complex to be constructed by Petrovich, which is expected to be a Tax-Exempt Parcel.
Source: Sacramento County Assessor's Office; NBS.

Appraisal. As described above, due to Article XIIIA of the California Constitution, a property's assessed value is not necessarily indicative of its market value. In order to provide information with respect to the value of certain of the property within the District, the City engaged Smith & Associates, Inc., the Appraiser, to prepare the Appraisal Report. The Appraiser has an "MAI" designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser was selected by the City and has no material relationships with the City or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal Report. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission (the "CDIAC Guidelines"). A copy of the Appraisal Report is included as APPENDIX B — "APPRAISAL REPORT AND UPDATE APPRAISAL REPORT."

The purpose of the Appraisal Report was to estimate the market value by ownership of certain of the property within the District that is subject to the Special Tax lien. Market value was estimated by ownership, and the sum of the market values by ownership represented an aggregate value (which is not equivalent to the market value of the appraised properties as a whole).

Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of the Date of Value, the aggregate value of the property within the District, excluding the aforementioned property relating to the Curtis Park Court Senior Apartments and the proposed 131-unit apartment complex, was not-less-than $73,110,000 (consisting of (i) $30,970,000 for the property, as of the Date of Value, owned by Petrovich; (ii) $4,810,000 for the 20 finished lots owned by BlackPine; and (iii) $37,330,000 for the 54 homes owned by individual homeowners (which represents a rounded figure of the sum of the greater of the assessed value and actual sales prices of such homes)).

Table 4 below shows the market value of the various parcels owned by Petrovich, BlackPine and the aggregate of individual owners within the District as set forth in the Appraisal Report as of the Date of Value. Between the Date of Value and April 15, 2019, BlackPine below conveyed four additional homes to individual homeowners. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Senior Housing Parcels and Multi-Family For-Rent Parcels are Tax-Exempt Parcels (as such terms are defined in the Rate and Method) and are not subject to the Special Tax levy. As a result, the property associated with the completed Curtis Park Court Senior Apartments and the parcel which is planned for the 131-unit apartment complex are not included in the appraised value of the Taxable Parcels and Special Tax revenue assumptions for purposes of sizing the Bonds. The Flex Site may be used for residential or commercial purposes, including uses that would classify such property as a Tax-Exempt Parcel under the Rate and Method. Petrovich currently does not have any development plans for the Flex Site. While the Flex Site is currently subject to the Special Tax, such property is not included in the Special Tax revenue assumptions for purposes of sizing the Bonds. See "Value-To-Lien Ratios—*Tax-Exempt Parcels*" below.

Table 4 below summarizes the appraised values of the property which were the subject of the Appraisal Report.

TABLE 4
CITY OF SACRAMENTO
CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02
(IMPROVEMENTS)
SUMMARY OF APPRAISED VALUES (PORTION OF THE DISTRICT)[(1)]
(AS OF FEBRUARY 22, 2019)

Owner[(2)]	***No. of Units[(2)]***	***Appraised Value[(3)]***
Petrovich[(4)(5)]	199	$30,970,000
BlackPine[(6)]	20	4,810,000
Individual Homeowners[(6)]	54	37,330,000
Total	**273**	**$73,110,000**

(1) Excludes the completed Curtis Park Court Senior Apartments which is a Tax-Exempt Parcel and the parcel for the proposed apartment complex to be constructed by Petrovich, which is expected to be a Tax-Exempt Parcel.
(2) Reflects ownership information as set forth in the Appraisal Report and the total projected number of residential units at buildout. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."
(3) Reflects appraised value of property as set forth in the Appraisal Report. See "INTRODUCTION — Appraisal Report" and "APPENDIX B — Appraisal Report and Update Appraisal Report."
(4) Petrovich and BlackPine have entered into construction management agreements pursuant to which BlackPine will construct, market and sell the homes on such lots.
(5) Includes the appraised value of the Flex Site, which may be developed for either commercial or residential uses. Petrovich currently has no plans to develop such parcel. For purposes of sizing the Bonds, no Special Tax levy is assumed on the Flex Site.
(6) Between the Date of Value and July 15, 2019, BlackPine conveyed ten additional homes within the District to individual homeowners. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT — BlackPine Development Plan."
Source: Appraiser.

In estimating the value for the property owned by Petrovich and BlackPine, the Appraiser used a sales comparison approach and a discounted cash flow analysis which takes into account the expected revenues and expenses over the projected absorption period. With respect to the 54 homes which have been completed and conveyed by BlackPine to individual homeowners as of the Date of Value, the Appraiser derived the aggregate value of such homes by taking the greater of the Fiscal Year 2018-19 assessed value or the actual sales price of each home.

Reference is made to APPENDIX B for a complete list of the assumptions and limiting conditions and a full discussion of the appraisal methodology and the basis for the Appraiser's opinions. In the event that any of the contingencies, assumptions and limiting conditions are not actually realized, the value of the appraised property within the District may be less than the amount reported in the Appraisal Report. In any case, there can be no assurance that any portion of the property within the District would actually sell for the amount indicated by the Appraisal Report.

The Appraisal Report indicates the Appraiser's opinion as to the market value of the appraised property in the District as of the Date of Value and under the conditions specified in the Appraisal. The Appraiser's opinion reflects conditions prevailing in the applicable market as of the Date of Value. The Appraiser's opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future.

The Appraiser has prepared an Update Appraisal Report dated May 16, 2019. In the Update Appraisal Report, the Appraiser concludes that the value of the appraised properties as of May 15, 2019, is not less than the conclusion of value for such property set forth in the Appraisal Report. In the Update Appraisal Report, the Appraiser states that subsequent to the Date of Value, market conditions have continued to improve, and home construction and sales have continued within the District. The Appraiser did not re-inspect the appraised properties in connection with the preparation of the Update Appraisal Report.

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the City a certification to the effect that nothing has come to the attention of the Appraiser subsequent to the date of the Update Appraisal Report that would cause the Appraiser to believe that the value of the Taxable Parcels in the District is less than the value of the District reported in the Update Appraisal Report. However, the Appraiser notes that acts and events may have occurred since the date of the Update Appraisal Report which could result in both positive and negative effects on market value within the District.

The City engaged Integra Realty Resources, Rocklin, California (the "Appraisal Reviewer"), to: (i) review the Appraisal Report to provide an opinion as to the completeness, accuracy, adequacy, relevance and reasonableness of salient aspects of Appraisal Report; and (ii) to provide an assessment of the Appraisal Report's compliance with certain standards of the Uniform Standards of Professional Appraisal Practice ("USPAP") and the CDIAC Guidelines. In a report dated May 16, 2019, the Appraisal Reviewer stated and it was their opinion that the Appraisal Report is in compliance with such USPAP standards as well as the CDIAC Guidelines. In addition, the Appraisal Reviewer's report stated that the estimate of market value of the property as set forth in the Appraisal report was adequately supported. The Appraisal Reviewer did not inspect the appraised properties in connection with its review of the Appraisal Report.

Estimated Debt Service Coverage

The Bonds have been structured such that, assuming no delinquencies, the Special Tax levied at the Assigned Special Tax rates on 273 parcels of Developed Parcels that are planned for Residential Use (as defined in the Rate and Method), at buildout, would produce not less than 110% of annual Debt Service on the Bonds in each Fiscal Year, plus estimated Expenses.

Value-To-Lien Ratios

General. Based on the principal amount of the Bonds, the estimated appraised value-to-lien ratio within the District, including all Taxable Parcels as of the Date of Value is approximately 5.94-to-1. This ratio includes other land-secured debt (i.e. other community facilities districts or assessment districts) within the District but does not include overlapping general obligation bonds. See "— Direct and Overlapping Indebtedness" above.

The share of Bonds set forth in Table 5 below is allocated based on each property's share of the estimated Fiscal Year 2019-20 Special Tax levy based on building permits issued as of July 15, 2019. Table 5 below shows the estimated principal amount of the Bonds and overlapping debt allocable to each category of parcels and the estimated value-to-lien ratios for various categories of parcels based upon property values as of the Date of Value as set forth in the Appraisal Report and property ownership in the District as of July 15, 2019. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

In the City Reports provided pursuant to the City Continuing Disclosure Certificate, Table 5 will not be updated based on appraised value, but similar information will be provided based on current assessed value.

Table 5 below shows the Fiscal Year 2019-20 Maximum Special Tax levy based on building permits issued as of July 15, 2019, which includes the Maximum Special Tax on Undeveloped Parcels. If all 273 planned residential units were classified as Developed Parcels for Fiscal Year 2019-20, assuming all remaining Undeveloped Parcels were to be categorized under the smallest home size category under the Rate and Method and the Flex Site is classified as an Other Land Use Parcel, the Maximum Special Tax in Fiscal Year 2019-20 would be is $792,232.

Tax-Exempt Parcels. As described herein, the site of the senior apartment complex called the Curtis Park Court Senior Apartments within the District is a Tax-Exempt Parcel under the Rate and Method and is not subject to the Special Tax levy. Based on the expected use as Multi-Family For-Rent Parcel, the site planned for a 131-unit apartment complex is expected to be classified as a Tax-Exempt Parcel under the Rate and Method. There are currently no development plans for the Flex Site and should the ultimate use of the Flex Site be multi-family for-rent or age-restricted property, the Flex Site would also be a Tax-Exempt Parcel under the Rate and Method. For purposes of sizing the Bonds, no Special Tax levy is assumed on the Curtis Park Court Senior Apartment property, the property planned for the 131-unit apartment complex or the Flex Site.

Based on the principal amount of the Bonds, if the appraised value of the Flex Site ($1,778,079) were excluded, the estimated appraised value-to-lien ratio within the District, including all other Taxable Parcels as of the Date of Value is approximately 5.80-to-1. This ratio includes other land-secured debt (i.e. other community facilities districts or assessment districts) within the District but does not include overlapping general obligation bonds. See "— Direct and Overlapping Indebtedness" above.

TABLE 5
CITY OF SACRAMENTO
CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02 (IMPROVEMENTS)
VALUE-TO-LIEN RATIOS BASED ON OWNERSHIP

Special Tax Category	*Number of Planned Units/ Parcels*[1]	*Appraised Value*[2]	*Estimated Fiscal Year 2019-20 Special Tax Levy*	*Percent of Estimated Fiscal Year 2019-20 Tax Levy*	*Fiscal Year 2019-20 Maximum Special Tax*	*Allocation of City of Sacramento CFD No. 2014-02 Bonds*[3]	*Allocation of Overlapping Debt*[4]	*Total Direct and Overlapping Land-Secured Debt*	*Value-to-Lien Ratio*[7]
Developed Parcels[5]									
Individual Homeowners	64	$ 39,705,000	$ 169,587	26.7%	$ 169,587	$ 3,266,664	$ 46,623	$ 3,313,287	11.98:1
BlackPine	10	2,435,000	26,498	4.2	26,498	510,416	2,131	512,547	4.75:1
Subtotal	74	$ 42,140,000	$ 196,084	30.9%	$ 196,084	$ 3,777,080	$ 48,754	$ 3,825,834	11.01:1
Undeveloped Parcels[5]									
Petrovich – Proposed Single Family Lots[6]	199	$ 29,191,921	$ 414,367	65.1%	$1,130,176	$ 7,981,752	$ 5,377	$ 7,987,128	3.65:1
Petrovich – Flex Site[7]	1	1,778,079	25,239	4.0	68,839	486,168	893	487,062	3.65:1
Subtotal	200	$ 30,970,000	$ 439,606	69.1%	$1,199,015	$ 8,467,920	$ 6,270	$ 8,474,190	3.65:1
Total	**274**	**$ 73,110,000**	**$ 635,691**	**100.0%**	**$1,395,099**	**$ 12,245,000**	**$ 55,024**	**$12,300,024**	**5.94:1**

(1) Based on ownership status as of July 15, 2019.
(2) Based on Appraisal Report as of the Date of Value.
(3) Allocated based on share of estimated Fiscal Year 2019-20 Special Tax levy.
(4) Includes land-secured overlapping special tax and assessment lien debt as of April 1, 2019 that is applicable to the Taxable Property in the District. See "— Direct and Overlapping Indebtedness" above.
(5) Ownership information based as of July 15, 2019. Special Tax category is based on building permits issued as of July 15, 2019. Pursuant to the Rate and Method: (i) a Developed Parcel is a Taxable Parcel for which a Building Permit for Residential Use or other permitted use on an Other Land Use Parcel has been issued prior to June 1 of the preceding Fiscal Year; (ii) a Final Map Parcel is a Taxable Parcel that has been designated for new development, which is part of a Final Subdivision Map (as defined in the Rate and Method) and (iii) an Undeveloped Parcel is a Taxable Parcel that is not a Final Map Parcel or a Developed Parcel.
(6) Includes the property planned for 199 single-family detached homes at buildout.
(7) The Flex Site may be developed for commercial or residential uses and is currently a Taxable Parcel under the Rate and Method. Petrovich currently has no development plans for such parcel and be reclassified as a Tax-Exempt Parcel based on its ultimate use. For purposes sizing the Bonds, no Special Tax levy is assumed for the Flex Site. Based on the principal amount of the Bonds, if the appraised value of the Flex Site ($1,778,079) were excluded, the estimated appraised value-to-lien ratio within the District, including all other Taxable Parcels as of the Date of Value would be approximately 5.80-to-1. This ratio includes other land-secured debt (i.e. other community facilities districts or assessment districts) within the District but does not include overlapping general obligation bonds.

Source: NBS.

Property Ownership Summary

Table 6 below shows the property ownership within the District measured by the percentage of the estimated Fiscal Year 2019-20 Special Tax levy based on ownership status as of July 15, 2019, and each ownership's appraised value-to-lien ratio. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT— BlackPine Development Plan." See "SPECIAL RISK FACTORS — Concentration of Ownership."

TABLE 6
CITY OF SACRAMENTO
CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02
(IMPROVEMENTS)
PROJECTED FISCAL YEAR 2019-20 SPECIAL TAX LEVY AND VALUE-TO-LIEN RATIOS BY PROPERTY OWNERSHIP

Property Ownership[(1)]	*Number of Planned Units/Parcels* [(2)]	*Appraised Value*[(2)]	*Estimated Fiscal Year 2019-20 Special Tax Levy*	*Percent of Estimated Fiscal Year 2019-20 Special Tax Levy*	*Allocation of City of Sacramento CFD No. 2014-02 Bonds*[(3)]	*Total Direct and Overlapping Land-Secured Debt* [(4)]	*Value-to-Lien Ratio*[(4)]
Petrovich[(5)]	200	$30,970,000	$ 439,606	69.1%	$ 8,467,920	$ 8,474,190	3.65:1
Individual Homeowners	64	39,705,000	169,587	26.7	3,266,664	3,313,287	11.98:1
BlackPine	10	2,435,000	26,498	4.2	510,416	512,547	4.75:1
Total	**274**	**$73,110,000**	**$ 635,691**	**100.0%**	**$12,245,000**	**$ 12,300,024**	**5.94:1**

(1) Ownership status as of July 15, 2019.
(2) Based on Appraisal Report as of the Date of Value.
(3) Allocated based on share of the estimated Fiscal Year 2019-20 levy.
(4) Includes land-secured overlapping special tax and assessment lien debt as of April 1, 2019 that is applicable to the Taxable Property in the District. See "— Direct and Overlapping Indebtedness" above.
(5) Includes property planned for 199 single family homes and the Flex Site. The Flex Site may be developed for commercial or residential uses and is currently a Taxable Parcel under the Rate and Method. Petrovich currently has no development plans for the Flex Site and the Flex Site may be reclassified as a Tax-Exempt Parcel based on its ultimate use. For purposes sizing the Bonds, no Special Tax levy is assumed for the Flex Site. Based on the principal amount of the Bonds, if the appraised value of the Flex Site ($1,778,079) were excluded, the estimated appraised value-to-lien ratio within the District, including all other Taxable Parcels as of the Date of Value would be 5.80-to-1. This ratio includes other land-secured debt (i.e. other community facilities districts or assessment districts) within the District but does not include overlapping general obligation bonds.

Source: NBS.

Delinquency History

The following table is a summary of Special Tax levies, collections and delinquency rates in the District for Fiscal Year 2015-16 through Fiscal Year 2018-19. The District is currently included in the County's Teeter Plan and, as a result, the City receives 100% of the Special Tax levy with respect to the District, without regard to the actual amount of collections. See "SECURITY FOR THE BONDS—Teeter Plan" and "SPECIAL RISK FACTORS—Teeter Plan Termination."

TABLE 7
CITY OF SACRAMENTO
CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02 (IMPROVEMENTS)
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2015-16 THROUGH 2018-19

			Delinquencies as of June 30 of Fiscal Year in which Special Taxes Were Levied			*Delinquencies as of June 30, 2019*			
Fiscal Year	*Amount Levied*	*Parcels Levied*	*Parcels Delinquent*	*Amount Delinquent*	*Percent Delinquent*	*Parcels Delinquent*	*Amount Delinquent*	*Percent Delinquent*	*Special Tax Collected*
2015-16	$63,648	26	0	$ 0	0.0%	0	$ 0	0.0%	$ 63,648
2016-17	72,412	29	1	1,248	1.7	0	0	0.0	72,412
2017-18	137,532	54	3	5,094	3.7	0	0	1.9	137,532
2018-19	140,283	54	5	1,299	0.9%	1	1,299	0.9	138,984

Source: the City; Sacramento County Auditor-Controller Division.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the Bonds. No assurance can be given, however, that the proposed development of the property within the District will occur in a timely manner or in the configuration or to the density described in this Official Statement, or that Petrovich, BlackPine, or any owners or affiliates thereof, or any other property owner described in this Official Statement will or will not retain ownership of its respective property within the District. Neither the Bonds nor the Special Tax represent personal obligations of any property owner within the District. The Bonds are secured by and payable solely from the Special Tax and amounts on deposit in certain of the funds and accounts established and maintained under the Indenture. See "SPECIAL RISK FACTORS" for a discussion of certain of the risk factors that should be considered in evaluating the investment quality of the Bonds. Neither the Bonds nor the Special Tax are personal obligations of the property owners within the District *or any affiliate thereof and, in the event that a property owner defaults in the payment of its Special Tax, the City may proceed with judicial foreclosure, but has no direct recourse to the assets of such property owner or any affiliate thereof.*

General

The District. The District is a portion of the proposed Crocker Village project. Within the District, there are residential villages planned for 273 for-sale single family homes at buildout, a site planned for a 131-unit apartment complex, a senior apartment complex called the Curtis Park Court Senior Apartments that was completed in 2016, and the Flex Site. The balance of the property within the District is expected to be used for a public park, a detention basin and public right of ways.

At buildout, the property within the District expected to be subject to the Special Tax includes 273 for-sale single family homes. Pursuant to the Rate and Method, the parcels associated with the Curtis Park Court Senior Apartments are not subject to the Special Tax levy and the parcels for the proposed 131-unit apartment complex are not expected to be subject to the Special Tax levy based on their current or expected use as multi-family for-rent or age-restricted property. There are currently no development plans for the Flex Site and, while such parcel is currently subject to the Special Tax, no Special Tax levy is assumed for such site for purposes of sizing of the Bonds. Should the ultimate use of the Flex Site be used as multi-family for-rent or age-restricted property, the Flex Site would also be exempt from the Special Tax levy under the Rate and Method. See "THE DISTRICT—Value-To-Lien Ratios" above.

Crocker Village. The property in the District is a portion of a former railyard which was owned and operated by Western Pacific from the 1860's through the mid-1980's, at which time Union Pacific purchased the property and operated the railyard until the mid-1990's. See "—*Environmental Remediation*" below for a description of the soil and groundwater remediation which have been completed on the former railyard site to allow for the residential and commercial developments described in this Official Statement.

In 2003, Petrovich purchased an approximately 72-acre portion of the former railyard site. Petrovich's plan for a portion of the former railyard is development of an infill mixed-use project that was originally referred to as "Curtis Park Village" but is now known as "Crocker Village." To date, Crocker Village has included for-sale single-family detached homes with 92 of the 285 (273 of which are in the District) approved single-family lots already developed with homes. Additionally, a senior affordable housing complex of 91 units has been developed satisfying the project's requirement to provide at least 15% of its housing units as affordable housing. Additionally, there is land within the District planned for a 131-unit apartment complex and a 2.5 acre Flex Site.

The first phase of an approximately 110,000 square feet out of the approved 230,000 square feet of shopping center within Crocker Village (located outside of the District) has been completed and is anchored by a 55,000 square foot Safeway grocery store (which opened in March 2019) and a Pet Supplies Plus store (which opened in April 2019) of 10,000 square feet. Within the first phase of the shopping center, 16 of the 21 retail spaces have been leased to Class A neighborhood retail and food operators, the majority of which are expected to open by the end of 2019.

Phase two of approximately 80,000 square feet is scheduled to break ground in 2020 and is expected to be anchored by a 37,000 square foot division of LA Fitness. Other retailers that have leases in place include Peets Coffee, Nekter, Baskin Robbins, Juicery, Hawaiian Ono, Happy Lemon tea house, Five Guys and Panda Express. Petrovich reports that, as of July 15, 2019, approximately 75% of the retail space within the commercial site had been leased. The site for the shopping center is not within the boundaries of the District. See "Petrovich Development Plan—*Litigation With Respect to Commercial Property Site*" below for a description of litigation between Petrovich and the City with respect to certain proposed uses on the shopping center site.

Property Ownership Within the District. In 2014, BlackPine purchased 74 residential lots within the District from Petrovich. As of the February 22, 2019 Date of Value, BlackPine had completed and conveyed 54 homes to individual homeowners. As of July 15, 2019, BlackPine had completed and conveyed 64 of such 74 homes to individual homeowners and owned 10 homes under construction (5 of which were in escrow). BlackPine expects to complete and convey the 16 remaining homes within this original 74-lot development within the District to individual homeowners by December 2019.

As set forth in the Appraisal Report, as of the February 22, 2019 Date of Value, within the District, Petrovich owned 90 finished lots, a mass-graded site of approximately 9.8 acres planned for 109 single family homes, a site of approximately 2.3 acres planned for the 131-unit apartment complex, and the Flex Site. As of such date, the 2.3 acres planned for the 131-unit apartment complex, and the 2.5 acre Flex Site were in a mass-graded state.

Pursuant to construction management agreements between Petrovich and BlackPine, the remaining 199 for-sale single family homes planned within the District will be constructed and marketed by BlackPine. As described under the caption "Petrovich Development Plan—*General*" below, Petrovich expects to transfer title to the 199 lots for such for-sale homes to three single purpose limited liability companies which will be 100% owned and managed by Petrovich. Construction of the 199 homes on such lots will be undertaken in accordance with construction management agreements entered into by Petrovich, BlackPine, and the applicable single purpose entity.

Environmental Remediation. The site of the former railyard, on which the District is located, was established by Western Pacific Railroad in the early 1900's to maintain and rebuild steam locomotives and boilers, refurbish rail cars and assemble trains. Activities conducted on the site included sand-blasting, painting, machining, welding, reassembly of locomotives and rail cars and switching operations. Union Pacific purchased the former railyard site in the early 1980's and discontinued maintenance yard activities shortly thereafter.

In 1987, Union Pacific and the California Department of Toxic Substances Control ("DTSC") entered into an "Enforceable Agreement" to investigate contaminates on and remediate the former railyard site. Investigations of the extent of contamination at the site for remediation purposes commenced in the late 1980's by private consulting companies and were reported to DTSC. Soil contamination found at the site included asbestos, arsenic, lead, petroleum hydrocarbons and polyaromatic hydrocarbons. Investigation of the underlying groundwater found plumes of volatile organic compounds (VOC's) and nickel. Between approximately 1987 and 1994, Union Pacific conducted a number of interim remedial measures on the site which included excavation and removal of soil, underground storage tanks, and installation of a groundwater extraction and treatment system.

In 1995, DTSC approved a remedial action plan for the former railyard site (the "1995 RAP"), which included a soil remediation plan and the extraction, treatment and discharge of impacted groundwater. Petrovich purchased a portion of the property associated with the former railyard in 2003. Petrovich worked with DTSC to perform remediation measures that were approved in the 1995 RAP to allow the areas within the former railyard planned for residential and commercial developments to be developed for such uses. Soil remediation work completed by Petrovich includes excavation and disposal of approximately 360,000 cubic yards of impacted soils. The soil remediation work was completed in 2013. In a letter dated December 18, 2013, DTSC concurred that the soil remediation action objectives have been met to levels that safely allow unrestricted land use in the areas of the site which are now included in the District.

In a letter from DTSC to Petrovich and Union Pacific dated June 30, 2015, DTSC stated that the remedial actions on the former railyard site were conducted in accordance with the 1995 RAP and related documents and DTSC concurs that the soil cleanup was completed in December 2013. In such letter, DTSC certified that the final remedial actions for the soil at the former railyard site have been properly implemented. DTSC noted in such letter that the groundwater remediation will continue as described below. DTSC further noted that with any remediation, if previously unidentified contamination is discovered on the site, additional assessment, investigation, and/or remediation may be required.

Groundwater remediation pursuant to the 1995 RAP included extraction, treatment and discharge of impacted groundwater. A varying number of extraction wells have been operating on and off-site to extract affected groundwater. Currently, VOC concentrations had diminished to the point that extracted groundwater could be discharged without treatment directly into the City's sanitary sewer system. Petrovich maintains and operates three off-site groundwater extraction wells. No groundwater remediation activities are ongoing within the former railyard site itself. Groundwater samples continue to be collected and reported to DTSC semiannually. Pursuant to the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), a report must be prepared every five years to review the remediation of the impacted groundwater. Petrovich contracts with third-parties to prepare such reports, the most recent of which is dated March 13, 2019. In a letter dated March 15, 2019, DTSC stated that such report indicated that the groundwater remediation remains protective of human health and the environment and there is currently no elevated risk of exposure to constituents of concern.

Additional information with respect to the environmental remediation described above may be obtained from DTSC at https://www.envirostor.dtsc.ca.gov/public/profile_report?global_id=34400003. *The foregoing Internet address is included for reference only, and the information on this Internet site is not a part of this Official Statement or incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on this Internet site*.

Petrovich is not aware of any additional contamination that requires remediation in order to develop the property in the District as described in this Official Statement. If any further contamination is discovered, Petrovich expects to cooperate with DTSC and any other applicable regulatory agency to remediate the conditions to allow for development as described in this Official Statement.

Petrovich

PDC Construction Company, Inc., a California corporation (previously defined as "Petrovich"), is solely owned by shareholders, Paul S. Petrovich and Cheryl K. Petrovich. Paul S. Petrovich serves as Chief Executive Officer and has over 38 consecutive years of developing land, selling and leasing retail commercial real estate, including obtaining entitlements and brownfield remediation. Petrovich specializes in shopping center projects and land development in northern and the Central Coast of California with a focus on redevelopment of urban infill properties. Petrovich typically develops and holds projects on a long term basis.

Petrovich's completed and ongoing projects include, among others: (i) the Seaside mixed-use project in Monterey County, California (a mixed use $400 million project including 138 single family homes 150 apartments, a 1,100 bed student housing complex, 125,000 square feet of retail space, three hotels, a gas station, a performing arts amphitheater, and other highway and student serving components. This project is scheduled to break ground in early 2020; (ii) R Street Market (Safeway), the only grocery anchored development in downtown Sacramento with residential housing above a portion of the retail (completed and operating since 2004); (iii) Woodland Gateway, a 550,000 square foot project anchored by both Costco and Target (completed and operating since 2008); (iv) Fair Oaks Promenade, a 115,000 square foot Safeway-anchored project in the County (completed and operating since 2009); (v) a 250,000 square foot shopping center anchored by a 90,000 square foot Kohl's Department Store (completed and operating since 2007); (vi) a 120,000 square foot Safeway-anchored center in Davis, California (completed and operating since 1997); (vii) a 150,000 square foot shopping center anchored by Safeway in Roseville, California (completed and operating since 2009); (viii) the Whiskey Hill Lofts in the City (completed and operating since 2007); and (ix) Oakshade Commons Apartment Complex, an 85,000 square foot mixed use student housing project in Davis, California (completed and operating since 2000). In total, Petrovich has developed over 60 projects totaling over $1 billion in development value.

Petrovich Development Plan

General. As of the Date of Value, within the District, Petrovich owned 90 finished lots located in Village 1 planned for single family homes, a site of approximately 9.8 acres planned for 109 single family homes located in Village 2, a site of approximately 2.3 acres planned for a 131-unit apartment complex, and the Flex Site of 2.5 acres which may be developed for residential or commercial uses. As of July 15, 2019, approximately 50% of the lots on the site planned for the 109 for-sale homes were in a finished condition and Petrovich expects that all 109 lots will be in a finished condition by the end of September 2019.

With respect to the 199 for-sale homes planned to be constructed on the property currently owned by Petrovich within the District, Petrovich, BlackPine and the Single Purpose Entities (as defined below) have entered into construction management fee-build agreements (the "Construction Management Agreements") pursuant to which BlackPine has agreed to construct and market the homes on such property under the BlackPine brand. Petrovich plans to transfer title to such property to three single-purpose limited liability companies which have been formed – Crocker Village 52F, LLC (for the "front-loaded lots"), Crocker Village

70A, LLC (for the "alley-loaded lots") and Crocker Village 77C, LLC (for the "courtyard lots") (each a "Single Purpose Entity" and together, the "Single Purpose Entities").

Petrovich is the manager of each Single Purpose Entity. Title to the lots is expected to be transferred from Petrovich to the Single Purpose Entity which corresponds to the product type to be constructed on such lot (i.e. front-loaded, alley-loaded, and courtyard) as construction on such lot is anticipated to commence. Title is expected to remain in such Single Purpose Entity until the home to be constructed thereon is sold to an individual homeowner. Construction of the 199 homes on such lots will be undertaken in accordance the Construction Management Agreements. In accordance with the Construction Management Agreements, Petrovich will be responsible for carrying costs during the construction phase on such lots, such as the payment of property taxes (including the Special Tax).

With respect to the 90 lots in the District in Village 1, all the street, drainage, wet and dry utilities have been completed. All single family lots have received their design review approval from the City and BlackPine has completed the bidding process for subcontracting work. Construction of model homes and the first phase of production homes are expected to commence in approximately the third quarter of 2019.

With respect to the 109 lots in Village 2, the street, drainage, wet and dry utilities to bring all 109 lots to a finished status is expected to occur by the end of September 2019, with construction of model homes for the "courtyard" product to commence in approximately the third quarter of 2019. All single family lots have received their design review approval from the City.

For-Sale Residential Homes (199 Lots). As described above, BlackPine and Petrovich have entered into the Construction Management Agreements pursuant to which BlackPine has agreed to construct, market, and sell the remaining 199 for-sale homes in the District located in Villages 1 and 2. Such homes are currently being marketed by BlackPine as "Crocker Village." As shown in Table 8 below, BlackPine will be paid a construction management fee to construct and sell such homes.

Construction of model homes and production homes within Villages 1 and 2 is expected to commence in approximately the third quarter of 2019. A sales trailer has been acquired and will be put into service prior to the model homes being completed to accommodate market demand and to take reservations for homes. Based on projected home closings of approximately nine per month, Petrovich expects to close all 199 for-sale single family homes to individual homeowners by the end of 2023.

The proposed residential development in Villages 1 and 2 of the District includes 51 front-loaded homes, 65 alley-loaded homes and 83 courtyard homes. BlackPine has begun preliminary marketing for of such proposed homes. Descriptions of the product types are set forth below.

<u>Front-Loaded Homes</u>. 51 traditional front-loaded single-family detached homes on lots of approximately 7,000 square feet. Such homes will have individual garage access with individual backyards. Home sizes are expected to range from 1,866 square feet to 2,785 square feet. Base sales prices are expected to range from approximately $640,000 to $750,000.

<u>Alley-Loaded Homes</u>. 65 single family detached alley-loaded homes on lots of approximately 5,000 square feet. Alley-loaded lots do not have individual driveways, front yard garage access, and fenced rear yards. Garage access is through shared motor-courts. Home sizes are expected to range from 2,100 square feet to 2,700 square feet. Base sales prices are expected to range from approximately $611,000 to $697,500.

<u>Courtyard Homes</u>. 83 single family detached courtyard homes on lots of approximately 2625 square feet. Courtyard lots are arranged in clusters of six to eight homes with shared motor-court access to garages and shared access to individual home entry-ways. Home sizes are expected to range from 1,628 square feet to 2,070 square feet. Base sales prices are expected to range from approximately $461,500 to $549,900.

Remaining Petrovich Property. Petrovich owns one parcel within the District of approximately 2.3 acres which has been zoned for development of multifamily housing. Petrovich expects to construct an apartment complex with 131 units on such property. As of the Date of Value, the site of such apartment complex was in a mass-graded condition but with all off-site work completed and utilities readily available. Petrovich expects to commence construction of the apartment complex in 2020. Petrovich's long-term plan is to hold and manage the apartment complex for its own portfolio. The parcel for the proposed apartment complex is currently classified as an Undeveloped Parcel and is therefore subject to the Special Tax levy. However, based on the expectation that such parcel will become a Tax-Exempt parcel once classified as a Multi-Family For-Rent Parcel, in sizing the Bonds, it is assumed that no Special Tax revenues will be available from such parcel.

The remaining parcel owned by Petrovich is a 2.5 acre Flex Site that may be developed for residential or commercial uses. Petrovich currently does not have any plans to develop the Flex Site. While the Flex Site is currently a Taxable Parcel, in sizing the Bonds, it is assumed that no Special Tax revenues will be available from such parcel.

Subdivision Map Status. The tentative subdivision map for the Crocker Village project as a whole divides the property that is planned for residential projects into separate villages. A final tract map has been recorded for the initial 74 lots in the District (Village 2B and a portion of Village 3) that BlackPine purchased from Petrovich in 2014. With respect to the property planned for the remaining 199 for-sale homes, the final tract map for 90 lots (Village 1) is expected to be recorded by the end of August 2019 and the final tract map for 109 lots (Village 2) is expected to be recorded in the third quarter of 2019.

With respect to Village 1, Petrovich expects to obtain the notices of completion for the required infrastructure (consisting of highway off ramp improvement described below under "*—Status of Infrastructure"*) in order to record the final map by the end of August 2019. Once the final map is recorded, there will be no restrictions on the ability to obtain building permits or final inspection and occupancy for the 90 lots in Village 1.

In order to record the final map and issue building permits in Village 2, Petrovich is required to construct a detention basin and certain in-tract roadway and utility improvements (see "*—Status of Infrastructure*" below), or enter into a standard subdivision improvement agreement ("SIA") with the City and provide performance and payment bonds for such improvements. Petrovich expects to enter the SIA and provide the performance and payment bonds if necessary to meet the current timing expectations for the construction of homes in Village 2, which is expected to commence by the end of the third quarter of 2019. Aside from the foregoing, there are no additional discretionary approvals required for the recordation of the final map and the issuance of building permits for Village 2.

Status of Infrastructure. As part of a developed urban area, the property within the District is accessible from the surrounding arterial roads. In order to complete the development within the District, Petrovich is required to complete certain traffic improvements to the 12^{th} Street southbound off-ramp at State Highway 99. Such traffic improvements are complete and the off ramp with its dual left turn access onto west bound Sutterville is open and functioning. At the time when the off ramp improvements were substantially complete, Petrovich was required by CalTrans to make certain minor alterations to the off ramp. Such alterations have since been completed. Petrovich expects to obtain notices of completion from the City and CalTrans with respect to the off ramp in August 2019 and at such time, there will be no restrictions on the ability to record the final map, obtain building permits or final inspection and occupancy for the 90 lots in Village 1. All required infrastructure improvements are completed to the finished lot stage to allow for construction of the 90 for-sale homes planned in the District that are within Village 1.

With respect to the 109 lots in Village 2, the remaining street and drainage improvements to bring all 109 lots to a finished status is expected to occur by the end of September 2019. The costs of such improvements are estimated to be approximately $4.5 million. As of July 15, 2019, all backbone utilities for

Village 2 had been completed. The ability to obtain building permits and final inspection and occupancy for the 109 lots in Village 2 are subject to restrictions to the extent described below.

In order to record the final map and obtain building permits for the 109 lots in Village 2, Petrovich is required to either: (i) complete the detention basin and certain in-tract street and utility improvements in Village 2; or (ii) enter into the SIA with the City and provide a performance and payment security (i.e. a performance and payment bond) with respect such improvements. As described above, based on current expected timing of home construction within Village 2, Petrovich expects to enter into the SIA and provide the performance and payment bond. Petrovich can make no assurance, however, that the timing of home construction within Village 2 will not be altered and Petrovich may elect to complete the detention basin and other improvements described above (instead of entering into the SIA and providing the performance and payment bond).

Petrovich is required to complete a park and detention site of approximately 6 acres which will be dedicated to the City before final inspection and occupancy for 50% of the single-family homes that are planned Village 2 (i.e. before final inspection and occupancy of 55 of the 109 lots in Village 2). Petrovich has received all permits to commence improvements on the detention facility which is scheduled to occur in the third quarter of 2019. The park improvements are expected to be completed in the second quarter of 2020 (subject to the currently expected timing of obtaining construction permits) which is prior to the time that the final 54 of the 109 homes in Village 2 are expected to enter production. The remaining costs of such park and detention facility are approximately $3.5 million. While completion of the park site and detention facility is required to obtain certificates of occupancy for the final 54 residential lots within the District, it is not a requirement for the issuance of building permits within the District.

Financing Plan. Through July 15, 2019, Petrovich had expended approximately $20.5 million on its project within the District, including costs related to remediating all soil conditions. Petrovich estimates that the costs of the remaining infrastructure, which consists of the park/detention facility and the site improvements for Village 2 described above, to be approximately $6.5 million. Such amounts excludes costs of construction of the proposed 131-unit apartment, which property is expected to be exempt from the Special Tax, and costs related to the project on the Flex Site, for which there are no current plans for development.

Petrovich is financing the remaining development costs utilizing equity, the proceeds of the Bonds, and a loan with PCCP Capital II, LLC, a Delaware limited liability company (the "PCCP Loan"). The maximum amount available under the loan is $24 million and as of July 15, 2019, the outstanding balance was approximately $18.3 million. The PCCP Loan is secured by a deed of trust recorded against the property owned by Petrovich within the District. Other than the deeds of trust securing the PCCP Loan, there are no other deeds of trust securing loans on any of the property owned by Petrovich in the District.

Petrovich expects that the costs of construction of the 199 remaining for-sale homes in the District will be financed from construction loans. Such construction loans are expected to be obtained in the name of the Single Purpose Entities. A portion of the draw on a construction loans for a home is expected to be applied to repay a portion of the PCCP Loan to release the deed of trust securing the PCCP Loan on the related lot. The construction loan is expected to be then be secured, in part, by a deed of trust on such lot. As homes close to individuals, construction loan repayment is expected to be funded directly from escrow to release the deed of trust securing the construction loan on such lot.

Petrovich and BlackPine are currently in the process of negotiating the terms of construction loans with several lenders. The current expectation is for each Single Purpose Entity to obtain a revolving construction loan each with a maximum principal amount available of $10 million and a 3-year term construction loan to finance the costs of model homes. Petrovich expects that the construction loans will be in place by the end of September 2019 to allow for construction of model and production homes to commence in the third quarter of 2019. No assurances can be made, however, that such construction loans will be obtained, or if obtained, in the timeframe and under the terms described above. As show in Table 8 below, Petrovich expects to contribute approximately $4.9 million in additional equity prior to the time that draws on construction loans and home sales revenues are expected to be sufficient to result in positive cash flow during the construction period.

The proceeds of the construction loans described above is expected to be sufficient to fund home construction costs such that BlackPine is not expected to finance any significant amount of its owns sources.

The following table shows the estimated sources and costs associated with construction of the 199 for-sale homes on the property that Petrovich currently owns in the District. The following table does not include any sources of funds or costs relating to the homes being constructed by BlackPine on the 74 lots that it purchased in 2014. See "—BlackPine Development Plan" below.

TABLE 8
BUDGET AND COSTS INCURRED
AS OF JULY 15, 2019

	Total Budget	*January 1, 2018 Through December 31, 2018*	*January 1, 2019 Through December 31, 2019*	*January 1, 2020 Through December 31, 2020*	*January 1, 2021 Through December 31, 2021*	*January 1, 2022 Through December 31, 2022*	*January 1, 2023 Through December 31, 2023*
Sources of Funds							
Home Sales Revenue[1]	$ 139,728,125	$ --	$ 100,000	$ 35,137,579	$ 55,004,084	$ 38,321,332	$ 11,165,130
Loan Draws[2]	126,887,434	18,328,723	7,871,109	32,838,555	42,746,061	19,130,017	5,972,969
Total Source of Funds	**$ 266,615,559**	**$ 18,328,723**	**$ 7,971,109**	**$ 67,976,134**	**$ 97,750,145**	**$ 57,451,349**	**$ 17,138,099**
Use of Funds							
Land Acquisition	$ 27,434,119	$ 27,434,119	$ --	$ --	$ --	$ --	$ --
Land Planning, Design & Fees	151,500	--	8,000	46,600	63,000	26,400	7,500
Gen. Engineering/Staking	131,300	--	6,933	40,387	54,600	22,880	6,500
Onsite Improvements	8,902,169	5,309,024	2,692,987	900,158	--	--	--
Detention/Common Area	2,665,260	--	2,665,260	--	--	--	--
A&D Financing / Bonding	122,500	--	7,911	43,533	45,333	21,222	4,500
HOA Legal / Dues	522,555	--	33,000	210,720	200,100	63,655	15,080
Real Estate Taxes Paid	1,341,276	--	206,354	299,963	225,083	504,841	105,035
Model Upgrade	1,890,000	--	--	1,890,000	--	--	--
Sales Operations	729,591	--	--	239,151	297,117	147,035	46,289
Indirect Construction	2,190,500	--	87,000	653,000	720,000	526,500	204,000
Marketing & Advertising	1,459,182	--	78,226	504,955	524,431	266,708	84,863
Construction Management Fee (BlackPine)	6,566,320	--	--	1,643,822	2,585,883	1,810,560	526,056
General and Administrative Costs	510,714	--	40,457	172,080	178,897	90,054	29,225
Insurance-GL / Builder's All-Risk	719,950	--	200,200	519,750	--	--	--
Insurance-OCIP Excess	232,300	--	--	56,350	96,600	63,250	16,100
Land Brokerage (Land Advisors)	449,450	--	--	109,025	186,900	122,375	31,150
Product Development	170,000	--	170,000	--	--	--	--
Warranty Expense (BlackPine)	303,000	--	--	73,500	126,000	82,500	21,000
Direct Construction	43,820,128	--	2,396,989	13,113,989	17,705,180	8,208,493	2,395,477
Building Permits & Fees	7,803,661	--	1,063,813	2,682,990	3,020,991	796,778	239,089
Options Cost	8,037,597	--	490,759	2,404,777	3,017,082	1,604,229	520,749
Contingency	1,010,000	--	53,333	310,667	420,000	176,000	50,000
Total Use of Funds	**$ 117,163,072**	**$ 32,743,143**	**$ 10,201,222**	**$ 25,915,417**	**$ 29,467,197**	**$ 14,533,480**	**$ 4,302,613**
Net Cash Flow Before Loan Repayment	**$ 149,452,487**	**$(14,414,420)**	**$ (2,230,113)**	**$ 42,060,717**	**$ 68,282,948**	**$ 42,917,869**	**$ 12,835,486**
Loan Repayments[3]	**$ (126,887,434)**	**--**	**$ (2,710,800)**	**$(33,533,629)**	**$ (50,133,585)**	**$ (31,246,726)**	**$ (9,262,694)**
Net Cash Flow After Loan Repayment[4]	**$ 22,565,053**	**$(14,414,420)**	**$ (4,940,913)**	**$ 8,527,088**	**$ 18,149,363**	**$ 11,671,143**	**$ 3,572,792**

(1) Net receipts inclusive of premiums and options and less commissions and closing costs.
(2) Includes draws under the PCCP Loan and construction loans to be obtained by the Single Purpose Entities. Loan draws reflect the estimated amount to be drawn under the revolving loans in total.
(3) Includes interest and loan fees.
(4) Periods of negative cash flow have been and are expected to be funded from Petrovich equity.

Source: Petrovich.

Notwithstanding Petrovich's belief that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to Petrovich will be sufficient to complete the property development as currently planned. While Petrovich has made internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Petrovich 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 sales revenues are inadequate to pay the costs to complete Petrovich's planned development within the District and other financing by Petrovich is not put into place, there could be a shortfall in the funds required to complete the proposed development by Petrovich and portions of the project may not be developed.

Litigation With Respect to Commercial Property Site. Petrovich owns two lots totaling approximately 11.5 acres to the south of the District which are zoned for commercial uses. Petrovich is developing such parcels into a shopping center with approximately 230,000 square feet of retail space.

In November 2015, the City Council denied Petrovich's application for a conditional use permit that would have allowed a gas station (to be operated by Safeway) within the shopping center. Petrovich responded by filing a complaint against the City in the Sacramento County Superior Court, claiming that the City had wrongfully denied his application for a conditional use permit and asking the court to vacate the denial. In March 2018, the court entered judgment in Petrovich's favor, vacating the denial and ordering the City Council to hold a new public hearing on the application. The City has appealed, and the matter is now pending in the California Court of Appeal, Third Appellate District.

Because the shopping center at issue in the lawsuit described above is not within the District, it is not subject to the Special Tax and thus does not provide any security to Bond Owners.

BlackPine Development Plan

General. BlackPine Curtis, LLC is indirectly owned by BlackPine Builders Inc., a California corporation ("BlackPine Builders"), a real estate development company based in Sacramento, California, and a fund controlled by Merced Capital.

BlackPine Builders develops residential projects under the trade name "BlackPine Communities." BlackPine Communities was founded by Michael E. Paris, who serves as the company's president and has over 28 years of homebuilding experience in both custom and production home projects. Mr. Paris previously held management and executive positions at Kimball Hill Homes and other commercial and residential real estate development companies. Additional information regarding BlackPine Communities and its active developments may be found on its website at blackpinecommunities.com.

Founded in 1988, Merced Capital has raised seven lock-up funds since 2005 with aggregate committed capital of over $2.5 billion. The firm has 41 employees in Minnetonka, Minnesota. Seven partners average over 27 years of experience and have worked together for over a decade. Eleven investment professionals average fifteen years of experience and eight years at Merced Capital. Limited partners include endowments, foundations, state and corporate pension plans, family offices, and fund of funds. Additional information regarding Merced Capital may be found on its website at mercedcapital.com.

The foregoing internet addresses are included for reference only and the information on such internet sites are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such internet sites.

BlackPine Communities has been and is actively developing several projects in Northern California. The below table lists BlackPine Communities' other developments in northern California.

BLACKPINE COMMUNITIES
DEVELOPMENT PROJECTS

Project	***Anticipated Number of Units at Completion***	***Location***	***Status***
The Cottages at Curtis Park Village	12	Downtown Sacramento	Closed Out
The Creamery at Alkali Flat	117	Downtown Sacramento	Under Construction and Actively Selling
Molly's Walk at Diamond Creek	84	Roseville	Under Construction and Actively Selling
California Brownstones	12	Midtown Sacramento	Closed Out
Farmhouse at Willow Creek	126	Folsom	Site Development and Under Construction

Source: BlackPine

Neither BlackPine nor BlackPine Communities has any obligation to develop any property in the District.

BlackPine Development – Curtis Park (74 Lots). In 2014, BlackPine purchased 74 lots within Villages 2B and 3 of the District from Petrovich for development into single family homes which BlackPine has marketed as "Curtis Park." As of the February 22, 2019, Date of Value, BlackPine had completed and conveyed 54 of such 74 homes to individual homeowners and owned 20 lots either under construction or in a finished status. As of July 15, 2019, BlackPine had completed and conveyed 64 of such 74 homes to individual homeowners and owned 10 homes under construction (5 of which were in escrow). Such homes, as further described below, have been marketed by BlackPine as part of BlackPine's "Curtis Park" project.

BlackPine's "Curtis Park" project within the District includes 74 single family homes in two product lines – "The Estates" and "The Brownstones." BlackPine has obtained building permits for all remaining homes that it plans to construct within its Curtis Park project. BlackPine expects the final home within its Curtis Park project in the District to close escrow in December 2019.

BlackPine's "The Estates" project includes 29 single family detached homes on lots of approximately 4,000 square feet. As of July 15, 2019, BlackPine had completed and conveyed 19 homes within The Estates product line to individual homeowners, with five of the remaining 10 homes in The Estates under contract to be sold. Home sizes within The Estates project range from approximately 2,192 square feet to approximately 2,537 square feet. Actual sales prices of the homes within The Estates product line have ranged from the mid-$600,000's to the high $700,000's.

BlackPine's "The Brownstones" product line includes 45 single family homes on lots of approximately 2,400 square feet. BlackPine has completed and conveyed all 45 homes within The Brownstones product line to individual homeowners. Home sizes within The Brownstones project range from approximately 2,535 square feet to approximately 3,031 square feet. Actual sales prices of the homes within The Brownstones product line have ranged from the mid-$500,000's to the high $700,000's.

There can be no assurance that BlackPine's development plans described in this Official Statement will be completed or that the development plans will not be modified in the future. Additionally, there can be no assurance of the absorption rate of the homes remaining to be built and sold. In changing market conditions, builders will often revise their product lines and prices and the rate of sales can fluctuate.

BlackPine continuously evaluates its product lines and prices in light of the then current market conditions. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

BlackPine Financing Plan. All in-tract infrastructure for BlackPine's 74-home project within its Curtis Park project in the District is complete and all necessary development fees have been paid. Through July 15, 2019, BlackPine has spent approximately $45.85 million on land acquisition, home construction and marketing costs for the 74 homes within the Curtis Park project in the District. BlackPine estimates that it will spend approximately $3.65 million to complete its home construction and marketing activities within the Curtis Park project in the District. BlackPine expects to finance such remaining home construction costs the Curtis Park project from home sales revenues and internal funding.

As described under the caption "—Petrovich Development Plan" above, the construction of the 199 planned homes in the District (Villages 1 and 2) that is subject to the Construction Management Agreements between BlackPine and Petrovich is expected to be financed from Petrovich's own equity and construction loans to be obtained by the Single Purpose Entities. BlackPine believes that it will have sufficient resources to undertake the construction of such homes in accordance with the Construction Management Agreements with Petrovich.

Notwithstanding BlackPine's belief that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to BlackPine will be sufficient to complete the property development and home construction as currently anticipated. While BlackPine 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 BlackPine nor any affiliate thereof, has any legal obligation of any kind to make any such funds available or to obtain loans. Any contributions by BlackPine to fund the costs of such development and home construction are entirely voluntary. If and to the extent that internal financing and home sales revenues are inadequate to pay the costs to complete BlackPine's planned development within the District and other financing by BlackPine is not put into place, there could be a shortfall in the funds required to complete the proposed development by BlackPine and the remaining homes within the project may not be completed.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks that are not appropriate investments for certain investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. The Bonds have not been rated by a rating agency. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed below could adversely affect the ability or willingness of property owners in the District to pay the Special Tax on their property when due. Such failures to pay the Special Tax could result in the inability of the City to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed below could adversely affect the value of the property in the District. See "— Property Values" and "— Limited Secondary Market."

Risks of Real Estate Secured Investments Generally

The Bond owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, fires and floods), which may result in uninsured losses.

No assurance can be given that Petrovich, BlackPine or any future builders or any future homeowners within the District will pay the Special Tax on their property in the future or that they will be able to pay the Special Tax on a timely basis. See "— Bankruptcy and Foreclosure" below, for a discussion of certain limitations on the City's ability to pursue judicial proceedings with respect to delinquent parcels.

Concentration of Ownership

Based on the ownership status of the property within the District as of July 15, 2019, approximately 69.2%, 4.2% and 26.7% of the estimated Fiscal Year 2019-20 Special Tax levy would be paid by Petrovich, BlackPine and individual homeowners, respectively. Based on development status as of such date, approximately 69.2% of the estimated Fiscal Year 2019-20 Special Tax would be levied on Undeveloped Parcels. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT" above.

Failure of Petrovich, BlackPine or any future developers within the District, or any of their successor(s) to pay the Special Tax when due could result in a draw on the Bond Reserve Fund, and ultimately a default in payments of the principal of, and interest on, the Bonds, when due. No assurance can be given that Petrovich, BlackPine or any future developers within the District, or their successors, will complete the remaining intended construction and development in the District. See "— Failure to Develop Properties."

The City expects to levy the Special Tax on Undeveloped Parcels within the District in Fiscal Year 2019-20, which as of the date of this Official Statement, is owned by Petrovich and BlackPine. In the event that Petrovich and/or BlackPine fail to complete the intended construction and development in the District, the Special Tax will continue to be levied on Undeveloped Parcels owned by Petrovich and/or BlackPine. No assurance can be given that Petrovich, BlackPine or any future builders that purchase property within the District will pay the Special Tax in the future or that they will be able to pay such Special Tax on a timely basis. See "— Bankruptcy and Foreclosure" for a discussion of certain limitations on the City's ability to pursue judicial proceedings with respect to delinquent parcels.

Failure to Develop Properties

Development of property within the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of Petrovich, BlackPine, any future the merchant builders, or any property owner to pay the Special Tax when due. Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. As described above, the issuance of certificates of occupancy within a portion of the District is restricted until the completion of a park and detention basin thereon. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT—Petrovich Development Plan—*Status of Infrastructure*." Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development. Development of land in the District is also subject to the availability of water. Finally, development of land is subject to economic considerations.

As of the Date of Value, the property owned by Petrovich ranged from finished lots to mass-graded condition. No assurance can be given that the remaining proposed development will be partially or fully completed; and for purposes of evaluating the investment quality of the Bonds, prospective purchasers should consider the possibility that such parcels will remain unimproved.

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Holders should it be necessary for the City to foreclose on the property due to the nonpayment of the Special Tax. The failure to complete development in the District as planned, or substantial delays in the completion of the development due to litigation or other causes may reduce the value of the property within the District and increase the length of time during which the Special Tax will be payable from undeveloped property, and may affect the willingness and ability of the owners of property within the District to pay the Special Tax when due.

There can be no assurance that land development operations within the District will not be adversely affected by future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, an increase in mortgage interest rates, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process and the absorption rate could adversely affect land values and reduce the ability or desire of the property owners to pay the Special Tax. In that event, there could be a default in the payment of principal of, and interest on, the Bonds when due.

Holders should assume that any event that significantly impacts the ability to develop land in the District would cause the property values within the District to decrease substantially from those estimated by the Appraiser and could affect the willingness and ability of the owners of land within the District to pay the Special Tax when due.

The City expects to levy the Special Tax on Undeveloped Parcels in Fiscal Year 2019-20 and in future fiscal years until the Special Tax levied on Developed Parcels is sufficient to fund the Special Tax Requirement. Undeveloped property is less valuable per unit of area than property within improvements thereon, especially if there are no plans to develop such land or if there are severe restrictions on the development of such land. Undeveloped property also provides less security to the Holders should it be necessary for the City to foreclose on such undeveloped property due to the nonpayment of the Special Tax. Furthermore, an inability to develop the land within the District as currently proposed will make the Holders dependent upon timely payment of the Special Tax levied on Undeveloped Parcels. A slowdown or stoppage in the continued development of the District could reduce the willingness and ability of Petrovich and BlackPine to make Special Tax payments on undeveloped property that they own and could greatly reduce the value of such property in the event it has to be foreclosed upon. See "— Property Values."

Tax Cuts and Jobs Act

H.R. 1 of the 115th U.S. Congress, known as the "Tax Cuts and Jobs Act," was enacted into law on December 22, 2017 (the "Tax Act"). The Tax Act makes significant changes to many aspects of the Code. For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes. These changes could increase the cost of home ownership within the District and could slow the pace of home sales by the residential homebuilders or result in price reductions from the current expected levels. However, the City cannot predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in the District, the pace at which homes in the District are sold to individual homeowners by the current or future homebuilders, or the ability or willingness of homeowners to pay the Special Tax or property taxes.

Limited Obligations

The Bonds are not payable from the general funds of the City. Except with respect to the Special Tax, neither the faith and credit nor the taxing power of the City is pledged for the payment of the Bonds or related interest, and, except as provided in the Indenture, no owner of the Bonds may compel the exercise of any taxing power by the City or force the forfeiture of any City property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of the City's income, receipts or revenues, except the Special Tax and other amounts pledged under the Indenture.

Insufficiency of Special Tax

Under the Rate and Method, the annual amount of Special Tax to be levied on Taxable Parcels in the District will generally be based on the land use category of such parcels. See APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" and "SOURCES OF PAYMENT FOR THE BONDS — Special Tax — *Rate and Method of Apportionment of Special Tax.*"

In order to pay debt service on the Bonds, it is necessary that the Special Tax be paid in a timely manner. The City will establish and fund upon the issuance of the Bonds a Bond Reserve Fund in an amount equal to the Required Bond Reserve to pay debt service on the Bonds to the extent other funds are not available. See "SOURCES OF PAYMENT FOR THE BONDS — Bond Reserve Fund." The City will covenant in the Indenture to maintain in the Bond Reserve Fund an amount equal to the Required Bond Reserve, subject, however, to the limitation that the City may not levy the Special Tax in the District in any fiscal year at a rate in excess of the maximum amounts permitted under the Rate and Method. In addition, pursuant to the Act, under no circumstances will the Special Tax levied in any Fiscal Year against property within the District for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner of any other property within the District by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. As a result, if a significant number of delinquencies occur, the City could be unable to replenish the Bond Reserve Fund to the Required Bond Reserve due to the limitations on the maximum Special Tax. If such defaults were to continue in successive years, the Bond Reserve Fund could be depleted and a default on the Bonds could occur.

The City will covenant in the Indenture that, under certain conditions, it will institute foreclosure proceedings to sell any property with a delinquent Special Tax in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. See "SOURCES OF PAYMENT FOR THE BONDS — Special Tax —*Foreclosure Covenant*" for provisions which apply in the event of such foreclosure and which the City is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are instituted, there could be a delay in payments to owners of the Bonds (if the Bond Reserve Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the City of the proceeds of sale. The City may adjust the future Special Tax levied on Taxable Parcels in the District, subject to the limitation on the maximum Special Tax, to provide an amount required to pay interest on, principal of, and redemption premiums, if any, on the Bonds, and the amount, if any, necessary to replenish the Bond Reserve Fund to an amount equal to the Required Bond Reserve and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against Taxable Parcels in the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the maximum Special Tax rates. See "—Bankruptcy and Foreclosure" for a discussion of potential delays in foreclosure actions.

The Rate and Method governing the levy of the Special Tax provides that no Special Tax shall be levied on Tax-Exempt Parcels, which includes Public Parcels, Parcels owned by the City, school districts, special districts or the State of federal government, Senior Housing Parcels and Multifamily For-Rent Parcels (as such terms are defined in the Rate and Method). See APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." If for any reason property within the District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Act provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. 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 is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within the District was to become owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

Teeter Plan Termination

The County has implemented its Teeter Plan as an alternate procedure for the distribution of certain property tax and assessment levies on the secured roll. Pursuant to its Teeter Plan, the County has elected to provide local agencies and taxing areas, including the District, with full tax and assessment levies instead of actual tax and assessment collections. In return, the County is entitled to retain all delinquent tax and assessment payments, penalties and interest. Thus, the County's Teeter Plan may protect the Holders of the Bonds from the risk of delinquencies in the payment of the Special Tax. However, the County is entitled, and under certain circumstances could be required, to terminate its Teeter Plan with respect to all or part of the local agencies and taxing areas covered thereby. A termination of the Teeter Plan with respect to the District would eliminate such protection from delinquencies in the payment of the Special Tax. See "SOURCES OF PAYMENT FOR THE BONDS – Teeter Plan."

No Representation as to Merchant Builders

No representation is made as to the experience, abilities or financial resources of BlackPine or of any future contracted fee-builder, purchaser or potential purchaser of property in the District or the likelihood that such builders, purchasers or potential purchasers will be successful in developing such purchased properties within the District beyond the current stage of development. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT." The description of expected development by BlackPine in this Official Statement is based on information provided to the City by Petrovich, BlackPine and the Appraiser. In making an investment decision, purchasers of the Bonds should not assume that any current or future builders or such other persons or entities that may agree to be a fee-builder or that purchases property within the District will develop such properties beyond the current stage of development reached by Petrovich or BlackPine.

Natural Disasters

The market value of the property within the District can be adversely affected by a variety of factors that may affect public and private improvements. Those additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as earth movements) and climatic conditions (such as droughts, fire hazard, and floods). The property within the District is not located within an Alquist-Priolo Earthquake Fault Zone. Additionally, the District is not located in a flood plain area.

With respect to geologic conditions, building codes require that some of these factors be taken into account in the design of private improvements of the parcels, and the City has adopted the Uniform Building Code standards with regard to seismic standards. Design criteria are established upon the basis of a variety of considerations and may change, leaving previously designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of establishment between the present costs of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Consequently, neither the absence of, nor the establishment of, design criteria with respect to any particular condition means that the applicable governmental agency has evaluated the condition and has established design criteria in the situations in which the criteria are needed to preserve value, or has established the criteria at levels that will preserve value. To the contrary, the City expects that one or more of such conditions may occur and may result in damage to improvements of varying seriousness; that the damage may entail significant repair or replacement costs; and that repair or replacement may never occur because of the cost, because repair or replacement will not facilitate habitability or other use, or because other considerations preclude repair or replacement. Under any of these circumstances, the actual value of the parcels might depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

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 the owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling such substance. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency and the willingness or ability of the owner of any parcel to pay the Special Tax installments.

The value of the taxable property within the District, as set forth in the various tables in this Official Statement, does not reflect the presence of any hazardous substance or the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the property. As described above under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT—General—*Environmental Remediation*," Petrovich has undertaken significant environmental remediation work in order to allow the development within the District to proceed as described in this Official Statement and certain ongoing remediation and monitoring obligations exist. Petrovich has represented to the City that it is not aware of any hazardous substance condition of the property within the District that has not been remediated in order to allow for such development to proceed. The City has not independently determined whether any owner (or operator) of any of the parcels within the District has such a current liability with respect to any such parcel; nor is the City aware of any owner (or operator) who has such a liability. However, it is possible that such liabilities do currently exist and that the City is not aware of them.

Payment of the Special Tax is not a Personal Obligation of the Property Owners

An owner of a Taxable Parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the Taxable Parcels. If the value of a Taxable

Parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the City has no recourse against the property owner.

Property Values

The value of the property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of the Special Tax, the City's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Tax. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Tax. See "THE DISTRICT —Value-to-Lien Ratios."

The Appraisal Report does not reflect any possible negative impact which could occur by reason of future slow or no growth voter initiatives, an economic downturn, any potential limitations on development occurring due to time delays, an inability of any landowner to obtain any needed development approval or permit, the presence of hazardous substances or other adverse soil conditions within the District, the listing of endangered species or the determination that habitat for endangered or threatened species exists within the District, or other similar situations.

Prospective purchasers of the Bonds should not assume that the land and improvements within the District could be sold for the amount stated in the Appraisal Report at a foreclosure sale as a result of delinquencies in the Special Tax. In arriving at the estimate of market value by ownership, the Appraiser assumes that any sale will be sold in a competitive market after a reasonable exposure time; the Appraiser also assumes that neither the buyer or seller is under duress, which is not always true in a foreclosure sale. See APPENDIX B — "APPRAISAL REPORT AND UPDATE APPRAISAL REPORT" for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser's assumptions to be untrue could result in a reduction of the value of the land within the District below that was estimated by the Appraiser.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, adjusted annually by an amount determined by the County Assessor, generally not to exceed an increase of more than 2% per fiscal year. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that any bid will be received for a parcel with delinquencies in the Special Tax offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquencies in the Special Tax. See APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Covenants of the City — Foreclosure of Special Tax Liens."

Parity Taxes and Special Assessments

Property within the District is subject to taxes and assessments imposed by other public agencies also having jurisdiction over the land within the District. See "THE DISTRICT — Direct and Overlapping Indebtedness."

The Special Tax and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Tax has priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See "— Bankruptcy and Foreclosure."

The City has no control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the District. 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 and *ad valorem* taxes or assessments. Any such special taxes or assessments may have a lien on such property on a parity with the Special Tax and could reduce the estimated value-to-lien ratios for the property within the District described herein. See "SOURCES OF PAYMENT FOR THE BONDS" and "THE DISTRICT — Direct and Overlapping Indebtedness" and "—Value to Lien Ratios."

Disclosures to Future Purchasers

The willingness or ability of an owner of a Parcel to pay the Special Tax may be affected by whether the owner (1) was given due notice of the Special Tax authorization when the owner purchased the Parcel; (2) was informed of the amount of the Special Tax on the Parcel should the Special Tax be levied at the maximum tax rate, and the risk of such a levy: and (3) has the ability at the time of such a levy to pay it as well as pay other expenses and obligations. The City has caused a notice of the Special Tax to be recorded in the Office of the Recorder for the County against each Parcel. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the District or lending of money thereon.

The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a special tax under the Act of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Special Tax Collections

Under provisions of the Act, the Special Tax, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties within the District on the regular *ad valorem* property tax bills sent to owners of such properties by the County Tax Collector. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Covenants of the City — Foreclosure of Special Tax Liens" for a discussion of the provisions which apply, and procedures which the City is obligated to follow under the Indenture, in the event of delinquencies in the payment of the Special Tax. See "— Bankruptcy and Foreclosure" for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessment and limitations on the City's ability to foreclosure on the lien of the Special Tax in certain circumstances.

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.

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

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

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquencies in the payment of the Special Tax, 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 Tax 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 Tax within the District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. If 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 amounts of the Special Tax 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. The special taxes imposed under the 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 special taxes under the Act.

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 the Special Tax on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Tax to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Bond Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Bankruptcy and Foreclosure

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Bonds. The payment of property owners' taxes and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SOURCES OF PAYMENT FOR THE BONDS—Special Tax—*Foreclosure Covenant*." In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Although a bankruptcy proceeding would not cause the Special Tax to become extinguished, the amount of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in prosecuting Superior Court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of delinquent Special Tax installments and the possibility of delinquent Special Tax installments not being paid in full.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be "administrative expenses" of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

The Bankruptcy Reform Act of 1994 (the "Bankruptcy Reform Act") included a provision which excepts from the Bankruptcy Code's automatic stay provisions, "the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court]." This amendment effectively makes the *Glasply* holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of the *Glasply* ruling could still result in the treatment of post-petition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

According to the court's ruling, as administrative expenses, post-petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Tax is secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for the Special Tax levied after the filing of a petition in bankruptcy court. *Glasply* is controlling precedent on bankruptcy courts in the State. If the *Glasply* precedent was applied to the levy of the Special Tax, the amount of the Special Tax received from parcels whose owners declare bankruptcy could be reduced.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture, the Trustee is given the right for the equal benefit and protection of all Holders of the Bonds similarly situated to pursue certain remedies described in APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Events of Default and Remedies."

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Indenture with respect to compliance with certain provisions of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the City has committed to provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Holders on a timely basis. See "CONTINUING DISCLOSURE." Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Proposition 218

An initiative measure commonly referred to as 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 XIIIC and Article XIIID 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." The provisions of the Initiative as they may relate to community facilities district are subject to interpretation by the courts. The Initiative could potentially impact the Special Tax available to the City to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIIIC states that ". . . 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, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

> "Section 3 of Article XIIIC 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 the Initiative has not conferred on the voters the power to repeal or reduce the Special Tax if such reduction would interfere with the timely retirement of the Bonds.

It may be possible, however, for voters or the City Council to reduce the Special Tax in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of the Special Tax 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 Tax in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of the Special Tax for Expenses.

The interpretation and application of Article XIII C and Article XIII D 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 "SPECIAL RISK FACTORS — Limitations on Remedies."

Litigation with Respect to Community Facilities Districts

Shapiro. The California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro* (2014) 228 Cal.App.4th 756 (the "San Diego Decision"). The case involved a Convention Center Facilities District (the "CCFD") established by the City of San Diego ("San Diego"). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was modeled after Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIIIA, Section 4 thereof and Article XIIIC, Section 2 thereof require that the electors in such an election be the registered voters within the district.

Horizon. The Sacramento County Superior Court has issued a tentative ruling in *Horizon Capital Investments, LLC v. City of Sacramento et al*. (Case No. 34-2017-80002661). As described below, this case involves an election to approve the levy of a special tax within a community facilities district ("CFD") formed under the Act.

In 2015, the City initiated proceedings to form a CFD to finance certain costs to acquire and construct a streetcar line. Because more than 12 registered voters resided within the territory of the proposed CFD, the City Council submitted the special tax proposed to be levied within the proposed CFD to the registered voters within the territory of the proposed CFD, as required by the Act. The proposed special tax did not receive the requisite two-thirds vote for approval. In 2017, the City initiated proceedings to form a CFD to finance certain costs to operate and maintain a streetcar line. As permitted by the Act, the proposed district included non-contiguous parcels of non-residential property. Because there were fewer than 12 registered voters residing within the territory of the proposed CFD, the City Council submitted the special tax proposed to be levied within the proposed CFD to the owners of land within the proposed CFD, as required by the Act. The proposed special tax received the requisite two-thirds vote in the landowner election.

Petitioners Horizon Capital Investments, LLC et al. filed a writ of mandate and complaint for reverse validation and declaratory relief. Petitioners argued, and the superior court agreed in its tentative ruling, that under section 4(a) of article XIII A of the California Constitution (which provides that "Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district [sic], may impose special taxes on such district…") the phrase "qualified electors" means the registered voters of the entire City and not just the owners of the property within the boundaries of the proposed CFD. Citing the San Diego Decision, the tentative ruling states that the phrase "qualified electors of the district" refers to the registered voters of the entity imposing the special tax, which in this case was the City. Because the vote within the proposed CFD was by landowners only and not by all registered voters in the City, the tentative ruling states that the special tax is invalid. The ruling in *Horizon* is only tentative. The City can make no assurances as to whether the superior court will issue a final ruling, when the final ruling will be issued, or whether the final ruling will differ from the tentative ruling. If issued, the superior court's final ruling would not be binding upon other courts within the State and would not directly apply to the District, the Special Tax, or the Bonds. Although the City disagrees with the tentative ruling on a number of grounds, the City has determined that it will not appeal the final ruling, if one is issued.

The Special Tax Election in the District. With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in the District had less than 12 registered voters at the time of the election to authorize the Special Tax. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court's holding in the San Diego Decision does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax…shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Landowners in the District approved the Special Tax and the issuance of bonds on July 14, 2014. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings, and court decisions, the City believes that no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought. In connection with the issuance of the Bonds, Bond Counsel expects to deliver its opinion in the proposed form attached hereto as Appendix C.

Ballot Initiatives

Articles XIII A, XIII B, XIII C and XIII D 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 or on the ability of Petrovich or BlackPine and any future builders to complete the remaining proposed development within the District.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The Bonds are not subject to acceleration. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners.

CONTINUING DISCLOSURE

City Continuing Disclosure

The City will execute a continuing disclosure certificate (the "Continuing Disclosure Certificate") for the benefit of the Holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District and the District and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The City, as the initial dissemination agent under the Continuing Disclosure Certificate, will file the City Reports and notices of Listed Events with EMMA. The specific nature of the information to be included in the City Reports and the notices of Listed Events is set forth in APPENDIX F — "FORM OF CITY CONTINUING DISCLOSURE CERTIFICATE." The City will sign and deliver to the Underwriter the Continuing Disclosure Certificate to assist the Underwriter in complying with the Rule. The City will file the City Reports with EMMA no later than nine months after the end of the City's fiscal year, which is currently June 30. The first Annual Report will be due March 31, 2020.

The City has previously entered into a number of continuing-disclosure undertakings under the Rule in connection with the issuance of long-term obligations and has provided annual financial information and event notices in accordance with those undertakings. Certain continuing-disclosure filings during the past five years were made after the required filing date, such as the City's annual reports for two of the past five fiscal years with respect to a certain prior issue, and certain required information supplementing the City's annual reports for certain prior issues (including the actuarial valuation reports for the Sacramento City Employee's Retirement System and the City's California Public Employees' Retirement System plans for two prior issues). The City did not file notices of late filings in the past five years. On one occasion in the last five years, the City inadvertently failed to file a notice of an insurer-related rating change. On a couple of occasions, the City filed annual reports with tables determined later not to be entirely accurate. The City subsequently filed corrected tables.

The City believes it has established processes to ensure that in the future it will make its continuing disclosure filings as required.

The City is required to file certain financial statements with the City Reports. This requirement has been included in the Continuing Disclosure Certificate solely to satisfy the requirements of the Rule. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the City other than as described in this Official Statement. See "SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS." The list of significant events the City has agreed to report includes items that have absolutely no application whatsoever to the Bonds. These items have been included in the list solely to satisfy the requirements of the Rule. Thus, any implication from the inclusion of these items in the list to the contrary notwithstanding, there are no credit enhancements applicable to the Bonds and there are no credit or liquidity providers with respect to the Bonds.

Developer Continuing Disclosure

To provide updated information with respect to the development within the District, Petrovich will execute a Continuing Disclosure Certificate of the Developer (the "Developer Continuing Disclosure Certificate, and will covenant to provide the Developer Reports semiannually not later than June 15 and December 15 of each year beginning December 15, 2019, until satisfaction of certain conditions set forth in the Developer Continuing Disclosure Certificate. The Developer Reports provided by Petrovich will contain updates regarding the development within the District as outlined in Section 4 of the Developer Continuing Disclosure Certificate attached as Appendix G. In addition to its Developer Reports, Petrovich will agree to provide notices of certain events set forth in the Developer Continuing Disclosure Certificate.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C hereto.

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

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the City and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City. A complete copy of the proposed form of Bond Counsel opinion is attached hereto as Appendix C. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by the Office of the City Attorney.

Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the City.

ABSENCE OF LITIGATION

In connection with the issuance of the Bonds, the Office of the City Attorney will deliver an opinion to the effect that, to its actual knowledge as of the date of delivery of the Bonds, the City has not been served with process in, and has not been overtly threatened with, any action, suit, proceeding, inquiry or investigation before or by any court, public board or body (a) that contests in any way the completeness or accuracy of this Official Statement; (b) that seeks to contest the validity of the Special Tax or to restrain or enjoin the collection of the Special Tax; (c) in which an unfavorable decision, ruling or finding is likely to have a material adverse effect on the City's ability to complete the transactions contemplated by the Bonds, the Indenture or this Official Statement; or (d) in which an unfavorable decision, ruling or finding is likely to have a material adverse effect on the validity or enforceability of the Bonds or the Indenture.

MUNICIPAL ADVISOR

The City has retained Hilltop Securities, Inc. ("Hilltop"), as municipal advisor in connection with the issuance and sale of the Bonds. Although Hilltop has assisted in the preparation of this Official Statement, Hilltop is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement or any of the other legal documents, and further Hilltop does not assume any responsibility for the information, covenants and representations with respect to the federal income tax status of the Bonds, or the possible impact of any current, pending or future actions taken by any legislative or judicial bodies or rating agencies.

NO RATING

The City has not made and does not contemplate making application to any rating agency for the assignment of a rating to the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated. The Underwriter has agreed to purchase the Bonds at a price of $14,015,915.80, being $12,245,000.00 aggregate principal amount thereof, plus net original issue premium of $1,954,590.80 and less Underwriter's discount of $183,675.00. The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by counsel and certain other conditions.

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

FINANCIAL INTERESTS

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, Hilltop, the Trustee and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds. The fees being paid to the Appraiser and to the Special Tax Consultant are not contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel and Disclosure Counsel represent the Underwriter on matters unrelated to the Bonds and Underwriter's Counsel represents the City on matters unrelated to the Bonds.

PENDING LEGISLATION

The City is not aware of any significant pending legislation which would have material adverse consequences on the Bonds or the ability of the City to pay the principal of and interest on the Bonds when due.

ADDITIONAL INFORMATION

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as presentations of fact, and actual results may differ substantially from those set forth therein. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the Holders of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the City.

The appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement.

The distribution of this Official Statement has been authorized by the City.

CITY OF SACRAMENTO

By: /s/ John P. Colville Jr.
City Treasurer

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APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

The following sets forth the Amended and Restated Rate and Method of Apportionment for the levy and collection of the Special Tax of Curtis Park Village Community Facilities District No. 2014-02, City of Sacramento, County of Sacramento (the "District"). An Annual Special Tax shall be levied on and collected in the District each Fiscal Year, in an amount determined through the application of the Amended and Restated Rate and Method of Apportionment described below. All of the real property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in the Curtis Park Village Community Facilities District No. 2014-02 (Improvements) (CFD) of the City of Sacramento (City) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

"**Acre**" or "**Acreage**" means the land area of a County Assessor's Parcel as shown on an Assessor's Parcel Map.

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"**Administrative Expenses**" means the actual or reasonably estimated costs related to the administration of the CFD, including, but not limited to, these:

a. Costs of computing Special Taxes and preparing annual Special Taxes collection schedules (whether by the City or any designee thereof or both).

b. Costs of collecting, auditing, and accounting for the Special Taxes (whether by the County, the City, or otherwise).

c. Costs of remitting the Special Taxes to the Trustee.

d. Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture.

e. Costs to the City, CFD, or any designee thereof of complying with arbitrage rebate requirements.

f. Costs to the City, CFD, or any designee thereof of complying with City, CFD, or obligated persons disclosure requirements.

g. Costs associated with preparing Special Taxes disclosure statements.

h. Costs incurred in responding to public inquiries regarding the Special Taxes.

i. Costs to the City, CFD, or designee thereof related to any appeal of the Special Taxes.

j. Costs associated with the release of funds from an escrow account, if any.

k. Costs to the City for the issuance of Bonds authorized by the CFD that are not recovered through the Bond sale proceeds.

l. Amounts estimated to be advanced or advanced by the City for any other administrative purposes, including attorney's fees and other costs related to collection of the special taxes and commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"**Administrator**" means the official of the City, or designee thereof, responsible for determining the Special Tax requirement and providing for the levy and collection of the Special Tax.

"**Annual Costs**" means, for any Fiscal Year, the total of these:

a. Debt Service that is due in the calendar year that begins in such Fiscal Year.

b. The amount needed to replenish the reserve fund for the Bonds to the level required under the Bond Indenture, to the extent not included in a computation of Annual Costs in a previous Fiscal Year.

c. Administrative Expenses for such Fiscal Year.

d. To the extent permitted by the Act, the amount needed to fund (i) unpaid special tax delinquencies from previous Fiscal Years, to the extent not previously levied, and (ii) anticipated delinquencies for the current Fiscal Year on any Parcel which has no outstanding delinquent Special Taxes. Collections from prior delinquencies should be used to offset the amount needed for current and future delinquencies if available.

e. Authorized Facilities funded on a Pay-As-You-Go Basis.

f. *Less* any Capitalized Interest.

g. *Less* any available earnings on or surplus balances in the Reserve Fund or the Special Tax fund, or any other available revenues of the CFD or the City that may be used to fund Annual Costs.

"**Anticipated Construction Proceeds**" means that amount that is anticipated to be available through the CFD for acquiring or constructing Authorized Facilities. Anticipated Construction Proceeds is equal to $10.5 million at formation of the CFD. Anticipated Construction Proceeds amount is increased by ENR-CCI by the average increase in the index for the prior calendar year on July 1 of the current Fiscal Year.

"**Assessor's Parcel Map**" means an official map of the County Assessor designating parcels by Assessor's Parcel Number.

"**Assessor's Parcel Number**" means the Parcel and Parcel Number as assigned by the County Assessor on the equalized tax roll.

"**Assigned Special Tax**" means the amount of Special Tax shown in **Attachment 1** for the Base Year, as increased by the Tax Escalation Factor following the Base Year, for each Tax Category, as determined in accordance with **Section 4.b** below. For Single-Family Parcels, the Assigned Special Tax will be assigned at the initial Building Permit.

"**Authorized Facilities**" means those facilities and fees to be financed as identified in the resolution forming the CFD.

"**Base Year**" means the Fiscal Year beginning July 1, 2014, and ending June 30, 2015.

"**Benefit Share**" means the Assigned Special Tax for a Parcel divided by the Maximum CFD Special Tax Revenue for all Taxable Parcels.

"**Bond(s)**" means bond(s) issued or other indebtedness incurred by the City for the CFD under the Act.

"**Bond Indenture**" means any indenture, resolution, fiscal agent agreement, or other financing document pursuant to which any Bonds are issued.

"**Bond Share**" means the share of Outstanding Bonds assigned to a Parcel as specified in Section 7 hereof.

"**Building Permit**" means a permit issued by the City for the construction of a Residential Use or other permitted use on an Other Land Use Parcel.

"**Building Square Foot(age)**" has the same meaning as that defined for the School Mitigation Fee by California Government Code Section 65995 for "Assessable Space," which is "all of the square footage within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, detached accessory structure, or similar area" as determined upon issuance of the initial Building Permit.

"**Capitalized Interest**" means funds in any capitalized interest fund available to pay debt service on Bonds.

"**CFD**" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements) of the City of Sacramento, Sacramento, California.

"**City**" means the City of Sacramento in Sacramento, California.

"**Council**" means the City Council of the City acting for the CFD under the Act. "County" means the County of Sacramento, California.

"**County Assessor's Parcel**" means a lot or Parcel with an assigned Assessor's Parcel Number in the maps used by the County Assessor in preparing the tax roll.

"**Debt Service**" means the total amount of bond principal, interest, and scheduled sinking fund payments of the Outstanding Bonds.

"**Developed Parcel**" means, in any Fiscal Year, a Parcel for which a Building Permit for Residential Use or other permitted use on an Other Land Use Parcel has been issued prior to June 1 of the preceding Fiscal Year. Once a Parcel is classified as a Developed Parcel it shall remain a Developed Parcel.

"**Dwelling Unit**" means a single-family detached unit or an individual residential unit within a condominium structure.

"**ENR-CCI**" means the Engineering News Record — Construction Cost Index increase for the 20¬ City National Average in the prior calendar year, as determined on July 1 of the current Fiscal Year.

"**Final Bond Sale**" means the last bond sale or issuance of bonds after which no more bond sales generating net new CFD bond proceeds shall occur, as determined by the Administrator.

"**Final Map Parcel**" means a Parcel designated for new development, which is part of a Final Subdivision Map. Once a Parcel is classified as a Final Map Parcel it shall remain a Final Map Parcel.

"**Final Subdivision Map**" means a recorded map designating the final Parcel Subdivision for individual Single-Family Parcels.

"**Fiscal Year**" means the period starting July 1 and ending the following June 30.

"**Full Prepayment**" means the complete fulfillment of a Parcel's Special Tax obligation, as determined by following the procedures in **Section 7**.

"**Mandatory Partial Prepayment**" means the partial fulfillment of a Parcel's Special Tax obligation, as determined by following the procedures in **Section 7**.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Parcel in the Base Year, as shown in **Attachment 1**, as increased by the Tax Escalation Factor following the Base Year. The Maximum Annual Special Tax will be assigned at final inspection of the initial Building Permit for Developed Parcels.

"**Maximum CFD Special Tax Revenue**" means the sum of the Maximum Annual Special Tax levied on all Taxable Parcels in the CFD in a Fiscal Year.

"**Multi-Family For-Rent Parcel**" means a Parcel designated for apartment uses which are intended to be rental units and not individually owned. Multi-Family For-Rent Parcels are Tax-Exempt Parcels. If apartment units within such Parcels are turned into Residential Condominiums they shall no longer be considered Tax-Exempt Parcels.

"**Multi-Unit Structure**" means an individual residential unit in a duplex, halfplex, triplex, or fourplex. Multi-Unit Structure excludes Residential Condominium.

"**Other Land Use Parcel**" means a Developed Parcel with a land use that is not a Single-Family Parcel. For example, Parcels rezoned after the formation of the CFD to permit other uses such as retail, office, mixed use, and industrial property would be taxable as an Other Land Use Parcel. An Other Land Use Parcel also includes a Developed Parcel with a Multi-Unit Structure.

"**Outstanding Bonds**" means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

"**Parcel**" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of July of each Fiscal Year.

"**Pay-As-You-Go Basis**" means the use of annual Special Tax revenues to directly fund administration or to fund the construction, improvement, or payment of Authorized Facilities, on a first-in first-out basis.

"**Prepayment**" means the complete or partial fulfillment of a Parcel's Special Tax obligation, as determined by following the procedures in **Section 7**.

"**Public Parcel**" means any Parcel that is or is intended to be publicly owned, as designated in any final map that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets; schools; parks; and public drainageways, landscaping, wetlands, greenbelts, and open space.

"**Remainder Parcel**" means a Parcel that is created as the result of the recordation of a Final Subdivision Map, which results in a Parcel that has not been mapped for final development approval. Such Remainder Parcel may contain taxable and tax-exempt uses, such as Residential Uses, and Public Parcels, such as park sites.

"**Remaining Facilities Costs**" means the amount of Anticipated Construction Proceeds less construction proceeds from previous CFD Bond issuances and Pay-As-You-Go expenditures funded from the levy of the Special Tax.

"**Remaining Facilities Cost Share**" means the Remaining Facilities Costs multiplied by the Benefit Share.

"**Reserve Fund**" means any debt service reserve fund established pursuant to the Bond Indenture.

"**Reserve Fund Requirement**" means the amount required to be held in any Reserve Fund.

"**Reserve Fund Share**" means the amount on deposit in any Reserve Fund, but in any event not to exceed the Reserve Fund Requirement, multiplied by the Benefit Share for a given Parcel.

"**Residential Condominium**" means an attached single-family Residential Use for ownership in a condominium structure.

"**Residential Use**" means residential use, such as single-family residential units or Residential Condominiums.

"**RMA**" means the Rate and Method of Apportionment of the Special Tax.

"**Senior Housing Parcel**" means a Parcel or Parcels in the CFD that are designated for senior or age-restricted uses. Such Parcels are Tax-Exempt Parcels.

"**Single-Family Parcel**" means, in any Fiscal Year, all Parcels in the CFD for which a Building Permit was issued or may be issued for construction of a Dwelling Unit designated for Residential Use.

"**Special Tax(es)**" mean(s) any tax levy under the Act in the CFD.

"**Subdivision**" or "**Subdivided**" means a division of a Parcel into two or more Parcels through the Subdivision Map Act process. A Subdivision also may include the merging of two or more Parcels to create new Parcels.

"**Tax Category**" means the land use designations and the Residential Use ranges by Building Square Footage, as shown in **Attachment 1**.

"**Tax Collection Schedule**" means the document prepared by the Administrator for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

"**Tax Escalation Factor**" means a factor of two-percent in each Fiscal Year following the Base Year by which the Assigned Special Tax and Maximum Annual Special Tax for the previous Fiscal Year will be increased.

"**Taxable Parcel**" means any Parcel that is not a Tax-Exempt Parcel.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include (a) Public Parcels, (b) Parcels owned by the City, school districts, special districts, or the state or federal government, (c) Senior Housing Parcels, and (d) Multifamily For-Rent Parcels. A Taxable Parcel that is acquired by a public agency shall remain a Taxable Parcel as per the provisions of Section 4.e.

"**Total Assigned Special Tax Revenue**" means the greatest amount of revenue that can be collected in total from a Parcel or a group of Parcels (such as Developed Parcels) by levying the Assigned Special Tax in any given Fiscal Year.

"**Total Facility Cost Share**" means the Benefit Share for a Parcel multiplied by the Anticipated Construction Proceeds for the CFD.

"**Trustee**" means any fiscal agent or trustee appointed by the City pursuant to any Bond Indenture.

"**Undeveloped Parcel**" means a Taxable Parcel that is not a Developed Parcel or a Final Map Parcel.

3. Duration of the Special Tax

The Special Tax will be levied and collected for as long as it is needed to pay Annual Costs; however, in no event shall the Special Tax be levied on any Parcel in the CFD after Fiscal Year 2054-55.

When all Authorized Facilities and other Annual Costs incurred by the CFD have been paid, the Special Taxes shall cease to be levied subject to the appropriation limit for the CFD. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. In addition, the Notice of Cessation of Special Tax shall identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

4. Administrative Tasks

Tasks required of the Administrator are discussed below:

a. Annual Special Tax Escalation. The Administrator shall increase the Assigned Special Tax and the Maximum Annual Special Tax by the Tax Escalation Factor in each Fiscal Year following the Base Year.

b. Assignment of the Special Tax to Single-Family Parcels. As Building Permits are issued to Taxable Parcels, use the following steps to assign the Assigned Special Tax and Maximum Annual Special Tax to a Developed Parcel for Residential Uses:

  1. Identify the Building Square Footage in the Building Permit issued for such a Parcel.

  2. Identify the Tax Category in **Attachment 1** that corresponds to the Building Square Footage in the Building Permit issued for such Parcel.

  3. Assign the Assigned Special Tax and Maximum Annual Special Tax for the appropriate Tax Category to the Developed Parcel, as shown in **Attachment 1**.

c. Assignment of the Assigned Special Tax to Final Map Parcels, Other Land Use Parcels, and Undeveloped Parcels. As Taxable Parcels are Subdivided use the following procedures to assign the Assigned Special Tax to such Parcels:

  1. Identify the Acreage for the Final Map Parcel, Other Land Use Parcel, or Undeveloped Parcel.

  2. Identify the Assigned Special Tax per Acre for the Tax Category shown in **Attachment 1**.

  3. Multiply the Assigned Special Tax per Acre times the Acreage to determine the Assigned Special Tax for such a Taxable Parcel.

d. Assignment of the Assigned Special Tax to Final Map Parcels, Other Land Use Parcels, and Undeveloped Parcels AFTER the Final Bond Sale. After the Final Bond Sale, as Taxable Parcels are Subdivided, if the Assigned Special Tax from the proposed Taxable Parcels (from proposed Subdivision) together when summed with the Maximum Annual Special Tax Revenue from all Developed Parcels is not sufficient to provide a minimum of 110-percent Special Tax revenue coverage of Debt Service, then a Mandatory Partial Prepayment shall be required for each of the Subdivided Parcels as calculated as provided in **Section 7.c**. After Mandatory Partial Prepayment is complete, assign the Assigned Special Tax to each Subdivided Parcel using **Steps 4.c.1** through **4.c.3** above.

e. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is converted to a taxable use or transferred to a private owner as a Single-Family Parcel or an Other Land Use Parcel, it shall become subject to the Special Tax. The Assigned Special Tax and Maximum Annual Special Tax for the newly assigned Tax Category for such a Parcel shall be determined using the provisions of **Section 4.b** or **Section 4.c**.

f. Taxable Parcels Acquired by a Public Agency or a Not-For-Profit Entity. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Act. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Assigned Special Tax and Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the Administrator. If a Taxable Parcel is converted to uses that meet the definitions of Senior Housing Parcel or Multi-Family For-Rent Parcel after being classified as a Developed Parcel, such Parcel shall remain a Taxable Parcel.

5. Annual Assignment of the Assigned Special Tax and Maximum Annual Special Tax

a. Classification of Parcels. By July 31 of each Fiscal Year, using the Definitions in **Section 2**, the Parcel records of the Assessor's Secured Tax Roll as of July 1, and other City development approval records, the Administrator shall cause:

1. Each Parcel to be classified as a Taxable Parcel or Tax-Exempt Parcel.

2. Each Taxable Parcel to be classified as a Developed Parcel, a Final Map Parcel, or an Undeveloped Parcel.

3. Each Developed Parcel to be classified as a Single-Family Parcel or Other Land Use Parcel.

b. Assignment of the Assigned Special Tax and Maximum Annual Special Tax to Taxable Parcels. The Assigned Special Tax and Maximum Annual Special Tax will be assigned to each Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in Section 4.

6. Calculating Annual Special Taxes

The Administrator will compute the Annual Costs. The Administrator then will determine the tax levy for each Taxable Parcel using the following process:

a. Compute the Annual Costs using the definition of Annual Costs in **Section 2**.

b. Compute 100 percent of the Total Assigned Special Tax Revenue for all Developed Parcels.

c. If the amount from **Step 6.b** is greater than the Annual Costs in **Step 6.a** and the Special Tax levy will occur ***BEFORE*** the Final Bond Sale and **BEFORE** funding of Authorized Facilities up to 100 percent of the Anticipated Construction Proceeds, levy the 100 percent of the Assigned Special Tax on all Developed Parcels.

d. If the amount from **Step 6.b** is greater than the Annual Costs in **Step 6.a** and the Special Tax levy will occur ***AFTER*** the Final Bond Sale and **AFTER** funding of Authorized Facilities up to 100 percent of the Anticipated Construction Proceeds, decrease proportionately the Assigned Special Tax levy for each Developed Parcel until the Special Tax revenue from the levy of the Assigned Special Tax on all Developed Parcels equals Annual Costs calculated in **Step 6.a**.

e. If the amount from **Step 6.b** is less than Annual Costs in **Step 6.a**, increase proportionately the Assigned Special Tax levy for each Final Map Parcel up to 100 percent of the Assigned Special Tax for each Final Map Parcel until the sum of the amount computed in **Section 6.b** for all Developed Parcels plus the levy of the Assigned Special Tax on Final Map Parcels equals Annual Costs.

f. If the amounts from **Steps 6.b** for all Developed Parcels and **6.e** for all Final Map Parcels together are less than Annual Costs in **Step 6.a**, increase proportionately the Assigned Special Tax levy for each Undeveloped Parcel up to 100 percent of the Assigned Special Tax for each Undeveloped Parcel until the sum of the amounts computed in **Steps 6.b**, **6.e** plus the levy of Assigned Special Tax on Undeveloped Parcels equals Annual Costs.

g. If the amounts from **Steps 6.b** for all Developed Parcels, **6.e** for all Final Map Parcels, and **6.f** for all Undeveloped Parcels together are less than Annual Costs in **Step 6.a**, increase proportionately the Special Tax levy for each Developed Parcel the amount of the difference, if any, between the Assigned Special Tax for each Developed Parcel and the Maximum Annual Special Tax for each Developed Parcel up to 100 percent until the sum of the amounts computed in **Steps 6.b**, **6.e**, and **6.f**, and this **Step 6.g** equals Annual Costs.

h. Levy on each Taxable Parcel the amount calculated above.

i. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 9**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will not be sent later than the date required by the Auditor for such inclusion.

The Administrator will make every effort to correctly calculate the Special Tax for each Parcel. It will be the burden of the taxpayer to correct any errors in determining which Parcels are subject to the Special Tax and their Special Tax assignments.

7. Prepayment of the Special Tax Obligation

A property owner may permanently satisfy the Maximum Annual Special Tax for a Taxable Parcel by a Full Prepayment as permitted under Government Code Section 53344. An owner of a County Assessor's Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayment must be made not less than 75 days before any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

Prepayment is permitted only under the following conditions:

Full Prepayment is only allowed for Developed Parcels.

Mandatory Partial Prepayments are only permitted after the Final Bond Sale and will be required as described in **Section 4.d**.

The City determines that the Prepayment of the Special Tax does not jeopardize its ability to make timely payments of Debt Service on Outstanding Bonds.

The property owner prepaying the Special Tax on a Parcel has paid any delinquent Special Tax and penalties on that Parcel before Prepayment.

When permitted, the Administrator shall calculate prepayments using the following steps:

a. The Full Prepayment amount before the issuance of CFD Bonds shall be calculated using following procedures (See **Table 1** for a sample Full Prepayment):

1. Determine the Assigned Special Tax for the Developed Parcel for which the Special Tax is to be prepaid using the provisions of **Sections 4** and **5**.

2. Divide the amount from **Step 7.a.1** by the Total Assigned Special Tax Revenue to determine the Benefit Share for the Prepayment Parcel.

3. Multiply the Remaining Facilities Costs, as increased by ENR-CCI from the Base Year, times the Benefit Share to determine the Prepayment amount.

4. Add to the amount determined in **Step 7.a.3** any costs to the City associated with the preparation of the Prepayment calculation.

b. The Full Prepayment amount after the issuance of CFD Bonds shall be calculated using the following procedures (See **Table 2** for a sample Full Prepayment):

1. Determine the Assigned Special Tax for the Developed Parcel for which the Special Tax is to be prepaid using the provisions of **Sections 4** and **5**.

2. Divide the amount from **Step 7.b.1** by the Total Assigned Special Tax Revenue to determine the Benefit Share for the Parcel.

3. Multiply the Benefit Share by the total amount of Outstanding Bonds to determine the Bond Share for the Prepayment Parcel.

4. Multiply the Benefit Share by the Remaining Facilities Costs to determine the Remaining Facilities Cost Share for the Prepayment Parcel.

5. Sum the Bond Share and Remaining Facilities Cost Share from **Steps 7.b.3** and **7.b.4**.

6. Determine the total amount of Bonds to be called by rounding the amount summed in **Step 7.b.5** down to the nearest $5,000.

7. Multiply the amount calculated in in **Step 7.b.6** by the call premium for the next available call date.

8. Determine the Reserve Fund Share for the Prepayment Parcel by multiplying the Reserve Fund Requirement times the Benefit Share.

9. Reduce the amount calculated in **Step 7.b.5** by the amount of the Reserve Fund Share in **Step 7.b.6**, provided the Reserve Fund equals the Reserve Fund Requirement after reduction.

10. Determine the Full Prepayment amount by adding to the amount calculated in **Step 7.b.7** any fees, call premiums, and interest to the next Bond call date not covered by Special Taxes already levied, and expenses incurred by the CFD in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of Outstanding Bonds. If the Special Taxes have already been levied, but not collected, the Parcel shall not become a Prepayment Parcel until the owner of the Parcel has paid the Special Taxes included on the current property tax bill in addition to the Prepayment amount.

c. Mandatory Partial Prepayments, when required AFTER the Final Bond Sale, will be calculated as described below. A Mandatory Partial Prepayment may be required subject to the Special Tax revenue test described in **Section 4.d**. The amount of Mandatory Partial Prepayment equals the amount necessary so that the Special Tax that can be levied on a Parcel after a Mandatory Partial Prepayment is made is equal to the Assigned Special Tax or Maximum Annual Special Tax that could have been levied before the Prepayment. When required, the Mandatory Partial Prepayment for each Parcel will be calculated as follows (See **Table 3** for a sample Mandatory Partial Prepayment):

1. Calculate the revenue generated by all Taxable Parcels using 100-percent of the Assigned Special Tax in any Fiscal Year, including the Assigned Special Tax for Final Map Parcels included in the Subdivision.

2. Determine the 100-percent level of the Assigned Special Tax revenue in any Fiscal Year provided by the Final Subdivision Map, assuming that all Final Map Parcels have a Building Permit for a Single-Family Parcel of less than 2,601 Building Square Footage.

3. Determine the Total Assigned Special Tax Revenue shortfall by taking the Total Assigned Special Tax Revenue for all Taxable Parcels less the amounts calculated in **Step 7.c.1** and **Step 7.c.2**.

4. Divide the Maximum Annual Special Tax shortfall by the Total Assigned Special Tax Revenue to determine the Benefit Share.

5. Multiply the total Outstanding Bonds by the Benefit Share to determine the Mandatory Partial Prepayment for the Parcel.

6. Determine the total amount of Bonds to be called by rounding the Mandatory Partial Prepayment down to the nearest $5,000.

7. Determine the Reserve Fund Share for the Prepayment Parcel by multiplying the Reserve Fund Requirement times the Benefit Share

8. Reduce the amount calculated in **Step 7.c.6** by the amount of the Reserve Fund Share in **Step 7.c.7**, provided the Reserve Fund equals or exceeds the Reserve Fund Requirement after reduction.

9. Add to the amount in **Step 7.c.8** any fees, call premiums, and interest to the next Bond call date not covered by Special Taxes already levied, and expenses incurred by the CFD in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of Outstanding Bonds as described in **Step 7.c.8** above.

8. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

Any taxpayer who feels the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Special Tax. The Administrator then will promptly review the appeal and, if necessary, meet with the applicant. If the Administrator verifies that the tax should be modified or changed, the Special Tax levy will be corrected and, if applicable in any case, a credit or refund will be granted.

Interpretations may be made by the City, without Resolution or Ordinance of the Council, for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

Without Council approval, the Administrator may make minor, non-substantive administrative and technical changes to the provisions of this Exhibit that do not materially affect the rate, method of apportionment, and manner of collection of the Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

9. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, that the Administrator or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

Attachment 1
Curtis Park Village CFD No. 2014-02 (Improvements)
Assigned Special Tax And Maximum Annual Special Tax In Base Year[1]

Tax Category	*No. of Units*	*Assigned Special Tax*[1]	*Maximum Assigned Special Tax Revenue*	*Maximum Annual Special Tax*[1]
Developed Parcels		*per Unit*		*per Unit*
Single-Family Parcels				
Building Square Footage Range				
Greater than 3,100	23	$ 3,600	$ 82,800	$ 3,600
2,601 to 3,100	70	3,200	224,000	3,200
Less than 2,601	106	2,400	254,400	2,820
Lot No. 2 through 75[2]	74	2,400	177,600	2,400
Developed Parcel Subtotals	**273**		**738,800**	
		per Acre		*per Acre*
Other Land Use		**25,040**		**25,040**
		per Acre		*per Acre*
Final Map Parcels		**25,040**		**25,040**
		per Unit		*per Unit*
Lot No. 2 through 75 Final Map Parcels[2]		**2,400**		**2,400**
		per Acre		*per Acre*
Undeveloped Parcels		**25,040**		**25,040**

"att_1"

[1] The Assigned Special Tax and Maximum Annual Special Taxes increase by the Tax Escalation Factor in each Fiscal Year following the Base Year.

[2] These are lot numbers in the initial Final Subdivision Map of the CFD that have been acquired by BlackPine. Final Map of Curtis Park Village 2B & 3, Phase 1, recorded February 18, 2014 in Book 380 of Maps at Page 10.

Table 1
Curtis Park Village CFD No. 2014-02 (Improvements)
Full Prepayment Calculation Before Bond Issuance

Item	*RMA Reference*	*Formula*	*Amount*
Assigned Special Tax	7.a.1	a	$ 3,600.00
Total Assigned Special Tax	7.a.2	b	738,800.00
Benefit Share for the Prepayment Parcel	7.a.2	c = a / b	0.487%
Base Year Anticipated Construction Proceeds	Definition	d	10500000.00
Construction Proceeds Levied Pay-As-You Go	Definition	e	200000.00
Remaining Facilities Costs	Definition	f=d-e	10300000.00
Base Year ENR-CCI	Definition	g	9000.00
ENR-CCI in Example Fiscal year	n/a	h	9500.00
ENR-CCI Adjustment Factor	n/a	i=g/h	105.6%
Adjusted Remaining Facilities Cost	n/a	j=f*i	10,872,222.22
Total Facility Cost Share for Prepayment Parcel	**7.a.3**	**k=c*j**	**52,977.80**
City Costs	**7.a.4**	**j**	**500.00**
Total Prepayment	**n/a**	**l=i+j+k**	**53,477.80**

Table 2
Curtis Park Village CFD No. 2014-02 (Improvements)
Full Prepayment Calculation After Bond Issuance (With Pay-As-You-Go Basis)

Item	***RMA Reference***	***Formula***	***Amount***
Assigned Special Tax	7.b.1	a	$ 3,600.00
Total Assigned Special Tax	7.b.2	b	738,800.00
Benefit Share for the Prepayment Parcel	7.b.2	c = a / b	0.487%
Base Year Anticipated Construction Proceeds	Definition	d	10,500,000.00
Total Bonds Issued	n/a	e	6,000,000.00
Construction Proceeds Levied Pay-As-You Go[1]	Definition	f	200,000.00
Bond Principal Paid	n/a	g	450,000.00
Total Bonds Outstanding [1, 2]	n/a	h=e-g	5,550,000.00
Outstanding Bond Share for Prepayment Parcel	7.b.3	i=c*h	27,043.85
Remaining Facility Costs	Definition	j=d-e-f	4,300,000.00
Base Year ENR-CC/	Definition	k	9000
ENR-CC/ in Example Fiscal year	n/a	l	9500
ENR-CC/ Adjustment Factor	n/a	m=k/l	105.6%
Adjusted Anticipated Remaining Construction Proceeds	n/a	n=j*m	4,538,888.89
Remaining Facility Cost Share for the Prepayment Parcel	7.b.4	o=c*n	22,116.95
Sum of Bond Share and Remaining Facility Cost Share	**7.b.5**	**p=i+o**	**49,160.80**
Bonds called due to prepayment	7.b.6	q= Rounddown(i/5000,0)*5000	25,000.00
Bond Call Premium[3]	**7.b.7**	**r=q*.02**	**500.00**
Reserve Fund Requirement	Definition	s	600,000.00
Less Reserve Fund Share	**7.b.9**	**t=s*c**	**(2,923.66)**
City Costs	**7.b.10**	**u**	**500.00**
Total Prepayment	**7.b.10**	**v=p+r+t+u**	**47,237.14**

1 Example shows payoff in fifth year after two years of pay-go and bonds issued in the second year.
2 Principal Paid assumes $450,000 principal paid in two years.
3 Assumes two percent bond call premium, see the bond documents for the premium to apply at the time of prepayment.
Remaining Facilities Cost calculation needs to net out the Pay-as-you-go levy amounts

Table 3
Curtis Park Village CFD No. 2014-02 (Improvements)
Mandatory Partial Prepayment Calculation After Bond Issuance

Item	*RMA Reference*	*Formula*	*Amount*
Revenue Test			
Revenue provided by Developed Parcels (at Base Year)[1]	7.c.1	a = 74 parcels * $2,400 + 189[*] $2,820	$ 710,580.00
Revenue Generated by Subdivided Parcels (at Base Year)[2]	7.c.2	b = (# of Parcels to be subdivided into)*2,400	24,000.00
Base Year Total Assigned Special Tax Revenue	Definition	c	738,800.00
Maximum Annual Special Tax Shortfall	7.c.3	d = c - a - b	4,220.00
Benefit Share of the Prepayment Parcel	7.c.4	e = d / c	0.57%
Total Bonds Issued	Definition	f	10,500,000.00
Bond Principal Paid	n/a	g	450,000.00
Total Outstanding Bonds[3]	Definition	h = f - g	10,050,000.00
Outstanding Bond Share for Prepayment Parcel	**7.c.5**	**i = e*h**	**57,405.25**
Total Bond Call	7.c.6	j = Rounddown(i / 5000, 2) *5000	55,000.00
Bond Call Premium[4]	**7.c.9**	**k = j * .02**	**1,100.00**
City Costs	**7.c.9**	**l**	**500.00**
Release of Bond Reserve[5]	**7.c.7**	**m = f * .1**	**(5,500.00)**
Total Mandatory Prepayment	**7.c.9**	**n=i+k+l+m**	**53,505.25**

1 Example assumes 263 Developed Parcels Less than 2601 sq. ft.
2 Assumes 1.5 Acre Parcel Subdivided into 10 Single Family Residential Lots Less than 2600 sq. ft.
3 Assumes 450,000 of Principal has been paid in two years.
4 Assumes two percent bond call premium, see the bond documents for the premium to apply at the time of prepayment.
5 Assumes Debt Service Reserve of 10% of Original Principal.
* Pay-go is not included, because as an undeveloped parcel, it does not contribute to pay-go. In this scenario there are two fewer parcels than the current projected build out of 273), and a mandatory prepayment would still be required.

APPENDIX B

APPRAISAL REPORT AND UPDATE APPRAISAL REPORT

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AN APPRAISAL REPORT OF

Curtis Park Village Community Facilities District No. 2014-02
N. side of Sutterville Road, E. of Union Pacific Railroad Tracks
Sacramento, CA 95818

East Bay/Corporate Office
140 Town & Country Drive, Suite F
Danville, CA 94526
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and Consulting
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SMITH & ASSOCIATES

May 8, 2019

Mr. Bill Sinclair
Real Property Agent
City of Sacramento, Department of Public Works
915 "I" Street, 2nd Floor
Sacramento, CA 95814

RE: Curtis Park Village Community Facilities District No. 2014-02
N. side of Sutterville Road, E. of Union Pacific Railroad Tracks
Sacramento, CA 95818

Dear Mr. Sinclair:

This appraisal report for Curtis Park Community Facilities District No. 2014-2 (the "CFD") is written in conformance with the requirements set forth under Standards Rule 2-2(a) of 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. The CFD has been established to create a land-secured funding mechanism for authorized facilities, which may include fees paid for those facilities.

The subject property is generally located along the northern side of Sutterville Road, east of the Union Pacific Railroad Tracks in the City of Sacramento. It represents landholdings within the Crocker Village Tentative Subdivision Map and uses range from vacant land to completed homes. The table below summarizes the properties identified in the CFD.

AREA	OWNERSHIP	APN	DESCRIPTION
Village 1	PDC Const. Co.	013-0010-044 (Portion)	90 Finished Lots **(A)** (Tentative Map, Improvements Complete)
Village 2	PDC Constr. Co.	013-0010-047 (Portion)	109 Paper Lots (Tentative Map)
Village 2B & 3	Blackpine Curtis LLC	013-0420-002..004, 006..013 013-0430-001, 010, 013 013-0430-015..018 013-0440-001, 016	20 Finished Lots (Includes $323,623 in Prepaid Fees)
Village 3	PDC Constr. Co.	013-0010-047 (Portion)	2.3 AC MF Site for 131 Units
Flex Zone Site	PDC Const. Co.	013-0010-046	2.49 AC Flex Zone Site
Finished Homes	Various Owners	013-0420-005 013-0430-003..009, 011, 012 013-0440-002..015, 017..019 013-0450-001..012 013-0460-001..015	54 Homes

(A) Excludes Lot 24 which is outside of the CFD boundaries.

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The table noted above is a consolidated summary for all the properties included in this analysis. It is noted that the analysis excludes the valuation of a 6.24 AC detention facility noted as part of Villages 1 and 2. According to the Scope of Work, the analysis of this facility is presented under separate cover. Some of the properties within the CFD are improved with structures with valuation predicated on Assessed Values.

Furthermore, the collateral identified in the Curtis Park Village Community Facilities District No. 2014-02 includes twelve parcels (APNs 013-0420-001, 013-0420-014, 015, 016, 013-0430-002, 013-0430-014, 013-0430-019, 013-0440-020, 013-0450-013, 026, 013-0460-016, 017) either identified under the ownership of the HOA or intended to be part of the HOA. No value is assigned to these lots.

The purpose of this report is to provide an opinion of market value based on the hypothetical condition that as of the effective date of valuation, the Bonds had just been sold and the properties were encumbered by CFD Bonds supported by Special Taxes as described herein. The market value estimates account for the impact of the lien of the Special Tax securing the Bonds.

The intended use of this appraisal report is for bond underwriting purposes. The client is the City of Sacramento. The intended users are the City of Sacramento and its associated finance team. The appraisal is not intended for any other use or user. No party or parties other than the City of Sacramento and its associated finance team may use or rely on the information, opinions, and conclusions contained in this report.

Based on the analysis described in the attached report, in connection with the Assumptions and Limiting Conditions, and the Hypothetical Conditions, as of February 22, 2019, the effective date of valuation, my opinion of value is as follows.

MARKET VALUE BY OWNERSHIP	DESCRIPTION	OPINION OF VALUE
PDC Construction Co.	Village 1 (90 Finished Lots) Village 2 (109 Paper Lots) 013-0010-046 (2.49 AC Flex Zone Site)	**$30,970,000** **(Bulk Value)**
Blackpine Curtis LLC	20 Finished Lots Includes $323,623 In Prepaid Fees	**$4,810,000** **(Not-Less-Than** **Bulk Value)**
Individual Homes (Various Owners) Based on Greater of Assessed Value Or Purchase Price	54 Homes	**$37,330,000** **(Not-Less-Than** **Aggregate Value)**
TOTALS		**$73,110,000** **(Not-less-Than** **Aggregate Value)**

The value noted above is presented in conjunction with the **Hypothetical Condition** that as of the effective date of valuation, the Bonds had just been sold and the properties were encumbered by CFD Bonds supported by Special Taxes as described herein. The market value estimates account for the impact of the lien of the Special Tax securing the Bonds. It is noted that the value provided for the PDC Construction Co. reflects a bulk value. Furthermore, this element excludes Village 3 (2.3 AC MF Site), as this parcel is exempt from special taxes. Values for the individual villages and land components are contained within the body of this report.

Mr. Bill Sinclair
City of Sacramento
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The following report contains the factual data and reasoning upon which the opinions of value are based. The assumptions and limiting conditions are a vital part of this report. Please feel free to call if there are any questions regarding this assignment.

Respectfully Submitted,

SMITH & ASSOCIATES, INC.

John E. Carrothers, MAI
Certified General Real Estate Appraiser
AG014187, Expiration 04/11/21

SUBJECT PHOTOGRAPHS

Overall View of Subject – Finished Lots

Overall View of Subject – Finished Lots

SUBJECT PHOTOGRAPHS

Overall View of Subject – Finished Lots

View of Finished Lots (Blackpine Curtis LLC) – Homes Under Construction

SUBJECT PHOTOGRAPHS

View along Crocker Road (Near the Estates)

View Along Crocker Road frontage

SUBJECT PHOTOGRAPHS

View of Village 2/Village 3

View of MF Site

SUBJECT PHOTOGRAPHS

View of Flex Zone Parcel

View of Pedestrian Bridge to Light Rail

SUBJECT PHOTOGRAPHS

View of Flex Zone Parcel

View of Homes (Brownstones)

SUBJECT PHOTOGRAPHS

View of Retail Center Under Construction

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SUMMARY OF SALIENT FACTS

Property Type: **Curtis Park Village Community Facilities District No. 2014-02**

Property Address/Location: The subject property is generally located along the northern side of Sutterville Road, east of the Union Pacific Railroad Tracks in the City of Sacramento. All properties are in the City of Sacramento and in Zip Code 95818.

APN/Legal Description: The subject property is multiple properties noted on the following table.

AREA	OWNERSHIP	APN	DESCRIPTION
Village 1	PDC Const. Co.	013-0010-044 (Portion)	90 Finished Lots **(A)** (Tentative Map, Improvements Complete)
Village 2	PDC Constr. Co.	013-0010-047 (Portion)	109 Paper Lots (Tentative Map)
Village 2B & 3	Blackpine Curtis LLC	013-0420-002..004, 006..013 013-0430-001, 010, 013 013-0430-015..018 013-0440-001, 016	20 Finished Lots (Includes $323,623 in Prepaid Fees)
Village 3	PDC Constr. Co.	013-0010-047 (Portion)	2.3 AC MF Site for 131 Units
Flex Zone Site	PDC Const. Co.	013-0010-046	2.49 AC Flex Zone Site7
Finished Homes	Various Owners	013-0420-005 013-0430-003..009, 011, 012 013-0440-002..015, 017..019 013-0450-001..012 013-0460-001..015	54 Homes

(A) Excludes Lot 24 which is outside of the CFD boundaries

Site Description: The subject property includes a variety of land uses from vacant land for single and multi-family development to completed homes. The opinions of market value presented in this report are generally presented on an "As Is" basis. Some of the properties within the CFD are improved with structures with valuation predicated on Assessed Values.

It is noted that the analysis excludes the valuation of a 6.24 AC detention facility noted as part of Villages 1 and 2. According to the Scope of Work, the analysis of this facility is presented under separate cover. Some of the properties within the CFD are improved with structures with valuation predicated on Assessed Values. Furthermore, the collateral identified in the Curtis Park Village Community Facilities District No. 2014-02 includes twelve parcels (APNs 013-0420-001, 013-0420-014, 015, 016, 013-0430-002, 013-0430-014, 013-0430-019, 013-0440-020, 013-0450-013, 026, 013-0460-016, 017) either identified under

SUMMARY OF SALIENT FACTS (Continued)

Site Description (Continued): the ownership of the HOA or intended to be part of the HOA. No value is assigned to these lots. Properties included in this analysis include the following.

APN	LAND AREA (AC)	ZONING	CURRENT USE
013-0010-044	22.29	R-1A-PUD	Vacant Land W/Site Improvements
013-0010-046	2.49	R-4A-PUD	Vacant Flex Zone Land
013-0010-047	18.59	R-1A/R-4A-PUD	Vacant Land for SF Lots
013-0420-001	0.12	R-1A-PUD	Common Area
013-0420-002	0.10	R-1A-PUD	Finished Lot
013-0420-003	0.10	R-1A-PUD	Finished Lot
013-0420-004	0.11	R-1A-PUD	Finished Lot
013-0420-005	0.11	R-1A-PUD	Completed Home (Sold 12/18)
013-0420-006	0.11	R-1A-PUD	Finished Lot
013-0420-007	0.09	R-1A-PUD	Finished Lot
013-0420-008	0.09	R-1A-PUD	Finished Lot
013-0420-009	0.09	R-1A-PUD	Finished Lot
013-0420-010	0.09	R-1A-PUD	Finished Lot
013-0420-011	0.09	R-1A-PUD	Finished Lot
013-0420-012	0.09	R-1A-PUD	Finished Lot
013-0420-013	0.09	R-1A-PUD	Finished Lot
013-0420-014	0.08	R-1A-PUD	Common Area
013-0420-015	0.0034	R-1A-PUD	Common Area
013-0420-016	0.18	R-1A-PUD	HOA Lot
013-0430-001	0.09	R-1A-PUD	Finished Lot
013-0430-002	0.05	R-1A-PUD	HOA Lot
013-0430-003	0.10	R-1A-PUD	Completed Home (Sold 7/17)
013-0430-004	0.09	R-1A-PUD	Completed Home (Resold 6/18)
013-0430-005	0.09	R-1A-PUD	Completed Home (Sold 3/17)
013-0430-006	0.09	R-1A-PUD	Completed Home (Resold 1/18)
013-0430-007	0.09	R-1A-PUD	Completed Home (Sold 11/16)
013-0430-008	0.09	R-1A-PUD	Completed Home (Sold 3/17)
013-0430-009	0.09	R-1A-PUD	Completed Home (Sold 9/16)
013-0430-010	0.09	R-1A-PUD	Finished Lot
013-0430-011	0.09	R-1A-PUD	Completed Home (Sold 11/17)
013-0430-012	0.10	R-1A-PUD	Completed Home (Sold 8/17)
013-0430-013	0.09	R-1A-PUD	Finished Lot
013-0430-014	0.07	R-1A-PUD	HOA Lot
013-0430-015	0.10	R-1A-PUD	Finished Lot
013-0430-016	0.08	R-1A-PUD	Finished Lot
013-0430-017	0.08	R-1A-PUD	Finished Lot
013-0430-018	0.08	R-1A-PUD	Finished Lot
013-0430-019	0.41	R-1A-PUD	HOA Lot
013-0440-001	0.08	R-2B-PUD	Finished Lot
013-0440-002	0.06	R-2B-PUD	Completed Home (Sold 2/18)
013-0440-003	0.06	R-2B-PUD	Completed Home (Sold 1/18)
013-0440-004	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0440-005	0.06	R-2B-PUD	Completed Home (Sold 2/18)
013-0440-006	0.06	R-2B-PUD	Completed Home (Sold 2/18)

APN	LAND AREA (AC)	ZONING	CURRENT USE
013-0440-007	0.06	R-2B-PUD	Completed Home (Sold 2/19)
013-0440-008	0.06	R-2B-PUD	Completed Home (Sold 3/18)
013-0440-009	0.06	R-2B-PUD	Completed Home (Sold 8/18)
013-0440-010	0.06	R-2B-PUD	Completed Home (Sold 9/18)
013-0440-011	0.06	R-2B-PUD	Completed Home (Sold 6/18)
013-0440-012	0.06	R-2B-PUD	Completed Home (Sold 10/18)
013-0440-013	0.06	R-2B-PUD	Completed Home (Sold 6/18)
013-0440-014	0.06	R-2B-PUD	Completed Home (Sold 1/19)
013-0440-015	0.06	R-2B-PUD	Completed Home (Sold 7/18)
013-0440-016	0.06	R-2B-PUD	Finished Lot
013-0440-017	0.06	R-2B-PUD	Completed Home (Sold 8/18)
013-0440-018	0.06	R-2B-PUD	Completed Home (Sold 9/18)
013-0440-019	0.09	R-2B-PUD	Completed Home (Sold 8/18)
013-0440-020	0.35	R-2B-PUD	HOA Lot
013-0450-001	0.08	R-2B-PUD	Completed Home (Sold 12/17)
013-0450-002	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0450-003	0.06	R-2B-PUD	Completed Home (Sold 3/18)
013-0450-004	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0450-005	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0450-006	0.06	R-2B-PUD	Completed Home (Sold 12/17)
013-0450-007	0.06	R-2B-PUD	Completed Home (Sold 6/17)
013-0450-008	0.06	R-2B-PUD	Completed Home (Sold 5/17)
013-0450-009	0.06	R-2B-PUD	Completed Home (Sold 6/17)
013-0450-010	0.06	R-2B-PUD	Completed Home (Resold 12/18)
013-0450-011	0.06	R-2B-PUD	Completed Home (Sold 5/17)
013-0450-012	0.06	R-2B-PUD	Completed Home (Sold7/17)
013-0450-013	0.15	R-2B-PUD	HOA Lot
013-0450-026	0.26	R-2B-PUD	HOA Lot
013-0460-001	0.06	R-2B-PUD	Completed Home (Sold 6/16)
013-0460-002	0.06	R-2B-PUD	Completed Home (Sold 10/16)
013-0460-003	0.06	R-2B-PUD	Completed Home (Sold 9/15)
013-0460-004	0.06	R-2B-PUD	Completed Home (Sold 5/16)
013-0460-005	0.06	R-2B-PUD	Completed Home (Sold 10/15)
013-0460-006	0.06	R-2B-PUD	Completed Home (Sold 7/16)
013-0460-007	0.06	R-2B-PUD	Completed Home (Sold 12/15)
013-0460-008	0.06	R-2B-PUD	Completed Home (Sold 8/15)
013-0460-009	0.06	R-2B-PUD	Completed Home (Sold 6/15)
013-0460-010	0.06	R-2B-PUD	Completed Home (Sold 6/15)
013-0460-011	0.06	R-2B-PUD	Completed Home (Sold 3/17)
013-0460-012	0.06	R-2B-PUD	Completed Home (Sold 3/17)
013-0460-013	0.06	R-2B-PUD	Completed Home (Resold 5/17)
013-0460-014	0.06	R-2B-PUD	Completed Home (Sold 9/16)
013-0460-015	0.06	R-2B-PUD	Completed Home (Sold 11/15)
013-0460-016	0.11	R-2B-PUD	Common Area
013-0460-017	0.32	R-2B-PUD	HOA Lot

Flood Zone: According to the Federal Emergency Management Agency Flood Insurance Rate Maps (FIRM), Community-Panel Numbers 06067C-0190H, with an effective date of August 16, 2012, the subject property identified in Zone X. Portions of the site are in areas determined to be outside the 0.2% annual chance flood plain while others are in areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile, and areas protected by levees from 1% annual chance flood. Flood insurance is not required.

SUMMARY OF SALIENT FACTS (Continued)

Unusual Seismic Hazards: Special Publication 42 (Interim Revision 2007), Fault Rupture Hazard Zones in California, prepared by the California Department of Conservation, California Geological Survey, describes active faults and fault zones pursuant to the Alquist-Priolo Earthquake Fault Zoning Act. According to Special Publication 42, the subject property is not within or near an Alquist-Priolo special study zone.

Highest and Best Use: The legally permissible uses of the subject are limited to the land uses as currently approved (single-family and multi-family residential). The Highest and best use is for near-term single family residential development (production homes). The highest and best use for the Flex Zone parcel is for retail use.

Effective Date(s) of Valuation: February 22, 2019

VALUE CONCLUSION(s)

MARKET VALUE BY OWNERSHIP	DESCRIPTION	OPINION OF VALUE
PDC Construction Co.	Village 1 (90 Finished Lots) Village 2 (109 Paper Lots) 013-0010-046 (2.49 AC Flex Zone Site)	**$30,970,000 (Bulk Value)**
Blackpine Curtis LLC	20 Finished Lots Includes $323,623 In Prepaid Fees	**$4,810,000 (Not-Less-Than Bulk Value)**
Individual Homes (Various Owners) Based on Greater of Assessed Value Or Purchase Price	54 Homes	**$37,330,000 (Not-Less-Than Aggregate Value)**
TOTALS		**$73,110,000 (Not-less-Than Aggregate Value)**

The value noted above is presented in conjunction with the **Hypothetical Condition** that as of the effective date of valuation, the Bonds had just been sold and the properties were encumbered by CFD Bonds supported by Special Taxes as described herein. The market value estimates account for the impact of the lien of the Special Tax securing the Bonds. It is noted that the value provided for the PDC Construction Co. reflects a bulk value. Furthermore, this element excludes Village 3 (2.3 AC MF Site), as this parcel is exempt from special taxes. Values for the individual villages and land components are contained within the body of this report.

EXTRAORDINARY ASSUMPTIONS

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. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis. Extraordinary Assumptions specific to this assignment include the following.

1. According to the City of Sacramento, the master developer (PDC) will receive reimbursement from Curtis Park Village Community Facilities District No. 2014-02 Bond Proceeds in the amount not to exceed $13.0 million related to infrastructure costs. A list of authorized facilities is included in the addenda of this report. According to the City of Sacramento, bonding capacity is limited to a 3:1 value-to-lien on the aggregate of the value of the District, by ownership. Based on the opinions of value presented in this Appraisal Report, there is sufficient value to accommodate this bond district.

2. The Curtis Park Court Senior Apartments (APN 013-0010-045) was originally identified as part of the collateral in Curtis Park Village Community Facilities District No. 2014-02. However, this project offers subsidized rents for seniors and property taxes are exempt. In addition, the covenant for the requirement of affordable rents is in excess of 25 years and was the opinion of City of Sacramento Staff to exclude this parcel from the valuation of this assignment.

3. As part of the collateral identified in the Curtis Park Village Community Facilities District No. 2014-02 there are twelve parcels (APNs 013-0420-001, 013-0420-014, 015, 016, 013-0430-002, 013-0430-014, 013-0430-019, 013-0440-020, 013-0450-013, 026, 013-0460-016, 017) either identified under the ownership of the HOA or intended to be part of the HOA. No value is assigned to these lots.

4. Portions of the collateral identified as finished lots for Blackpine Curtis LLC were being developed with homes. As part of the valuation of this project no values are applied for the partial completion of homes, rather consideration is applied to the fees paid to date. Based on this element and the observed condition of these properties, the underlying value reflects a not-less-than opinion of value.

5. Two of the subject parcels identified in this analysis include delinquent taxes and/or utility liens. The opinions of value assume marketable title with no liens or delinquent taxes. It is assumed that these elements are paid by the seller.

HYPOTHETICAL CONDITIONS

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 the analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions or trends; or about the integrity of data used in an analysis. Hypothetical Conditions specific to this assignment include the following.

1. The opinion of market value as of the effective date of valuation is based on the hypothetical condition that Bonds for Curtis Park Village Community Facilities District (CFD) No 2014-02 had just been sold and the properties were encumbered by CFD Bonds supported by Special Taxes as descried herein. The value estimate concluded in this report are presented based on the hypothetical condition that all improved properties are available for development to their highest and best use. The opinion of market value accounts for the impact of the lien of the Special Tax securing the bond. This value is reported including the MF Component as this project area was not subdivided as of the effective date of valuation as it reflects a portion of APN 013-0010-047. As this parcel is exempt from the special taxes of the CFD, the opinion of value reported for this ownership is also presented excluding this parcel, which is predicated on the hypothetical condition that the property is subdivided into the individual villages as described in this report. This concluded value is reported for the PDC Construction Co. in this report.

It is clearly noted that the use of Extraordinary Assumptions and Hypothetical Conditions might affect the assignment results. If a prospective value is identified for this assignment, the appraiser is not responsible for the unforeseeable events that alter market conditions (that occur subsequent to the date of the preparation of the appraisal report but) prior to the effective date of the appraisal (expressed as a prospective date).

PART 1 – INTRODUCTION

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property reflects a portion of the Crocker Village Tentative map which is proposed for inclusion within the Curtis Park Village Community Facilities District No. 2014-02. Note, area depicts general boundaries and excludes Crocker Road.

The aerial noted above is an older depiction of the subject property in that construction is completed for some single-family residential homes.

Project History

The city council approved the Curtis Park Village project on September 28, 2010. As part of the project approval, the city council certified the Curtis Park Village EIR (Resolution No 2010-174) on April 1, 2010, and adopted CEQA Findings of Fact, Mitigation Monitoring Program (MMP), and a Statement of Overriding Considerations on September 28, 2010 (Resolution 2010-572). The project approval established a planned unit development (PUD) covering the entire project site. These elements were modified in 2015 and are summarized as follows.

The Crocker Village Project is a 51.31 acre piece of the overall original Crocker Village Tentative Map which included subdividing approximately 51.31 acres into 218 lots, including 200 single-unit dwellings, a lot for 131 multi-unit dwellings, 11.6 acres for commercial use, a 6.6 acre joint use park/detention basin lot, and additional lots for open space, walkways, private drives, and emergency vehicle access in the Single-Unit Dwelling (R-1A PUD), Multi-Unit Dwelling (R-4A PUD), and Shopping Center (SC-PUD) zones and located in the Curtis Park Village Planned Unit Development (PUD). Further modifications are summarized below:

- Removing of the northern detention basin;
- Adding Road A;
- Reconfiguring the Park/Detention Basin facility;
- Providing single-family dwellings at the park's southern boundary;
- Replacing a portion of the area previously designated for multi-family development with single-unit dwellings;
- Updating the tentative map to reflect the previously approved senior housing complex; and
- Subdividing the southern commercial area into two lots.

It is noted that the previous changes to the Curtis Park Village EIR was proposed (P14-036), the project included the development of a fuel center with an associated retail kiosk in the southern commercial area of the Curtis Park Village Site. However, the fuel island was not approved and the master developer for the project filed a lawsuit to declare the city's action illegal. In January 2018, a judge ruled that the City of Sacramento rescind its permit denial and hold a new hearing on the matter. Later it was identified that the City of Sacramento will appeal the decision by the judge. As of the effective date of valuation, no decision was made regarding the certainty of the fueling operation.

Ultimately, the retail center is proposed for construction of a larger center with anchored space and shop buildings. As of the effective date of valuation, the retail project was under construction with initial delivery scheduled for March 2019. The initial phase includes the construction of 133,710 square feet according to the rent-roll provided by the developer. There is also three shop space buildings identified for this project, ranging in size from 7,700 to 12,600 square feet. Overall, there is 32,300 square feet of shop space proposed for this project. Safeway is scheduled to open in March 2019 along with Jr. anchors and retail tenants on the pads and shop space. According to the developer, other larger tenants in this project include LA Fitness, Pet Supplies Plus, as well as smaller pad and shop space uses such as Peets Coffee, Ramen Burger, Panda Express, etc. The second phase of this center is proposed for delivery by December 2019. This information was provided from the developer and has not been independently confirmed.

Overall, the retail project is proposed for construction of 166,010 square feet and according to the schedules provided for review in preparation of this assignment, 91.2% of the space is pre-leased. Overall, limited information was provided for this facility from the developer.

In addition, this project reached the maximum number of permits issued prior to the Highway 99/12th Avenue off-ramp mitigation measure. The developer of this project has a performance bond issued from Cal-Trans dated 3/15/2018 (Bond #106871729). With issuance of the performance bond for the SB 99 Off-ramp, additional building permits may be issued through the normal building plan check protocol, but certificates of occupancy or final inspection, as appropriate, for those new buildings (i.e. building with permits issued after the performance bond was in place) cannot be issued or completed until interchange improvements are complete.

As of the effective date of valuation, these improvements are nearly completed with anticipated completion dates by the end of February 2019, subject to weather constraints. With the completion of this off-site obligation, certificates of occupancy can be issued and development of the proposed uses can occur. Completion of this interchange is eminent and not anticipated to interrupt of impede the absorption of the subject's land use.

This property includes a variety of land uses from vacant land for single and multi-family development, retail uses, and completed homes.

SCOPE OF WORK

This appraisal report is prepared in conjunction with the 2018-2019 Uniform Standards of Professional Appraisal Practice as well as the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004). Elements inherent with this process include the following.

1. Review of all documents provided to determine the purpose, intended use and intended user of the appraisal report. Identify the appraisal problem and appropriate approaches to value necessary to provide credible results.

2. Complete a physical inspection of each of the properties from an exterior basis.

3. Research of the neighborhood, city and county factors was based on neighborhood analysis, information from local government sources, and data sources utilized by Smith & Associates, Inc. Through the research of this element along with meetings with city officials, the properties can be accurately described, and a market analysis conducted for each property type. This includes review of preliminary title reports for the PDC and Blackpine Curtis Ownership entities.

4. In developing the approaches to value, market data was used and verified. Data sources included in-house data files, brokers and agents, property owners, and other knowledgeable market participants. Further data is generated from the City of Sacramento as to the debt for all existing properties in the analysis.

5. Review and analyze all pertinent data to determine the subject's highest and best use. Steps 1-4 noted above were considered with particular emphasis placed on current market conditions and trends.

6. Assemble and analyze the data outlined above and opinions of value formulated. The sales comparison approach to value will be utilized to develop the individual value or retail value of all of the parcels identified for review. This revenue source will be utilized in conjunction with the Income Capitalization Approach (through Discounted Cash Flow Analysis), along with other agents of production in deriving the market value "As Is", or the bulk sale value.

7. Review the report for content and compliance with 2018-2019 USPAP, California Debt and Investment Advisory Commission (2004) and client requirements.

8. Preparation of an appraisal report with information presented to the client that is adequate to allow for an understanding of the appraisal process and the opinion of value. The depth of discussion contained in this report is specific to the needs of the client and for the intended use.

PROPERTY RIGHTS APPRAISED

The property rights appraised reflect the Fee Simple Interest. A definition of the individual property rights appraised is included in the Glossary contained in the addenda of this appraisal report.

PURPOSE, INTENDED USE, AND INTENDED USER OF THE APPRAISAL

The opinions of market value presented in this report are generally presented on an "As Is" basis. Some of the properties within the CFD are improved with structures with valuation predicated on Assessed Values. The table identified below summarizes the properties included in this assignment and allocated by ownership.

MARKET VALUE BY OWNERSHIP	DESCRIPTION
PDC Construction Co.	Village 1 (90 Finished Lots) Village 2 (109 Paper Lots) Village 3 (2.3 AC MF Site) 013-0010-046 (2.49 AC Flex Zone Site)
Blackpine Curtis LLC	20 Finished Lots Includes $323,623 In Prepaid Fees
Individual Homes (Various Owners) Based on Greater of Assessed Value Purchase Price	54 Homes

The purpose of this report is to provide an opinion of market value under the scenarios identified above. Values for each ownership reflect a bulk value, whereas the value identified for the completed homes is indicative of the aggregate value.

The market value estimates herein are based on a hypothetical condition. As of the effective date of valuation, the bonds had not been sold. The market value is based on the hypothetical condition that as of the effective date of valuation, the Bonds had just been sold and the properties were encumbered by CFD Bonds supported by special taxes. The market value estimates account for the impact of the lien of the Special Tax securing the Bonds.

The intended use of this appraisal report is for bond underwriting purposes. The client is the City of Sacramento. The intended users are the City of Sacramento and its associated finance team. The appraisal is not intended for any other use or user. No party or parties other than the City of Sacramento and its associated finance team may use or rely on the information, opinions, and conclusions contained in this report.

Two definitions cited in the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004) is illustrated below as they are pertinent in the analysis of this property.

> **Retail Value** is defined as the price an end user, namely a homeowner or business owner, would pay for a home or completed buildings under the conditions requisite to a fair sale.
>
> **Bulk Sale Value** is the most probable price, in a competitive market, for the sale of all parcels with a tract or development project, to a single purchaser or to multiple buyers, discounted to present value. The bulk sale value reflects the necessary time to sell the land (the absorption period), the cost of developing the land, and the developer's profit from the project.

DEFINITION OF MARKET VALUE

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States.

The most probable price that 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 knowledgably, 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:

a. Buyer and seller are typically motivated;
b. Both parties are well informed or well advised, and acting in what they consider their best interests;
c. A reasonable time is allowed for exposure in the open market;
d. Payment is made in terms of cash in U.S. dollars or financial arrangements comparable thereto; and
e. The price reflects the normal consideration by the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(12 C.F.R. Part 34.42(g); 55 Federal Register 54696, August 24, 1990, as amended at 57 Federal Register 12201, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

OWNERSHIP AND HISTORY OF THE PROPERTY

The subject property is currently vested in multiple ownerships. These elements are identified in the following tables along with transfers of ownership noted over the past three years.

APN	LAND AREA (AC)	OWNERSHIP	TRANSFERS PAST 3 YEARS
013-0010-044	22.29	PDC Construction Co.	None Noted
013-0010-046	2.49	PDC Construction Co.	None Noted
013-0010-047	18.59	PDC Construction Co.	None Noted
013-0420-001	0.12	PDC Construction Co.	None Noted
013-0420-002	0.10	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-003	0.10	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-004	0.11	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-005	0.11	Steven Harris	12/31/2018 - $807,500 - Home Sale
013-0420-006	0.11	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-007	0.09	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-008	0.09	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-009	0.09	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-010	0.09	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-011	0.09	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-012	0.09	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-013	0.09	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0420-014	0.08	PDC Construction Co.	None Noted
013-0420-015	0.0034	PDC Construction Co.	None Noted
013-0420-016	0.18	Curtis Park Village Commnity Assoc.	7/2015 - Non Arms length
013-0430-001	0.09	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0430-002	0.05	Curtis Park Village Commnity Assoc.	7/2015 - Non Arms length
013-0430-003	0.10	Angelynn Shaw	7/11/2017 - $711,000 - Home Sale
013-0430-004	0.09	Nicole Smith	6/29/2018 - $770,000 - Home Sale
013-0430-005	0.09	Pritika Gupta	3/4/2017 - $685,500 - Home Sale
013-0430-006	0.09	Bond Family Trust	1/17/2018 - $752,500 - Home Sale
013-0430-007	0.09	Shannon Baker, et al	11/29/2016 - $765,000 - Home Sale
013-0430-008	0.09	Adam & Brittany Green	3/3/2017 - $674,500 - Home Sale
013-0430-009	0.09	Hong Bai & Bo Li	9/9/2016 - $651,000 - Home Sale
013-0430-010	0.09	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0430-011	0.09	Kevin Miller	11/15/2017 - $770,000 - Home Sale
013-0430-012	0.10	David Ferazza	8/8/2017 - $866,000 - Home Sale
013-0430-013	0.09	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0430-014	0.07	Curtis Park Village Commnity Assoc.	7/2015 - Non Arms length
013-0430-015	0.10	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0430-016	0.08	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0430-017	0.08	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0430-018	0.08	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0430-019	0.41	Curtis Park Village Commnity Assoc.	7/2015 - Non Arms length
013-0440-001	0.08	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0440-002	0.06	MGD Kleary TR	2/21/2018 - $656,000 - Home Sale
013-0440-003	0.06	Robert Gobrecht	1/29/2018 - $718,500 - Home Sale
013-0440-004	0.06	William Knight	4/26/18 - $806,000 - Home Sale
013-0440-005	0.06	Douglas Palmer	2/2/2018 - $633,500 - Home Sale
013-0440-006	0.06	Brian Gustafson	2/27/2018 - $659,500 - Home Sale

APN	LAND AREA (AC)	OWNERSHIP	TRANSFERS PAST 3 YEARS
013-0440-007	0.06	Solmaz Marzooghi	2/14/2019 - $657,500 - Home Sale
013-0440-008	0.06	Travis Okamoto	3/27/2018 - $702,500 - Home Sale
013-0440-009	0.06	John Elmasian	8/3/2018 - $699,500 - Home Sale
013-0440-010	0.06	Danica Fisher	9/4/2018 - $689,000 - Home Sale
013-0440-011	0.06	Christopher Whitney	6/11/2018 - $729,500 - Home Sale
013-0440-012	0.06	Yulian Ligioso	10/29/2018 - $692,000 - Home Sale
013-0440-013	0.06	Louis Lane Jr.	6/26/2018 - $775,000 - Home Sale
013-0440-014	0.06	Robert Shields	1/29/2019 - $650,000 - Home Sale
013-0440-015	0.06	Lee McKenna	7/12/2018 - $697,500 - Home Sale
013-0440-016	0.06	Blackpine Curtis LLC	2/2014 - Bulk Sale
013-0440-017	0.06	Charles Benson	8/22/2018 - $683,500 - Home Sale
013-0440-018	0.06	William Lorber	9/17/2018 - $781,500 - Home Sale
013-0440-019	0.09	Payam Saadal	8/16/2018 - $720,000 - Home Sale
013-0440-020	0.35	Blackpine Curtis LLC	2/2014 - Bulk Sale - HOA Lot
013-0450-001	0.08	Winn Family Trust	12/29/2017 - $623,000 - Home Sale
013-0450-002	0.06	Kathy Chen	4/11/2018 - $686,000 - Home Sale
013-0450-003	0.06	Jason Nunez	3/16/2018 - $698,500 - Home Sale
013-0450-004	0.06	Kathleen Hunter	4/17/2018 - $650,500 - Home Sale
013-0450-005	0.06	Lai F. Hui	4/23/2018 - $682,000 - Home Sale
013-0450-006	0.06	Jill Julian	12/28/2017 - $637,500 - Home Sale
013-0450-007	0.06	Roosevelt Whisenant	6/20/2017 - $610,500 - Home Sale
013-0450-008	0.06	Martinia Dickerson	5/24/2017 - $636,000 - Home Sale
013-0450-009	0.06	Helen Weinrit	6/23/2017 - $653,500 - Home Sale
013-0450-010	0.06	Deborah Leckband	12/28/2018 - $690,000 - Home Sale
013-0450-011	0.06	Rick J. Heyer	5/10/2017 - $650,000 - Home Sale
013-0450-012	0.06	Roy & Cheryl Copeland	7/7/2017 - $591,000 - Home Sale
013-0450-013	0.15	Curtis Park Village Commnity Assoc.	7/2015 - Non Arms length
013-0450-026	0.26	Curtis Park Village Commnity Assoc.	7/2015 - Non Arms length
013-0460-001	0.06	Daniel Jose Morris	6/15/2016 - $560,000 - Home Sale
013-0460-002	0.06	Allen Folks, et al	10/20/2016 - $735,000 - Home Sale
013-0460-003	0.06	Honey L. Walters	9/16/2015 - $785,000 - Home Sale
013-0460-004	0.06	Alex and Kimberly Ceroni	5/26/2016 - $576,500 - Home Sale
013-0460-005	0.06	Arik Armstead	10/8/2015 - $755,500 - Home Sale
013-0460-006	0.06	Debra L. Stevenson	7/19/2016 - $601,500 - Home Sale
013-0460-007	0.06	Timithy Marshall	12/7/2015 - $576,500 - Home Sale
013-0460-008	0.06	Abolfazi & Mehrangiz Sarkeshik FT	8/13/2015 - $649,000 - Home Sale
013-0460-009	0.06	Andrew J. Kayz	6/23/2015 - $749,000 - Home Sale
013-0460-010	0.06	John Thomas Headlee	6/19/2015 - $719,000 - Home Sale
013-0460-011	0.06	Jamey & Erin Matalka	3/15/2017 - $535,500 - Home Sale
013-0460-012	0.06	Zachara Leary, et al	3/21/2017 - $594,000 - Home Sale
013-0460-013	0.06	Leonard Crews	5/27/2017 - $579,500 - Home Sale
013-0460-014	0.06	Ariel Agustin	9/30/2016 - $576,000 - Home Sale
013-0460-015	0.06	Alberto Martinez	11/25/2015 - $560,000 - Home Sale
013-0460-016	0.11	PDC Construction Co.	None Noted
013-0460-017	0.32	Curtis Park Village Commnity Assoc.	7/2015 - Non Arms length

The majority of transactions for this project over the past three years are home sales in the project. References to the purchase price are based on the recorded price in accordance with Sacramento County public records.

The project was originally a former railyard and remediation efforts were in place prior to the sales of homes. This was a lengthy process from the time of the certified EIR in 2010 to the modified PUD approved in 2015. Concurrently, Blackpine Curtis LLC originally brought homes to market in 2014/2015 and sales were slow in the initial stages of development. Market conditions were still coming out of a recessionary period, uncertainty of former railyard project, and the status of the retail center were primary causes. As home sales gained momentum, acceptance of the project (in terms of home sales) occurred. Currently, Blackpine Curtis LLC has 20 remaining lots in their projects. This includes 13 lots pre-sold which have started construction.

In addition, the residential lots owned by PDC Construction Company were reported by the developer to not be exposed to the market (As of Mid-December 2018). It was identified that these lots would be put back on the market, at completion of site improvements at an unconfirmed price of $45,000,000 through Steve Riley with LandAdvisors. The opinions of value demonstrated in this report reflect an aggregate value of $43,695,000 and are approximately 2.9% below this price. This was all of the information provided by the developer. However, according to a press release from Blackpine Communities on January 23, 2019 it was noted that Blackpine Communities will be the builder of these lots on a fee basis. The developer provided an unsigned Memorandum of Understanding for these lots.

PART 2 – LOCATION AND PROPERTY DESCRIPTIONS

REGIONAL DESCRIPTION

The Sacramento region is comprised of four counties, which include Sacramento, El Dorado, Placer and Yolo Counties. The region encompasses approximately 5,361 square miles from the Sacramento River Delta to the Sierra Nevada Mountain Range. At the center of this region is the City and County of Sacramento that includes approximately 1,105 square miles near the middle of the 400-mile long central valley. The region is the north-central part of California, approximately 382 miles north of Los Angeles, 273 miles south of the Oregon border, and 85 miles northeast of San Francisco.

Geography, Climate, & Seismic Conditions

The topography of the region ranges from relatively flat land along the valley floor to steep mountain terrain. Elevations range from 15 feet below sea level near the Sacramento/San Joaquin River Delta to 10,000 feet above sea level at the summit of the Sierra Nevada Mountains. The American River and the Sacramento River are the two major waterways in the region. The American River flows from the east and travels west along the southern portion of the Sacramento Metropolitan Statistical Area (MSA) and joins the Sacramento River just north of Old Sacramento. The Sacramento River flows from the north and heads south along the west side of the area and marks the western boundary of the region.

The climate of Sacramento is warm and dry in the summer with an average daytime temperature of 91°, and a cool 58° at night. During winter months, temperatures range from 36° to 61°. Due to the Sierra Nevada Mountains, the region has adequate water supply during summer months and is shielded from snowstorms in the winter. During the rainy season, November through April, an accumulation of 17 to 18 inches is the norm. Besides the relatively mild climate, the area is known for its stable seismic conditions. According to information published by the California Department of Mines and Geology, in accordance with the Alquist-Priolo Special Studies Zone Act of 1972, there are no areas within the Sacramento region identified as a special fault-hazard zone. Unlike the Bay Area and Los Angeles, Sacramento and adjoining cities rank among the lowest in the state for the probability of a major earthquake. This factor has attributed to job growth and expansion into the area.

Transportation

The region's strategic location in Northern California makes it easy to access other Western cities. The metropolitan area includes four major freeways, which converge in Sacramento, including two of the nation's most vital interstate routes. Interstate 5 runs from Canada to Mexico, and Interstate 80 stretches from the Atlantic Ocean in New York City, to the Pacific Ocean in San Francisco. They link up in Sacramento with State Highway 99, which parallels Interstate 5 throughout the length of California, and US Highway 50, which connects the capital with Lake Tahoe, and extends to the east coast.

By rail, intercity commuter rail service is throughout the region, with the hub of freight operations located in Roseville. In 1998, Union Pacific made its western headquarters in Roseville. The Roseville headquarters is among the largest and most modern rail systems in the western United States. Rail service is available near the subject location, however, there are no spurs identified within the immediate vicinity for heavier distribution users.

Sacramento International Airport is served by several commercial airlines. The 30-year-old airport is located just off Interstate 5, about a 15-minute drive northwest of downtown. The total number of passengers has drastically increased since the arrival of Southwest Airlines in 1991 and its discounted fares. Passenger travel peaked in 2007 with 10.7 million passengers, but declined to 8.9 million passengers in 2009. A large construction project occurred at Sacramento International Airport with the modernization of Terminal B. This project broke ground in June 2008 and was completed in 2011. Sacramento County officials reduced the budget to $1.08 billion from $1.3 billion by eliminating plans for a parking garage and hotel. The project includes an automatic train system and a new central terminal building and concourse that will be more than 670,000 square feet, or three times the size of the current Terminal B.

Sacramento is linked to the Pacific Ocean by a 42-mile deep-water ship channel into San Francisco Bay. The inland Port of West Sacramento is located 79 nautical miles northeast of San Francisco, and is centered in one of the richest agricultural and industrial regions in the world.

Population

The Sacramento region experienced growth over the past ten years from 1,806,857 in 2000 to the current 2018 estimate (State of California Department of Finance) of 2,328,702. The following table represents the total population increase in the Sacramento region since the 2000 census, as well as information in the recent 2010 census.

COUNTY	2000 (CENSUS)	2010 (CENSUS)	2017 POPULATION (ESTIMATES)	2018 POPULATION (ESTIMATES)	% CHANGE 2017-2018
Yolo	168,660	200,848	218,673	221,270	1.2%
El Dorado	156,299	181,058	186,223	188,399	1.2%
Placer	248,399	348,432	383,173	389,532	1.7%
Sacramento	1,233,499	1,418,788	1,513,415	1,529,501	1.1%
Total Region	**1,806,857**	**2,149,126**	**2,301,484**	**2,328,702**	**1.2%**
State of California	33,873,086	37,253,956	39,500,973	39,809,693	0.8%

Source: State of California Department of Finance

There is continued population growth in the region, albeit at slower rates than identified in the earlier part of the decade. The region has increased by approximately 179,576 residents since the 2010 census or total growth of 8.4% over this time frame. This is slightly higher than the entire State of California showing a total growth rate of 6.9% over the same period. In addition, population growth was slight for the region over the past year represented by the 1.2% increase noted above the levels identified in the 2017 projections.

Local Economy/Job Formation

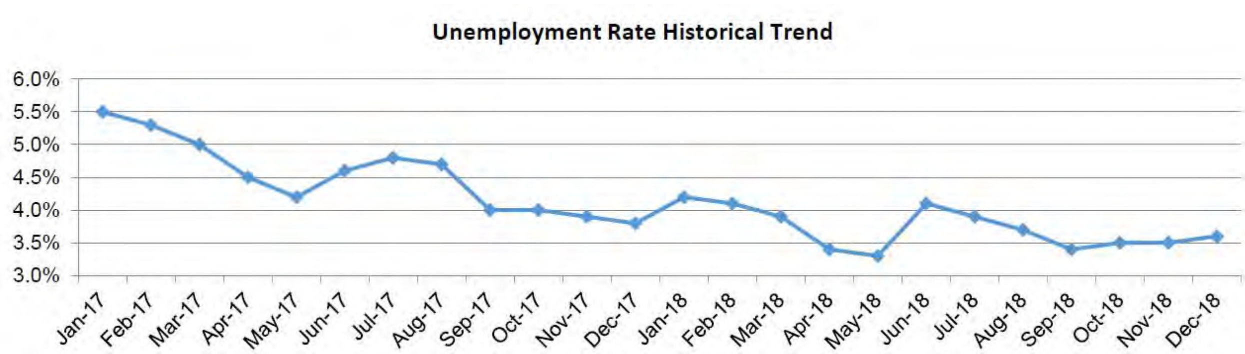
The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 3.6 percent in December 2018, up from a revised 3.5 percent in November 2018, and below the year-ago estimate of 3.8 percent. This compares with an unadjusted unemployment rate of 4.1 percent for California and 3.9 percent for the nation during the same period. The unemployment rate was 3.6 percent in El Dorado County, 3.1 percent in Placer County, 3.7 percent in Sacramento County, and 4.4 percent in Yolo County.

The total labor force for the region is currently identified at 1,106,300 workers, with 1,066,100 currently employed. The following table illustrates historic employment for the entire region since 2000. It is noted that these numbers vary slightly to the previous numbers as they are not seasonally adjusted.

YEAR	LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT	RATE
2018*	1,106,300	1,066,100	40,200	3.6%
2017	1,080,900	1,032,000	48,900	4.5%
2016	1,073,600	1,017,300	56,300	5.2%
2015	1,060,200	998,100	62,100	5.9%
2014	1,050,800	976,100	74,700	7.1%
2013	1,049,100	958,200	90,900	8.7%
2012	1,049,500	941,300	108,200	10.3%
2011	1,045,200	921,300	123,600	11.8%
2010	1,049,800	920,100	129,700	12.4%
2009	1,051,200	937,100	114,200	10.9%
2008	1,045,300	971,000	74,200	7.1%
2007	1,036,200	981,000	55,200	5.3%
2006	1,022,800	974,900	47,900	4.7%
2005	1,012,000	962,600	49,400	4.9%
2004	998,300	943,700	54,700	5.5%
2003	983,700	927,200	56,400	5.7%
2002	965,000	911,900	53,100	5.5%
2001	935,300	893,400	41,900	4.5%
2000	910,000	871,000	39,000	4.3%

Source: State of California Employment Development Department. YTD information through December 2018.

Historic changes in the unemployment rate are depicted on the following chart.



The information above identifies growth in the employment market in the Sacramento region, especially noted over the past year. As of December 2018, the total employment was identified at 1,066,100 jobs, reflecting an increase from the 2017 annualized levels of 1,032,000 jobs, and up from 2016 annualized totals of 1,017,300 jobs. The total employed workers have exceeded peak levels last seen from 2006 to 2007 with total employment from 974,900 to 981,000 workers. Essentially, this element has trended to job growth as all the jobs lost in the past recessionary period have been captured with the highest levels of employment noted as of the effective date of valuation.

Housing

The Sacramento housing market is stable and has been trending upward in the past few years. Recent trends reflect a slowdown in sales with small gains in pricing. Resale home pricing is trending upward along with reduced levels of inventory. The table below shows the median and average home pricing for the four-county region according to Corelogic through December 2018.

AREA ALL HOMES	SALES DEC 2018	MEDIAN PRICE DEC 2018	MEDIAN PRICE DEC 2017	% CHANGE YR-TO-YR
Yolo	149	$447,500	$418,250	7.0%
El Dorado	176	$460,000	$485,000	-5.2%
Placer	622	$485,000	$470,000	3.2%
Sacramento	1,567	$355,000	$340,000	4.4%

December 2018 showed 2,514 sales in the entire region according to Corelogic. Current levels of inventory are stable and pricing is trending upward, albeit at a slower pace. This element has influenced new home building which is surfacing throughout the region. It also has influenced the resale market. The following table shows the total number of homes sold in each county according to Metrolist since 2013. Home prices are shown in terms of median price.

COUNTY	2014	2015	2016	2017	2018	2019 **	ACTIVE	INVENTORY
Sacramento	15,807	17,570	20,069	19,672	19,112	1,239	2,162	1.4 months
Placer	5,766	6,150	6,563	6,573	6,174	399	788	1.5 months
El Dorado	2,548	2,531	2,838	2,909	2,815	179	560	2.4 months
Yolo	1,718	1,680	2,002	1,990	1,757	112	268	1.8 months
Totals	**25,118**	**27,931**	**31,472**	**31,144**	**29,858**	**1,929**	**3,778**	**1.5 months**
COUNTY	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 ****	**ACTIVE**	**2017-18 %**
Sacramento	$265,000	$285,000	$303,000	$329,000	$354,500	$345,000	$399,000	7.8%
Placer	$367,000	$391,250	$419,000	$445,000	$470,000	$465,000	$552,944	5.6%
El Dorado	$365,000	$405,000	$425,000	$457,000	$497,500	$450,000	$582,475	8.9%
Yolo	$325,000	$375,000	$380,000	$409,301	$429,000	$412,800	$482,218	4.8%
MEDIAN SF	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 ****	**ACTIVE**	
Sacramento	1,512	1,517	1,514	1,494	1,523	1,504	1,692	
Placer	1,925	1,951	2,002	1,983	2,000	1,984	2,340	
El Dorado	1,980	2,021	2,025	2,040	2,048	1,888	2,264	
Yolo	1,616	1,642	1,620	1,643	1,590	1,554	1,836	
MEDIAN $/SF	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 ****	**ACTIVE**	**2017-18 %**
Sacramento	$175.26	$187.87	$200.13	$220.21	$232.76	$229.39	$235.82	5.7%
Placer	$190.65	$200.54	$209.29	$224.41	$235.00	$234.38	$236.30	4.7%
El Dorado	$184.34	$190.95	$209.88	$224.02	$242.92	$238.35	$257.28	8.4%
Yolo	$201.11	$228.38	$234.57	$248.97	$269.81	$266.64	$262.65	8.4%

Source: Metrolist, Active and Year-to-date information processed as of February 11, 2019.

The median home price trended upward in 2013 at a minor pace. Pricing is still trending upward noted by information identified through 2018. Year to date pricing is slightly lower than annualized totals for 2017, but is basically one month of information. The most noteworthy statistic noted above is the total inventory. Currently, the four counties are showing a total supply (based on absorption of all available properties) from 1.4 months to 2.4 months. This is predicated on the sales rate for 2018. The overall inventory for the region is 1.5 months reflective of a stable housing market. In addition, median pricing has increased and ranged from 4.8% to 8.9% from the 2017 annualized indicator to that identified in 2018. Trends are slightly lower in terms of the median price per square foot showing gains from 4.7% to 8.4% from the 2017 annualized indicator to pricing levels through the end of 2018. Pricing trends and increases in pricing have slowed in the past three months. While overall trends are positive on an annual basis, price appreciation is slowing as of the effective date of valuation. On an overall basis, the resale market is still positive as of the effective date of valuation, which is positive for new home projects.

With new tax laws in place as of January 1, 2018, the overall impact on the housing market is uncertain as of the effective date of valuation. Data shows modest inventory levels and strong demand, however, this element could change, especially on the higher end homes. Look for 2018/2019 to include higher demand for homes priced in the entry-level and first move-up segments. In addition, interest rates are trending upward. While this element has been expected, the impact on housing markets is yet to be seen. This element could slow appreciation and price gains in both the resale and new home markets.

The average price of a new home ranges from $347,156 (Sutter County) to $677,544 (El Dorado County) in the Sacramento region at the end of the 2018. According to the Gregory Group (New Housing Trends), 4th Quarter 2018, the historic average pricing for the Sacramento region are identified on the following table. It is noted that statistics are based on averages according to the Gregory Group. Individual areas are not reported based on median tendencies.

COUNTY	4Q 2016	4Q 2017	4Q 2018	%Δ 16-18	%Δ 17-18
AVERAGE NEW HOME PRICE					
El Dorado County	$635,618	$649,822	$677,544	6.6%	4.3%
Placer County	$519,126	$519,636	$552,195	6.4%	6.3%
Sacramento County	$444,966	$451,607	$479,632	7.8%	6.2%
Yolo County	$558,428	$596,647	$587,718	5.2%	-1.5%
Sutter County	$434,399	$354,768	$347,156	-20.1%	-2.1%
Yuba County	$311,643	$351,093	$358,750	15.1%	2.2%
REGIONWIDE	**$505,792**	**$515,562**	**$526,456**	**4.1%**	**2.1%**
AVERAGE HOME SIZE (SF)					
El Dorado County	3,143	3,101	3,014	-4.1%	-2.8%
Placer County	2,737	2,606	2,570	-6.1%	-1.4%
Sacramento County	2,221	2,166	2,196	-1.1%	1.4%
Yolo County	2,357	2,237	2,251	-4.5%	0.6%
Sutter County	2,733	2,362	2,279	-16.6%	-3.5%
Yuba County	2,122	2,249	2,076	-2.2%	-7.7%
REGIONWIDE	**2,554**	**2,486**	**2,394**	**-6.3%**	**-3.7%**
AVERAGE $/SF					
El Dorado County	$202.23	$209.55	$224.80	11.2%	7.3%
Placer County	$189.67	$199.40	$214.86	13.3%	7.8%
Sacramento County	$200.34	$208.50	$218.41	9.0%	4.8%
Yolo County	$236.92	$266.72	$261.09	10.2%	-2.1%
Sutter County	$158.95	$150.20	$152.33	-4.2%	1.4%
Yuba County	$146.86	$156.11	$172.81	17.7%	10.7%
REGIONWIDE	**$195.04**	**$205.61**	**$219.91**	**12.8%**	**7.0%**
# OF PROJECTS					
El Dorado County	23	22	16	N/A	N/A
Placer County	55	56	47	N/A	N/A
Sacramento County	69	64	87	N/A	N/A
Yolo County	11	13	15	N/A	N/A
Sutter County	1	2	3	N/A	N/A
Yuba County	3	3	6	N/A	N/A
REGIONWIDE	**162**	**160**	**174**	**N/A**	**N/A**

Pricing, average size, and price per square foot changes from 2016 to 2018 (4th Quarter), as well as changes over the past year are identified on the table above. This information shows that pricing has increased in the entire region by 4.1% since the 4th quarter of 2016 through the 4th quarter of 2018. The region appears to be showing signs of continued growth as indicated by the year-over-year increases in new home pricing at 2.1% on an overall basis. Changes were also measured in terms of the price per square foot, which shows an increase of 12.8% from the 4th quarter of 2016 through the 4th quarter of 2018. This element also shows an increase of 7.0% year-over-year. The average home size is showing modest declines, but nonetheless home sizes are getting smaller resulting in higher pricing on a per square foot basis.

Altogether, there were 2,772 new homes sold in the Sacramento region during 2012. With post-recessionary economic conditions for the next few years, this total slowly escalated through 2015 to reach 3,986 total sales. In 2016 and 2017, the market shifted to a growing economy with 5,087 and 5,653 annual sales, respectively, with 2018 sales reflecting 5,234 annual sales. The number of new home sales for the past seven years is presented on the following table.

COUNTY	2012	2013	2014	2015	2016	2017	2018
El Dorado County	136	166	183	351	559	637	328
Placer County	1,087	889	1,048	1,503	1,643	1,866	1,676
Sacramento County	1,259	1,138	1,258	1,793	2,327	2,540	2,674
Sutter County	NA	N/A	8	13	27	92	109
Yolo County	226	184	169	199	409	464	278
Yuba County	64	61	73	127	122	54	169
REGIONWIDE	**2,772**	**2,458**	**2,739**	**3,986**	**5,087**	**5,653**	**5,234**

Source: The Gregory Group

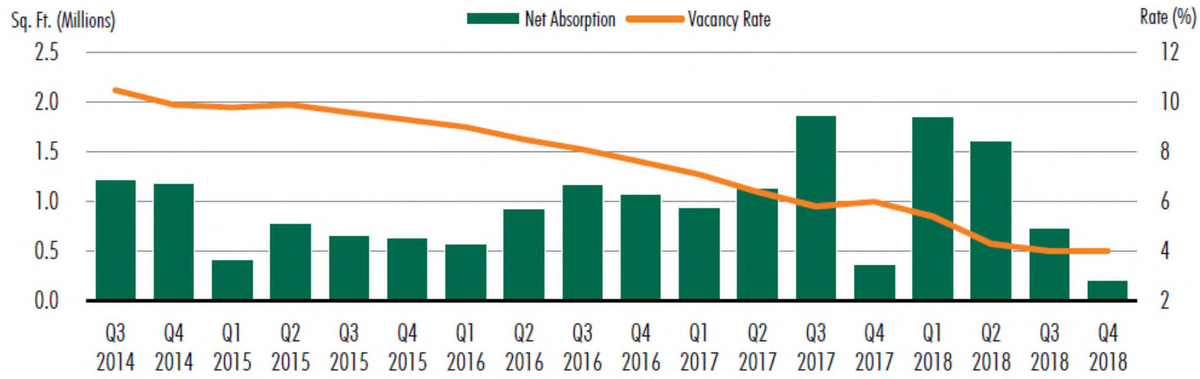
The subject property is located in the Sacramento County market area which has seen an increase in terms of total sales since 2013. This parallels the entire region as the sales levels for 2015 were above the levels noted in 2014 and above those identified in 2013. Still, these elements are well below the peak noted by the Gregory Group with 15,000+ sales in 2004 and 2005. Total sales for 2018 were slightly lower than 2017 with 5,234 total sales.

Commercial Real Estate Market Characteristics

The recovery in the employment market and the overall economic environment is influencing commercial markets throughout the region. The latest positions for each segment are noted below based on excerpts from the CB Richard Ellis Market Index Brief, 4th Quarter 2018 for these various components.

Industrial

According to CBRE Marketview 4Q 2018, the Sacramento industrial market saw a considerable increase in the overall average asking lease rate during 2018, ending Q4 at $0.63 NNN. This was a 24% increase, year-over-year. Sacramento has been deemed one of the top global markets for forecasted rent growth due to strong demand. Increased institutional investment activity has been a primary contributor to the significant rental rate increases throughout the region.



Source: CBRE Research, Q4 2018.

Construction activity remained moderate through Q4 2018. Speculative construction activity has sparked in a few submarkets, as rent escalations now allow developers to hit their expected returns. There is expected to be over 1.5 million square feet of Class A distribution space added to the inventory base in 2019. Not to mention, planned projects have accumulated in the development pipeline. Many of these projects are expected to break ground in Q1 2019.

Net absorption for Q4 totaled 215,880 square feet, making this the 21st consecutive quarter of occupancy gains. While the market did not see many large scale lease transactions in Q4 2018, there was substantial activity in the capital markets sector. Mapletree Investments, a global real estate investment company, purchased a 644,600 square foot portfolio in West Sacramento and Woodland (2935 Ramco Street & 2190 Hanson Way). This reflects the recent trend that national and international investors now view the Sacramento industrial market as an attractive alternative to expand their portfolio.

The market has built healthy and steady momentum heading into 2019. Market activity was strong in Q4 2018, even though net absorption totals did not necessarily reflect this activity. Renewals of existing tenants were more common during the quarter compared to new leases. Overall, the industrial market expects to experience elevated absorption levels and rising lease rates in the first half of 2019, as a number of deals are set to sign early in the year. Current overall statistics for the Sacramento Industrial Market are identified as follows.

AREA	RENTABLE SF	VACANCY RATE	2018 NET ABSORPTION	AVERAGE ASKING RATE
Sacramento Area	176,814,628	4.0%	4,423,625 SF	$0.63/SF NNN

Source: CB Richard Ellis, Market Index Brief, 4th Quarter 2018

Office

According to CBRE Office Marketview (4Q18), the Sacramento office market fundamentals were strong in Q4 2019 with 643,533 square feet of positive net absorption, closing the year with the largest year-over-year occupancy gains since 2005. Consequently, the vacancy rate continued its steady decline and dropped to 11.0% this quarter. Given the demand for quality space, average rental rates continued to rise in both downtown and suburban markets. Existing space is relatively limited and the need for new availability is spurring discussions around potential development opportunities.

Sacramento's growth has captured the attention of other markets as occupiers continue to seek quality product. The CIM Group has officially released development plans for a mixed-use tower at 301 Capitol Mall with an expected delivery date of 2022. In a prime Downtown Sacramento location, the 33-story high-rise will offer 770,000 square feet of premier office space, 102,000 square feet of multi-family and 22,000 square feet of retail. Further developments include the 275,000 square foot expansion of the California State Teachers Retirement System (CalSTRS) headquarters in West Sacramento which will deliver in mid-2021.

The impressive net absorption figures recorded this quarter are primarily due to large-scale leases throughout the region. The largest deal of the year occurred in Q4 2018 with the State Controller's Office renewing 172,597 square feet at 300 Capitol Mall. Penumbra, Inc., a medical technology company, secured 157,518 square feet at 8040 Foothills Boulevard in Roseville for expansion of its global operations. The region has also experienced continuous investment activity with 2018 being the third consecutive year with over $1 billion in office sales. This quarter, the Senator Office Building at 1121-1123 L Street was purchased by Seagate Properties for $46.9 million and 7801 Folsom Boulevard was sold to Ima Walnut Creek I, LLC for $12.3 million.

Market activity was momentous in Q4 2018. Sacramento's office market closed the quarter with strong absorption numbers, rent growth, and decreasing vacancy. With minimal speculative construction on the horizon, these trends are expected to persist in the upcoming quarters.

Source: CBRE Research, Q4 2018.

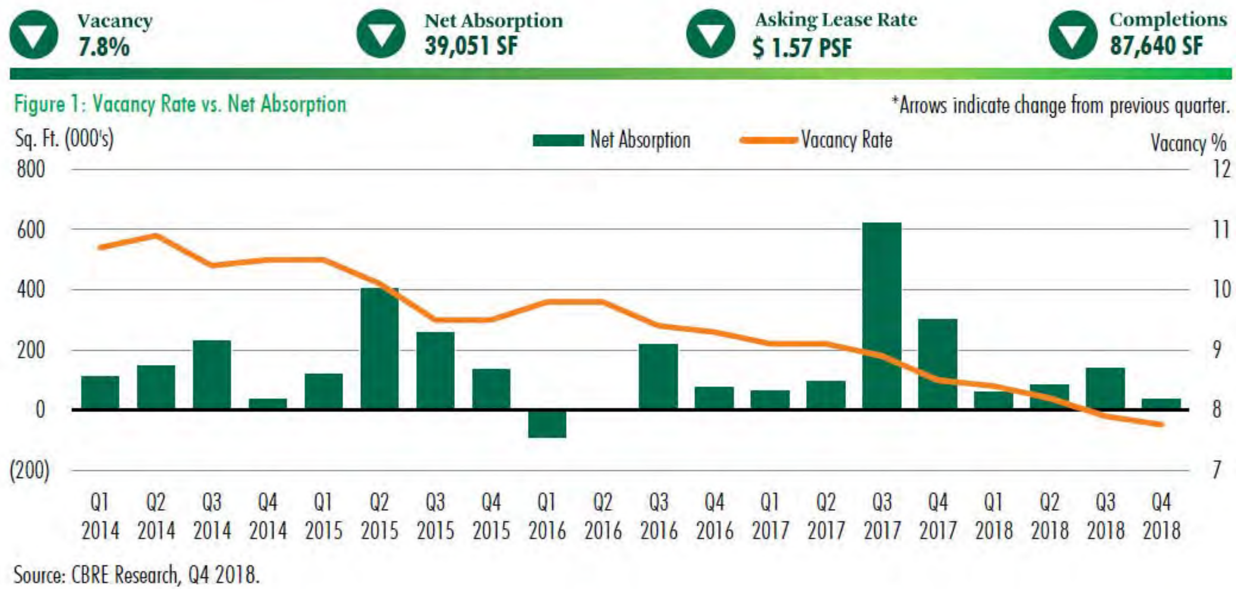
Current data elements of the Sacramento Office Market are identified as follows.

AREA	RENTABLE SF	VACANCY RATE	2018 NET ABSORPTION	AVERAGE ASKING RATE
Sacramento Area	51,967,517	11.0%	1,332,906	$1.94 PSF/FSG

Source: CB Richard Ellis, Market Index Brief, 4th Quarter 2018

Retail

The Sacramento retail market vacancy rate decreased for the tenth straight quarter ending the fourth quarter 2018 at 7.8%. Class C buildings are seeing little activity compared to higher quality properties. Although the vacancy rate has decreased, this year saw high-profile tenants such as Sears, Toys-R-Us and Babies-R-Us vacating anchor spaces. However, redevelopment for e-commerce resistant businesses like entertainment and fitness centers has offset the large vacancies and decreased the vacancy rate. Fitness users Crunch, Planet Fitness and Orange Theory each opened new locations in 2018.



The former Sears location at the Westfield Galleria in Roseville is redeveloping into a movie theater, restaurants and Round1 entertainment center. The Ice Blocks, which opened in 2018 on R Street & 16th Street in Midtown, is an example of a mixed-use infill project with its retail component leased primarily to thriving retailers. Little new product was delivered this year, but there was an uptick in construction activity and proposed projects. The only construction project completed this quarter was the final phase of the Downtown Commons located next to the Golden 1 Center.

At the end of the quarter, nine of the 16 submarkets experienced a year-over-year decrease in vacancy rates of at least 50 basis points. Continuing a ten-quarter trend, net absorption was positive once again ending the fourth quarter with 39,051 square feet and bringing the year-end total to 324,389 square feet for 2018.

The largest transaction of the fourth quarter was UEI College leasing 38,339 square feet at Southgate Plaza in the South Sacramento submarket. The largest retail investment sale of the quarter was 27,060 square feet at 8787 Elk Grove Boulevard purchased by Deerwood Investments Utah, LLC for $7.1 million.

Retailers continue to be creative to entice customers with new and unique experiences at the brick-and-mortar stores. The market is expected to remain steady and sold with fundamentals in the near term.

Current data elements of the Sacramento Retail Market are identified as follows.

AREA	RENTABLE SF	VACANCY RATE	2018 NET ABSORPTION	AVERAGE ASKING RATE
Sacramento Area	48,883,593	7.8%	324,389 SF	$1.57/SF NNN

Source: CB Richard Ellis, Market Index Brief, 4th Quarter 2018

Overall trends in the commercial real estate market suggest a stable outlook.

Leisure Activities

For leisure activities, Sacramento's best asset is its location. The city makes a good base camp to sample the sights of Northern California. San Francisco, Lake Tahoe, Yosemite National Park, the Napa Valley, Monterey Bay, and historic towns of the gold rush era are all within a few hours by car. In Sacramento itself there are the Kings of the National Basketball Association, professional opera and ballet companies, a symphony orchestra and the West's oldest public art museum. Mild weather makes most outdoor sports available year-round, including tennis, golf, boating and bicycling. With picturesque Gold Rush-era towns dotting the foothills east of Sacramento, and with the majestic Sierra Nevada beckoning skiers, backpackers, boaters and anglers, it is easy to understand the Sacramento appeal to tourists. About 20 percent of Sacramento's visitors came to town while vacationing, 17 percent were visiting friends and relatives, and 20 percent were passing through. The construction of the Golden One Center in Downtown Sacramento is likely to have a positive impact on tourism in the region. This facility opened in October 2016.

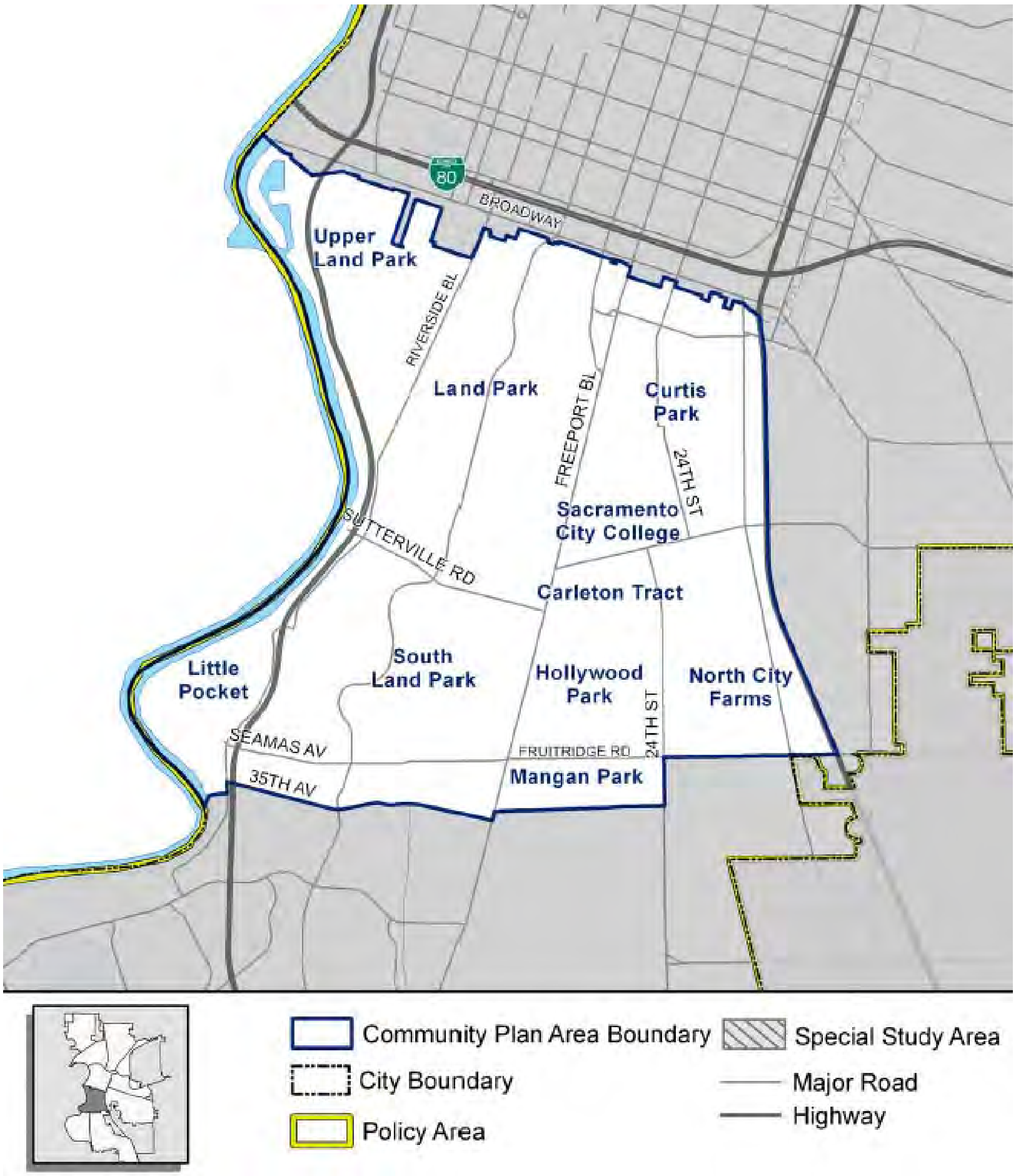
Conclusion

The Sacramento region enjoys a favorable location, central within California and the West Coast. All forms of transportation are well developed and easily accessible. The work force is relatively stable, educational facilities are abundant, and the generally favorable government attitude allows the area to be attractive to both individuals and corporations. Current trends show a stable economy, likely to influence the other markets in the foreseeable future.

REGIONAL MAP

AREA DESCRIPTION

The subject property is located just south of the Central Business District (CBD) for the City of Sacramento in the Land Park Community Plan. This region encompasses approximately 6.7 square miles, or 4,327 acres bounded on the north by Broadway, on the south by 35th Avenue, on the east by Highway 99, and on the west by the Sacramento River. The entire plan area is within the city limits of Sacramento. The following exhibit shows the overall location of this region as identified in the Land Park Community Plan.



The freeway network that borders and bisects the neighborhood provides easy access throughout the city, the suburban areas and the communities surrounding Sacramento. Regional access to and from the area is provided from Interstate 5 on the west, Business 80/State Highway 50 on the north, and State Highway 99 on the east. Several north/south arterials connect to these freeways including Riverside Boulevard, Land Park Drive, Freeport Boulevard, 12th Avenue, and Franklin Boulevard, which provide automobile and bike access through the Plan area and connect residents to surrounding communities and Downtown Sacramento. East/west arterials such as Fruitridge Road/Seamas Avenue, Sutterville Road/12th Avenue, and Broadway provides access from the plan area to surrounding communities and neighborhoods.

Regional Transit provides service to the immediate area along the Blue Line with stops identified along Broadway, City College and Fruitridge Road in the immediate neighborhood. This linkage provides access from Cosumnes River College in south Sacramento to downtown and continues to north Sacramento where it terminates at Intestate 80/Watt Avenue. The RT light rail line also provides a link to the AMTRAK station and intermodal facility at the Sacramento Valley Station in Downtown Sacramento. Long-term, the RT Green Line will extend 12.8 miles from Sacramento Valley Station linking through the Natomas Community and ending at the Sacramento International Airport.

General Characteristics

Originally part of John Sutter's Mexican Land Grant, the area that is now known as Land Park was established in the late 1840s about 3 miles south of Downtown Sacramento. High plain, flood-proof land at the intersection of what is now Sutterville Road and Riverside Boulevard was chosen for the first settlement called Sutterville. Neighborhoods developed in a mosaic pattern as farms were sold for housing developments. Early subdivisions in Curtis Park, such as Highland Park, and later California bungalow subdivisions, had street car connections to Downtown Sacramento.

In the early 1900s, landmarks such as the ballpark Edmonds Field, as well as the Riverside Swimming Baths, were built. The development of William Land Park in the 1920s revised the appeal of the area as a residential neighborhood with construction of new luxury homes along the park's northern perimeter. William Land, an influential entrepreneur and former Mayor of Sacramento (1897-1901) donated money for purchase and dedication of the park. Edmonds Field was demolished in 1967 and eventually replaced by a Target store and its parking lot. The Riverside Swimming Bath had its roof removed in 1937 and was renamed The Plunge. It eventually closed, and the Temple of B'Nai Israel bought the land and built their temple on the site in the 1950s. The Tower Theater at 16th and Broadway was built in 1937. Hoping to encourage the growth of an entertainment district to rival New York City, the City renamed "Y" Street, Broadway, after the Tower Theater was built. The theater remains Land Park's gateway landmark.

Automobile-oriented housing development boomed following World War II and the remaining agricultural uses were converted to tract housing. In the 1940s, the street car system was removed, and in the 1960s the W-X (Highway 50) and State Highway 99 freeways were built, separating this area from Midtown, Downtown, and Oak Park.

The neighborhood of Land Park is characterized by traditional neighborhoods, tree lined streets, distinguished parks, and local shops. Nine neighborhoods make up the Land Park Community Plan Area including: Upper Land Park, Land Park, Curtis Park, Sacramento City College (SCC), North City Farms, Carleton Tract, Little Pocket, Hollywood Park, and Mangan Park. Neighborhoods are predominately traditional in form with suburban developments located south of Sutterville Road and west of Freeport Boulevard. The traditional neighborhoods have pre-World War II development patterns that include small neighborhood-serving commercial centers.

Employment Trends

The immediate area is part of the City of Sacramento. Current employment trends and statistics for the City of Sacramento based on information provided from the State of California Employment Development Department are illustrated as follows.

LABOR TRENDS CITY OF SACRAMENTO				
YEAR	LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT	RATE
2018	236,600	228,000	8,800	3.7%
2017	232,100	222,600	9,500	4.1%
2016	230,500	217,500	13,100	5.7%
2015	226,800	212,500	14,300	6.3%
2014	225,200	207,800	17,400	7.7%
2013	225,300	204,200	21,100	9.4%
2012	225,900	200,900	25,000	11.1%
2011	225,700	196,900	28,800	12.8%
2010	226,800	196,700	30,100	13.3%

Source: State of California Employment Development Department.

The current unemployment rate for the City of Sacramento is 3.7%. This is slightly higher than the MSA at 3.6%. The City of Sacramento includes a higher frequency of government employment and employment in the city proper is from 21.3% to 21.6% of total employment for the MSA. This is identified on the following table.

YEAR	TOTAL EMPLOYMENT CITY OF SACRAMENTO	TOTAL EMPLOYMENT SACRAMENTO MSA	CAPTURE
2018	228,000	1,066,100	21.4%
2017	222,600	1,032,000	21.6%
2016	217,500	1,017,300	21.4%
2015	212,500	998,100	21.3%
2014	207,800	976,100	21.3%
2013	204,200	958,200	21.3%
2012	200,900	941,300	21.3%
2011	196,900	921,300	21.4%
2010	196,700	920,100	21.4%

Source: State of California Employment Development Department.

According to this information approximately 1 in 5 jobs in the Sacramento MSA is located in the City of Sacramento. Top employers identified in Sacramento County include the following.

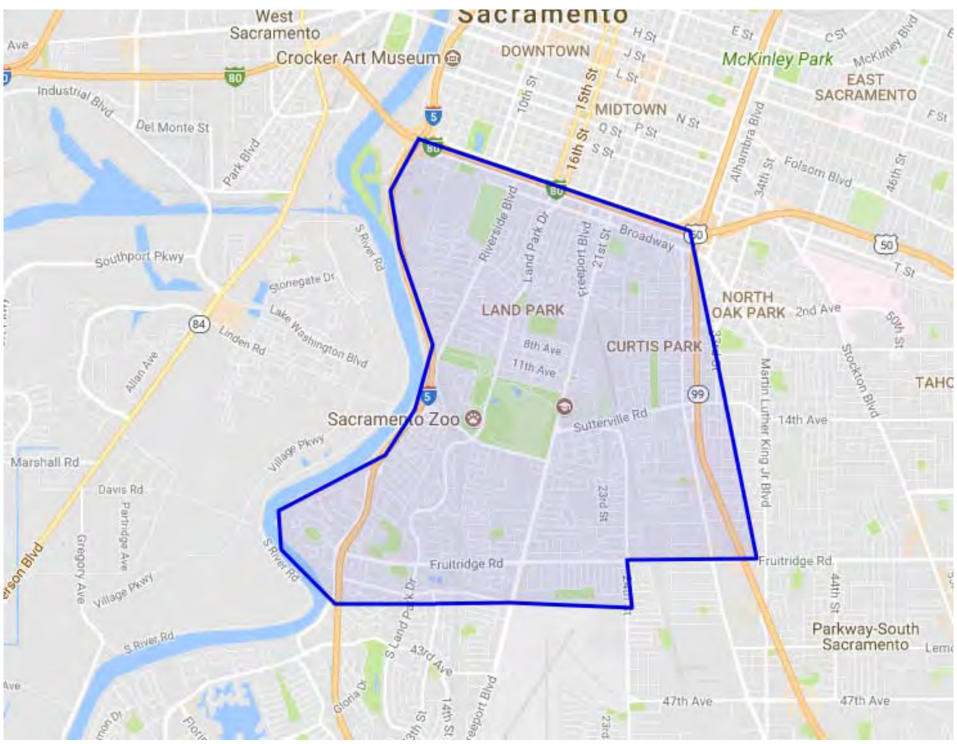
PRIVATE SECTOR	
EMPLOYER	LOCAL EMPLOYEES
State of California	75,801
UC Davis Health	12,840
Sacramento County	12,208
Kaiser Permanents	11,005
US Government	10,325
Sutter Heath	8,177
Dignity Health	7,000
Elk Grove School District	6,210
Intel Corp.	6,000
Apple	5,000

Source: Sacramento Business Journal, June 1, 2018

The State of California is the largest employer in the region by a wide margin. The larger employers are mostly focused in government and healthcare. Job growth is anticipated in both the short and long-term.

Housing Trends

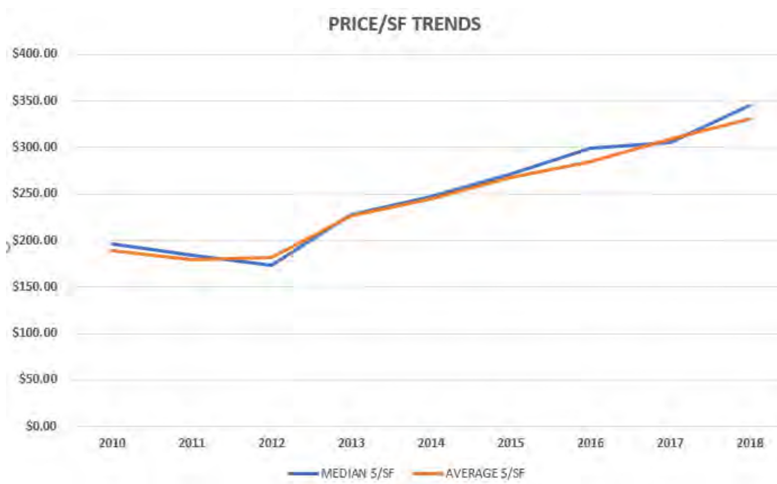
The housing market in the local area is predominately built-up. New home development in the area includes land uses developed within the subject property by Blackpine Builders, as well as the Mill at Broadway in the northern reaches of the neighborhood. These projects are discussed in depth in the Market Analysis section of this report. In addition, local sales trends are examined for this property with the use of Metrolist. The map depicted below shows the overall parameters for this search as it includes Zip Codes 95818 and 95822.



Sales trends are examined for this region since 2010 and noted on the following table.

YEAR	#	MEDIAN PRICE	MEDIAN SF	MEDIAN $/SF	% CHANGE	AVG. PRICE	AVG. SF	AVG. $/SF	% CHANGE
2010	433	$252,500	1,287	$196.19	--	$265,632	1,408	$188.66	--
2011	434	$241,944	1,317	$183.71	-6.4%	$261,758	1,458	$179.53	-4.8%
2012	515	$230,000	1,327	$173.32	-5.7%	$262,645	1,441	$182.27	1.5%
2013	583	$299,000	1,309	$228.42	31.8%	$320,054	1,410	$226.99	24.5%
2014	500	$333,500	1,348	$247.40	8.3%	$357,441	1,459	$244.99	7.9%
2015	546	$365,450	1,344	$271.91	9.9%	$390,489	1,460	$267.46	9.2%
2016	532	$399,000	1,331	$299.77	10.3%	$417,896	1,467	$284.86	6.5%
2017	580	$403,500	1,321	$305.45	1.9%	$451,904	1,448	$312.09	9.6%
2018	496	$465,000	1,344	$345.98	13.3%	$497,188	1,501	$331.24	6.1%
Active	53	$459,900	1,433	$320.94	-7.3%	$502,166	1,634	$307.32	-7.2%

Source: Metrolist. Active information as of February 21, 2019.

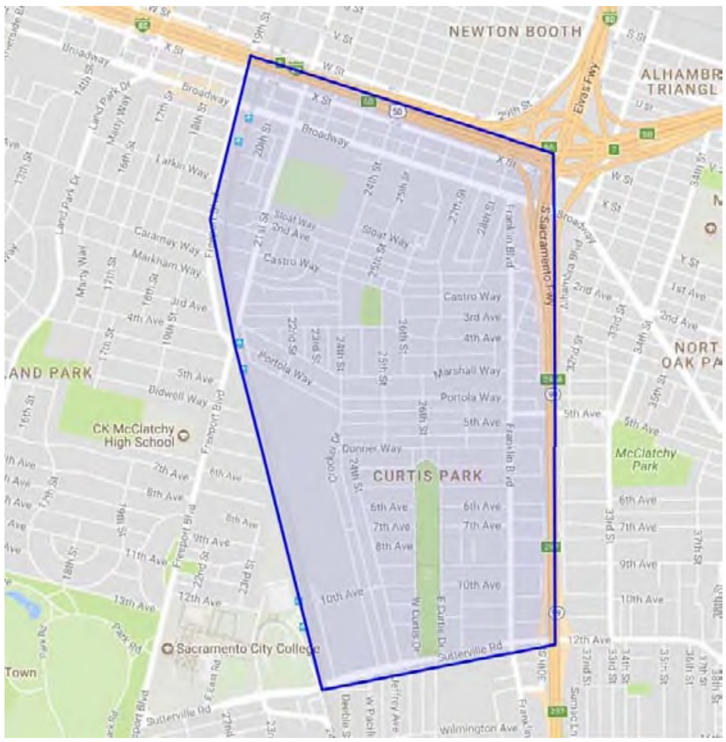


Residential values have escalated in the immediate area. The main jump was from 2012 to 2013 as the median price increased 31.8% and the average price increased 24.5%. The median price has increased from 8.3% to 10.3%, per annum, between 2014 and 2016 with further increase of 1.9% in 2017 to the current median price of $403,500. Data for 2018 shows further increase to $465,000, or 13.3% above the annualized indicator for 2017. The average price has increased from 6.5% to 9.2%, per annum, since this time with further increase of 9.6% in 2017 to the current average price of $497,188. This includes a gain of 6.1% in the past year. Both indicators tend to point to a price per square foot of approximately $330 to $345 per square foot. The current inventory of homes on the market is 53 homes, which reflects 1.3 months of existing supply (the pace of sales to absorb current inventory) based on the 2018 rate of sales. This is favorable for new development as it is teetering on an under-supply of homes based on demand.

The subject property is located toward the eastern portion of this neighborhood in the Curtis Park district. Similar characteristics were examined for this specific neighborhood with a map illustrating these boundaries on the following page.

YEAR	#	MEDIAN PRICE	MEDIAN SF	MEDIAN $/SF	% CHANGE	AVG. PRICE	AVG. SF	AVG. $/SF	% CHANGE
2010	56	$337,500	1,345	$250.93	--	$341,452	1,478	$231.02	--
2011	65	$285,000	1,390	$205.04	-18.3%	$300,800	1,456	$206.56	-10.6%
2012	76	$299,500	1,396	$214.54	4.6%	$328,834	1,537	$213.95	3.6%
2013	87	$350,000	1,456	$240.38	12.0%	$374,248	1,528	$244.93	14.5%
2014	88	$372,500	1,319	$282.41	17.5%	$394,542	1,427	$276.48	12.9%
2015	109	$445,332	1,437	$309.90	9.7%	$450,750	1,553	$290.24	5.0%
2016	101	$472,000	1,440	$327.78	5.8%	$479,370	1,568	$305.72	5.3%
2017	99	$515,000	1,405	$366.05	11.6%	$515,354	1,557	$331.11	8.3%
2018	87	$535,000	1,493	$358.34	-2.1%	$561,725	1,599	$351.30	6.1
Active	8	$676,200	2,165	$316.95		$644,688	2,182	$295.46	

Source: Metrolist. Active information as of February 21, 2019.



Residential values in the Curtis Park region are trending upward. Continued increases are identified in terms of both the median and average price with 2018 indicators near $350 to $358 per square foot. Currently, there are 8 homes on the market showing total inventory of approximately 1.1 month. The larger home size (in terms of median and averages) as well as the higher price points in this neighborhood are favorable for new construction of homes.

From a multi-family standpoint, the subject property is strong location based on the overall influence from Sacramento City College. The current occupancy rate in the area is identified at 95.5% with the average rent at $1,7473 per month, or $2.07 per square foot (based on average size of 844 square feet) according to Colliers International (4Q 2018).

The most immediate project includes the Curtis Park Court Senior Apartments which are part of the Curtis Park Village project approved in 2010. This project was completed in 2016 and reflect a three-story complex for senior residents. This project includes 91 units from studio to three-bedroom units. Occupancy for this project was in excess of 95%. It is noted that this property was originally identified as part of the collateral in Curtis Park Village Community Facilities District No. 2014-02. However, this project offers subsidized rents for seniors and property taxes are exempt. In addition, the covenant for the requirement of affordable rents is in excess of 25 years. As such, it was the opinion of City of Sacramento Finance Staff to exclude this parcel from the valuation of this assignment.

Commercial Real Estate Trends

The subject property is in the South Sacramento region as defined by CB Richard Ellis. Elements for the various sectors are summarized as follows.

RETAIL – The retail sector in South Sacramento includes approximately 4.7 million square feet of existing space allocated among community centers, regional centers, and strip centers. Current vacancy is at 10.6%, with net absorption noted at 71,026 square feet for 2018. Key elements for this area are identified as follows.

AREA	RENTABLE AREA	VACANCY RATE	2018 NET ABSORPTION	AVERAGE RENT (NNN)
South Sacramento	4,730,458	10.6%	71,026 SF	$1.25/SF NNN
Sacramento Area	48,883,593	7.8%	324,389 SF	$1.57/SF NNN

Source: CB Richard Ellis, Market Index Brief, 4th Quarter 2018

This sub-market accounts for approximately 10.0% of the total rentable area for the entire Sacramento region. Vacancy is slightly above that of the entire region noted at 10.6% as of the 4th quarter of 2018.

Retail development is concentrated in the area south of the subject neighborhood near Florin Road and Stockton Boulevard. Existing retail uses are concentrated along the major thoroughfares including Freeport Boulevard, Franklin Boulevard, Fruitridge Road and 24th Street.

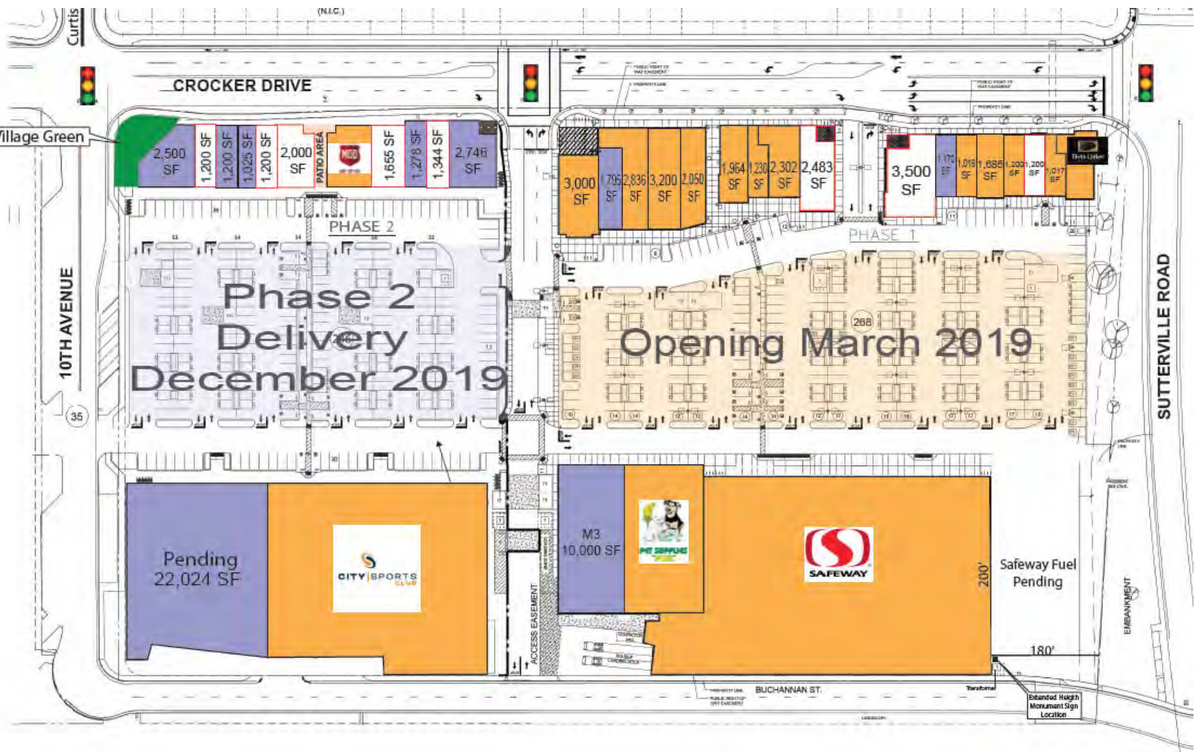
Proposed retail projects in the area include two larger projects both with grocery anchored centers. The former Capital Nursery Site at the northwest corner of Freeport Boulevard and Wentworth Avenue at 4700 Freeport Boulevard reflects a 9.86-acre site proposed for the development of a 108,980 square foot retail center. This facility is anchored by a major grocery anchor with additional buildings for retail, restaurants, and neighborhood services. This application is currently on file with the City of Sacramento.

The other large scale proposed development is the proposed development of a neighborhood shopping center in the subject development. It is clearly noted that this project is part of Crocker Village, but is not included in the boundaries of Curtis Park Village Community Facilities District No. 2014-02. This development is proposed for development on 7.8 acres of land.

Ultimately, the retail center is proposed for construction of a larger center with anchored space and shop buildings. As of the effective date of valuation, the retail project was under construction with initial delivery scheduled for March 2019. The initial phase includes the construction of 133,710 square feet according to the rent-roll provided by the developer. There is also three shop space buildings identified for this project, ranging in size from 7,700 to 12,600 square feet. Overall, there is 32,300 square feet of shop space proposed for this project. Safeway is scheduled to open in March 2019 along with Jr. anchors and retail tenants on the pads and shop space. Other larger tenants in this project include LA Fitness, Pet Supplies Plus, as well as smaller pad and shop space uses such as Peets Coffee, Ramen Burger, Panda Express, etc. The second phase of this center is proposed for delivery by December 2019.

Overall, the retail project is proposed for construction of 166,010 square feet and according to the schedules provided for review in preparation of this assignment, 91.2% of the space is pre-leased. Overall, limited information was provided for this facility (Refer to Extraordinary Assumptions).

The proposed site plan for this facility is identified below.



INDUSTRIAL – The industrial sector in South Sacramento includes 6,576,430 square feet of space or approximately 3.7% of the industrial base in the Sacramento region. Current vacancy is at 14.3% as of the 4th quarter of 2018. Key elements for this area are identified as follows.

AREA	RENTABLE AREA	VACANCY RATE	2018 NET ABSORPTION	AVERAGE RENT (NNN)
South Sacramento	6,576,430	14.3%	81,500 SF	$0.52/SF NNN
Sacramento Area	176,814,628	4.0%	4,423,625 SF	$0.63/SF NNN

Source: CB Richard Ellis, Market Index Brief, 4th Quarter 2018

This sub-market accounts for a smaller percentage of the of the total rentable area for the entire Sacramento region. Vacancy is above that of the entire region noted at 14.3% as of the 4th quarter of 2018. Much of this vacancy was attributed to the closure of the Campbell Soup plant in 2013. This facility includes approximately 1.6 million square feet of space. This facility was rebranded as the Capital Commerce Center and is currently releasing space, as well as offering build-to-suit opportunities as it sits on 129 acres. Larger tenants such as Orora North American, Silgin, and Macy's have leased large blocks of space in this project. Industrial uses are secondary uses in the immediate vicinity of the subject neighborhood.

OFFICE – The office sector in South Sacramento includes approximately 1.3 million square feet of existing office space. Current vacancy is at 16.4% as of the 4th quarter of 2017. Key elements for this area are identified as follows.

AREA	RENTABLE AREA	VACANCY RATE	2018 NET ABSORPTION	AVERAGE RENT (FULL SERVICE)
South Sacramento	1,329,888	16.4%	(20,080) SF	$1.30/PSF/FSG
Sacramento Area	51,967,517	11.0%	1,332,906	$1.94 PSF/FSG

Source: CB Richard Ellis, Market Index Brief, 4th Quarter 2018

This sub-market accounts for approximately 2.6% of the total rentable area for the entire Sacramento region. Vacancy is above that of the entire region noted at 14.3% as of the 4th quarter of 2017. Office uses in this neighborhood are concentrated near the Broadway corridor to the north and along Florin Road to the south.

Land Uses

This neighborhood is approximately 95% built-up as the overall location was one of the first suburbs to downtown Sacramento. Single-family residential land uses are the predominant land use in this area and other larger land uses include William Land Park and Sacramento City College.

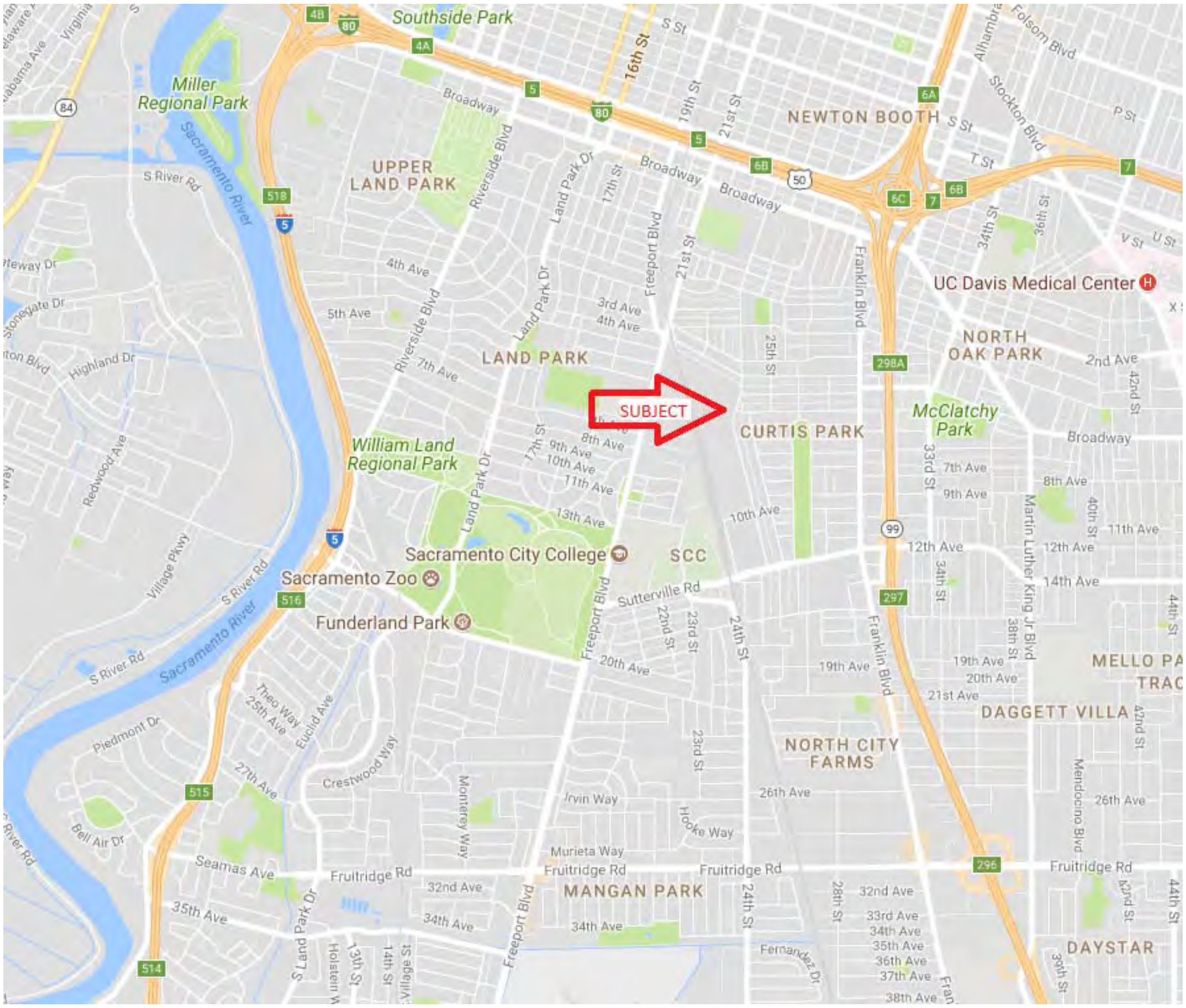
William Land Park dates back to the 1920s and is a 166.5-acre community park featuring an adventure play area, amphitheater, local attractions including Fairytale Town, Funderland, and the Sacramento Zoo, as well as a 9-hole golf course and various jogging paths, ball fields, lakes and picnic areas.

Sacramento City College was founded in 1916 as a department of Sacramento High School. It is the seventh oldest public community college in California and the oldest institution of higher learning in Sacramento. In 1964, Sacramento City College separated from the Sacramento City Unified School District to join the newly organized Los Rios Junior College District, which assumed operation of American River College and Sacramento City College. In 1970, Cosumnes River College opened a campus and in 2003 Folsom Lake College opened a campus. This facility is located at the northeast corner of Freeport Boulevard and Sutterville Road and sits on 73 acres with slightly over 24,000 students.

Conclusion

The immediate area is one of the oldest neighborhoods in the City of Sacramento. Land uses are predominately single-family residential uses with retail uses along the major thoroughfares with favorable linkages to downtown Sacramento. The overall rating of this neighborhood is stable with a favorable outlook into the foreseeable future.

AREA MAP


SUBJECT
Southside Park
Miller Regional Park
Sacramento River
UPPER LAND PARK
LAND PARK
NEWTON BOOTH
William Land Regional Park
Sacramento City College
SCC
Sacramento Zoo
Funderland Park
CURTIS PARK
UC Davis Medical Center
NORTH OAK PARK
McClatchy Park
MELLO PA
TRAC
DAGGETT VILLA
NORTH CITY FARMS
MANGAN PARK
DAYSTAR
Broadway
Freeport Blvd
Franklin Blvd
Riverside Blvd
Land Park Dr
Sutterville Rd
Fruitridge Rd
Seamas Ave
S River Rd
Martin Luther King Jr Blvd
Stockton Blvd
Folsom Blvd
16th St
21st St
24th St
Irvin Way
Murieta Way
Crestwood Way
Monterey Way
Piedmont Dr

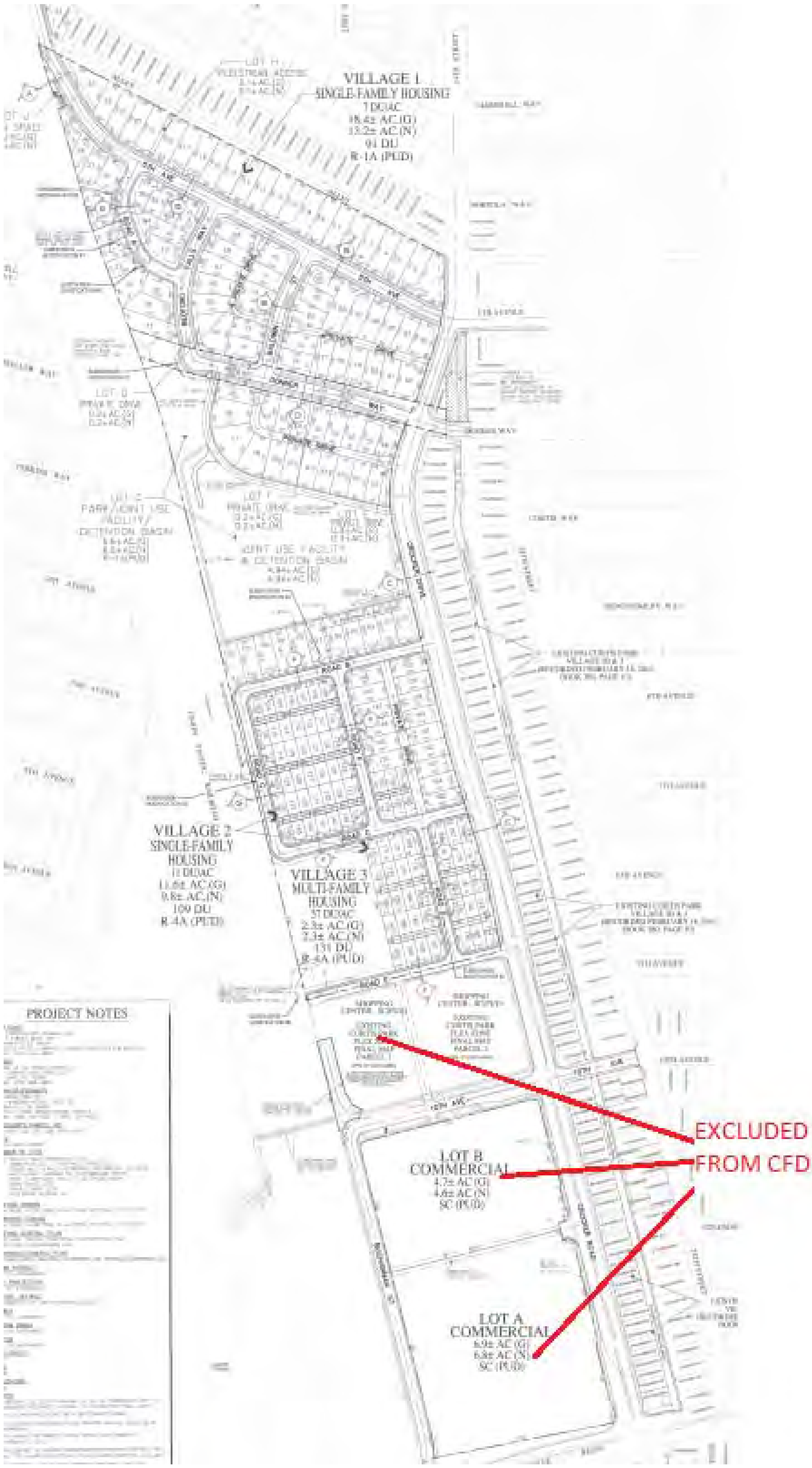
SITE DESCRIPTION

Location

The subject properties reflect the parcels identified within the district of Curtis Park Village Community Facilities District No. 2014-02. The overall location of this facility is generally along the northern side of Sutterville Road, east of the Union Pacific Railroad Tracks in the City of Sacramento. It represents landholdings within the Crocker Village Tentative Subdivision Map and uses range from vacant land to completed homes. The aerial exhibit noted below reflects the overall location of this property. Note, area depicts general boundaries and excludes Crocker Road.

The aerial noted above is an older depiction of the subject property in that construction is completed for some single-family residential homes.

A map summarizing the entire CFD District is noted on the following page.


VILLAGE 1
SINGLE-FAMILY HOUSING
7 DU/AC
18.4± AC (G)
13.2± AC (N)
91 DU
R-1A (PUD)
VILLAGE 2
SINGLE-FAMILY
HOUSING
11 DU/AC
11.6± AC (G)
9.8± AC (N)
109 DU
R-4A (PUD)
VILLAGE 3
MULTI-FAMILY
HOUSING
57 DU/AC
2.3± AC (G)
2.3± AC (N)
131 DU
R-4A (PUD)
PROJECT NOTES
LOT B
COMMERCIAL
4.7± AC (G)
4.6± AC (N)
SC (PUD)
LOT A
COMMERCIAL
6.9± AC (G)
6.8± AC (N)
SC (PUD)
EXCLUDED
FROM CFD

APN/Legal Description

The subject properties are identified by the Sacramento County Assessor as numerous parcels. The overall descriptions are based on those identified from the Assessor's office. An older preliminary title report was provided for review in preparation of this assignment, but this report was only for the PDC Construction Company, Inc., parcels. The table below shows an overall summary of the project area, whereas the table on the following page shows a summary of the individual land uses within this project.

AREA	OWNERSHIP	APN	DESCRIPTION
Village 1	PDC Const. Co.	013-0010-044 (Portion)	90 Finished Lots **(A)** (Tentative Map, Improvements Complete)
Village 2	PDC Constr. Co.	013-0010-047 (Portion)	109 Paper Lots (Tentative Map)
Village 2B & 3	Blackpine Curtis LLC	013-0420-002..004, 006..013 013-0430-001, 010, 013 013-0430-015..018 013-0440-001, 016	20 Finished Lots (Includes $323,623 in Prepaid Fees)
Village 3	PDC Constr. Co.	013-0010-047 (Portion)	2.3 AC MF Site for 131 Units
Flex Zone Site	PDC Const. Co.	013-0010-046	2.49 AC Flex Zone Site
Finished Homes	Various Owners	013-0420-005 013-0430-003..009, 011, 012 013-0440-002..015, 017..019 013-0450-001..012 013-0460-001..015	54 Homes

(A) Excludes Lot 24 which is outside boundaries of the CFD

Lot Size (AC)

The analysis of this project includes numerous parcels. As noted throughout this report, the valuation is presented based on ownership. The table below summarizes the properties included in this assignment and allocated by ownership.

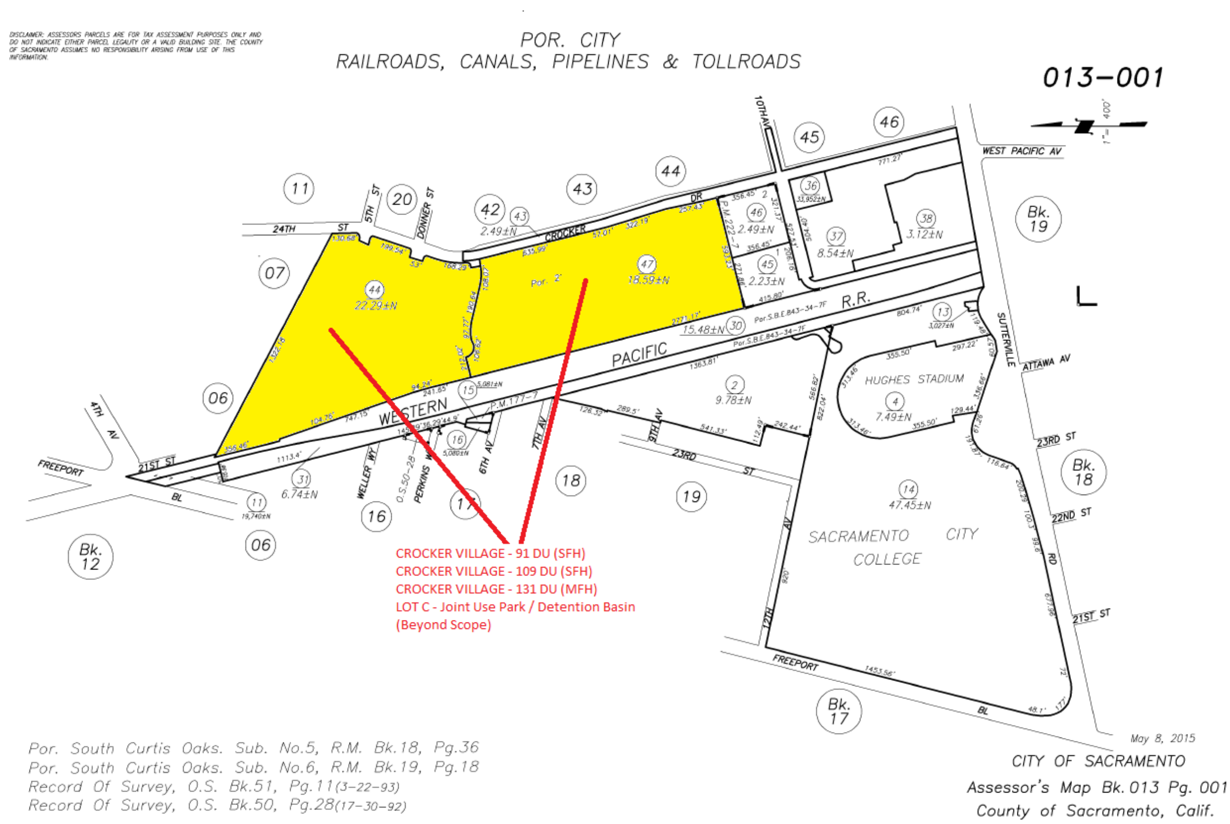
MARKET VALUE BY OWNERSHIP	DESCRIPTION
PDC Construction Co.	90 Finished Lots, 109 Paper Lots, 2.3 AC MF Site for 131 Units & 2.49 AC Flex Zone Site
Blackpine Curtis LLC	20 Finished Lots Includes $323,623 In Prepaid Fees
Individual Homes Based on Greater of Assessed Value Purchase Price	54 Homes

The table on the following page displays these parcels on an individual basis followed by current assessor parcel maps. In addition, this is followed by the tentative maps and final maps for Crocker Village.

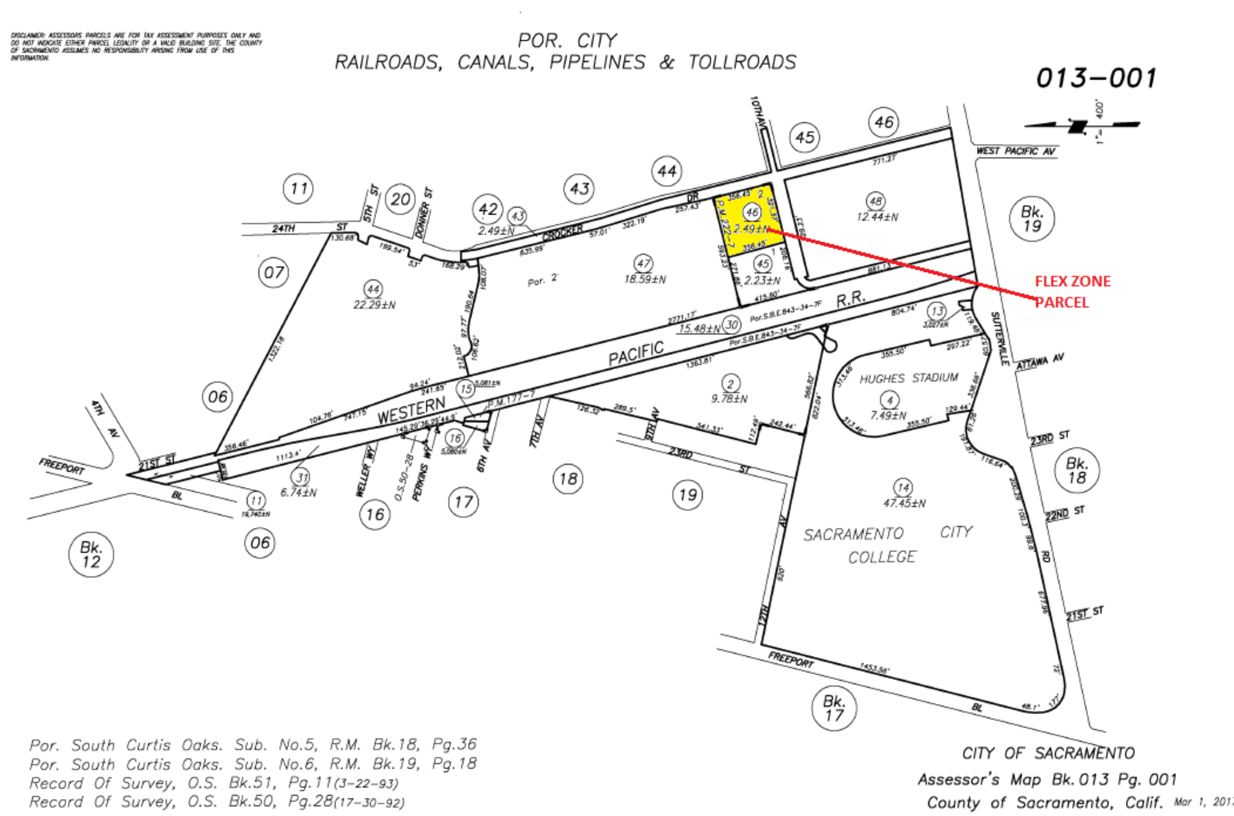
APN	LAND AREA (AC)	ZONING	CURRENT USE	APN	LAND AREA (AC)	ZONING	CURRENT USE
013-0010-044	22.29	R-1A-PUD	Vacant Land W/Site Improvements	013-0440-007	0.06	R-2B-PUD	Completed Home (Sold 2/19)
013-0010-046	2.49	R-4A-PUD	Vacant Flex Zone Land	013-0440-008	0.06	R-2B-PUD	Completed Home (Sold 3/18)
013-0010-047	18.59	R-1A/R-4A-PUD	Vacant Land for SF Lots	013-0440-009	0.06	R-2B-PUD	Completed Home (Sold 8/18)
013-0420-001	0.12	R-1A-PUD	Common Area	013-0440-010	0.06	R-2B-PUD	Completed Home (Sold 9/18)
013-0420-002	0.10	R-1A-PUD	Finished Lot	013-0440-011	0.06	R-2B-PUD	Completed Home (Sold 6/18)
013-0420-003	0.10	R-1A-PUD	Finished Lot	013-0440-012	0.06	R-2B-PUD	Completed Home (Sold 10/18)
013-0420-004	0.11	R-1A-PUD	Finished Lot	013-0440-013	0.06	R-2B-PUD	Completed Home (Sold 6/18)
013-0420-005	0.11	R-1A-PUD	Completed Home (Sold 12/18)	013-0440-014	0.06	R-2B-PUD	Completed Home (Sold 1/19)
013-0420-006	0.11	R-1A-PUD	Finished Lot	013-0440-015	0.06	R-2B-PUD	Completed Home (Sold 7/18)
013-0420-007	0.09	R-1A-PUD	Finished Lot	013-0440-016	0.06	R-2B-PUD	Finished Lot
013-0420-008	0.09	R-1A-PUD	Finished Lot	013-0440-017	0.06	R-2B-PUD	Completed Home (Sold 8/18)
013-0420-009	0.09	R-1A-PUD	Finished Lot	013-0440-018	0.06	R-2B-PUD	Completed Home (Sold 9/18)
013-0420-010	0.09	R-1A-PUD	Finished Lot	013-0440-019	0.09	R-2B-PUD	Completed Home (Sold 8/18)
013-0420-011	0.09	R-1A-PUD	Finished Lot	013-0440-020	0.35	R-2B-PUD	HOA Lot
013-0420-012	0.09	R-1A-PUD	Finished Lot	013-0450-001	0.08	R-2B-PUD	Completed Home (Sold 12/17)
013-0420-013	0.09	R-1A-PUD	Finished Lot	013-0450-002	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0420-014	0.08	R-1A-PUD	Common Area	013-0450-003	0.06	R-2B-PUD	Completed Home (Sold 3/18)
013-0420-015	0.0034	R-1A-PUD	Common Area	013-0450-004	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0420-016	0.18	R-1A-PUD	HOA Lot	013-0450-005	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0430-001	0.09	R-1A-PUD	Finished Lot	013-0450-006	0.06	R-2B-PUD	Completed Home (Sold 12/17)
013-0430-002	0.05	R-1A-PUD	HOA Lot	013-0450-007	0.06	R-2B-PUD	Completed Home (Sold 6/17)
013-0430-003	0.10	R-1A-PUD	Completed Home (Sold 7/17)	013-0450-008	0.06	R-2B-PUD	Completed Home (Sold 5/17)
013-0430-004	0.09	R-1A-PUD	Completed Home (Resold 6/18)	013-0450-009	0.06	R-2B-PUD	Completed Home (Sold 6/17)
013-0430-005	0.09	R-1A-PUD	Completed Home (Sold 3/17)	013-0450-010	0.06	R-2B-PUD	Completed Home (Resold 12/18)
013-0430-006	0.09	R-1A-PUD	Completed Home (Resold 1/18)	013-0450-011	0.06	R-2B-PUD	Completed Home (Sold 5/17)
013-0430-007	0.09	R-1A-PUD	Completed Home (Sold 11/16)	013-0450-012	0.06	R-2B-PUD	Completed Home (Sold7/17)
013-0430-008	0.09	R-1A-PUD	Completed Home (Sold 3/17)	013-0450-013	0.15	R-2B-PUD	HOA Lot
013-0430-009	0.09	R-1A-PUD	Completed Home (Sold 9/16)	013-0450-026	0.26	R-2B-PUD	HOA Lot
013-0430-010	0.09	R-1A-PUD	Finished Lot	013-0460-001	0.06	R-2B-PUD	Completed Home (Sold 6/16)
013-0430-011	0.09	R-1A-PUD	Completed Home (Sold 11/17)	013-0460-002	0.06	R-2B-PUD	Completed Home (Sold 10/16)
013-0430-012	0.10	R-1A-PUD	Completed Home (Sold 8/17)	013-0460-003	0.06	R-2B-PUD	Completed Home (Sold 9/15)
013-0430-013	0.09	R-1A-PUD	Finished Lot	013-0460-004	0.06	R-2B-PUD	Completed Home (Sold 5/16)
013-0430-014	0.07	R-1A-PUD	HOA Lot	013-0460-005	0.06	R-2B-PUD	Completed Home (Sold 10/15)
013-0430-015	0.10	R-1A-PUD	Finished Lot	013-0460-006	0.06	R-2B-PUD	Completed Home (Sold 7/16)
013-0430-016	0.08	R-1A-PUD	Finished Lot	013-0460-007	0.06	R-2B-PUD	Completed Home (Sold 12/15)
013-0430-017	0.08	R-1A-PUD	Finished Lot	013-0460-008	0.06	R-2B-PUD	Completed Home (Sold 8/15)
013-0430-018	0.08	R-1A-PUD	Finished Lot	013-0460-009	0.06	R-2B-PUD	Completed Home (Sold 6/15)
013-0430-019	0.41	R-1A-PUD	HOA Lot	013-0460-010	0.06	R-2B-PUD	Completed Home (Sold 6/15)
013-0440-001	0.08	R-2B-PUD	Finished Lot	013-0460-011	0.06	R-2B-PUD	Completed Home (Sold 3/17)
013-0440-002	0.06	R-2B-PUD	Completed Home (Sold 2/18)	013-0460-012	0.06	R-2B-PUD	Completed Home (Sold 3/17)
013-0440-003	0.06	R-2B-PUD	Completed Home (Sold 1/18)	013-0460-013	0.06	R-2B-PUD	Completed Home (Resold 5/17)
013-0440-004	0.06	R-2B-PUD	Completed Home (Sold 4/18)	013-0460-014	0.06	R-2B-PUD	Completed Home (Sold 9/16)
013-0440-005	0.06	R-2B-PUD	Completed Home (Sold 2/18)	013-0460-015	0.06	R-2B-PUD	Completed Home (Sold 11/15)
013-0440-006	0.06	R-2B-PUD	Completed Home (Sold 2/18)	013-0460-016	0.11	R-2B-PUD	Common Area
				013-0460-017	0.32	R-2B-PUD	HOA Lot

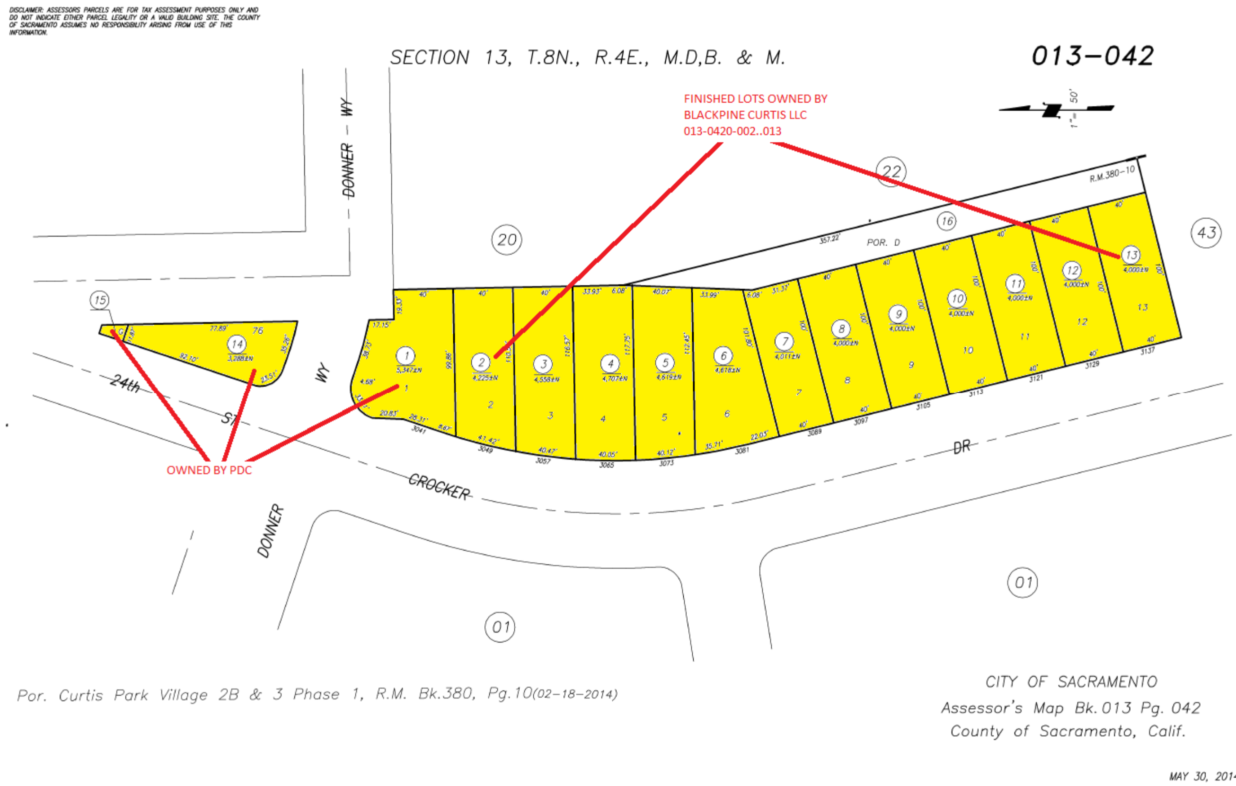
It is noted that the analysis excludes the valuation of a 6.24 AC detention facility noted as part of Villages 1 and 2. According to the Scope of Work, the analysis of this facility is presented under separate cover. Some of the properties within the CFD are improved with structures with valuation predicated on Assessed Values. Furthermore, as part of the collateral identified in the Curtis Park Village Community Facilities District No. 2014-02 are twelve parcels (APNs 013-0420-001, 013-0420-014, 015, 016, 013-0430-002, 013-0430-014, 013-0430-019, 013-0440-020, 013-0450-013, 026, 013-0460-016, 017) either identified under the ownership of the HOA or intended to be part of the HOA. No value is assigned to these lots.

Sacramento County Assessor's Parcel Maps are depicted on the following pages.

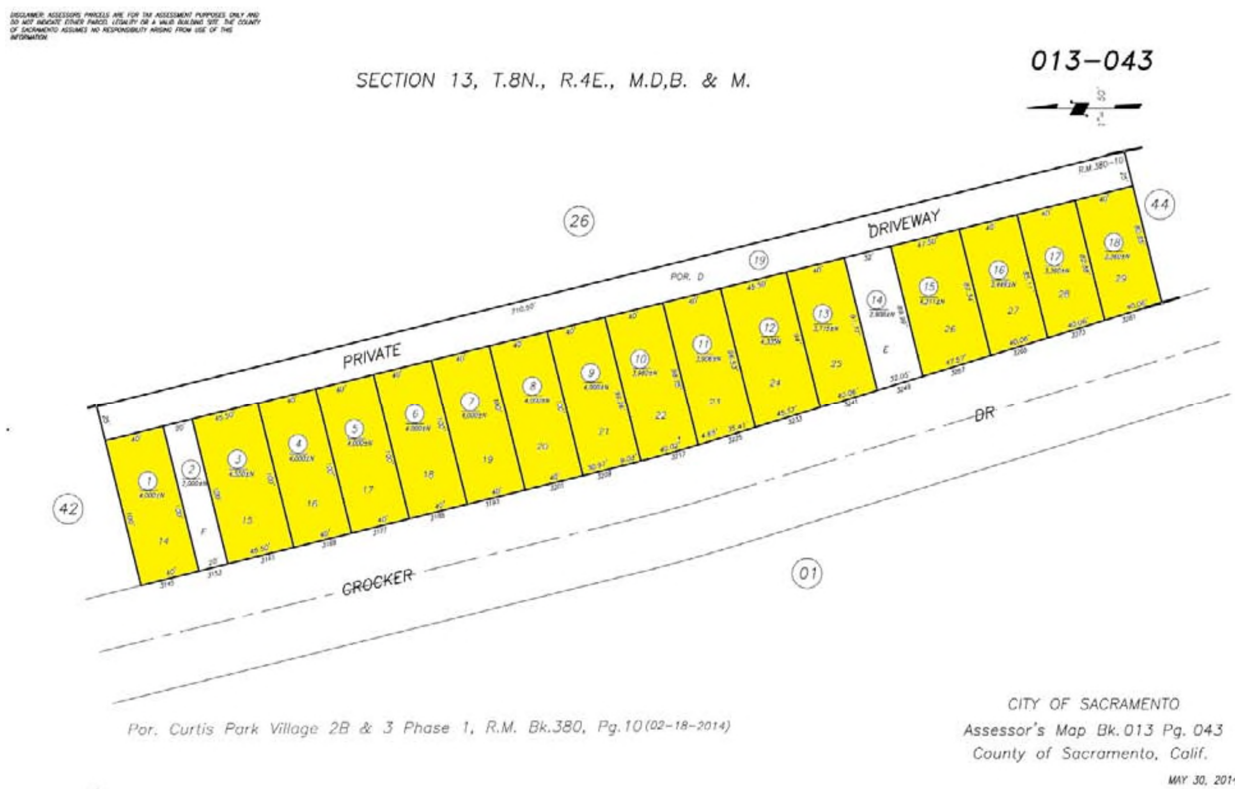


The 91 DU includes 1 lot located outside the boundaries of this district.

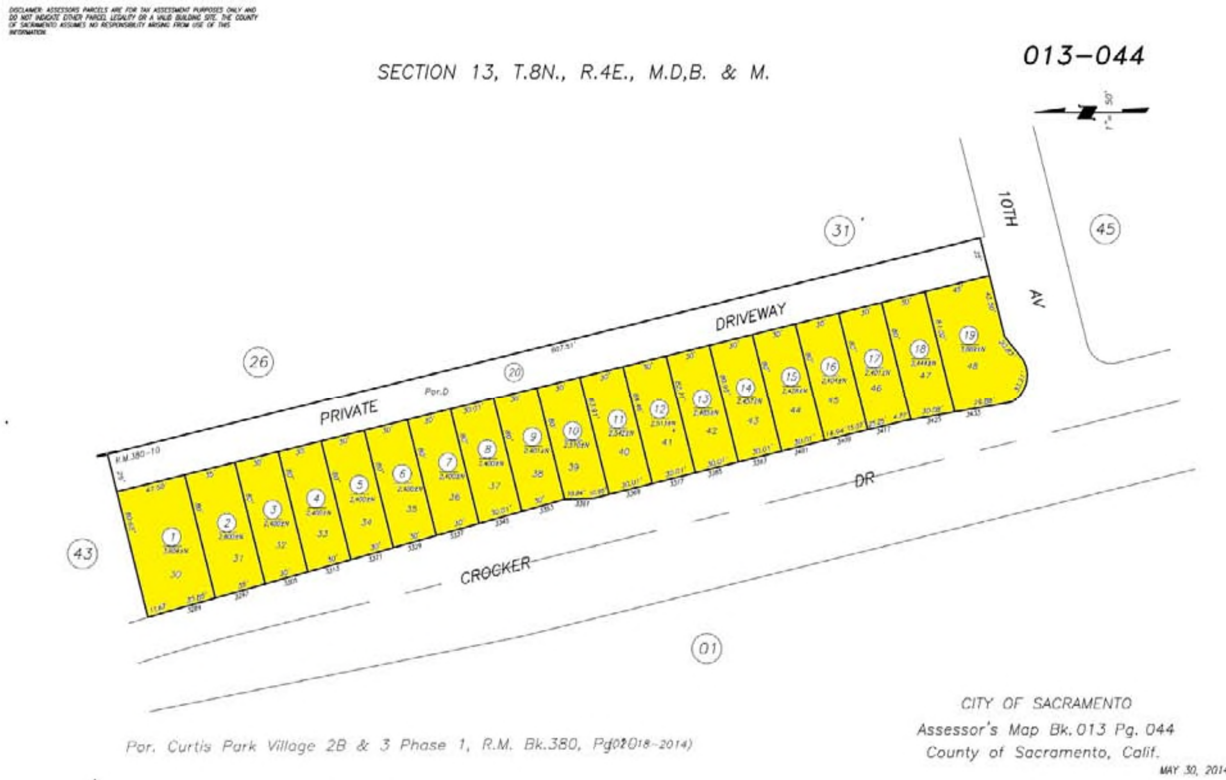




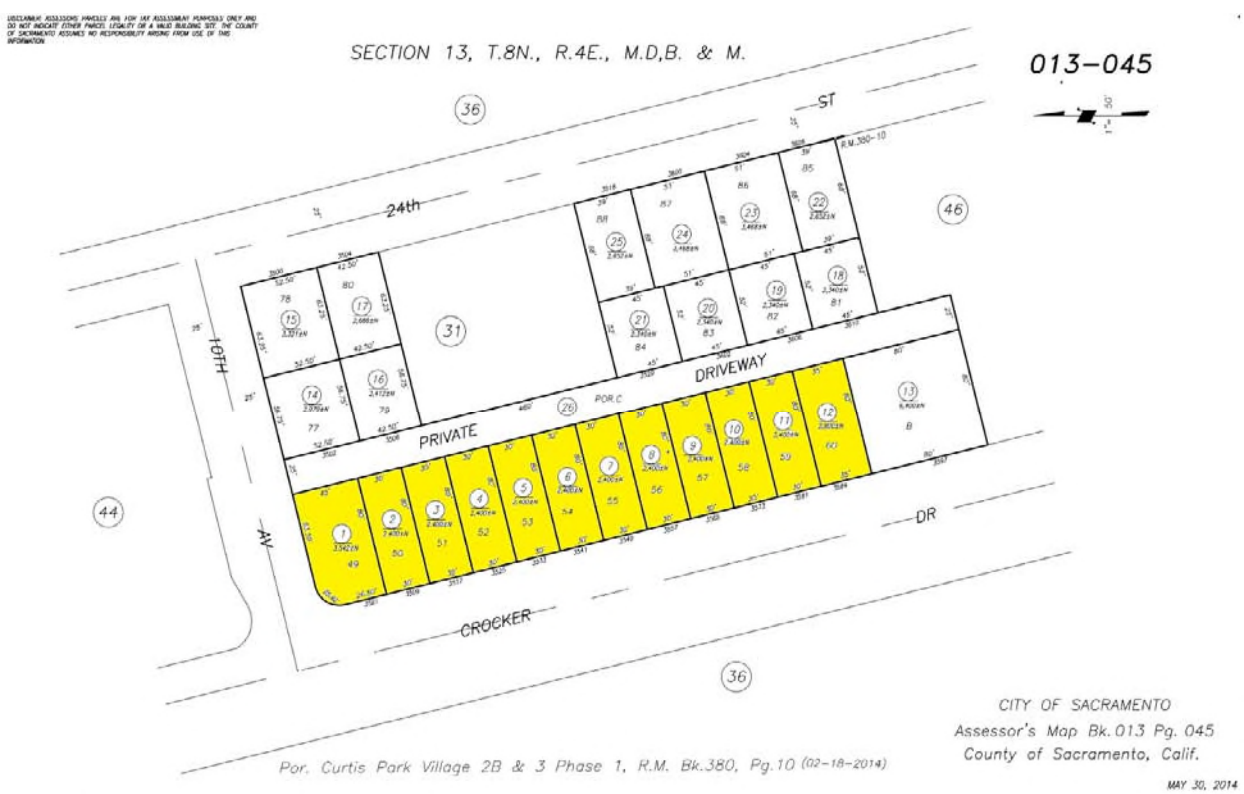
APN 013-0420-016 is part of legal description, but owned by Curtis Park Community Association (HOA)



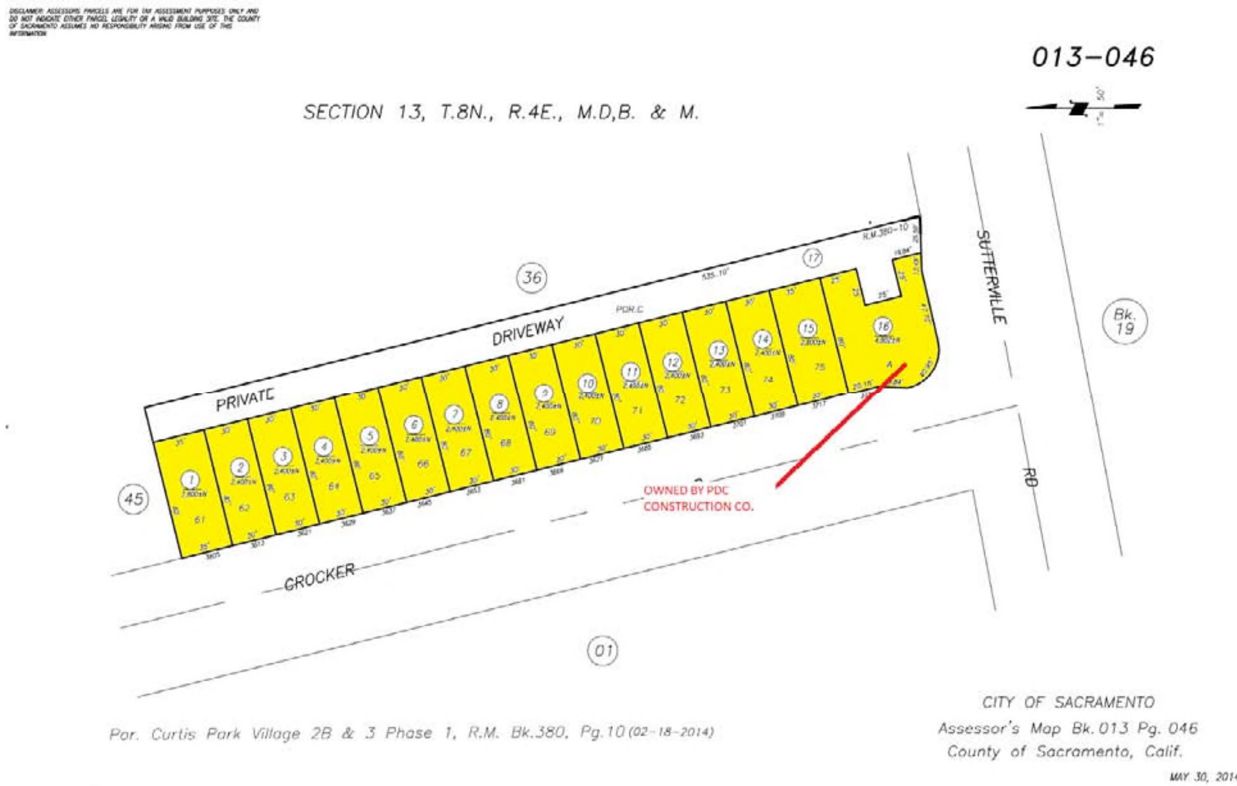
APN 013-0430-002, 014, 019 are part of legal description, but owned by Curtis Park Community Association (HOA)



APN 013-0440-020 is part of legal description, but owned by Curtis Park Community Association (HOA)



APN 013-0450-013, 026 are part of legal description, but owned by Curtis Park Community Association (HOA)



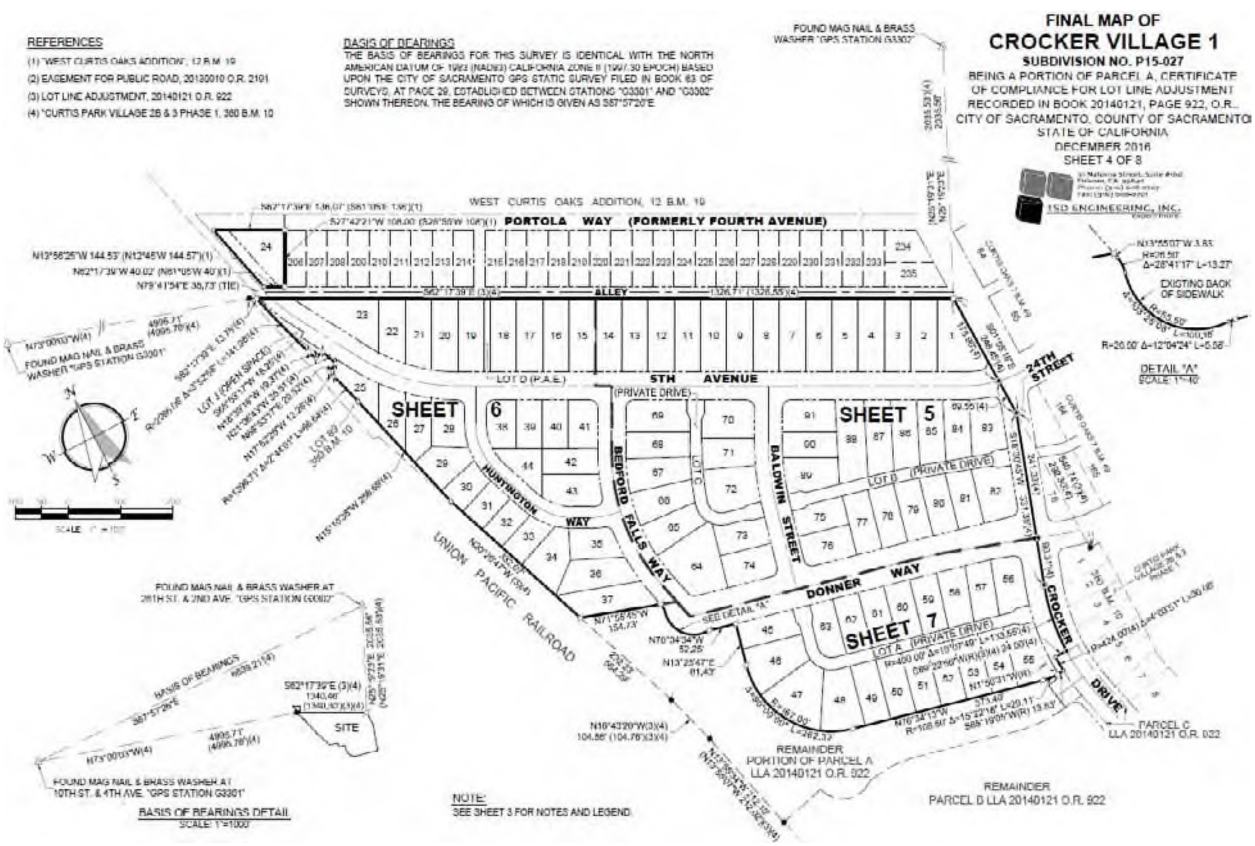
APN 013-0460-017 is part of legal description, but owned by Curtis Park Community Association (HOA)

Topography/Drainage

The subject property is generally level and at street grade. Drainage appears adequate upon inspection of this project.

Proposed Development

The land uses for this project are proposed for subdivision for APNs 013-0010-044 and 047. The initial development includes Crocker Village 1 which has improvements completed for 91 lots but still requires recordation of the final map. A copy of this map (not recorded) is identified as follows.



Note, Lot 24 is outside the boundaries of the CFD

This portion of the project is identified for the development of 91 lots (Including Lot 24 located outside the boundaries of the CFD). It is comprised of larger lots (7,000 sf) along the northern edge of the project (Lots 1..23) with smaller lots toward the southern end of the project. This project reflects 13.2 net acres showing an overall density of 6.9 units per acre. The typical lot size for this project is 5,000 square feet.

In addition, Village 2 of this project is identified for the development of 109 lots on 9.8 acres. This project area reflects a mix of 26 lots with front loaded designs (5,000 SF) and 83 alley loaded lots (2,500 SF). In addition, this village includes 2.3 net acres for the development of 131 multi-family units. This shows an overall density of 57.0 units per acre. This component is identified along the western side of this property next to the existing multi-family apartment complex.

A copy of this preliminary map is identified as follows.

Village 1 for this project reflects finished lots, whereas Village 2 is currently in the tentative map stage. Remaining costs applicable to the project include the following. This includes the costs identified for infrastructure costs identified as follows.

Phase 3, Village 2	
Grading	$ 276,715
Street Improvments	$ 1,929,724
Drainage	$ 677,535
Water	$ 446,145
Sewer	$ 538,525
Landscape	$ 237,742
Joint trench	$ 456,142
Park	$ 1,007,400
Detention Basin	$ 1,171,902
Sub Total	$ 6,741,830
Contingency	$ 337,091.50
Total	**$ 7,078,922**

These costs are identified at $7,078,922 or approximately $65,000 per lot.

The total costs identified for the Sutterville Ramp are identified at $1,499,211. Most of this site work was completed as of the effective date of valuation. Total costs, as well as the remaining costs are identified as follows.

Remaing Off Site Costs (SB 99 Ramp)	
Lead compliance /ADA Burial Location Report /Stripe removal	$ 3,400
Traffic Control System	$ 87,600
Water pollution control Plan /BMP	$ 2,200
Demolition	$ 127,200
Mobilization / Clear & Grub /Excavation / Erosion control	$ 286,540
Modify Irrigation & landscaping	$ 34,200
Class 2 aggregate Base	$ 81,090
Hot Mix Asphalt Type A	$ 74,765
Hot Mix Asphalt Dike	$ 13,346
Signage /Striping	$ 22,000
Grated Drain Line	$ 57,720
Detectable Wiring Service	$ 6,750
Concrete	$ 298,000
Modify Traffic Monitoring Station	$ 17,400
Modify Traffic Signals and Street Lighting	$ 110,000
Inspections / Fees / CM	$ 277,000
Sub Total	**$ 1,499,211**
Paid to date	$ (1,287,038)
Total	**$ 212,173**

The total paid to date costs were as of February 2018. It was noted that the weather needs to clear from the rainy conditions and the project can be completed.

In addition, the developer is still responsible for the Fair-Share off-site mitigation fees. The total fees were identified at $521,193.94 for the entire project including land components beyond the scope of this assignment. Remaining offsite mitigation fees for the project are identified at $217,517 and identified as follows.

AREA	**TOTAL COSTS**
Area 3	$12,622.94
Area 4	$28,401.61
Area 5	$6,837.43
Area 6B	$105,191.16
Area 7A	$64,464.00
TOTALS	**$217,517.14**
	$217,517

As such, remaining costs for this project are allocated as follows.

COST ELEMENT	SUB-TOTAL	TOTAL COSTS
Phase 3 In-Tract Roadways/Joint Facility (A)	$7,078,927	
Contingency	Included	
Phase 3 Remediation Costs Associated with Public Improvements	N/A	$7,078,927
Fair-Share off-site Mitigation Fees	$217,517	
Sutterville Ramp	$212,173	
Dry Utilities	Included	$429,690
REMAINING COSTS		**$7,508,617**

The remaining costs are identified at $7,508,617. These costs are considered in the overall valuation of this property. The overall allocation of off-site mitigation fees and remaining costs for the Sutterville Ramp are identified at $429,690. These costs equate to $2,159 per lot based on the 199 lots for this project.

Soil Conditions

There was no soils report provided for review in preparation of this assignment. The subject property is located in an area formerly owned and utilized by the Union Pacific Railroad Company. According to the DTSC, the soils and groundwater contamination have been remediated to acceptable standards. The opinions of value presented for the subject property assume that the soils are capable of supporting the existing improvements and proposed improvements for the subject property. Please refer to the assumptions and limiting conditions for further documentation.

Nuisances and Hazards

There was no Environmental Site Assessment provide for review in preparation of this assignment. Inspection of this site did not reveal any potential contaminants. In the absence of any environmental site assessments, the opinions of value for the subject property assume that there are no surface or sub-surface contaminants impacting the subject property. It is noted that the appraiser is not a recognized expert in this field. Please refer to the assumptions and limiting conditions for further documentation.

Easements, Encroachments & Adverse Conditions

There were three conditions of title guarantee provided for review in preparation of this assignment according to ownership. A summary of these documents are summarized as follows.

PDC Construction Co. – Fidelity National Title Company Condition of Title Guarantee Document, dated February 27, 2019

This document cited the following exceptions. If the exceptions are relevant to the overall opinions of value, additional comments will be noted. Otherwise, they will be labeled as no additional comments.

Items 1-13: References Property Taxes/Assessments/Utilities (No additional comments)
Items 14-15: Easements for public highway or road from 1900s (No additional comments)
Item 16: Public highway and parking purpose easement from 1961 (No additional comments)

Item 17: Grant deed showing transfer from Union Pacific Railroad Company and Curtis Park Village, LLC in 2003 (No additional Comments).
Item 18: Easement reserved by Union Pacific Railroad for Fiber Optic Improvements in 2005. (No additional comments). Does not influences properties appraised.
Item 19: Easement to the City of Sacramento for Sewer and Drainage recorded in 2006 (No additional comments)
Item 20: Easement for Union Pacific Railroad recorded in 2007 (No additional comments)
Items 21-22: Easements to City of Sacramento in 2013 for public roads and purposes (No additional comments)
Items 23-25: References Deeds of Trust from 2013 to 2017 (No additional comments)
Item 26, 29: Easements for public dedication and centralized mail boxes (No additional comments)
Item 27, 28: Easements for construction of Senior Apartments (No additional comments)
Items 30, 31: Easement to PG&E and SMUD for utilities (No additional comments)
Items 32-35: Relate to corporate structure, unrecorded agreements, water rights (No additional comments).

Overall, there were no atypical easements, encroachments, or adverse conditions identified in this document.

Blackpine Curtis – Fidelity National Title Company Condition of Title Guarantee Document, dated February 28, 2019

This document cited the following exceptions. If the exceptions are relevant to the overall opinions of value, additional comments will be noted. Otherwise, they will be labeled as no additional comments.

Items 1-27: References Property Taxes/Assessments/Utilities (No additional comments)

It is noted that Item 18 references delinquent taxes for APN 013-0430-017 with a total delinquent amount at $5,038.05. The opinions of value assume marketable title.

Item 28: Grant deed showing transfer from Union Pacific Railroad Company and Curtis Park Village, LLC in 2003 (No additional Comments).
Item 29: Memorandum of Right of Entry recorded in 2013 (No additional comments)
Items 30, 36: Easement to SMUD for utilities (No additional comments)
Item 31: Inclusionary Housing Regulatory Agreement (No additional comments)
Items 32-33: Easements for trees, underground improvements, mail boxes (No additional comments)
Item 34: Subdivision Improvement Agreement recorded 2014 (No additional comments)
Items 35: Various Deeds of Trust
Item 37: Notice rom Blackpine Curtis LLC for notice of Non-Adversarial Procedure, Notice to Successors in interest, Notice of Builders Agent for notice under California Civil Code Sections 912 (e), 912 (f), and 912 (h). No additional comments.
Item 38: CC&R's (No additional comments)

Item 39: Lien in the amount of $71.93 for Delinquent utilities impacting APN 013-0430-019 to City of Sacramento, Department of Utilities. It is noted that this parcel is owned by the HOA and does not impact the Blackpine Curtis LLC ownership.

Items 40-42: Relate to corporate structure, unrecorded agreements, water rights (No additional comments).

Overall, there were no atypical easements, encroachments, or adverse conditions identified in this document. As noted the subject property is assumed to have marketable title. Items of note, identified in this preliminary title report include the following.

- Delinquent taxes for APN 013-0430-017 in the amount of $5,038.05.
- Lien for utility payments for APN 013-0430-019 for $71.93. It is noted that this parcel is owned by the homeowners association.

Curtis Park Village Community Association – Fidelity National Title Company Condition of Title Guarantee Document, dated February 19, 2019

This document cited the following exceptions. If the exceptions are relevant to the overall opinions of value, additional comments will be noted. Otherwise, they will be labeled as no additional comments.

Items 1-4: References Property Taxes/Assessments/Utilities (No additional comments)
Item 5: Easements for gas pipelines to PG&E from 1927 (No additional comments)
Item 6: Public utility easements (No additional comments)
Item 7: Recitals that all private drives, guest parking and opens space shall be maintained by the HOA (No additional Comments).
Item 8: References a Deed of Trust. (No additional comments).
Items 9, 11: Easement to PG&E and SMUD for utilities (No additional comments)
Item 10: Agreement for Conveyance of Easements to the City of Sacrament (No additional Comments)
Item 12: Notice of Successors in Interest (No Additional Comments)
Item 13: CC&R's (No additional comments)
Item 14: References drainage easement of Parcels B and C (No Additional Comments)
Items 15-18: Relate to corporate structure (No additional comments).

Overall, there were no atypical easements, encroachments, or adverse conditions identified in this document. Inspection of the subject properties revealed no apparent adverse easements, encroachments, or other conditions currently impacting the subject. It is assumed any easements noted in the preliminary title report do not have an impact on the opinion(s) of value provided in this report.

Flood Zone

According to the Federal Emergency Management Agency Flood Insurance Rate Maps (FIRM), Community-Panel Numbers 06067C-0190H, with an effective date of August 16, 2012, the subject property identified in Zone X. Portions of the site are in areas determined to be outside the 0.2% annual chance flood plain while others are in areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile, and areas protected by levees from 1% annual chance flood. Flood insurance is not required the district.

Seismic Hazard

The subject is not located within the Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone) as defined by Special Publication 42 of the California Department of Conservation, Division of Mines and Geology. The subject is not within a special study area.

Zoning

The current zoning for the subject property is identified with R1A-PUD, R4A-PUD and SC-PUD. The city council approved the Curtis Park Village project on September 28, 2010. As part of the project approval, the city council certified the Curtis Park Village EIR (Resolution No 2010-174) on April 1, 2010, and adopted CEQA Findings of Fact, Mitigation Monitoring Program (MMP), and a Statement of Overriding Considerations on September 28, 2010 (Resolution 2010-572). The project approval established a planned unit development (PUD) covering the entire project site. These elements were modified in 2015 and are summarized as follows.

The Crocker Village Project is a 51.31 acre piece of the overall original Crocker Village Tentative Map which included subdividing approximately 51.31 acres into 218 lots, including 200 single-unit dwellings, a lot for 131 multi-unit dwellings, 11.6 acre commercial use, a 6.6 acre joint use park/detention basin lot, and additional lots for open space, walkways, private drives, and emergency vehicle access in the Single-Unit Dwelling (R-1A PUD), Multi-Unit Dwelling (R-4A PUD), and Shopping Center (SC-PUD) zones and located in the Curtis Park Village Planned Unit Development (PUD). These changes are summarized below:

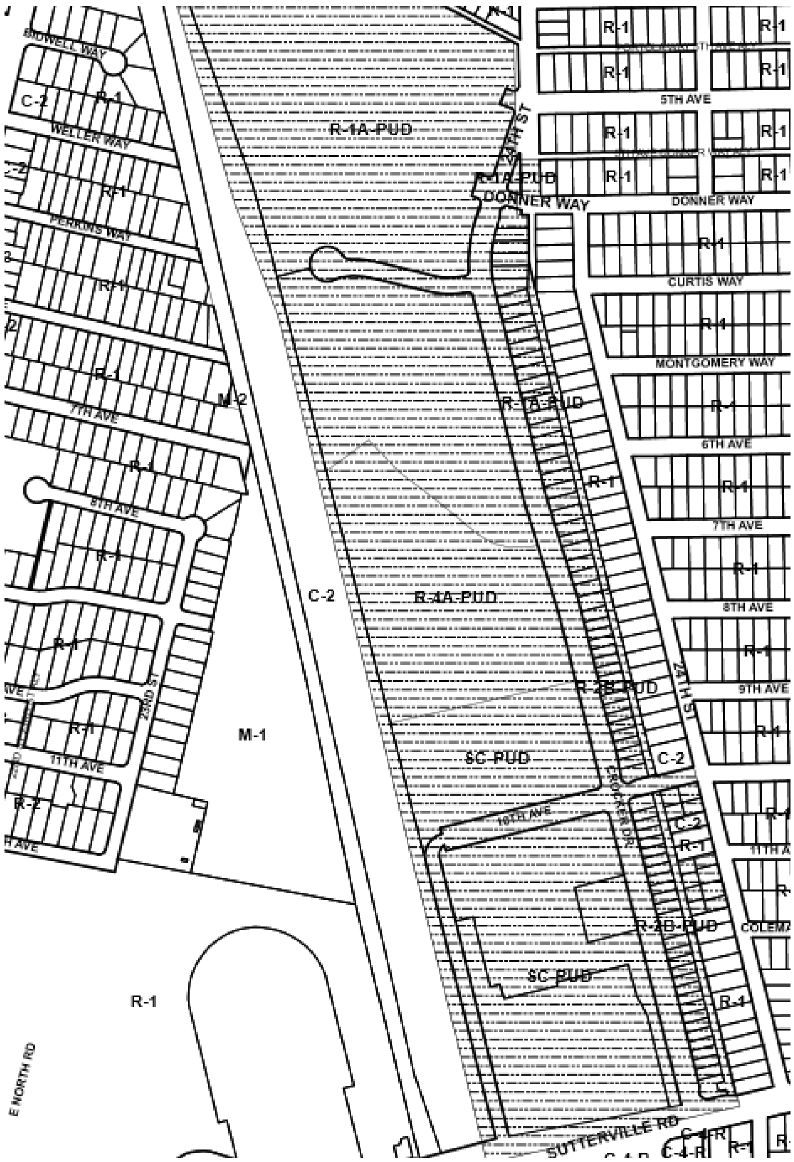
- Removing of the northern detention basin;
- Adding Road A;
- Reconfiguring the Park/Detention Basin facility;
- Providing single-family dwellings at the park's southern boundary;
- Replacing a portion of the area previously designated for multi-family development with single-unit dwellings;
- Updating the tentative map to reflect the previously approved senior housing complex; and
- Subdividing the southern commercial area into two lots.

It is noted that the previous changes to the Curtis Park Village EIR was proposed (P14-036), the project included the development of a fuel center with an associated retail kiosk in the southern commercial area of the Curtis Park Village Site. However, the fuel island was not approved and the master developer for the project filed a lawsuit to declare the city's action illegal. In January 2018, a judge ruled that the City of Sacramento rescind its permit denial and hold a new hearing on the matter. Later it was identified that the City of Sacramento will appeal the decision by the judge. As of the effective date of valuation, no decision was made regarding the certainty of this retail center.

In addition, this project has reached the maximum number of building permits issued prior to the Highway 99/12th Avenue off-ramp mitigation measure. The developer of this project has a performance bond issued for this project. After the performance bond for the SB 99 Off ramp is in place additional building permits may be issued through the normal building plan check protocol, but certificates of occupancy or final inspection, as appropriate, for those new buildings (i.e. building with permits issued after the performance bond was in place) cannot be issued or completed until interchange improvements are complete and accepted by both the City of Sacrament and Cal-Trans for their respective improvements.

As of the effective date of valuation, these improvements are nearly completed with anticipated completion dates by the end of February 2019, subject to weather constraints. With the completion of this off-site obligation, certificates of occupancy can be issued and development of the proposed uses can occur. Completion of this interchange is eminent and not anticipated to interrupt of impede the absorption of the subject's land use.

This property includes a variety of land uses from vacant land for single and multi-family development, retail land and completed homes. The current zoning map is as follows.



The subject property reflects a legal, conforming use to the current zoning.

Taxes and Assessments

The 2018/2019 assessed values for the subject parcels are identified as follows.

PARCEL #	AV (LAND)	AV (IMPROVEMENTS)	TOTAL AV	PARCEL #	AV (LAND)	AV (IMPROVEMENTS)	TOTAL AV
013-0010-044	$8,633,841	$0	$8,633,841	013-0440-007	$188,538	$165,000	$353,538
013-0010-046	$389,940	$0	$389,940	013-0440-008	$188,538	$360,000	$548,538
013-0010-047	$3,842,004	$0	$3,842,004	013-0440-009	$188,538	$135,000	$323,538
013-0420-001	$2,746	$0	$2,746	013-0440-010	$188,538	$120,000	$308,538
013-0420-002	$188,538	$0	$188,538	013-0440-011	$188,538	$115,000	$303,538
013-0420-003	$188,538	$0	$188,538	013-0440-012	$188,538	$100,000	$288,538
013-0420-004	$188,538	$0	$188,538	013-0440-013	$188,538	$120,000	$308,538
013-0420-005	$188,538	$0	$188,538	013-0440-014	$188,538	$85,000	$273,538
013-0420-006	$188,538	$0	$188,538	013-0440-015	$188,538	$100,000	$288,538
013-0420-007	$188,538	$0	$188,538	013-0440-016	$188,538	$90,000	$278,538
013-0420-008	$188,538	$0	$188,538	013-0440-017	$188,538	$55,000	$243,538
013-0420-009	$188,538	$0	$188,538	013-0440-018	$188,538	$100,000	$288,538
013-0420-010	$188,538	$0	$188,538	013-0440-019	$188,538	$60,000	$248,538
013-0420-011	$188,538	$0	$188,538	013-0440-020	$106	$0	$106
013-0420-012	$188,538	$0	$188,538	013-0450-001	$175,000	$447,878	$622,878
013-0420-013	$188,538	$0	$188,538	013-0450-002	$188,538	$135,000	$323,538
013-0420-014	$2,746	$0	$2,746	013-0450-003	$188,538	$150,000	$338,538
013-0420-015	$141	$0	$141	013-0450-004	$188,538	$140,000	$328,538
013-0420-016	$25	$0	$25	013-0450-005	$188,538	$135,000	$323,538
013-0430-001	$188,538	$0	$188,538	013-0450-006	$175,000	$462,500	$637,500
013-0430-002	$104	$0	$104	013-0450-007	$178,500	$443,822	$622,322
013-0430-003	$175,000	$599,959	$774,959	013-0450-008	$178,500	$470,093	$648,593
013-0430-004	$182,070	$522,384	$704,454	013-0450-009	$178,500	$487,851	$666,351
013-0430-005	$175,800	$520,589	$696,389	013-0450-010	$178,500	$526,221	$704,721
013-0430-006	$178,500	$494,700	$673,200	013-0450-011	$178,500	$484,267	$662,767
013-0430-007	$182,070	$754,388	$936,458	013-0450-012	$175,000	$415,990	$590,990
013-0430-008	$178,500	$509,133	$687,633	013-0450-013	$104	$0	$104
013-0430-009	$178,500	$485,098	$663,598	013-0450-026	$25	$0	$25
013-0430-010	$188,538	$0	$188,538	013-0460-001	$182,070	$400,542	$582,612
013-0430-011	$175,000	$595,000	$770,000	013-0460-002	$178,500	$571,200	$749,700
013-0430-012	$175,000	$691,000	$866,000	013-0460-003	$185,706	$631,006	$816,712
013-0430-013	$188,538	$0	$188,538	013-0460-004	$182,070	$417,545	$599,615
013-0430-014	$104	$0	$104	013-0460-005	$185,706	$600,125	$785,831
013-0430-015	$188,538	$0	$188,538	013-0460-006	$178,500	$434,933	$613,433
013-0430-016	$188,538	$0	$188,538	013-0460-007	$185,706	$414,083	$599,789
013-0430-017	$188,538	$0	$188,538	013-0460-008	$182,070	$493,149	$675,219
013-0430-018	$188,538	$0	$188,538	013-0460-009	$184,845	$606,296	$791,141
013-0430-019	$104	$0	$104	013-0460-010	$187,250	$497,550	$684,800
013-0440-001	$188,538	$0	$188,538	013-0460-011	$178,500	$367,307	$545,807
013-0440-002	$188,538	$282,540	$471,078	013-0460-012	$178,500	$427,115	$605,615
013-0440-003	$188,538	$275,400	$463,938	013-0460-013	$182,070	$420,593	$602,663
013-0440-004	$188,538	$350,000	$538,538	013-0460-014	$178,500	$378,409	$556,909
013-0440-005	$188,538	$0	$188,538	013-0460-015	$185,706	$396,916	$582,622
013-0440-006	$188,538	$150,000	$338,538	013-0460-016	$2,746	$0	$2,746
				013-0460-017	$25	$0	$25
TOTALS							**$45,737,578**

The total assessed value for all of the properties included in this analysis is $45,737,578. The subject properties fall within Tax Codes 03-005. Base tax rates for this district (2018-2019) are allocated as follows.

ITEM	TOTALS
Ad Valorem Taxes	1.0%
Los Rios College GO Bond	0.0131%
Sacto Unified GO Bond	0.1164%
TOTAL TAX RATE	**1.1295%**

In addition, the outstanding debt was provided for all of the properties in this analysis as compiled from Muni Financial. This was provided for all of the properties including General Obligation Bonds which are part of the Base Tax Rate noted above. These elements are identified as follows.

ITEM	TOTALS
Sacramento Area Flood Consolidated Capital AD Debt	$35,031.84

The total outstanding debt on these properties is identified at $35,031.84. This total debt is nominal relative to the overall value for the property. In addition, APN 013-0430-017 has delinquent property taxes. The opinions of value assume that these taxes are paid with no overall impact to title and marketability of this parcel.

The subject property is proposed for an additional CFD (Scope of Work). The following table shows the overall payment schedule for this project.

Attachment 1 Curtis Park Village CFD No. 2014-02 (Improvements) Assigned Special Tax and Maximum Annual Special Tax in the Base Year [1]				
Tax Category	**No. of Units**	**Assigned Special Tax [1]**	**Maximum Assigned Special Tax Revenue**	**Maximum Annual Special Tax [1]**
Developed Parcels		*per Unit*		*per Unit*
Single-Family Parcels				
Building Square Footage Range				
Greater than 3,100	23	$3,600	$82,800	$3,600
2,601 to 3,100	70	$3,200	$224,000	$3,200
Less than 2,601	106	$2,400	$254,400	$2,820
Lot No. 2 through 75 [2]	74	$2,400	$177,600	$2,400
Developed Parcel Subtotals	**273**		**$738,800**	
		per Acre		*per Acre*
Other Land Use Parcels		**$25,040**		**$25,040**
		per Acre		*per Acre*
Final Map Parcels		**$25,040**		**$25,040**
		per Unit		*per Unit*
Lot No. 2 through 75 Final Map Parcels [2]		**$2,400**		**$2,400**
		per Acre		*per Acre*
Undeveloped Parcels		**$25,040**		**$25,040**
				"att_1"

[1] The Assigned Special Tax and Maximum Annual Special Taxes increase by the Tax Escalation Factor in each Fiscal Year following the Base Year.
[2] These are lot numbers in the initial Final Subdivision Map of the CFD that have been acquired by BlackPine. Final Map of Curtis Park Village 2B & 3, Phase 1, recorded February 18, 2014 in Book 380 of Maps at Page 10.

Lot 2 through 75 reflect the original lots acquired by Blackpine Curtis LLC. Some of the lots have sold to individual homeowners. The average special tax for the remainder of this project equate to $2,820 per annum. This weighted average is used as the basis for comparison of this project as noted later in this report. The maximum annual escalation clause is identified at two percent per annum.

> "**Tax Escalation Factor**" means a factor of two-percent in each Fiscal Year following the Base Year by which the Assigned Special Tax and Maximum Annual Special Tax for the previous Fiscal Year will be increased.

In addition, the 2.49-acre Flex zone parcel will include a special tax at $25,040 per acre ($0.575/SF). This component is subject to a similar escalation.

IMPROVEMENT DESCRIPTION

There is one current project offering homes in this project as of the effective date of valuation. Furthermore, an additional two projects are proposed by PDC Construction, whereas 2 projects have sold out. The table below provides a summary of these projects.

Project	Builder	Lot Size	Type	Size (SF)	Price Range
Cottages	Blackpine	2,500 SF	Small Lot, Detached	1,482-2,163 SF	$538,990-$602,923
Estates	Blackpine	4,000 SF	Small Lot, Detached	2,535-3,031 SF	$657,990-$745,990
Brownstones	Blackpine	2,400 SF	Small Lot, Detached	2,192-2,537 SF	$621,990-$643,990
Front Load	PDC	5,000 SF	Small Lot, Detached	1,803-3,164 SF	Not Provided
Alley Load	PDC	2,590 SF	Small Lot, Detached	1,620-2,070 SF	Not Provided

COTTAGES (SOLD OUT, BUILT BY BLACKPINE, NOT PART OF CFD)

The Cottages project was comprised of 12 lots typically 2,500 square feet. They were released to the market in May 2014 and closed out in the first quarter of 2016. Pricing noted in the table above is based on asking prices identified from the Gregory Group. The table below shows actual sales prices and dates as provide from Sacramento County public records.

APN/ADDRESS	SALES PRICE	SALE DATE	LOT SIZE	UNIT SIZE	PRICE/SF
013-0450-014/3502 24th Street	$631,500	2/6/15 COE	2,979 SF	2,163 SF	$211.98
013-0450-015/3500 24th Street	$544,500	12/23/14 COE	3,321 SF	1,482 SF	$367.41
013-0450-016/3506 24th Street	$542,000	12/15/15 COE	2,412 SF	2,163 SF	$250.58
013-0450-017/3504 24th Street	$547,000	12/30/14 COE	2,688 SF	1,482 SF	$369.10
013-0450-018/3610 24th Street	$530,000	6/26/15 COE	2,340 SF	2,163 SF	$245.03
013-0450-019/3606 24th Street	$437,500	10/30/15 COE	2,340 SF	1,861 SF	$235.09
013-0450-020/3602 24th Street	$445,500	10/28/15 COE	2,340 SF	1,861 SF	$239.39
013-0450-021/3520 24th Street	$482,000	3/22/16 COE	2,340 SF	2,163 SF	$222.84
013-0450-022/3608 24th Street	$662,500	2/2/15 COE	2,652 SF	2,028 SF	$326.68
013-0450-023/3604 24th Street	$470,000	12/18/15 COE	3,468 SF	1,790 SF	$262.57
013-0450-024/3600 24th Street	$577,500	2/5/15 COE	3,468 SF	1,790 SF	$322.63
013-0450-025/3518 24th Street	$662,500	2/2/15 COE	2,652 SF	2,028 SF	$326.68
AVERAGES	**$544,375**			**1,915 SF**	**$284.27**

ESTATES (ONGOING PART OF CFD)

The Estates project is comprised of 28 lots typically 4,000 square feet. They were released to the market in April 2015. Pricing noted in the table above is based on asking prices identified from the Gregory Group. The table below shows actual sales prices and dates as provide from Sacramento County public records. This is predicated on closed sales for this project. Still, there are 15 vacant lots in this project. Parcels in italics reflect resale homes.

APN/ADDRESS	SALES PRICE	SALE DATE	LOT SIZE	UNIT SIZE	PRICE/SF
013-0420-005/3073 Crocker Drive	$807,500	12/31/18 COE	4,619 SF	3,031 SF	$266.41
013-0430-003/3161 Crocker Drive	$711,000	7/11/17 COE	4,550 SF	2,893 SF	$245.77
013-0430-004/3169 Crocker Drive	*$770,000*	*6/29/18 COE*	*4,000 SF*	*2,555 SF*	*$301.37*
013-0430-005/3177 Crocker Drive	$685,500	3/4/17 COE	4,000 SF	2,893 SF	$236.95
013-0430-006/3185 Crocker Drive	*$752,500*	*1/17/18 COE*	*4,000 SF*	*2,781 SF*	*$260.11*
013-0430-007/3193 Crocker Drive	$765,000	11/29/16 COE	4,000 SF	2,989 SF	$255.94
013-0430-008/3201 Crocker Drive	$674,500	3/3/17 COE	4,000 SF	2,535 SF	$266.07
013-0430-009/3209 Crocker Drive	$651,000	9/9/16 COE	4,000 SF	2,893 SF	$225.03
013-0430-011/3225 Crocker Drive	$770,000	11/15/17 COE	4,000 SF	2,781 SF	$276.88
013-0430-012/3223 Crocker Drive	$866,000	8/8/17 COE	4,000 SF	3,031 SF	$285.71
AVERAGES	**$745,300**			**2,838 SF**	**$262.61**

BROWNSTONES (ONGOING PART OF CFD)

The Brownstones project is comprised of 45 lots typically 2,400 square feet. They were released to the market in February 2015 and all units have sold. The community sales manager, Barbara Olson noted that sales were slow in this project due to the abundance of stairs with the 3-story designs. In addition, with the uncertainty in 2016 with regard to the retail project in the community, buyers were hesitant. With passage of time and subsequent development of the retail centers, sales have increased in this project. The added roof top patios and elevator options in these plans, have stimulated sales in this project.

The table on the following page shows actual sales prices and dates as provide from Sacramento County public records. This is predicated on closed sales for this project.

APN/ADDRESS	SALES PRICE	SALE DATE	LOT SIZE	UNIT SIZE	PRICE/SF
013-0440-002/3297 Crocker Drive	$656,000	2/21/18 COE	2,400 SF	2,192	$299.27
013-0440-003/3305 Crocker Drive	$718,500	1/29/18 COE	2,400 SF	2,214	$324.53
013-0440-004/3313 Crocker Drive	$806,000	4/26/18 COE	2,400 SF	2,537	$317.70
013-0440-005/3321 Crocker Drive	$633,500	2/2/18 COE	2,400 SF	2,192	$289.01
013-0440-006/3329 Crocker Drive	$659,500	2/27/18 COE	2,400 SF	2,214	$297.88
013-0440-007/3337 Crocker Drive	$657,500	2/4/19 COE	2,400 SF	2,537	$259.16
013-0440-008/3345 Crocker Drive	$702,500	3/27/18 COE	2,400 SF	2,214	$317.30
013-0440-009/3353 Crocker Drive	$699,500	8/3/18 COE	2,401 SF	2,537	$275.72
013-0440-010/3361 Crocker Drive	$689,000	9/4/18 COE	2,510 SF	2,214	$311.20
013-0440-011/3369 Crocker Drive	$729,500	6/11/18 COE	2,542 SF	2,192	$332.80
013-0440-012/3377 Crocker Drive	$692,000	10/29/18 COE	2,513 SF	2,537	$272.76
013-0440-013/3385 Crocker Drive	$775,000	6/26/18 COE	2,485 SF	2,214	$350.05
013-0440-014/3393 Crocker Drive	$650,000	1/29/19 COE	2,457 SF	2,192	$296.53
013-0440-015/3401 Crocker Drive	$697,500	7/12/18 COE	2,428 SF	2,537	$274.93
013-0440-017/3417 Crocker Drive	$683,500	8/22/18 COE	2,401 SF	2,192	$311.82
013-0440-018/3425 Crocker Drive	$781,500	9/17/18 COE	2,444 SF	2,537	$308.04
013-0440-019/3433 Crocker Drive	$720,000	8/16/18 COE	3,869 SF	2,192	$328.47
013-0450-001/3501 Crocker Drive	$623,000	12/29/17 COE	2,400 SF	2,192	$284.22
013-0450-002/3509 Crocker Drive	$686,000	4/11/18 COE	2,400 SF	2,537	$270.40
013-0450-003/3517 Crocker Drive	$697,500	3/16/18 COE	2,400 SF	2,214	$315.04
013-0450-004/3525 Crocker Drive	$650,500	4/17/18 COE	2,400 SF	2,192	$296.76
013-0450-005/3533 Crocker Drive	$682,000	4/23/18 COE	2,400 SF	2,537	$268.82
013-0450-006/3541 Crocker Drive	$637,500	12/28/17 COE	2,400 SF	2,214	$287.94
013-0450-007/3549 Crocker Drive	$610,500	6/20/17 COE	2,400 SF	2,192	$278.51
013-0450-008/3557 Crocker Drive	$636,000	5/24/17 COE	2,400 SF	2,537	$250.69
013-0450-009/3565 Crocker Drive	$653,500	6/23/17 COE	2,400 SF	2,214	$295.17
013-0450-010/3573 Crocker Drive	$691,000	5/9/17 COE	2,400 SF	2,537	$272.37
013-0450-011/3581 Crocker Drive	$650,000	5/10/17 COE	2,400 SF	2,214	$293.59
013-0450-012/3589 Crocker Drive	$591,000	7/7/17 COE	2,400 SF	2,192	$269.62
013-0460-001/3605 Crocker Drive	$560,000	6/15/16 COE	2,800 SF	2,192	$255.47
013-0460-002/3613 Crocker Drive	$735,000	10/20/16 COE	2,400 SF	2,214	$331.98
013-0460-003/3621 Crocker Drive	$785,000	9/16/15 COE	2,400 SF	2,537	$309.42
013-0460-004/3629 Crocker Drive	$576,500	5/26/16 COE	2,400 SF	2,192	$263.00
013-0460-005/3637 Crocker Drive	$755,500	10/8/15 COE	2,400 SF	2,537	$297.79
013-0460-006/3645 Crocker Drive	$601,500	7/19/16 COE	2,400 SF	2,214	$271.68
013-0460-007/3653 Crocker Drive	$576,500	12/7/15 COE	2,400 SF	2,192	$263.00
013-0460-008/3661 Crocker Drive	$649,000	8/13/15 COE	2,400 SF	2,214	$293.13
013-0460-009/3669 Crocker Drive	$749,000	6/23/15 COE	2,400 SF	2,537	$295.23
013-0460-010/3677 Crocker Drive	$719,000	6/19/15 COE	2,400 SF	2,214	$324.75
013-0460-011/3685 Crocker Drive	$535,500	3/15/17 COE	2,400 SF	2,192	$244.30
013-0460-012/3683 Crocker Drive	$594,000	3/21/17 COE	2,400 SF	2,537	$234.13
013-0460-013/3701 Crocker Drive	$579,500	5/27/16 COE	2,400 SF	2,214	$261.74
013-0460-014/3709 Crocker Drive	$576,000	9/30/16 COE	2,400 SF	2,537	$227.04
013-0430-015/3717 Crocker Drive	$560,000	11/25/15 COE	2,800 SF	2,192	$255.47
AVERAGES	**$666,170**			**2,317**	**$287.51**

In addition, the remaining units in the Brownstones project were reported as pending and under construction at various stages of development. While the partial contribution of vertical improvements is not part of this assignment, values attributed to permits pulled as of the effective date of valuation are included. Permits as identified from the City of Sacramento Online Permits for the Estates project are noted on the following table.

APN/ADDRESS	PERMIT ISSUED	DATE	UNIT SIZE	PERMIT COSTS	SCHOOL FEES ($3.36/SF)	TOTALS
013-0420-002/3049 Crocker Drive	Yes	5/10/2018	2,537	$31,000.33	$8,524.32	$39,524.65
013-0420-003/3057 Crocker Drive	Yes	6/7/2018	2,893	$32,194.17	$9,720.48	$41,914.65
013-0420-004/3065 Crocker Drive	Yes	5/11/2018	3,031	$32,537.09	$10,184.16	$42,721.25
013-0420-006/3081 Crocker Drive	Yes	4/30/2018	2,555	$30,828.78	$8,584.80	$39,413.58
013-0420-008/3097 Crocker Drive	Yes	4/30/2018	3,031	$16,101.25	N/A	$16,101.25
013-0420-009/3105 Crocker Drive	Yes	4/30/2018	2,893	$15,833.11	N/A	$15,833.11
013-0420-010/3113 Crocker Drive	Yes	4/30/2018	3,031	$16,222.27	N/A	$16,222.27
013-0420-011/3121 Crocker Drive	Yes	4/30/2018	2,555	$14,865.94	N/A	$14,865.94
013-0420-012/3129 Crocker Drive	Yes	5/01/2018	2,555	$15,005.97	N/A	$15,005.97
013-0420-013/3137 Crocker Drive	Yes	5/01/2018	2,893	$15,833.11	N/A	$15,833.11
013-0430-010/3217 Crocker Drive	Yes	5/01/2018	3,031	$16,166.74	N/A	$16,166.74
013-0430-013/3241 Crocker Drive	Yes	5/01/2018	2,893	$15,833.11	N/A	$15,833.11
013-0440-016/3409 Crocker Drive	Yes	3/30/2017	2,214	$26,748.48	$7,439.04	$34,187.52
TOTALS				**$279,170.35**	**$44,452.80**	**$323,623.15**

Effectively, permits for the units have been pulled for The Brownstones project with the exception of parcel 013-0440-001, currently utilized as the model home parking lot.

Blackpine Curtis LLC – 20 Lots

As noted in the prior analysis, Blackpine Curtis LLC currently includes 20 lots with pre-paid fees identified above. This includes 15 lots identified for The Estates project and 5 lots identified for the Brownstones project. The table below summarizes the current allocation of the 20 lots (owned by Blackpine Curtis LLC).

APN	ADDRESS	SALE DATE	START DATE	PRICE	SF	STATUS
013-0420-002	3049 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0420-003	3057 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0420-004	3065 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0420-006	3081 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0420-007	3089 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0420-008	3097 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0420-009	3105 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0420-010	3113 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0420-011	3121 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0420-012	3129 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0420-013	3137 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0430-001	3145 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0430-010	3217 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0430-013	3241 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0430-015	3257 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0430-016	3265 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0430-017	3273 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0430-018	3281 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0440-001	3289 Crocker Drive	N/A	N/A	N/A	N/A	Vacant
013-0440-016	3409 Crocker Drive	N/A	N/A	N/A	N/A	Pre-Sold

PDC Front Load Product Line

This project is proposed for the development of 6 floor plans on lots typically 5,000 square feet. These floor plans are identified on the following table.

PLAN	SF	BEDROOMS/BATHS	STORIES/GARAGE
Plan 1	1,803 SF	3 Bedroom / 2.5 Bath	2 Stories / 2-Car Garage
Plan 2	1,899 SF	3 Bedroom / 2 Bath	1 Story / 2-Car Garage
Plan 3	2,542 SF	3 Bedroom + Loft / 2.5 Bath	2 Stories / 2-Car Garage
Plan 4	2,617 SF	3 Bedroom / 3.5 Bath	1-Story / 2-Car Garage
Plan 5	2,721 SF	3 Bedroom + Loft / 2.5 Bath	2 Stories / 2-Car Garage
Plan 6	3,164 SF	4 Bedroom / 3.5 Bath	2 Stories / 2-Car Garage

Copies of the proposed floor plans are included in the addenda of this report.

PDC Alley Load Product Line

This project is proposed for the development of 4 floor plans on lots typically 2,590 square feet. These floor plans are identified on the following table.

PLAN	SF	BEDROOMS/BATHS	STORIES/GARAGE
Plan 1	1,620 SF	3 Bedroom / 2.5 Bath	2 Stories / 2-Car Garage
Plan 2	1,917 SF	3 Bedroom / 2.5 Bath	2 Stories / 2-Car Garage
Plan 3	2,039 SF	3 Bedroom + Loft / 2.5 Bath	2 Stories / 2-Car Garage
Plan 4	2,070 SF	3 Bedroom + Den / 2.5 Bath	2-Stories / 2-Car Garage

Copies of the proposed floor plans are included in the addenda of this report. It is noted that the developer of this project is securing design approvals for both product lines. It was noted that approvals are being advanced for these two projects in that they are “shovel-ready” for development and/or sale of the projects.

The next section of this report illustrates supply and demand characteristics for this property.

PART 3 – MARKET ANALYSIS & HIGHEST AND BEST USE

MARKET ANALYSIS

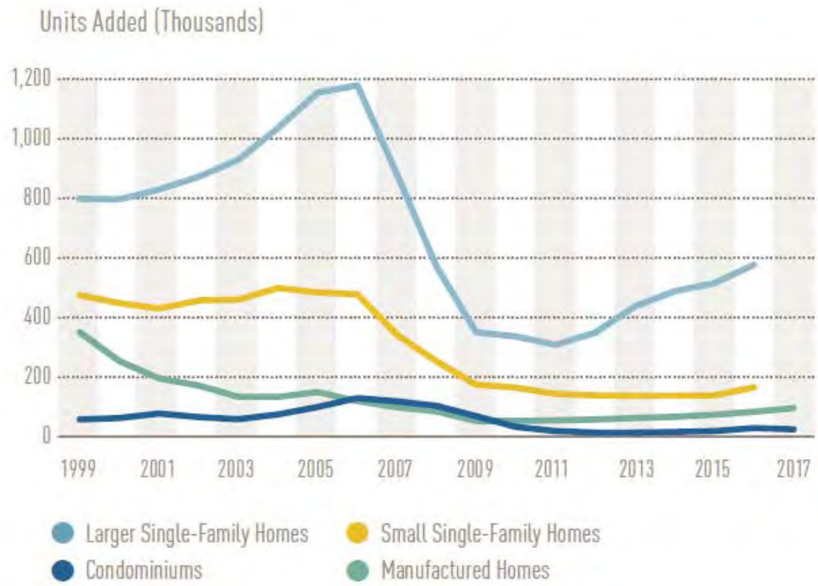
A market analysis is presented in conjunction with this assignment. The depth of discussion is specific to the needs of the client and for the intended use. This element is provided for the housing market (For-Sale), as well as for the multi-family market. The following section identifies factors influencing the housing market (For-Sale) on a regional and local basis based on information provided from DataQuick, Metrolist, and The Gregory Group.

NATIONAL HOME TRENDS

The following national housing trends were extracted from "The State of the Nation's Housing 2018", as prepared by the Joint Center for Housing Studies at Harvard University. Nominal home prices rose 6.2 percent over the course of 2017, even faster than the 5.3 percent increase in 2016. In real terms, home price appreciation was a strong 4.6 percent.

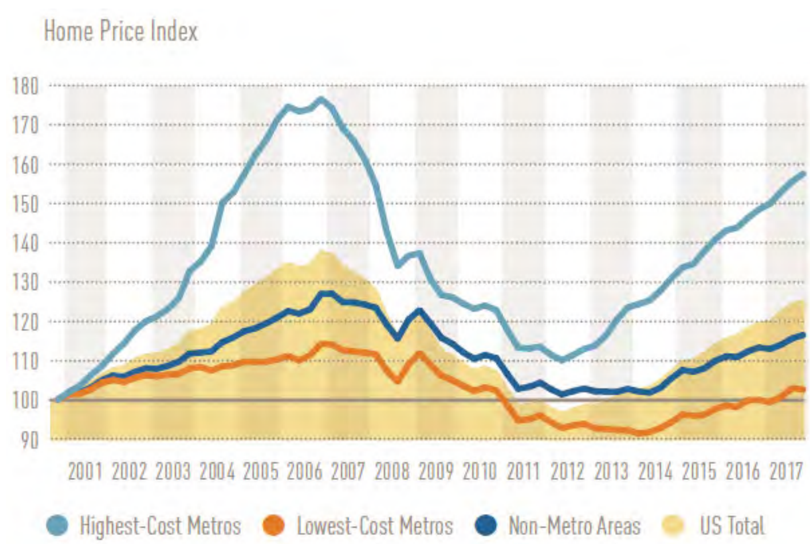
Recent home price trends vary sharply across the country. JCHS analysis of the FHFA All-Transactions Index indicates that nominal home prices in 13 of the nation's 100 largest metro areas rose more than 10 percent last year. The biggest increases were in the West, especially the Seattle (14 percent), Las Vegas (14 percent), and Salt Lake City (10 percent) metro areas. Appreciation also hit double digits in Dallas, Grand Rapids, Nashville, and Orlando. In contrast, home prices fell slightly in McAllen and were essentially flat in Bridgeport, Hartford, and New Haven.

By the end of 2017, nominal home prices in 59 of the nation's 100 largest markets exceeded their pre-crisis peaks. Prices were furthest above peak in metros that experienced only a modest downturn after the crash and then a surge in appreciation, such as Denver (62 percent above peak), Austin (58 percent), Dallas (55 percent), and Houston (44 percent). Other metros with above-peak home prices had posted less of a drop but also a milder rebound. In Albany, for example, home prices fell just 6 percent during the housing crisis, then climbed 10 percent through 2017 to stand 3 percent above the previous peak. Similar trends are evident in Little Rock, Oklahoma City, and Tulsa. In still other metros, home prices rebounded sharply from a severe drop. Los Angeles is one example, where nominal home prices fell by 36 percent after the crash, but now exceed the previous peak by 3 percent.



Home prices in markets that experienced the worst boom-bust cycles are lagging the most relative to past peaks. In the most extreme example, prices in Las Vegas plummeted 61 percent and more than doubled since, but still stand 22 percent below peak. Bakersfield, Cape Coral, and Fresno underwent similarly severe cycles, leaving home prices at least 20 percent below peak.

Measured in real terms, home price increases since 2000 have been especially steep in the nation's 10 highest-cost metros (including Boston, New York, San Francisco, and Seattle), where appreciation was an astounding 67 percent**.** In contrast, prices in the10 lowest-cost metros (including Dayton, El Paso, Memphis, and Syracuse) were up just 3 percent in real terms over this period.



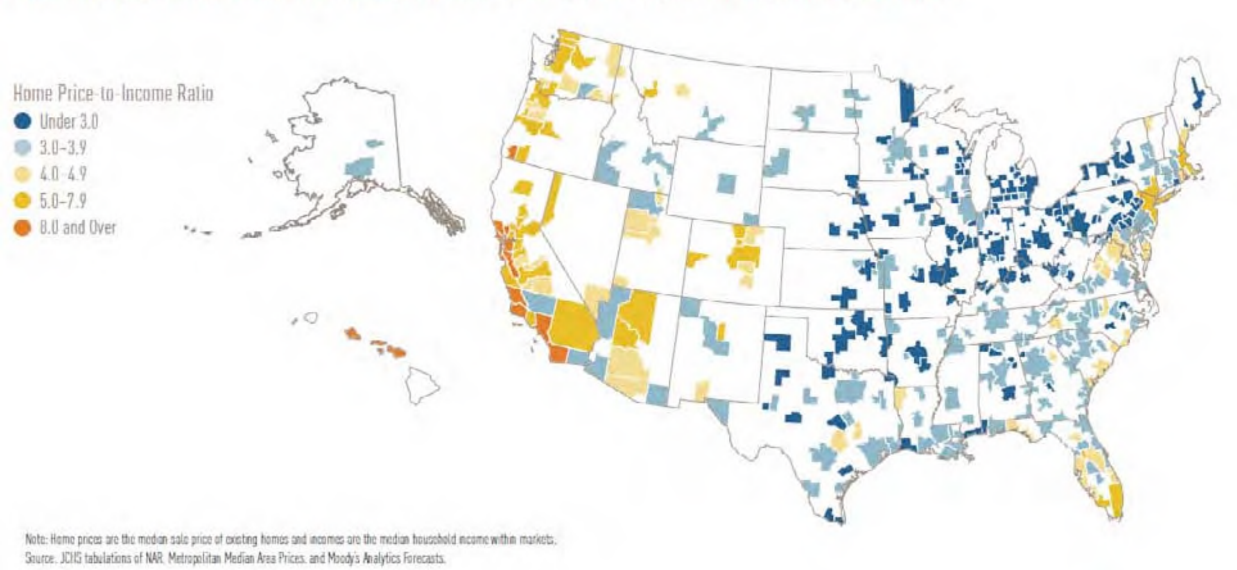
Real home prices in non-metro areas also climbed by a relatively strong 18 percent in 2000–2017. The largest increases were in the non-metro areas of North Dakota (85 percent), Hawaii (69 percent), Montana (52 percent), and South Dakota (45 percent). Moreover, in 19 of the 47 states with non-metro counties, home price appreciation in those areas outpaced statewide increases. Over this period, non-metro home prices declined in only four states—Michigan (down 6 percent), Ohio (6 percent), Connecticut (2 percent), and Indiana (2 percent).

Rising prices have made homes less affordable, particularly at the low end of the market. In 2017, real home prices for the lowest cost homes (selling for 75 percent or less of the median sales price) were up 6.9 percent—more than twice the 3.3 percent increase in prices for highest-cost homes (selling for at least 125 percent of the median). Between 2000 and 2017, real prices for the nation's lowest- cost units soared nearly 80 percent, compared with 28 percent for highest-cost units.

The runup in prices is most dramatic in the neighborhoods of the nation's highest-cost metro areas. In markets where the median home value was above $250,000 in 2017, home prices appreciated 69 percent on average in lowest-cost neighborhoods and 45 percent in highest-cost neighborhoods in 2012–2017. Although prices in these lowest-cost neighborhoods had dropped sharply after the housing crash, the real median home value ballooned from about $179,000 in 2012 to $297,000 by the end of 2017.

Meanwhile, increases in the median sales price of existing homes have outstripped growth in median household income for six years. As a result, the price of a typical existing home sold in 2017 was more than four times the median income. Among the 100 largest metros, 33 had price-to-income ratios above 4.0, including five with ratios above 8.0.

Median Home Prices in Most Western Metros Are Five Times Greater than Incomes



Topping the list is San Jose, where the median sales price was 10.0 times the median household income, followed closely by Los Angeles (9.5 times), Honolulu (9.2 times), San Francisco (8.9 times), and San Diego (8.1 times). On the flip side, price-to-income ratios were below 3.0 in 25 metro areas last year, including Pittsburgh, Rochester, Syracuse, Toledo, and Wichita. By comparison, nearly three-quarters of large metro areas had price-to-income ratios below 3.0 in 1988, while only 14 metros had ratios over 4.0.

The housing sector faces significant challenges in the short term. Labor shortages, rising materials costs, limited land availability, and land-use regulations are all holding down growth in new residential construction. Meanwhile, inventories of existing homes for sale are at all-time lows, pushing up prices and making homebuying more difficult, especially for low- and moderate-income households.

Over the medium and longer terms, however, demographic forces will support a pickup in housing construction. The latest Census Bureau projections indicate that the population of 30–44 year old's, the age group most likely to buy new homes, will increase by 8.5 million over the next decade. Of course, the housing preferences of millennials, as well as the decisions that baby boomers make about aging in place, will determine the types and locations of homes demanded. The critical question, however, is whether the homebuilding industry can supply, and local regulations allow, enough new housing to meet the need for homes affordable to a broad range of households.

California Housing Market

Housing demand in California remained subdued for the ninth consecutive month in January as economic and market uncertainties sent home sales to their lowest level since April 2008, according to the California Association of Realtors (C.A.R.)

Closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 357,730 units in January, according to information collected by C.A.R. The statewide annualized sales figure represents what would be the total number of homes sold during 2019 if sales maintained the January pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales.

January's sales figure was down 3.9 percent from the revised 372,260 level in December and down 12.6 percent from home sales in January 2018 of 409,520. January marked the ninth consecutive month of decline and the sixth month in a row that sales were below 400,000, dipping to the lowest level since April 2008.

"California continued to move toward a more balanced market as we see buyers having greater negotiating power and sellers making concessions to get their homes sold as inventory grows," said C.A.R. President Jared Martin. "While interest rates have dropped down to the lowest point in 10 months, potential buyers are putting their homeownership plans on hold as they wait out further price adjustments."

The statewide median home price declined to $538,690 in January. The January statewide median price was down 3.4 percent from $557,600 in December and up 2.1 percent from a revised $527,780 in January 2018.

"While we expected the federal government shutdown during most of January to temporarily interrupt closings because of a delay in loan approvals and income verifications, the impact on January's home sales was minimal," said C.A.R. Senior Vice President and Chief Economist Leslie Appleton-Young. "The decline in sales was more indicative of demand side issues and was broad and across all price categories and regions of the state. Moreover, growing inventory over the past few months has not translated into more sales."

Other key points from C.A.R.'s January 2019 resale housing report include:

- On a regionwide, non-seasonally adjusted basis, sales dropped double-digits on a year-over-year basis in the Los Angeles Metro Area, Central Coast, Central Valley and Inland Empire regions, while home sales in the San Francisco Bay Area fell 5.8 percent from a year ago.

- Forty of the 51 counties reported by C.A.R. posted a sales decline in January with an average year-over-year sales decline of nearly 19 percent. Twenty-eight counties declined by double-digits on an annual basis, and 10 counties experienced an increase in sales from a year ago.

- After experiencing its worst annual sales drop in more than eight years in December of 17.5 percent, sales in the San Francisco Bay Area bounced back with a more moderate decline of 5.8 percent in January. Home sales in six of the nine Bay Area counties fell from a year ago, and three counties declined by more than 10 percent.

- The Los Angeles Metro region posted a year-over-year sales drop of 15.1 percent, as home sales fell 14.2 percent in Los Angeles County and 13.2 percent in Orange County.

- Home sales in the Inland Empire declined 16.1 percent from a year ago as Riverside and San Bernardino counties posted annual sales declines of 13.9 percent and 19.2 percent, respectively.

- The median home price continued to increase in all regions, though at a slower pace. On a year-over-year basis, the Bay Area median price rose 4.5 percent from January 2018. Home prices in Marin, San Francisco, San Mateo and Santa Clara counties continued to remain above $1 million, but Marin County recorded a 12.8 percent annual price decline.

- Price growth remained modest in Southern California with the median price higher than the previous year in five of six counties. Only Ventura County experienced a year-over-year price decline.

- Statewide active listings rose for the 10th consecutive month after nearly three straight years of declines, increasing 27 percent from the previous year.

- All major regions recorded an increase in active listings, with the Bay Area posting the highest increase at 57 percent, followed by Southern California (29.7 percent), Central Valley (19.5 percent) and the Central Coast (14.5 percent).

- The Unsold Inventory Index (UII), which is a ratio of inventory over sales, increased year-to-year from 3.6 months in January 2018 to 4.6 months in January 2019. The index measures the number of months it would take to sell the supply of homes on the market at the current sales rate. The jump in the UII from a year ago can be attributed to the double-digit sales decline and the sharp increase in active listings.

- The median number of days it took to sell a California single-family home rose from 27 days in January 2018 to 37 days in January 2019.

- C.A.R.’s statewide sales price-to-list-price ratio decreased from 98.7 percent in January 2018 to 97.3 percent in January 2019. The average statewide price per square foot for an existing, single-family home statewide edged up from $257 in January 2018 to $264 in January 2019.

- The 30-year, fixed-mortgage interest rate averaged 4.46 percent in January, up from 4.03 percent in January 2018, according to Freddie Mac. The five-year, adjustable mortgage interest rate also increased in January to an average of 3.91 percent from 3.47 from January 2018.

Regional Housing Trends

The Sacramento housing market is stable and has been trending upward in the past few years. Recent trends reflect a slowdown in sales with small gains in pricing. Resale home pricing is trending upward along with reduced levels of inventory. The table below shows the median and average home pricing for the four-county region according to Corelogic through December 2018.

AREA ALL HOMES	SALES DEC 2018	MEDIAN PRICE DEC 2018	MEDIAN PRICE DEC 2017	% CHANGE YR-TO-YR
Yolo	149	$447,500	$418,250	7.0%
El Dorado	176	$460,000	$485,000	-5.2%
Placer	622	$485,000	$470,000	3.2%
Sacramento	1,567	$355,000	$340,000	4.4%

December 2018 showed 2,514 sales in the entire region according to Corelogic. Current levels of inventory are stable and pricing is trending upward, albeit at a slower pace. This element has influenced new home building which is surfacing throughout the region. It also has influenced the resale market. The following table shows the total number of homes sold in each county according to Metrolist since 2013. Home prices are shown in terms of median price.

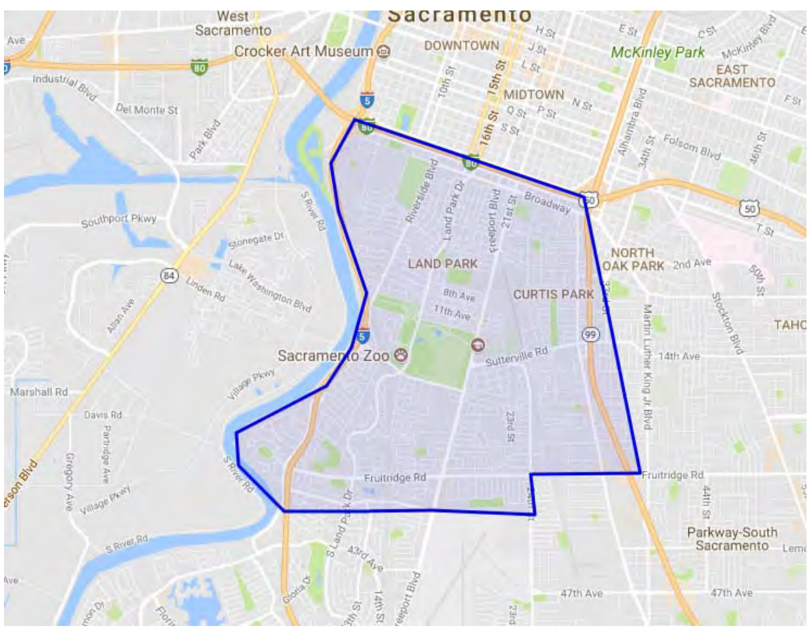
COUNTY	2014	2015	2016	2017	2018	2019 **	ACTIVE	INVENTORY
Sacramento	15,807	17,570	20,069	19,672	19,112	1,239	2,162	1.4 months
Placer	5,766	6,150	6,563	6,573	6,174	399	788	1.5 months
El Dorado	2,548	2,531	2,838	2,909	2,815	179	560	2.4 months
Yolo	1,718	1,680	2,002	1,990	1,757	112	268	1.8 months
Totals	**25,118**	**27,931**	**31,472**	**31,144**	**29,858**	**1,929**	**3,778**	**1.5 months**
COUNTY	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 ****	**ACTIVE**	**2017-18 %**
Sacramento	$265,000	$285,000	$303,000	$329,000	$354,500	$345,000	$399,000	7.8%
Placer	$367,000	$391,250	$419,000	$445,000	$470,000	$465,000	$552,944	5.6%
El Dorado	$365,000	$405,000	$425,000	$457,000	$497,500	$450,000	$582,475	8.9%
Yolo	$325,000	$375,000	$380,000	$409,301	$429,000	$412,800	$482,218	4.8%
MEDIAN SF	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 ****	**ACTIVE**	
Sacramento	1,512	1,517	1,514	1,494	1,523	1,504	1,692	
Placer	1,925	1,951	2,002	1,983	2,000	1,984	2,340	
El Dorado	1,980	2,021	2,025	2,040	2,048	1,888	2,264	
Yolo	1,616	1,642	1,620	1,643	1,590	1,554	1,836	
MEDIAN $/SF	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 ****	**ACTIVE**	**2017-18 %**
Sacramento	$175.26	$187.87	$200.13	$220.21	$232.76	$229.39	$235.82	5.7%
Placer	$190.65	$200.54	$209.29	$224.41	$235.00	$234.38	$236.30	4.7%
El Dorado	$184.34	$190.95	$209.88	$224.02	$242.92	$238.35	$257.28	8.4%
Yolo	$201.11	$228.38	$234.57	$248.97	$269.81	$266.64	$262.65	8.4%

Source: Metrolist, Active and Year-to-date information processed as of February 11, 2019.

The median home price trended upward in 2013 at a minor pace. Pricing is still trending upward noted by information identified through 2018. Year to date pricing is slightly lower than annualized totals for 2019, but is basically one month of information. The most noteworthy statistic noted above is the total inventory. Currently, the four counties are showing a total supply (based on absorption of all available properties) from 1.4 months to 2.4 months. This is predicated on the sales rate for 2018. The overall inventory for the region is 1.5 months reflective of a stable housing market. In addition, median pricing has increased from 4.8% to 8.9% from the 2017 annualized indicator to that identified in 2018. Trends are slightly lower in terms of the median price per square foot showing gains from 4.7% to 8.4% from the 2017 annualized indicator to pricing levels through the end of 2018. Pricing trends and increases in pricing have slowed in the past three months. While overall trends are positive on an annual basis, price appreciation is slowing as of the effective date of valuation. On an overall basis, the resale market is still positive as of the effective date of valuation, which is positive for new home projects.

With new tax laws in place as of January 1, 2018, the overall impact on the housing market is uncertain as of the effective date of valuation. Data shows low inventory levels and strong demand, however, this element could change, especially on the higher end homes. Look for 2018/2019 to include higher demand on the homes priced in the entry-level and first move-up segments.

The housing market in the local area is predominately built-up. New home development in the area includes land uses developed within the subject property by Blackpine Builders, as well as the Mill at Broadway in the northern reaches of the neighborhood. These projects are discussed in depth in the Market Analysis section of this report. In addition, local sales trends are examined for this property with the use of Metrolist. The map depicted below shows the overall parameters for this search as it includes Zip Codes 95818 and 95822.



Sales trends are examined for this region since 2010 and noted on the following table.

YEAR	#	MEDIAN PRICE	MEDIAN SF	MEDIAN $/SF	% CHANGE	AVG. PRICE	AVG. SF	AVG. $/SF	% CHANGE
2010	433	$252,500	1,287	$196.19	--	$265,632	1,408	$188.66	--
2011	434	$241,944	1,317	$183.71	-6.4%	$261,758	1,458	$179.53	-4.8%
2012	515	$230,000	1,327	$173.32	-5.7%	$262,645	1,441	$182.27	1.5%
2013	583	$299,000	1,309	$228.42	31.8%	$320,054	1,410	$226.99	24.5%
2014	500	$333,500	1,348	$247.40	8.3%	$357,441	1,459	$244.99	7.9%
2015	546	$365,450	1,344	$271.91	9.9%	$390,489	1,460	$267.46	9.2%
2016	532	$399,000	1,331	$299.77	10.3%	$417,896	1,467	$284.86	6.5%
2017	580	$403,500	1,321	$305.45	1.9%	$451,904	1,448	$312.09	9.6%
2018	496	$465,000	1,344	$345.98	13.3%	$497,188	1,501	$331.24	6.1%
Active	53	$459,900	1,433	$320.94	-7.3%	$502,166	1,634	$307.32	-7.2%

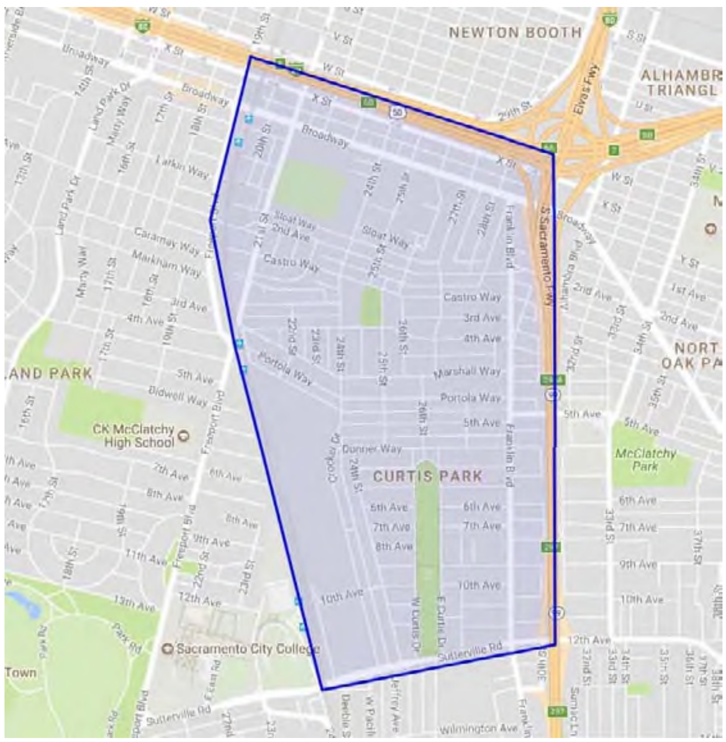
Source: Metrolist. Active information as of February 21, 2019.

Residential values have escalated in the immediate area. The main jump was from 2012 to 2013 as the median price increased 31.8% and the average price increased 24.5%. The median price has increased from 8.3% to 10.3%, per annum, between 2014 and 2016 with further increase of 1.9% in 2017 to the current median price of $403,500. Data for 2018 shows further increase to $465,000, or 13.3% above the annualized indicator for 2017. The average price has increased from 6.5% to 9.2%, per annum, since this time with further increase of 9.6% in 2017 to the current average price of $497,188. This includes a gain of 6.1% in the past year. Both indicators tend to point to a price per square foot of approximately $330 to $345 per square foot. The current inventory of homes on the market is 53 homes, which reflects 1.3 months of existing supply (the pace of sales to absorb current inventory) based on the 2018 rate of sales. This is favorable for new development as it is teetering on an under-supply of homes based on demand.

The subject property is identified toward the eastern portion of this neighborhood in the Curtis Park district. Similar characteristics were examined for this specific neighborhood with a map illustrating these boundaries on the following page.

YEAR	#	MEDIAN PRICE	MEDIAN SF	MEDIAN $/SF	% CHANGE	AVG. PRICE	AVG. SF	AVG. $/SF	% CHANGE
2010	56	$337,500	1,345	$250.93	--	$341,452	1,478	$231.02	--
2011	65	$285,000	1,390	$205.04	-18.3%	$300,800	1,456	$206.56	-10.6%
2012	76	$299,500	1,396	$214.54	4.6%	$328,834	1,537	$213.95	3.6%
2013	87	$350,000	1,456	$240.38	12.0%	$374,248	1,528	$244.93	14.5%
2014	88	$372,500	1,319	$282.41	17.5%	$394,542	1,427	$276.48	12.9%
2015	109	$445,332	1,437	$309.90	9.7%	$450,750	1,553	$290.24	5.0%
2016	101	$472,000	1,440	$327.78	5.8%	$479,370	1,568	$305.72	5.3%
2017	99	$515,000	1,405	$366.05	11.6%	$515,354	1,557	$331.11	8.3%
2018	87	$535,000	1,493	$358.34	-2.1%	$561,725	1,599	$351.30	6.1
Active	8	$676,200	2,165	$316.95		$644,688	2,182	$295.46	

Source: Metrolist. Active information as of February 21, 2019.



Residential values in the Curtis Park region are trending upward. Continued increases are identified in terms of both the median and average price with 2018 indicators near $350 to $358 per square foot. Currently, there are 8 homes on the market showing total inventory of approximately 1.1 month. The larger home size (in terms of median and averages) as well as the higher price points in this neighborhood are favorable for new construction of homes.

New Home Characteristics

The average price of a new home ranges from $347,156 (Sutter County) to $677,544 (El Dorado County) in the Sacramento region as of the end of the 2018. According to the Gregory Group (New Housing Trends), 4th Quarter 2018, the historic average pricing for the Sacramento region are identified on the following table. It is noted that statistics are based on averages according to the Gregory Group. Individual areas are not reported based on median tendencies.

COUNTY	4Q 2016	4Q 2017	4Q 2018	%Δ 16-18	%Δ 17-18
AVERAGE NEW HOME PRICE					
El Dorado County	$635,618	$649,822	$677,544	6.6%	4.3%
Placer County	$519,126	$519,636	$552,195	6.4%	6.3%
Sacramento County	$444,966	$451,607	$479,632	7.8%	6.2%
Yolo County	$558,428	$596,647	$587,718	5.2%	-1.5%
Sutter County	$434,399	$354,768	$347,156	-20.1%	-2.1%
Yuba County	$311,643	$351,093	$358,750	15.1%	2.2%
REGIONWIDE	**$505,792**	**$515,562**	**$526,456**	**4.1%**	**2.1%**
AVERAGE HOME SIZE (SF)					
El Dorado County	3,143	3,101	3,014	-4.1%	-2.8%
Placer County	2,737	2,606	2,570	-6.1%	-1.4%
Sacramento County	2,221	2,166	2,196	-1.1%	1.4%
Yolo County	2,357	2,237	2,251	-4.5%	0.6%
Sutter County	2,733	2,362	2,279	-16.6%	-3.5%
Yuba County	2,122	2,249	2,076	-2.2%	-7.7%
REGIONWIDE	**2,554**	**2,486**	**2,394**	**-6.3%**	**-3.7%**
AVERAGE $/SF					
El Dorado County	$202.23	$209.55	$224.80	11.2%	7.3%
Placer County	$189.67	$199.40	$214.86	13.3%	7.8%
Sacramento County	$200.34	$208.50	$218.41	9.0%	4.8%
Yolo County	$236.92	$266.72	$261.09	10.2%	-2.1%
Sutter County	$158.95	$150.20	$152.33	-4.2%	1.4%
Yuba County	$146.86	$156.11	$172.81	17.7%	10.7%
REGIONWIDE	**$195.04**	**$205.61**	**$219.91**	**12.8%**	**7.0%**
# OF PROJECTS					
El Dorado County	23	22	16	N/A	N/A
Placer County	55	56	47	N/A	N/A
Sacramento County	69	64	87	N/A	N/A
Yolo County	11	13	15	N/A	N/A
Sutter County	1	2	3	N/A	N/A
Yuba County	3	3	6	N/A	N/A

Pricing, average size, and price per square foot changes from 2016 to 2018 (4th Quarter), as well as changes over the past year are identified on the table above. This information shows that pricing has increased in the entire region by 4.1% since the 4th quarter of 2016 through the 4th quarter of 2018. The region appears to be showing signs of continued growth as indicated by the year-over-year increases in new home pricing at 2.1% on an overall basis. Changes were also measured in terms of the price per square foot, which shows an increase of 12.8% from the 4th quarter of 2016 through the 4th quarter of 2018. This element also shows an increase of 7.0% year-over-year. The average home size is showing modest declines, but nonetheless home sizes are getting smaller resulting in higher pricing on a per square foot basis.

Altogether, there were 2,772 new homes sold in the Sacramento region during 2012. With post-recessionary economic conditions for the next few years, this total slowly escalated through 2015 to reach 3,986 total sales. In 2016 and 2017, the market shifted to a growing economy with 5,087 and 5,653 annual sales, respectfully, with 2018 sales reflecting 5,234 annual sales. The number of new home sales for the past six years is presented on the following table.

COUNTY	2012	2013	2014	2015	2016	2017	2018
El Dorado County	136	166	183	351	559	637	328
Placer County	1,087	889	1,048	1,503	1,643	1,866	1,676
Sacramento County	1,259	1,138	1,258	1,793	2,327	2,540	2,674
Sutter County	NA	N/A	8	13	27	92	109
Yolo County	226	184	169	199	409	464	278
Yuba County	64	61	73	127	122	54	169
REGIONWIDE	**2,772**	**2,458**	**2,739**	**3,986**	**5,087**	**5,653**	**5,234**

Source: The Gregory Group

The subject property is located in the Sacramento County market area which has seen an increase in terms of total sales since 2013. This parallels the entire region as the sales levels for 2015 were above the levels noted in 2014 and above to those identified in 2013. Still, these elements are well below the peak noted by the Gregory Group with 15,000+ sales in 2004 and 2005. Total sales for 2018 were slightly lower than 2017 with 5,234 total sales.

The subject property is located in the City of Sacramento and is identified in this sub-market as identified from the Gregory Group. Historic data for this sub-market is delineated on the following table. Note, absorption rates reported from the Gregory Group.

Quarter	Number of Projects	Average Lot Size (SF)	Average Home Size (SF)	Average Net Price	Price Per SF	Quarterly Sold	Unsold Inventory	Unoffered Inventory	Abs. Rate Quarterly	Abs. Rate Overall
1Q 2011	6	2,907	1,788	$308,804	$172.71	7	62	341	0.4/Mo.	1.0/Mo.
2Q 2011	7	3,045	1,764	$289,186	$163.94	32	51	400	1.4/Mo.	1.2/Mo.
3Q 2011	8	3,045	1,731	$306,793	$177.23	48	46	367	1.8/Mo.	1.2/Mo.
4Q 2011	9	3,205	1,832	$336,483	$183.67	7	54	373	0.2/Mo.	1.2/Mo.
1Q 2012	9	3,205	1,832	$328,888	$179.52	16	62	353	0.6/Mo.	1.0/Mo.
2Q 2012	7	3,307	1,937	$361,141	$186.44	41	49	218	1.8/Mo.	0.9/Mo.
3Q 2012	6	3,307	1,993	$352,790	$177.01	10	36	202	0.5/Mo.	0.9/Mo.
4Q 2012	6	2,645	1,993	$359,977	$180.62	22	19	197	1.1/Mo.	0.9/Mo.
1Q 2013	5	2,307	1,875	$349,992	$186.66	43	26	147	2.6/Mo.	1.0/Mo.
2Q 2013	4	2,426	1,943	$400,744	$206.25	60	14	77	4.6/Mo.	1.0/Mo.
3Q 2013	4	2,060	1,727	$371,740	$215.25	41	20	85	3.2/Mo.	3.8/Mo.
4Q 2013	4	2,060	1,732	$385,454	$222.55	28	26	51	2.2/Mo.	2.0/Mo.
1Q 2014	4	2,060	1,732	$391,432	$226.00	31	22	24	2.4/Mo.	1.8/Mo.
2Q 2014	5	2,328	1,764	$436,217	$247.29	37	19	76	2.3/Mo.	1.7/Mo.
3Q 2014	4	2,302	1,721	$417,098	$242.36	5	21	121	0.4/Mo.	0.8/Mo.
4Q 2014	3	2,193	1,801	$487,500	$270.68	8	13	121	0.8/Mo.	0.4/Mo.
1Q 2015	5	2,716	1,915	$500,438	$261.33	19	16	156	1.2/Mo.	1.2/Mo.
2Q 2015	7	2,897	2,025	$506,455	$250.10	35	36	107	1.5/Mo.	1.6/Mo.
3Q 2015	6	2,613	2,037	$520,995	$255.77	31	33	106	1.2/Mo.	1.2/Mo.
4Q 2015	11	2,457	1,877	$471,428	$251.16	75	53	313	2.1/Mo.	4.6/Mo.
1Q 2016	12	2,811	1,876	$472,248	$251.73	74	53	249	1.9/Mo.	2.6/Mo.
2Q 2016	11	2,746	1,864	$459,652	$246.59	41	66	195	1.2/Mo.	2.2/Mo.
3Q 2016	15	2,085	1,941	$515,886	$265.78	49	60	546	1.0/Mo.	5.0/Mo.
4Q 2016	16	2,762	2,018	$533,870	$264.55	80	87	447	1.2/Mo.	1.8/Mo.
1Q 2017	18	2,534	1,981	$527,809	$266.44	95	101	459	1.6/Mo.	2.5/Mo.
2Q 2017	18	2,534	1,981	$535,258	$270.20	138	42	380	2.4/Mo.	2.0/Mo.
3Q 2017	14	2,629	1,899	$518,023	$272.79	63	80	354	1.4/Mo.	2.0/Mo.
4Q 2017	12	2,267	2,028	$557,864	$275.08	58	57	313	1.8/Mo.	2.0/Mo.
1Q 2018	12	2,213	2,009	$567,311	$282.38	108	56	584	2.3/Mo.	2.8/Mo.
2Q 2018	13	2,308	1,999	$556,566	$278.42	84	86	209	2.0/Mo.	2.1/Mo.
3Q 2018	19	2,944	1,967	$514,734	$261.68	112	105	325	1.8/Mo.	2.6/Mo.
4Q 2018	15	2,086	1,972	$533,345	$270.46	64	83	165	1.3/Mo.	1.9/Mo.

Recently, the activity in the area identified as the Sacramento sub-market from the Gregory Group has gained momentum. As of the fourth quarter of 2018, there are 15 developments offering new homes for sale in this region. The total sales in the quarter were the lowest of the year, but total sales for 2018 were the highest of the survey period (2011-2018). This is at a time when pricing is trending upward with average pricing near $270 per square foot.

Sales trends seem to fluctuate in this market environment. Annual sales in the Sacramento sub-market as identified by The Gregory Group are identified as follows.

TIME	TOTAL SALES	10-YEAR AVERAGE
2005	842	--
2006	736	--
2007	447	--
2008	200	--
2009	92	--
2010	64	--
2011	94	--
2012	89	--
2013	172	--
2014	81	282
2015	160	208
2016	244	158
2017	354	149
2018	368	172

The 2018 year to date sales were the highest since 2007. The 2004-2007 period were periods of growth with 447 to 842 annualized sales. The average sales over this time frame was 655 sales per annum. It is noted that the second quarter of 2007 was the high-water mark in terms of projects as 42 active projects were selling new homes in this sub-market at this time. By way of comparison, the fourth quarter of 2014 was the low-water mark with 3 active projects.

From 2008-2012 the market was contracting and recovering from the Great Recession with total sales from 64-200 sales per annum. Annual sales were 108 sales per annum on average over this time frame.

From 2013 to current, the market is in the expansion stage with 81-258 annualized sales, or an average of 183 sales per annum.

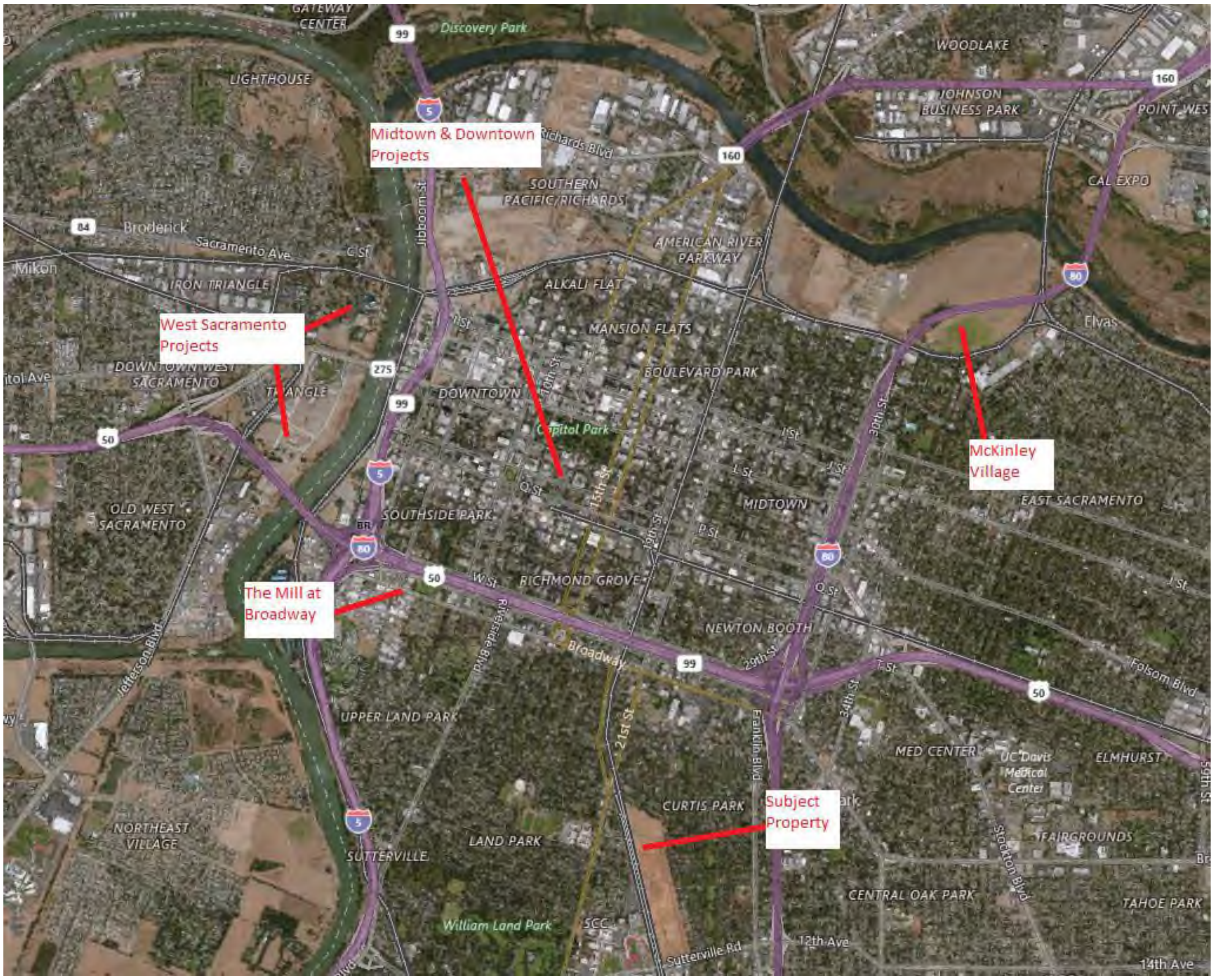
In addition, the 10-year average rate of sales starting in 2014 shows the average annualized rate of sales from 149 to 282 per annum. The higher end of the range still captures the heavy growth period from 2004-2007 in the overall totals. As time approaches the current date of valuation, this rate drops and is influenced from the Great Recession. Looking forward as time is established from the Great Recession period, the average rate of sales will likely escalate.

As such, the overall conclusions to sales in this sub-market are identified.

SCENARIO	ANNUAL SALES	COMMENTS
Optimistic	500-600	Based on sales rate from 2004-2007. Many new home projects offering homes at the time and not adequate supply to support this level of demand.
Neutral	200-400	Based on recent sales trends including analysis of 10-year trend line. Most sales will likely occur in downtown core with buyers seeking strong locations and proximity to public transportation.
Pessimistic	100-200	Based on sales rates from Great Recession.

The neutral position is most likely for the subject's region. Supply is constrained in this area as it is influenced to the overall proximity to downtown Sacramento. Total sales were identified from 200-400 sales per year. However, this was based on the entire Sacramento sub-market.

The competitive market area for the subject property is noted from the area near downtown Sacramento and its immediate environs. As noted earlier in this section, The Gregory Group identified 12 projects in this sub-market. It included projects from the Pocket area, as well as in the outskirts of Sacramento. Primary competition for the subject is from infill projects in midtown and downtown Sacramento, new home projects from West Sacramento, and larger planned communities including The Mill at Broadway, the Creamery, and McKinley Village. These regions are noted on the following exhibit.



Individual project descriptions are noted as follows.

COMPETING PROJECTS

Project 1 – The Moderns

Project 2 – The Good Project

Project 3 - Birch

Project 4 – Cottonwood

Project 5 – Magnolia

Project 6 - Mulberry

COMPETING PROJECTS

Project 7 – The Creamery

PROJECT 1 – The Modern at Eames Farms

This is a small lot project in West Sacramento which opened for sale in April 2017. Current pricing characteristics as provided from the Gregory Group (4th Quarter 2018) are noted as follows.

PROJECT INFORMATION / **AT A GLANCE**

Project Name	The Modern At Eames Walk	Average Price	$631,000	Qtr Sold	2
Region	Sacramento	Average Sq Ft	2,084	Qtr WSR	0.15
County	Yolo	Total Inventory	0	Tot WSR	0.23
Community	West Sacramento	Standing Inventory	0	Avg Incentives	$0
Master Plan	No	Open Date	04/01/17	Survey Date	1/1/19
Age Restricted	No	Developer Name	Fulcrum	Special Tax per Month	$0.00
Project Phone	(916) 718-4377	Developer Phone	(916) 383-3333	HOA per Month	$150.00
Sales Office Hours	Sat - Sun 11 - 4	Product Type	Detached	Broker Coop	2.0%
		Type Description	Small Lot, Detached	Special Incentives	$0
GPS Coordinates	N : 38.575292 W : 121.514968	Lot Size		Project Density	
Cross Street		Lot Dimension		Model/Trailer	Model
Finished Lots	N/A	Blue Top Lots	N/A		

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
	1,697	$490,000	$288.74	$0	$490,000	$288.74	2	2.5	3	2	Den
	1,905	$540,000	$283.46	$0	$540,000	$283.46	2	2.5	3	2	Den
	1,979	$625,000	$315.82	$0	$625,000	$315.82	2	2.55	3	2	Den
	2,268	$675,000	$297.62	$0	$675,000	$297.62	2	3.5	3	2	Den
	2,575	$825,000	$320.39	$0	$825,000	$320.39	3	2.55	4	2	Den

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/18	21	21	21	2	0	0	0	0	0.23	0.15	$631,000	0.00
Qtr 3/18	21	21	19	0	2	0	2	0	0.24	0.00	$631,000	0.00
Qtr 2/18	21	21	19	0	2	0	2	12	0.29	0.00	$631,000	0.00
Qtr 1/18	21	21	19	1	2	0	2	12	0.37	0.08	$631,000	- 0.79
Qtr 4/17	21	21	18	1	3	0	3	12	0.46	0.08	$636,000	0.79
Qtr 3/17	21	21	17	4	4	0	4	12	0.65	0.31	$631,000	- 3.81
Qtr 2/17	21	20	13	13	8	1	7	12	1.00	1.00	$656,000	0.00

COMMENTS

This project opened in April 2017. It includes 21 units and smaller lots. This project sold 2 units in the fourth quarter of 2018 at average pricing of $631,000 for homes ranging in size from 1,697 to 2,575 square feet. The average price per square foot is identified at $302.78 per square foot. HOA dues are $150 per month with no incentives. The average rate of sales in this project is 1.1 units per month (21 Homes / 20 Months) though the fourth quarter of 2018. Pricing and sales trends for this project are identified as follows.

PLAN	SF	4Q 18	3Q 18	2Q 18	1Q 18
Plan 1	1,697 SF	$490,000	$490,000	$490,000	$490,000
Plan 2	1,905 SF	$540,000	$540,000	$540,000	$540,000
Plan 3	1,979 SF	$625,000	$625,000	$625,000	$625,000
Plan 4	2,268 SF	$675,000	$675,000	$675,000	$675,000
Plan 5	2,575 SF	$825,000	$825,000	$825,000	$825,000
AVERAGES	**2,084 SF**	**$631,000**	**$631,000**	**$631,000**	**$631,000**
Average Concessions		($0)	($0)	($0)	($0)
Average Net Price		$631,000	$631,000	$631,000	$631,000
Price/SF		**$302.78**	**$302.78**	**$302.78**	**$302.78**
% Change From Prior Quarter		--	--	--	--
Quarterly Sold		2	0	0	1

The average absorption rate is 1.1 sales per month. Pricing has remained constant in this project.

PROJECT 2 – The Good Project

This is a small lot project in West Sacramento which opened for sale in January 2017. Current pricing characteristics as provided from the Gregory Group (4th Quarter 2018) are noted as follows.

PROJECT INFORMATION		AT A GLANCE			
Project Name	The Good Project	Average Price	$431,000	Qtr Sold	1
Region	Sacramento	Average Sq Ft	1,668	Qtr WSR	0.08
County	Yolo	Total Inventory	2	Tot WSR	0.24
Community	West Sacramento	Standing Inventory	4	Avg Incentives	$15,000
Master Plan	No	Open Date	01/03/17	Survey Date	1/1/19
Age Restricted	No	Developer Name	Bardis Homes	Special Tax per Month	$0.00
Project Phone	(916) 701-7778	Developer Phone	(916) 366-3665	HOA per Month	$46.00
Sales Office Hours	By Appointment	Product Type	Detached	Broker Coop	2.5%
		Type Description	Small Lot, Detached	Special Incentives	$0
GPS Coordinates	N : 38.590333 W : 121.511287	Lot Size	2,000	Project Density	
Cross Street		Lot Dimension		Model/Trailer	Model
Finished Lots	N/A	Blue Top Lots	N/A		

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
	1,217	$365,000	$299.92	$15,000	$350,000	$287.59	2	2	2	1	None
	1,834	$471,000	$256.82	$15,000	$456,000	$248.64	3	3	3	1	None
	1,953	$457,000	$234.00	$15,000	$442,000	$226.32	3	3	3	1	None

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/18	27	27	25	1	2	0	2	2	0.24	0.08	$431,000	0.00
Qtr 3/18	27	27	24	1	3	0	3	2	0.27	0.08	$431,000	0.00
Qtr 2/18	27	27	23	2	4	0	4	2	0.30	0.15	$431,000	2.46
Qtr 1/18	27	27	21	4	6	0	6	10	0.33	0.31	$420,667	0.00
Qtr 4/17	27	27	17	2	10	0	10	10	0.33	0.15	$420,667	-5.23
Qtr 3/17	27	27	15	1	12	0	12	10	0.39	0.08	$443,900	0.00
Qtr 2/17	27	21	14	5	13	6	7	5	0.56	0.38	$443,900	-0.55
Qtr 1/17	27	10	9	9	18	17	1	30	0.75	0.69	$446,333	0.00

COMMENTS

This project opened in April 2017 with 27 total units. This project sold 1 unit in the fourth quarter of 2018 at average net pricing of $416,000 for homes ranging in size from 1,217 to 1,953 square feet. The average price per square foot is identified at $249.40 per square foot. HOA dues are $46 per month with $15,000 incentives. The average rate of sales in this project is 1.25 units per month (25 sales / 20 months) though the fourth quarter of 2018. Pricing and sales trends for this project are identified as follows.

PLAN	SF	4Q 18	3Q 18	2Q 18	1Q 18
Plan 1	1,217 SF	$365,000	$365,000	$365,000	$365,000
Plan 2	1,834 SF	$471,000	$471,000	$471,000	$440,000
Plan 3	1,953 SF	$457,000	$457,000	$457,000	$457,000
AVERAGES	**1,668 SF**	**$431,000**	**$431,000**	**$431,000**	**$420,667**
Average Concessions		($15,000)	($15,000)	($15,000)	($15,000)
Average Net Price		$416,000	$416,000	$416,000	$405,667
Price/SF		**$249.40**	**$249.40**	**$249.40**	**$243.21**
% Change From Prior Quarter		--	--	2.5%	--
Quarterly Sold		1	1	2	4

The average absorption rate is 1.25 sales per month.

PROJECT 3 – Birch (McKinley Village)

This project reflects one of five projects in McKinley Village. Some of these projects are ongoing, whereas others have sold and closed out. Information specific to the Birch project are summarized as follows.

PROJECT INFORMATION | **AT A GLANCE**

Project Name	Birch	**Average Price**	$691,945	**Qtr Sold**	10
Region	Sacramento	**Average Sq Ft**	2,046	**Qtr WSR**	0.77
County	Sacramento	**Total Inventory**	28	**Tot WSR**	0.46
Community	Sacramento	**Standing Inventory**	2	**Avg Incentives**	$5,000
Master Plan	McKinley Village	**Open Date**	09/24/16	**Survey Date**	1/1/19
Age Restricted	No	**Developer Name**	The New Home Company	**Special Tax per Month**	$99.00
Project Phone	(916) 662-7057	**Developer Phone**		**HOA per Month**	$250.00
Sales Office Hours	Daily 10 - 6	**Product Type**	Detached	**Broker Coop**	3.0%
		Type Description	Small Lot, Detached	**Special Incentives**	$0
GPS Coordinates	**N** : 38.583291 **W** : 121.456578	**Lot Size**	3,200	**Project Density**	
Cross Street		**Lot Dimension**	40 x 80	**Model/Trailer**	Model
Finished Lots	N/A	**Blue Top Lots**	N/A		

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
	1,711	$602,824	$352.32	$5,000	$597,824	$349.40	3	2.5	2	2	None
	1,928	$643,902	$333.97	$5,000	$638,902	$331.38	3	2.5	2	2	Loft
	2,008	$702,000	$349.60	$5,000	$697,000	$347.11	3	2.5	2	2	Study
	2,220	$720,000	$324.32	$5,000	$715,000	$322.07	3	2.5	2	2	Loft, Study
	2,363	$791,000	$334.74	$5,000	$786,000	$332.63	3	3.5	2	2	Loft, Study

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/18	82	60	54	10	28	22	6	17	0.46	0.77	$691,945	6.81
Qtr 3/18	82	51	44	7	38	31	7	25	0.42	0.54	$647,831	0.59
Qtr 2/18	82	45	37	9	45	37	8	38	0.40	0.69	$644,061	- 0.03
Qtr 1/18	90	33	28	8	62	57	5	35	0.35	0.62	$644,252	- 3.21
Qtr 4/17	90	25	20	0	70	65	5	35	0.30	0.00	$665,647	- 1.59
Qtr 3/17	90	24	20	7	70	66	4	38	0.38	0.54	$676,425	2.12
Qtr 2/17	90	15	13	6	77	75	2	60	0.33	0.46	$662,377	0.41
Qtr 1/17	90	12	7	2	83	78	5	80	0.26	0.15	$659,667	0.50
Qtr 4/16	90	9	5	5	85	81	4	65	0.36	0.38	$656,400	- 1.19
Qtr 3/16	90	6	0	0	90	84	6	0	0.00	0.00	$664,305	0.00

COMMENTS

The Birch project is one of five projects offering homes for sale in McKinley Village in Sacramento. This project area consists of 82 units identified in a small, lot detached configuration with alley-loaded units. This project opened for sale in September 2016 and according to the Gregory Group, 54 units have sold as of the end of the 4th quarter of 2018. HOA dues in this project are identified at $250 per month. The average rate of sales in this project is 2.0 units per month (54 units / 27 months) through the fourth quarter of 2018. Pricing and sales trends for this project are identified as follows.

PLAN	SF	4Q 18	3Q 18	2Q 18	1Q 18
Plan 1	1,711 SF	$602,824	$580,979	$576,654	$574,320
Plan 2	1,928 SF	$643,902	$615,547	$610,965	$610,000
Plan 3	2,008 SF	$702,000	$649,869	$645,031	$628,224
Plan 4	2,220 SF	$720,000	$686,145	$681,037	$685,136
Plan 5	2,363 SF	$791,000	$706,616	$706,616	$723,582
AVERAGES	**2,046 SF**	**$691,945**	**$647,831**	**$644,061**	**$644,252**
Average Concessions		($5,000)	($5,000)	($5,000)	($5,000)
Average Net Price		$686,945	$642,831	$639,061	$639,252
Price/SF		**$325.75**	**$314.19**	**$312.35**	**$312.44**
% Change From Prior Quarter		6.9%	0.6%	--	--
Quarterly Sold		10	7	9	8

The pricing for the homes in this project were at the highest levels in the 4th quarter of 2018. Pricing is trending upward in this project with 36 remaining units for sale. Average absorption reflects a sales rate at 2.0 sales per month.

PROJECT 4 – Cottonwood (McKinley Village)

PROJECT INFORMATION | **AT A GLANCE**

Project Name	Cottonwood	**Average Price**	$803,993	**Qtr Sold**	18
Region	Sacramento	**Average Sq Ft**	2,353	**Qtr WSR**	1.38
County	Sacramento	**Total Inventory**	7	**Tot WSR**	0.42
Community	Sacramento	**Standing Inventory**	1	**Avg Incentives**	$5,000
Master Plan	McKinley Village	**Open Date**	09/24/16	**Survey Date**	1/1/19
Age Restricted	No	**Developer Name**	The New Home Company	**Special Tax per Month**	$97.00
Project Phone	(916) 376-7315	**Developer Phone**		**HOA per Month**	$250.00
Sales Office Hours	Daily 10 - 6	**Product Type**	Detached	**Broker Coop**	3.0%
		Type Description	Traditional	**Special Incentives**	$0
GPS Coordinates	**N** : 38.583291 **W** : 121.456478	**Lot Size**	4,000	**Project Density**	
Cross Street		**Lot Dimension**	50 x 80	**Model/Trailer**	Model
Finished Lots	N/A	**Blue Top Lots**	N/A		

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
	1,955	$719,206	$367.88	$5,000	$714,206	$365.32	3	2.5	1	2	None
	1,955	$719,206	$367.88	$5,000	$714,206	$365.32	3	2.5	1	2	None
	2,292	$836,053	$364.77	$5,000	$831,053	$362.59	3	2.5	2	2	Loft, Bonus
	2,474	$849,880	$343.52	$5,000	$844,880	$341.50	3	3.5	2	2	Loft, Study
	2,680	$895,621	$334.19	$5,000	$890,621	$332.32	4	3.5	2	2	Loft, Study

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/18	56	52	49	18	7	4	3	13	0.42	1.38	$803,993	7.69
Qtr 3/18	56	36	31	7	25	20	5	23	0.30	0.54	$746,571	3.74
Qtr 2/18	56	29	24	8	32	27	5	35	0.26	0.62	$719,643	- 7.12
Qtr 1/18	56	21	16	3	40	35	5	40	0.20	0.23	$774,851	- 2.48
Qtr 4/17	56	19	13	6	43	37	6	30	0.20	0.46	$794,537	- 1.64
Qtr 3/17	56	15	7	1	49	41	8	40	0.13	0.08	$807,793	2.01
Qtr 2/17	56	11	6	3	50	45	5	43	0.15	0.23	$791,839	1.39
Qtr 1/17	56	11	3	1	53	45	8	70	0.11	0.08	$781,016	- 6.88
Qtr 4/16	56	6	2	1	54	50	4	35	0.14	0.08	$838,759	0.11
Qtr 3/16	56	6	1	1	55	50	5	0	1.00	0.08	$837,859	0.00

COMMENTS

The Cottonwood project is one of five projects offering homes for sale in McKinley Village in Sacramento. This project area consists of 56 units with the largest lots and homes in all of the project area. The homes in this project are configured on traditional lots (4,700 square feet) with front-loading units. This project opened for sale in September 2016 and according to the Gregory Group, 49 units have sold as of the end of the 4th quarter of 2018. HOA dues in this project are identified at $250 per month.

The average rate of sales in this project is 1.8 units per month (49 units / 27 months) through the 4th quarter of 2018. Pricing and sales trends for this project are identified as follows.

PLAN	SF	4Q 18	3Q 18	2Q 18 (A)	1Q 18 (B)
Plan 1	1,955 SF	$719,206	$719,206	N/A	$710,775
Plan 2	1,955 SF	$719,206	$719,206	N/A	N/A
Plan 3	2,292 SF	$836,053	$749,727	$745,979	$742,250
Plan 4	2,474 SF	$849,880	$790,816	$786,862	$786,862
Plan 5	2,680 SF	$895,621	$715,628	$715,628	$823,055
AVERAGES	**2,353 SF**	**$803,993**	**$738,917**	**$752,417**	**$774,851**
Average Concessions		($5,000)	($5,000)	($5,000)	($5,000)
Average Net Price		$798,993	$733,917	$747,417	$769,851
Price/SF		**$339.56**	**$311.91**	**$302.78**	**$309.80**
% Change From Prior Quarter		8.8%	3.1%	-2.3%	--
Quarterly Sold		18	7	8	3

(A) Average pricing includes additional plans. Average size at 2,485 SF
(B) Average pricing includes additional plans. Average size at 2,485 SF

The pricing for the homes in this project were at the highest levels in the 4th quarter of 2018. Pricing is trending upward in this project with 7 remaining units for sale. Average absorption reflects a sales rate at 1.8 sales per month.

PROJECT 5 – Magnolia (McKinley Village)

PROJECT INFORMATION / **AT A GLANCE**

Project Name	Magnolia	Average Price	$567,023	Qtr Sold	5
Region	Sacramento	Average Sq Ft	1,864	Qtr WSR	0.38
County	Sacramento	Total Inventory	14	Tot WSR	0.59
Community	Sacramento	Standing Inventory	0	Avg Incentives	$5,000
Master Plan	McKinley Village	Open Date	09/24/16	Survey Date	1/1/19
Age Restricted	No	Developer Name	The New Home Company	Special Tax per Month	$101.00
Project Phone	(916) 330-1188	Developer Phone		HOA per Month	$250.00
Sales Office Hours	Daily 10 - 6	Product Type	Detached	Broker Coop	3.0%
		Type Description	Courtyard	Special Incentives	$0
GPS Coordinates	N : 38.583291 W : 121.456578	Lot Size		Project Density	12.9
Cross Street		Lot Dimension		Model/Trailer	Model
Finished Lots	N/A	Blue Top Lots	N/A		

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
	1,540	$537,283	$348.89	$5,000	$532,283	$345.64	3	2.5	2	2	None
	1,630	$545,417	$334.61	$5,000	$540,417	$331.54	3	2.5	2	2	None
	1,727	$552,750	$320.06	$5,000	$547,750	$317.17	3	2.5	2	2	Loft
	1,889	$567,263	$300.30	$5,000	$562,263	$297.65	2	2.5	2	2	Loft, Study
	2,258	$632,400	$280.07	$5,000	$627,400	$277.86	3	3.5	2	2	Loft, Study

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/18	84	76	70	5	14	8	6	20	0.59	0.38	$567,023	- 2.97
Qtr 3/18	84	72	65	9	19	12	7	22	0.62	0.69	$584,390	3.91
Qtr 2/18	84	64	56	12	28	20	8	30	0.61	0.92	$562,406	- 0.12
Qtr 1/18	84	52	44	7	40	32	8	35	0.56	0.54	$563,060	2.70
Qtr 4/17	84	44	37	5	47	40	7	30	0.56	0.38	$548,280	- 0.65
Qtr 3/17	84	35	32	6	52	49	3	35	0.60	0.46	$551,885	0.73
Qtr 2/17	84	32	26	8	58	52	6	75	0.65	0.62	$547,885	3.43
Qtr 1/17	84	24	18	6	66	60	6	85	0.67	0.46	$529,700	0.17
Qtr 4/16	84	16	12	5	72	68	4	53	0.86	0.38	$528,792	0.22
Qtr 3/16	88	8	7	7	81	80	1	0	7.00	0.54	$527,626	0.00

COMMENTS

The Magnolia project is one of five projects offering homes for sale in McKinley Village in Sacramento. This project area consists of 84 units with cluster style lots typically 3,000 square feet. This project backs to the Capital City Freeway and is buffered by a sound wall and sound proofing construction. This project opened for sale in September 2016 and according to the Gregory Group, 70 units have sold as of the end of the 4th quarter of 2018. HOA dues in this project are identified at $250 per month.

The average rate of sales in this project is 2.6 units per month (70 units / 27 months) through the 4th quarter of 2018. Pricing and sales trends for this project are identified as follows.

PLAN	**SF**	**4Q 18**	**3Q 18**	**2Q 18 (A)**	**1Q 18 (A)**
Plan 1	1,540 SF	$537,283	$544,385	$525,628	$512,400
Plan 2	1,630 SF	$545,417	$551,900	$539,497	$525,900
Plan 3	1,727 SF	$552,750	$559,000	N/A	N/A
Plan 4	1,889 SF	$567,263	$589,434	$564,006	$550,300
Plan 4	2,145 SF	N/A	$620,219	$638,900	$596,700
Plan 5	2,258 SF	$632,400	$641,000	$544,000	$630,300
AVERAGES	**1,864 SF**	**$567,023**	**$584,390**	**$562,406**	**$563,060**
Average Concessions		($5,000)	($5,000)	($5,000)	($5,000)
Average Net Price		$562,023	$579,390	$556,406	$557,060
Price/SF		**$301.51**	**$310.83**	**$294.08**	**$294.43**
% Change From Prior Quarter		-3.0%	5.7%	--	--
Quarterly Sold		5	9	12	7

(A) Average pricing includes additional plans. Average size at 1,892 SF

The pricing for the homes in this project were at the highest levels in the 4th quarter of 2018. Pricing is trending upward in this project with 14 remaining units for sale. Average absorption reflects a sales rate at 2.6 sales per month.

PROJECT 6 – Mulberry (McKinley Village)

PROJECT INFORMATION | **AT A GLANCE**

Project Name	Mulberry	**Average Price**	$584,075	**Qtr Sold**	8
Region	Sacramento	**Average Sq Ft**	1,803	**Qtr WSR**	0.62
County	Sacramento	**Total Inventory**	0	**Tot WSR**	0.69
Community	Sacramento	**Standing Inventory**	4	**Avg Incentives**	$5,000
Master Plan	McKinley Village	**Open Date**	09/24/16	**Survey Date**	1/1/19
Age Restricted	No	**Developer Name**	The New Home Company	**Special Tax per Month**	$101.00
Project Phone	(916) 382-4067	**Developer Phone**		**HOA per Month**	$250.00
Sales Office Hours	Daily 10 - 6	**Product Type**	Detached	**Broker Coop**	3.0%
		Type Description	Courtyard	**Special Incentives**	$15,000
GPS Coordinates	N : 38.583291 W : 121.456578	**Lot Size**		**Project Density**	14.8
Cross Street		**Lot Dimension**		**Model/Trailer**	Model
Finished Lots	N/A	**Blue Top Lots**	N/A		

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
	1,298	$525,300	$404.70	$5,000	$520,300	$400.85	3	2.5	2	2	None
	1,911	$597,000	$312.40	$5,000	$592,000	$309.79	3	3.5	2	2	Loft
	1,998	$600,000	$300.30	$5,000	$595,000	$297.80	3	3.5	2	2	Loft
	2,007	$614,000	$305.93	$5,000	$609,000	$303.44	3	3.5	2	2	Loft

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/18	82	82	82	8	0	0	0	0	0.69	0.62	$584,075	0.00
Qtr 3/18	82	82	74	5	8	0	8	20	0.70	0.38	$584,075	1.55
Qtr 2/18	82	74	69	8	13	8	5	35	0.75	0.62	$575,169	5.70
Qtr 1/18	82	66	61	6	21	16	5	45	0.77	0.46	$544,155	1.51
Qtr 4/17	82	58	55	6	27	24	3	43	0.83	0.46	$536,055	0.53
Qtr 3/17	82	50	49	12	33	32	1	72	0.92	0.92	$533,255	3.75
Qtr 2/17	82	38	37	17	45	44	1	80	0.93	1.31	$514,000	2.86
Qtr 1/17	82	24	20	9	62	58	4	85	0.74	0.69	$499,700	1.40
Qtr 4/16	82	16	11	6	71	66	5	80	0.79	0.46	$492,800	1.48
Qtr 3/16	81	8	5	5	76	73	3	0	5.00	0.38	$485,622	0.00

COMMENTS

The Mulberry project is one of five projects offering homes for sale in McKinley Village in Sacramento. This project area consists of 82 cluster lots typically 3,000 square feet. The units are configured in a courtyard style with shared driveways. This project backs to the Union Pacific Railroad Tracks and is buffered by a sound wall and sound proofing construction. This project opened for sale in September 2016 and according to the Gregory Group, 82 units have sold as of the end of the 4th quarter of 2018. HOA dues in this project are identified at $250 per month.

The average rate of sales in this project is 3.0 units per month (80 Units / 27 Months) through the fourth quarter of 2018. Pricing and sales trends for this project are identified as follows.

PLAN	SF	4Q 18	3Q 18	2Q 18	1Q 18 (A)
Plan 1	1,298 SF	$525,300	$525,300	$512,300	$466,100
Plan 2	1,527 SF	N/A	N/A	N/A	$510,900
Plan 3	1,911 SF	$597,000	$597,000	$584,100	$570,400
Plan 4	1,998 SF	$600,000	$600,000	$600,175	$575,975
Plan 5	2,007 SF	$614,000	$614,000	$601,100	$595,400
AVERAGES	**1,803 SF**	**$584,075**	**$584,075**	**$575,169**	**$544,100**
Average Concessions		($5,000)	($5,000)	($5,000)	($5,000)
Average Net Price		$579,075	$579,075	$570,169	$539,400
Price/SF		**$321.17**	**$321.17**	**$316.23**	**$308.58**
% Change From Prior Quarter		--	1.6%	2.5%	--
Quarterly Sold		8	5	8	6

(A) Average pricing includes additional plans. Average size at 1,748 SF

The pricing for the homes in this project were at the highest levels in the 3rd quarter of 2018 and have gradually improved in this project. Effectively, this project sold out in 4th quarter 2018 with average absorption at 3.0 sales per month.

PROJECT 7 – The Creamery

PROJECT INFORMATION | **AT A GLANCE**

Project Name	The Creamery	**Average Price**	$569,000	**Qtr Sold**	7
Region	Sacramento	**Average Sq Ft**	1,781	**Qtr WSR**	0.54
County	Sacramento	**Total Inventory**	18	**Tot WSR**	0.65
Community	Sacramento	**Standing Inventory**	1	**Avg Incentives**	$3,500
Master Plan	No	**Open Date**	12/03/15	**Survey Date**	1/1/19
Age Restricted	No	**Developer Name**	Black Pine Communities	**Special Tax per Month**	$0.00
Project Phone	(916) 443-1020	**Developer Phone**		**HOA per Month**	$75.00
Sales Office Hours	Daily 10 - 6	**Product Type**	Detached	**Broker Coop**	3.0%
		Type Description	Small Lot, Detached	**Special Incentives**	$0
GPS Coordinates	**N** : 38.587051 **W** : 121.489807	**Lot Size**	1,334	**Project Density**	
Cross Street		**Lot Dimension**	29 x 46	**Model/Trailer**	Model
Finished Lots	N/A	**Blue Top Lots**	N/A		

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
	1,745	$555,000	$318.05	$3,500	$551,500	$316.05	2	2.5	3	2	Flex
	1,818	$583,000	$320.68	$3,500	$579,500	$318.76	2	2.5	3	2	Flex

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/18	122	111	104	7	18	11	7	12	0.65	0.54	$569,000	0.53
Qtr 3/18	122	102	97	14	25	20	5	20	0.66	1.08	$565,990	- 1.68
Qtr 2/18	122	87	83	6	39	35	4	35	0.62	0.46	$575,657	0.00
Qtr 1/18	122	87	77	8	45	35	10	30	0.64	0.62	$575,657	0.41
Qtr 4/17	122	82	69	10	53	40	13	25	0.64	0.77	$573,323	0.00
Qtr 3/17	122	74	59	1	63	48	15	35	0.62	0.08	$573,323	0.47
Qtr 2/17	122	71	58	10	64	51	13	27	0.71	0.77	$570,657	5.52
Qtr 1/17	122	53	48	1	74	69	5	70	0.70	0.08	$540,823	0.00
Qtr 4/16	122	53	47	12	75	69	6	30	0.84	0.92	$540,823	0.00
Qtr 3/16	122	35	35	5	87	87	0	17	0.81	0.38	$540,823	1.09
Qtr 2/16	117	30	30	2	87	87	0	40	1.00	0.15	$535,000	10.15
Qtr 1/16	117	28	28	3	89	89	0	50	1.65	0.23	$485,690	0.00
Qtr 4/15	117	25	25	25	92	92	0	50	6.25	1.92	$485,690	0.00

COMMENTS

The Creamery project is located in the midtown area of Sacramento. This project area consists of 122 small lot detached lots typically 1,334 square feet. As of the end of the fourth quarter of 2018, 104 units in this project sold. They were originally offered for sale in December 2015, for an overall absorption rate at 2.9 sales per month (104 units / 36 months). HOA dues in this project are identified at $75 per month.

Pricing and sales trends for this project over the past 12 months are identified as follows.

PLAN	SF	4Q 18	3Q 18	2Q 18	1Q 18
Plan 1	1,745 SF	$555,000	$541,990	$560,990	$560,990
Plan 2	1,818 SF	$583,000	$545,990	$559,990	$559,990
Plan 3	2,305 SF	N/A	$609,990	$605,990	$605,490
AVERAGES	**1,781 SF**	**$569,000**	**$565,990**	**$575,657**	**$575,657**
Average Concessions		($3,500)	($3,500)	($3,500)	($3,500)
Average Net Price		$565,500	$562,490	$572,157	$527,157
Price/SF		**$317.52**	**$287.57**	**$292.51**	**$292.51**
% Change From Prior Quarter		10.4	-1.7%	--	--
Quarterly Sold		7	14	6	8

Interaction of Existing Supply and Demand

In deriving potential absorption for the subject, the following elements are considered.

⇒ Regional absorption trends are trending upward. Projects in the last 12 months within the Sacramento submarket (as defined by The Gregory Group), show average absorption of 1.3 – 2.3 sales per month, per project.

⇒ Pricing for the competing projects is consistent from $249.40 to $339.56 per square foot, with an average at $308.32 per square foot, per project. This is predicated on the competing projects summarized in the prior section. The average price per square foot is higher than that identified for the entire Sacramento sub-market at $270.46 per square foot as primary competition was from the midtown/downtown area of Sacramento.

⇒ Resale home trends in Zip Code 95818 and 95822 show strong demand with pricing from $330 to $350 per square foot (median and average indicators), whereas home sales in the more immediate area as the subject show pricing from $350 to $360 per square foot.

Absorption for the subject PDC projects are identified at 3.0 to 4.0 sales per month. The front-loaded product is at the higher end of the range as this project includes 6 floor plans from 1,803 to 3,164 square feet. Essentially, with the spread of the floor plans, it functions as two product lines.

The projects noted in this analysis are primary competition for the subject lots. Future supply of lots and additional competition could come from these additional projects.

Sutter Park – is a proposed development on the old 20-acre Sutter Memorial Hospital site in East Sacramento. This facility was built in the 1930s near 51st and F Street. It closed in 2014 and StoneBridge Properties, a subsidiary of Teichert developed the project to a finished lot condition. The developer of this project is bringing 89 units to market starting in the $800s with some plans identified over $1.1 million.

Township Nine – Is a larger development of 2,500 units, 800,000 square feet of office, and 100,000 square feet of retail on 65 acres along Richards Boulevard. In March 2008, the City of Sacramento selected Township Nine as the top priority for infill funding from state transportation bonds approved by voters, despite strong objections from Thomas Enterprises, the developer of the Railyards project. Township Nine is a joint venture between the Sacramento Based nonprofit Nehemiah Corporation of America and Sacramento developers Ron Mellon and Steve Goodwin. Phase 1 site construction began in 2009 and was completed in 2013. A Light Rail station in front of the project as completed in 2010. Vertical construction was completed in October 2014 on the first housing project known as Cannery Place, a 180-unit apartment project wrapping around a parking garage that will soon be followed by more townhome and apartment housing development. The remainder of the project is projected to be finished incrementally over the next ten years. No new development activity was identified in this project.

The Railyards - Another potential project influencing the location of the immediate area is the Railyards project. Located just north of downtown and south of the River district, the Urban Pacific Railyards that once served as the western terminus of the 1860's Transcontinental Railroad, will soon be transformed into a dynamic, urban mixed-use hub for residents, workers and visitors. The 244-acre development would include 1 million square feet of retail, 5 million square feet of office, housing, theaters, parks, hotels, museums, and a Kaiser Permanente Hospital, and a proposed Major League Soccer stadium. The Railyards specific plan envisions high-rise housing with 6,000 residential units. Most of the railyard would be designated as a central business district, with residential, retail, and office space. The area surrounds central shops buildings and includes east of 7th Street, location of the proposed stadium. Infrastructure is currently under construction with completion of 7th Street.

While these additional projects are likely long-term competition for the subject property, no immediate development opportunities are identified, and most likely competition will come from The Mill and McKinley Village.

The next step in this analysis is to project potential demand into actual demand relative to the positioning of the subject lots. The foregoing analysis identified that demand variables are in play for the acceptance of the subject project. This was predicated on potential absorption of 4 sales per month for the front-loaded project and 3 sales per month for the alley loaded product. It is noted that these rates show higher than typical absorption from the competing projects due to the likelihood of multiple projects based on the overall range of lot size. For instance, the front-loaded product line includes larger (7,000 sf) lots along the northern side capable of achieving higher pricing. Coupled with the smaller lots, more than one project is likely.

In addition, the developer of this project commissioned a Market Analysis prepared by John Burns Real Estate Consulting dated October-November 2017. This report was reviewed by the appraiser which noted 4 potential projects, with absorption from 2.25 to 3.0 sales per month, per project, or 10.5 sales per month with base pricing from $268 to $292 per square foot. While the appraiser completed an independent market analysis as noted in this section of the report, the overall results are substantiated within the context of this document. Given the overall date of this Market Analysis in the context of the current date of valuation, it is supportive to the conclusions in this section of the report.

The subject property includes three villages with residential lots for support of future homes. The 20 finished lots owned by Blackpine Curtis LLC are effectively all sold and will commence development once permit constraints are remedied (relates to the interchange) as all of these homes are encumbered with contracts. As such, absorption projections for lot sales are applicable for the following.

Village 1 – 90 Finished Lots – 5,000 SF Typical Lot Size
Village 2 – 109 Paper Lots – 26 Lots @ 5,000 SF & 83 Lots @ 2,500 SF

One way of examining, the potential of lots absorption relative to homes is the takedown of lots prior to potential sales. With front loaded projects identified at absorption of 4 sales per month, 48 lots are needed on an annual basis to fill this requirement. The same is true with alley-loaded lots with absorption of 3 lots per month (based on sales) or 36 lots per annum. At this pace, it would take approximately 2.5 years to absorb the subject lots in these two villages. However, this assumes the market is fluid and developers could secure lots as they are needed, when market evidence shows takedown of larger land holdings and development over time.

New home projects were examined throughout the region in order to identify a typical project size. The subject property is identified for the development of multiple projects ranging from 26 to 90 units. A survey of project areas in Sacramento County is noted below. This is based on 4Q information as developed from the Gregory Group.

AREA	NATOMAS	RANCHO CORDOVA	ELK GROVE/LAGUNA	SACRAMENTO
Active Projects	22	7	28	15
Total Lots Planned	2,844	1,132	2,762	913
Average Per Project	129 Lots	161 Lots	98 Lots	61 Lots

The City of Sacramento offers the smallest number of units per project with an average of 61 lots. Conversely, Rancho Cordova offers the highest average at 161 lots. Still, the subject from 26 to 90 units is within the range of these project. One way of examining absorption based on lot acquisitions is the analysis of land sales in the past few years. The Natomas area is an example of this absorption as recently, development is allowed in this region as improvements were completed for flood zone protection. In 2016, there were 4 transactions from 30 to 74 lots. In 2017, there were six transactions from 10 to 138 lots. Overall, 153 lots were transferred in 2016 and 391 lots in 2017. Based on review of these elements, the overall project size from 90 to 109 lots identified for the subject property is consistent with the overall market.

In considering the overall absorption of this project, the following elements were considered.

⇒ The overall timing of the interchange improvements is considered. With this facility nearly completed, development of the subject can occur with no further delay in permits.

⇒ Market conditions justify construction of the proposed developments. Marketability is enhanced based on the overall price points, as tax limits are based on mortgages exceeding $750,000.

⇒ The proposed development of a retail center is an enhancement to this project. This facility is scheduled to open in March 2019 providing strong neighborhood identity.

Based on all of these considerations, projected absorption for the 199 residential lots (Villages 1 and 2) is likely in a 12-month period to a developer. Effectively, this project is for 3-different product lines and the overall salability of the subject lots in both the short and long term is favorable in the current market climate.

MULTI-FAMILY CHARACTERISTICS
National Apartment Market

Underlying fundamentals, rent growth expectations, and cap rate shifts impact investors' decisions to buy, sell, or hold assets in the national apartment market. As of the third quarter (most recent published), the national apartment market posted a 4.8% vacancy rate, up from 4.7% in the prior quarter, as per Reis. At the same time, effective rent growth slowed from 1.3% to 1.2%. While this market's average overall cap rate dips seven basis points this quarter, 67.0% of investors foresee cap rates holding steady over the next six months. The balance expects cap rates to increase.

The combination of these key factors have most surveyed investors favoring holding apartment assets. "We believe it is best to hold apartments in markets with strong fundamentals as they are better positioned to offset any cap rate increases," says an investor. Another reasons, "The meaningful bid-ask spread developing in many markets is a reason to hold."

While Survey participants note that apartment assets are "fully priced" and it's difficult to create value in the "buy" market, they do see opportunities for sellers of value-added properties. "A lot of buyers are looking for value-added deals and paying incredible premiums for such transactions," highlights a participant.

NATIONAL APARTMENT MARKET
Fourth Quarter 2018

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)[a]					
Range	5.25% – 10.00%	5.25% – 10.00%	5.50% – 10.00%	5.00% – 10.00%	6.00% – 14.00%
Average	7.15%	7.20%	7.26%	7.26%	8.17%
Change (Basis Points)		– 5	– 11	– 11	– 102
OVERALL CAP RATE (OAR)[a]					
Range	3.50% – 8.50%	3.50% – 8.50%	3.50% – 7.50%	3.50% – 8.00%	3.50% – 10.00%
Average	5.16%	5.23%	5.32%	5.35%	5.80%
Change (Basis Points)		– 7	– 16	– 19	– 64
RESIDUAL CAP RATE					
Range	4.00% – 8.50%	4.00% – 8.50%	4.25% – 7.75%	4.25% – 8.50%	4.25% – 9.75%
Average	5.53%	5.57%	5.74%	5.84%	6.29%
Change (Basis Points)		– 4	– 21	– 31	– 76
MARKET RENT CHANGE[b]					
Range	(2.00%) – 5.00%	(2.00%) – 5.00%	(1.00%) – 5.00%	0.00% – 6.00%	(2.00%) – 8.00%
Average	2.40%	2.41%	2.58%	3.18%	2.52%
Change (Basis Points)		– 1	– 18	– 78	– 12
EXPENSE CHANGE[b]					
Range	2.00% – 3.00%	2.00% – 3.00%	2.00% – 3.00%	1.00% – 4.00%	1.00% – 3.50%
Average	2.73%	2.73%	2.72%	2.81%	2.70%
Change (Basis Points)		0	+ 1	– 8	+ 3
MARKETING TIME[c]					
Range	1 – 9	1 – 9	1 – 9	1 – 9	0 – 18
Average	3.7	3.7	3.8	3.8	5.7
Change (▼, ▲, =)		=	▼	▼	▼

Colliers International 4th Quarter 2018
Sacramento Multifamily Research & Forecast Report

Sacramento's apartment market remains one of the top performing in the nation. Investors swarmed Sacramento for assets to purchase in 2018 with the market experiencing an all-time high in annual sales volume. Sacramento is still seeing significant in-migration, leading to apartment developers bringing more units to the market to meet strong demand. The amount of new apartment supply in 2018 was the highest since 2008 and there are now twice as many units under construction as there were at the end of 2017. Rent growth and occupancy declined quarter-over-quarter, but occupancy is still well above economic equilibrium across all Sacramento submarkets as new construction is barely keeping up with population growth.

With the failed repeal of Proposition 10 in November, rent control will not be coming to properties built after 1995 in Sacramento anytime soon, however, local activists secured enough signatures to get a rent control initiative on the 2020 ballot that would cap local annual rent increases at 5%. Affordability remains the number one topic in residential real estate. As Millennials struggle with high debt levels and rising interest rates, buying a home is still out of reach for many, and with the region's expanding population, the apartment market is poised to continue posting high occupancy levels and four-plus percent annual rent growth throughout 2019.

Key Factors noted in this recent survey include the following.

Rental Rates

- ⇒ After two straight quarters of less than 4 percent annual rent increases, rent growth jumped 4.6 percent in the fourth quarter compared to 2017.
- ⇒ Average apartment rents declined 0.3 percent quarter-over-quarter as the average monthly rent in Sacramento is now $1,405.

Occupancy Analysis

- ⇒ Overall market occupancy ended the year at 96.4 percent as occupancy has stayed above 96 percent since April 2017.
- ⇒ The average quarterly occupancy rates over the last five years is 96.2 percent, keeping the rental market extremely competitive throughout the Sacramento region.
- ⇒ Central Sacramento has the lowest occupancy of all Sacramento submarkets at 95.5 percent, an 80 basis point increase from the previous quarter. Davis boasts the highest with 99.4 percent.

Investment Activity

- ⇒ Multifamily sales in the Sacramento region set a record-high annual sales volume of $1.87 billion, the fourth year in a row of more than $1 billion.
- ⇒ Fourth quarter sales volume set a quarterly record with $644.9 million as seven sales closed for more than $40 million each.

<u>Construction</u>

⇒ AG Spanos completed BDX at Capital Village, its 199-unit Rancho Cordova project. This new developed sold to Folsom-based Oakmont Properties for $288,944 per unit in December despite being only halfway leased up.

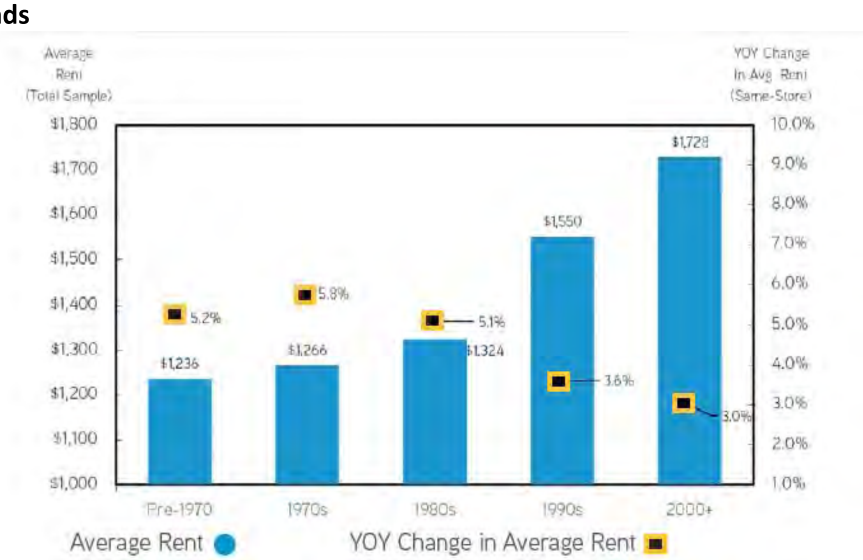
⇒ SKK Developments and Grupe Co., finished construction on Q19, 68 units in Midtown with rents ranging from $1,800 to $3,400. As of mid-November, it was already halfway leased one month after opening.

⇒ The Sacramento market saw 1,075 new units hit the market in 2018 and there are 2,032 units under construction slated for completion in 2019, which will be the largest amount of new supply since 2005.

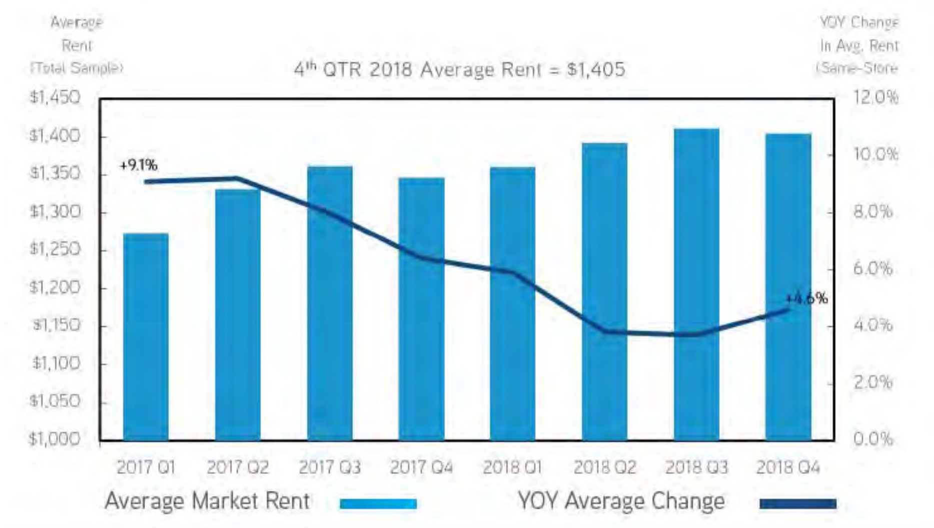
Below is a breakdown of market indicators by submarket. For Q4, all submarkets continue to remain above economic equilibrium and rent levels reflect the scarcity renters are facing across the market.

Q4 2018					Trailing 12 Months	
SUBMARKET	AVG. UNIT SIZE SF	AVERAGE RENT	AVERAGE RENT/SF	AVERAGE OCCUPANCY	UNIT DELIVERIES	UNIT ABSORPTION
Central Sacramento	844	$1,745	$2.07	95.5%	347	210
South Sacramento	890	$1,373	$1.54	96.0%	200	59
Natomas	878	$1,477	$1.68	96.1%	38	(148)
N Sacramento / N Highlands	864	$1,276	$1.48	96.2%	0	114
Arden/Arcade	767	$1,193	$1.56	96.3%	0	(110)
Carmichael	818	$1,173	$1.43	98.0%	0	(12)
Rancho C / East Sacramento	802	$1,268	$1.58	95.9%	199	74
Citrus Heights	818	$1,248	$1.53	96.8%	0	(22)
Orangevale / Fair Oaks / Folsom	902	$1,561	$1.73	95.6%	127	161
Roseville / Rocklin	950	$1,567	$1.65	95.6%	120	131
Woodland / West Sacramento	801	$1,170	$1.46	97.7%	44	(20)
Davis	923	$1,853	$2.01	99.4%	0	(14)
Sacramento Area	**855**	**$1,405**	**$1.63**	**96.4%**	**1,075**	**451**

Rental Rate Trends

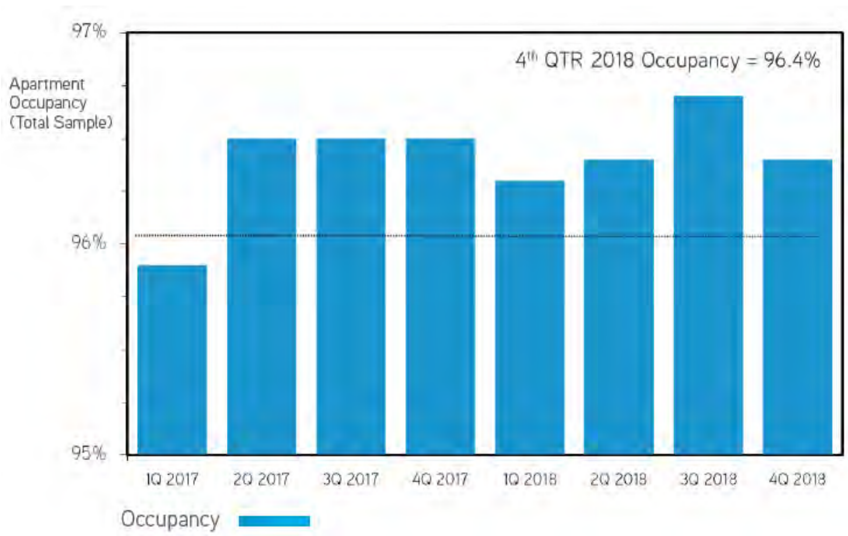


After leading the nation in annual rent increases in 2016 and 2017, the Sacramento market's average rents have returned to a more sustainable track, falling below 4 percent annual growth for the first time since the end of 2013 in the second and third quarters, but finishing at 4.6 percent in the fourth quarter. Though Sacramento is still an affordable option compared to other higher cost West Coast cities, housing affordability remains a contentious issue. According to the City of Sacramento, approximately 57 percent of the city's 94,000 renters pay more than 30 percent of their incomes on rent. Nevertheless, California voters rejected Proposition 10 in November, the repeal of the 1995-enacted Costa-Hawkins Rental Housing Act, which precludes cities and counties from implementing rent control provisions on units built after 1995.



Rent control in Central Sacramento was stagnant in the second half of 2018, posting less than one percent annual rent growth over the last two quarters. The leading submarkets with the highest annual rent growth were Arden/Arcade with 6.2 percent and Carmichael at 6.8 percent, both of which saw no new apartment construction in the past five years. Rent growth continues to moderate across the market with wage growth failing to keep up with rent growth and new units hitting the market.

Occupancy Analysis

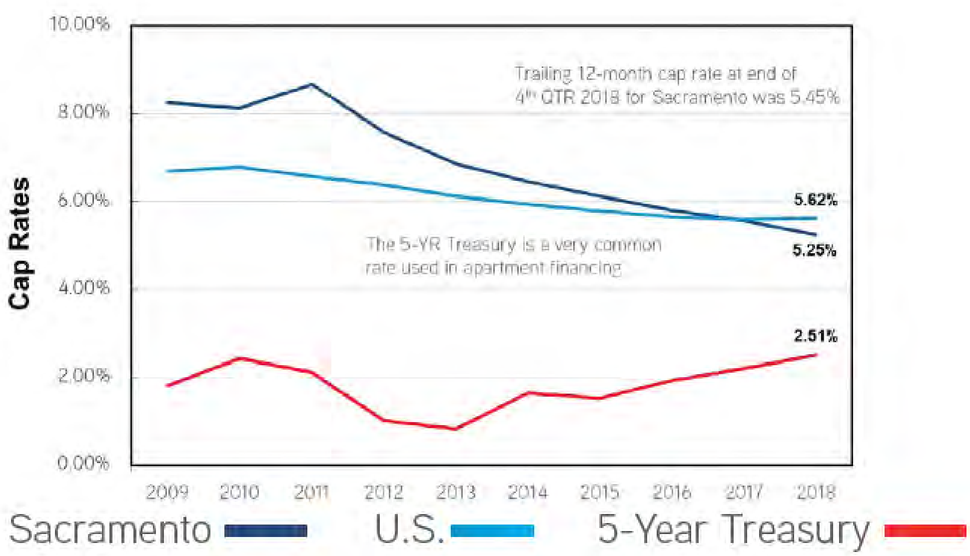


New housing development has failed to keep up with the region's population growth in recent years. The Sacramento metro area added 25,000 new residents from July 2017 to July 2018, but only 1,360 new apartment units were completed across the market from mid-2017 through the end of 2018. With a lack of new supply and continuing population growth, the market's occupancy has remained will above economic equilibrium, averaging 96.2 percent per quarter over the last five years, and ending 2018 at 96.4 percent, the seventh straight quarter above 96 percent.

Expect market occupancy to fall below 96 percent by the end of 2019 for the first time since Q1 2017 as 2,000-plus units are set to complete in 2019.

Investment Activity

Multifamily sales across the Sacramento metropolitan area set an annual record this year with $1.87 billion invested throughout the year. The fourth quarter recorded more than $644.9 million, which is a quarterly sales record (with data going back to 1990).



Sacramento is on the map for value-add investors, as many buyers see plenty of upside in the market's sound fundamentals. A number of sizable sales occurred in the fourth quarter with 7 sales totaling more than $40 million. After a 2015 renovation, Carmel Partners sold The U in Davis at $575,757 per unit to Walnut Creek based Tilden Properties. Carmel sold the property for 87 percent higher than what they bought it for in 2014. The largest sale of the quarter was Fairfield Residential's three property, 716-unit portfolio, which traded to San Diego – based MG Properties Group for $170 million.

Construction

The region's new apartment construction is finally approaching pre-recession levels. For the first time since 2008, more than 1,000 new units hit the market in 2018. In 2019, more than 2,000 units will deliver for the first time since 2005. Construction activity is evenly split between urban submarkets and suburban submarkets. There are 2,503 units under construction as of December 2018 with 1,110 of those in Central Sacramento and 1.393 underway in the suburbs. Folsom leads in new suburban apartment construction with three larger projects underway bringing 650 new units to the city by the end of 2019. USA Properties Fund is the most active developer in the suburbs with its 204-unit Talavera Ridge in Folsom and 300-unit Fiddyment Ranch in Roseville, both under construction.

Subject Submarket

The subject is considered to be located within the Central Sacramento submarket which currently has an average occupancy rate of 95.5%. The average rental rate is $1,745/unit/month or $2.07/sf/month with 347 units delivered and 210 units absorbed within the trailing 12 months. The subject property includes 2.3 acres of land proposed for the development of 131 multi-family unit. The overall density is identified at 57.0 units per acre with multi-story development most probable for this project. The overall demand for this project is enhanced based on the proximity to Sacramento City College and the light-rail station including Bridgeway over the existing tracks. Similar projects are being developed throughout the region.

Conclusions – Sacramento Multi-Family Market

After receiving the distinction of the fastest-growing major city in California in 2017, Sacramento became the number one growth city in America, according to U-Haul's data of US migration trends with two million one-way U-Haul transactions. With all of this growth from Bay Area households and Millennials, multifamily developers are building more units to meet demand. As Millennials grow up and move out of the suburbs, many still struggle with debt and rising homes prices and cannot yet afford to buy a house. Suburban enclaves such as Folsom and Roseville will explode with new apartment development with 650 new units in Folsom, and 486 new units in Roseville complete in 2019.

Midtown is still in high demand for renters with two recent completions. At Heller Pacific's Ice House at 17th & R Street, leasing has already reached 95 percent, despite rents averaging more than $3.00 per square foot. Nearby at Q19, where rents average $3.27 per square foot, SKK Developments and The Grupe Co.'s new project at Midtown Quarter achieved 50 percent lease-up only a month after it opened, and is also on the market for sale. Down the R Street Corridor from the Ice Blocks, the Cordano Co., is working on renovating the former New Helvetia Theater at 11th and R Street, where 26 new apartment units will sit above 16,000 square feet of retail. Demand is so strong in Midtown that Sotiris Kololotronis (SKK) also started construction on The Press, a 277-unit project under construction at the site for the former Sac Bee parking garage, which will complete the three property Midtown Quarter development in the Spring of 2020. The tallest apartment building under construction is in Midtown at Mohanna Development's 11-story project 19J, which is nearing completion of its smaller studio unit. More than 500 units will be added to Midtown from the start of 2018 through the end of 2019.

As Sacramento's residents continue to struggle with housing affordability, developers must continue to build more units to bring the market closer to equilibrium or rent growth will become a national story again. The 2.3 acre site for the subject project is highly salable in the current market climate.

HIGHEST AND BEST USE

Highest and best use may be defined as that reasonable and probable use that will support the highest present value as of the effective date of the report. It is also defined as "the reasonable, probable, and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value." Elements integral in the highest and best use analysis include the following.

a. Physical characteristics of the subject property;
b. Location and the immediate environs;
c. Current zoning and municipality planning goals;
d. Neighborhood and area demographic trends;
e. Market supply and demand; and
f. Motivation of the most probable purchaser and/or user.

The highest and best use of a specific parcel of land is not determined through subjective analysis; rather highest and best use is shaped by the competitive forces within the market where the property is located. Therefore, the analysis and interpretation of highest and best use is an economic study of market forces focused on the subject property. The use that maximizes value represents the highest and best use. In accordance with the definition of highest and best use, it is appropriate to analyze the subject site as though vacant, followed by analysis of the existing improvements.

Legally Permissible

The current zoning for the subject property is identified as R1A-PUD, R4A-PUD and SC-PUD. The city council approved the Curtis Park Village project on September 28, 2010. As part of the project approval, the city council certified the Curtis Park Village EIR (Resolution No 2010-174) on April 1, 2010, and adopted CEQA Findings of Fact, Mitigation Monitoring Program (MMP), and a Statement of Overriding Considerations on September 28, 2010 (Resolution 2010-572). The project approval established a planned unit development (PUD) covering the entire project site. These elements were modified in 2015 and are summarized as follows.

The Crocker Village Project is a 51.31 acre piece of the overall original Crocker Village Tentative Map which included subdividing approximately 51.31 acres into 218 lots, including 200 single-unit dwellings, a lot for 131 multi-unit dwellings, 11.6 acre commercial use, a 6.6 acre joint use park/detention basin lot, and additional lots for open space, walkways, private drives, and emergency vehicle access in the Single-Unit Dwelling (R-1A PUD), Multi-Unit Dwelling (R-4A PUD), and Shopping Center (SC-PUD) zones and located in the Curtis Park Village Planned Unit Development (PUD). These changes are summarized below:

- Removing of the northern detention basin;
- Adding Road A;
- Reconfiguring the Park/Detention Basin facility;
- Providing single-family dwellings at the park's southern boundary;
- Replacing a portion of the area previously designated for multi-family development with single-unit dwellings;
- Updating the tentative map to reflect the previously approved senior housing complex; and
- Subdividing the southern commercial area into two lots.

It is noted that the previous changes to the Curtis Park Village EIR was proposed (P14-036), the project included the development of a fuel center with an associated retail kiosk in the southern commercial area of the Curtis Park Village Site. However, the fuel island was not approved and the master developer for the project filed a lawsuit to declare the city's action illegal. In January 2018, a judge ruled that the City of Sacramento rescind its permit denial and hold a new hearing on the matter. Later it was identified that the City of Sacramento will appeal the decision by the judge. As of the effective date of valuation, no decision was made regarding the certainty of this retail center.

Ultimately, the retail center is proposed for construction of a larger center with anchored space and shop buildings. As of the effective date of valuation, the retail project was under construction with initial delivery scheduled for March 2019. The initial phase includes the construction of 133,710 square feet according to the rent-roll provided by the developer. There is also three shop space buildings identified for this project, ranging in size from 7,700 to 12,600 square feet. Overall, there is 32,300 square feet of shop space proposed for this project. Safeway is scheduled to open in March 2019 along with Jr. anchors and retail tenants on the pads and shop space. Other larger tenants in this project include LA Fitness, Pet Supplies Plus, as well as smaller pad and shop space uses such as Peets Coffee, Ramen Burger, Panda Express, etc. The second phase of this center is proposed for delivery by December 2019.

Overall, the retail project is proposed for construction of 166,010 square feet and according to the schedules provided for review in preparation of this assignment, 91.2% of the space is pre-leased. Overall, limited information was provided for this facility (Refer to Extraordinary Assumptions).

In addition, this project reached the maximum number of permits issued prior to the Highway 99/12th Avenue off-ramp mitigation measure. The developer of this project has a performance bond issued from Cal-Trans dated 3/15/2018 (Bond #106871729). With issuance of the performance bond for the SB 99 Off-ramp, additional building permits may be issued through the normal building plan check protocol, but certificates of occupancy or final inspection, as appropriate, for those new buildings (i.e. building with permits issued after the performance bond was in place) cannot be issued or completed until interchange improvements are complete.

As of the effective date of valuation, these improvements are nearly completed with anticipated completion dates by the end of February 2019, subject to weather constraints. With the completion of this off-site obligation, certificates of occupancy can be issued and development of the proposed uses can occur. Completion of this interchange is eminent and not anticipated to interrupt of impede the absorption of the subject's land use.

This property includes a variety of land uses from vacant land for single and multi-family development, retail land and completed homes. The identified uses for the subject property reflect legal, conforming uses.

Physically Possible

This criterion considers the physical features of the site such as street frontage, depth, topography, access, soil conditions, utilities, etc. At this point in the analysis the physical characteristics are examined to see if they are suited for the legally permissible uses. Based on physical inspection of the subject properties, there are no known reasons why the properties would not support any legal development.

Financially Feasible/Maximally Productive

As noted in the prior section, the subject property is projected to have adequate demand in the current market environment. Financial feasibility depends upon supply and demand influences. With respect to financial feasibility of single-family residential development, in recent months merchant builders have acquired unimproved lots in the Sacramento region for near term construction, and there are multiple active projects in the subject's immediate area that demonstrate demand for new homes. Finished lots are transferring at prices that exceed the sum on unimproved lots and site development costs, which indicate completion of site development is financially feasible.

In terms of the subject's high density residential component, both for-rent, and for-sale product is considered financially feasible. Specifically, in the Sacramento region, market conditions for multi-family projects have steadily improved since 2010 as demand has strengthened in the region and new supply has been very limited. Development of the high density residential component is financially feasible. The retail land is financially feasible but with additional sites proposed for development ahead of this property a short holding period would be expected.

Highest and Best Use (As Vacant) – Conclusion

Based on review of these elements, the highest and best use for the subject property is for near term development. The most probable buyer of the subject residential lots is a production home builder, whereas a developer would most likely purchase the multi-family land and retail land component for this project.

Highest and Best Use (As Improved) – Conclusion

The highest and best use as improved reflects the proposed uses identified in this report. All of the proposed uses are consistent with their highest and best use. This includes continued use as individual homes. The most likely purchaser for the completed homes are individual buyers. Developers would opt to purchase the remaining components in this project.

PART 4 – METHODOLOGY AND VALUATION

METHODOLOGY

The valuation process is the orderly program in which the data used to derive an opinion of value for the subject property as it is acquired, classified, analyzed and presented. The first step in the process is to define the appraisal problem, i.e., identify the real estate, the effective date of the value estimate, the property rights being appraised, and the type of value sought. Once this has been accomplished, the appraiser collects and analyzes the factors that affect the market value of the subject property. These factors are addressed in the area and neighborhood analysis, the site and improvement analysis, and the highest and best use analysis, and in the application of the three approaches to value. Appraisers generally use three approaches to value; the Cost Approach, the Sales Comparison Approach and the Income Approach. The final step in the valuation process is the reconciliation or correlation of the value indications. In the reconciliation, the appraiser considers the relative applicability of each of the approaches used, examines the range of the value indications, and gives most weight to the approach or approaches that appear to produce the most reliable solution to the appraisal problem.

The first step in the appraisal of the subject property is to examine the different value scenarios required for this property under the purpose of this report. In order to derive an opinion of value for this property, all three approaches to value will be considered.

In the **Cost Approach**, the reproduction or replacement cost of the building and land improvements, as of the date of the appraisal, is developed together with an estimate of the losses in value (depreciation) that have taken place due to wear and tear, design and plan, or neighborhood influences. To the depreciated building cost estimate is added the value of the land. The total represents the value indicated by the cost approach. This approach assumes that the site is developed to its highest and best use. It is also a good test of project feasibility in the case of proposed projects. This approach to value is based on a comparison that a prudent investor would pay no more for a property than the amount the investor can obtain a comparable site and construct a building of equal desirability and utility without undue delay. This approach is most applicable when a property is new or relatively new, and sufficient comparable land sales are available to support a reasonable conclusion of land value.

In the **Sales Comparison Approach**, the subject property is compared to similar properties that have been sold recently or for which listing prices or offering figures are known. Data for generally comparable properties are used and comparisons are made to demonstrate a probable price at which the subject property would sell if offered in the open market. This is a good indication of value assuming the market data considered is recent and reliable.

In the **Income Capitalization Approach**, value is based on the present value of the anticipated net income stream from the subject property. Two common techniques are typically utilized, direct capitalization and yield capitalization. In direct capitalization, the current or estimated rental income is projected with deductions for vacancy and collection loss and operating expenses. A conclusion about the prospective net operating income of the property is developed. In support of this net operating income estimate, operating statements for previous years may be reviewed, together with available operating cost estimates of similar properties. An applicable capitalization method and appropriate capitalization rates are developed for use in computations that lead to an indication of value by the Income Approach. In yield capitalization (or discounted cash flow analysis), the net income stream is projected over a typical investment holding period for the property type being appraised, with a reversion at the end of the holding period. The income stream and reversion are then discounted to a present value utilizing a discount rate, typically derived from market analysis and investor surveys. In most cases, the Income Approach is considered to be the best method of estimating value for an income producing property.

After an indication of value is achieved in each of the approaches, the applicability and reliability of each approach is then evaluated and weighed by the appraiser. Through physical inspection of the property and the appraiser's analysis, judgment, and experience, a final opinion of value is then made for the subject property.

Subject Property Valuation

The market value of the appraised properties, by ownership, subject to the existing liens will be estimated using the sales comparison approach to value. As noted throughout this report, this value is presented in conjunction with the **Hypothetical Condition** that all improved properties are available for development to their highest and best use. The income approach or DCF methodology was not applied to these project areas as the proposed improvements are preliminary and detailed construction costs were not provided for review in preparation of this assignment. The exclusion of this approach to value does not impact the assignment results.

The sales comparison approach was applicable for the single-family residential, multi-family, and retail components for this project. Once the individual values are derived, a discounted cash flow model will be performed. Under the discounted cash flow analysis, the expected revenue, absorption period, expenses and discount rate associated with the sell-off of the developable parcels will be utilized. A DCF 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 specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate. It is noted that this methodology was only applicable based on ownerships.

Values for the completed homes were predicated on the greater of the Assessed Value or the recent purchase price. As part of the scope of work, it was determined that utilization of the Assessed Value was appropriate for this portion of the project. Since the assessed value for properties is based on the sales price, this was a reasonable conclusion for valuation of the individual homes.

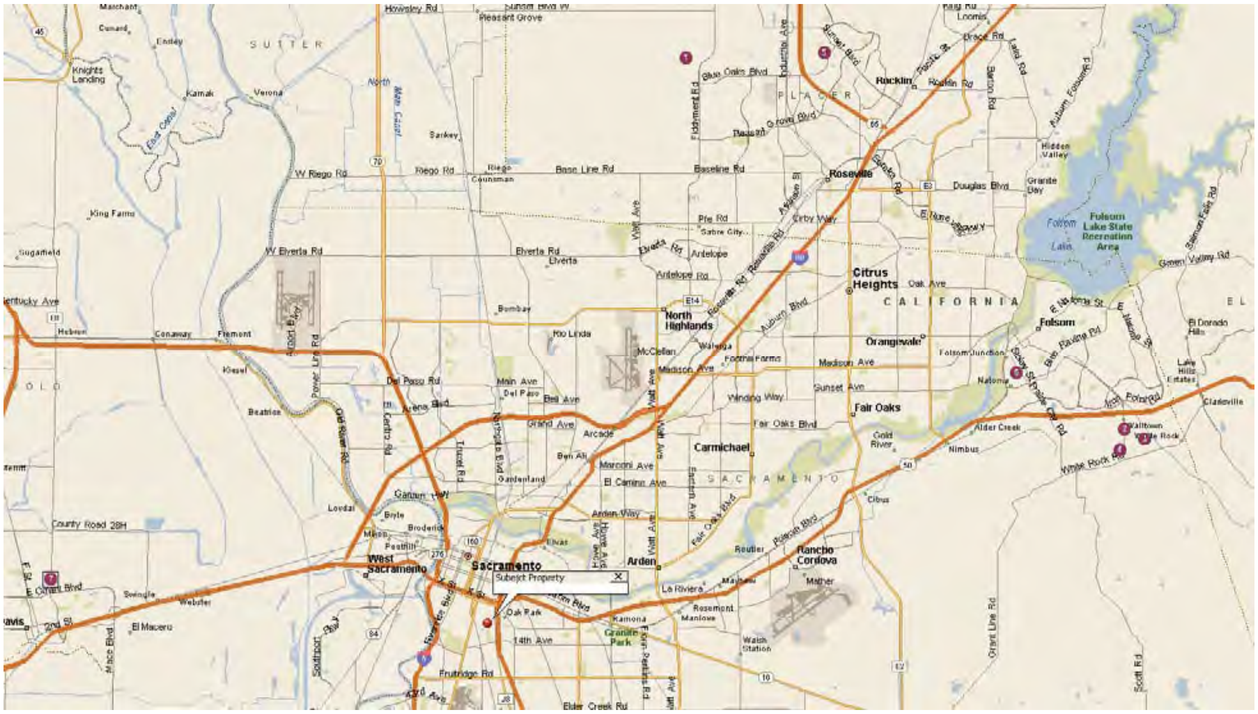
REVENUE PROJECTIONS
FINISHED LOTS
SALES COMPARISON APPROACH

The Sales Comparison Approach involves a comparison of the subject property with other properties which have been sold or have been offered for sale in the open, competitive market. These transactions serve the primary function of providing a unit comparison used to estimate an independent opinion of value by this approach. The reliability of the value estimate depends upon the degree of similarity between the property being appraised and the comparable sales. Adjustments are made to the comparable sales to reflect their differences from the subject.

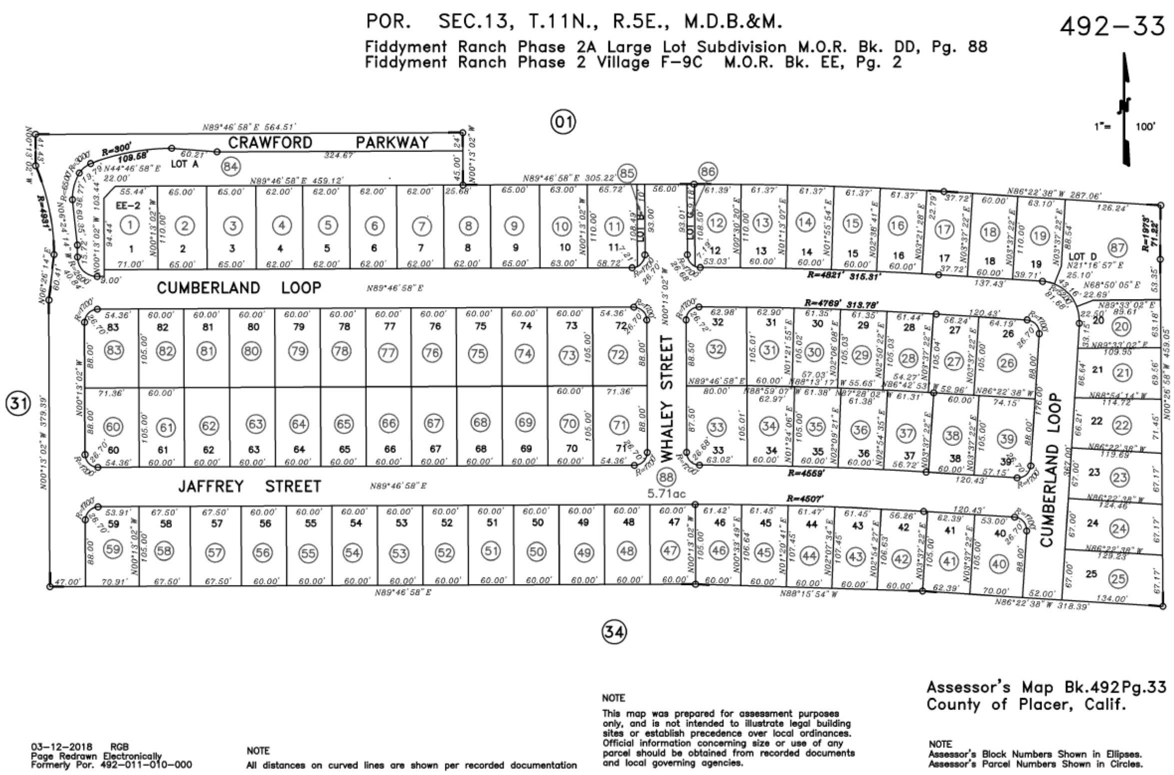
The land sales used for comparative purposes are summarized below.

SALE	PROPERTY ADDRESS LOCATION	TOTAL SALES PRICE SALES PRICE/LOT SALE DATE	BUYER SELLER DOCUMENT NO.	STATUS # OF LOTS TYPICAL LOT SIZE (SF)	ANNUAL LEVIES/ SPECIAL ASSESSMENTS	SITE COSTS/LOT PERMITS/FEES	LOADED PRICE PER FINISHED LOT
1	Fiddyment Farms SWC of Crawford Pkwy. & Fiddyment Rd. Roseville, CA 95747	$11,159,500 **$134,452** June 21, 2018	John Mourier Construction ATC Realty One, LLC 44304	Finished Lots 83 Lots 6,300 SF	$2,760 per annum	N/A $75,000	**$209,452**
	Comments: Reflects the transfer of 83 lots in Fiddyment Farms. Lots are typically 6,300 square feet in size and homes in this project range from $529,990 to $569,990. Built-up finished lot price includes permits and fees identified at $75,000 per unit. In addition, the property includes CFD Charges identified at $2,760 per annum.						
2	Mangini Ranch (Village 1) N. Side of Mangini Pkwy, E. of Scott Road Folsom, CA 95630	$15,282,000 **$141,500** May 21, 2018	Taylor Morrison Mangini Improvement Co. 20180521/0622	Finished Lots 108 Lots 4,775 SF	$2,500 per annum	N/A $49,500	**$191,000**
	Comments: Reflects the May 2018 transfer of 108 finished lots in Folsom. This project includes 108 lots typically 4,775 square feet. Built-up finished lot indicator includes permits and fees at $49,500 per lot, after fee credits. Annual CFD charges identified at $2,500 per annum. Homes in this project are priced from $499,990 to $569,990.						
3	Mangini Ranch (Village 2) N. Side of Mangini Pkwy, E. of Scott Road Folsom, CA 95630	$13,867,000 **$141,500** May 21, 2018	Taylor Morrison Mangini Improvement Co. N/A	Finished Lots 98 Lots 5,775 SF	$2,500 per annum	N/A $49,500	**$191,000**
	Comments: Reflects the May 2018 transfer of 98 finished lots in Folsom. This project includes 98 lots typically 5,775 square feet. Built-up finished lot indicator includes permits and fees at $49,500 per lot, after fee credits. Annual CFD charges identified at $2,500 per annum. Homes in this project are priced from $521,990 to $604,990.						
4	Mangini Ranch (Village 9) S. Side of Mangini Pkwy, E. of Scott Road Folsom, CA 95630	$29,818,000 **$164,740** May 8, 2018	Lennar Homes Mangini Improvement Co. 20180508/0635	Finished Lots 181 Lots 6,000 SF	$2,500 per annum	N/A $49,500	**$214,240**
	Comments: Reflects the May 2018 transfer of 181 finished lots in Folsom. This project includes 181 lots typically 6,000 square feet. Built-up finished lot indicator includes permits and fees at $49,500 per lot, after fee credits. Annual CFD charges identified at $2,500 per annum. Homes in this project are priced from $521,990 to $604,990.						
5	Whitney Ranch W. side of Wildcat Blvd., S. of Whitney Ranch Pl Rocklin, CA 95765	$11,200,000 **$100,000** May 23, 2017	Meritage Homes Wildcat Whitney Ranch 100 LLC 37479	Superpad 112 Lots 3,000 SF	$3,192 per annum	$16,486 $65,000	**$181,486**
	Comments: This transaction reflects the May 2017 of 112 lots in Superpad condition in Rocklin. Lots for this project are 3,000 square feet with homes priced from $415,990 to $457,990. The built-up finished lot price includes $16,486 for final map fees and $65,000 in permits and fees. In addition, the property includes CFD charges at $3,192 per annum.						
6	The Islands Phase 2 N. Side Parkshore Dr, E. of Folsom Blvd. Folsom, CA 95630	$12,250,000 **$97,222** January 6, 2017	Presidio Blackpine Parkshore LLC Lewis Land Development LLC 201701060693	Paper Lots 126 Lots 3,500 SF	$2,676 per annum	$35,000 $44,000	**$176,222**
	Comments: Reflects the January 2017 transfer of The Islands Phase 2 project in Folsom. This project includes 126 lots typically 3,500 square feet. Site costs at $35,000 per lot, whereas permits and fees identified at $44,000 per unit. Annual CFD charges identified at $2,676 per annum.						
7	The Cannery - Village 3 W. side of Cannery Loop at Dolcini Lane Davis, CA	$11,020,000 **$290,000** June 30, 2016	Shea Homes The New Home Company 17505	Finished Lots 38 Lots 3,600 SF	$2,432 per annum	$0 $50,000	**$340,000**
	Comments: Reflects the transfer of 38 finished lots in The Cannery project in Davis. It sold in June 2016 to Shea Homes for $290,000 per finished lot. This project includes special assessments at $2,520 per annum. No affordable component was assumed with this project as the master developer is constructing a separate project in the community to mitigate affordable requirements for the entire project.						
SP	**Curtis Park CFD No. 2014-02 Single-Family Residential Component Sacramento, CA**		**Benchmark Village**	**Assumed Finished 100 Lots 2,500 SF**	**$2,820 per annum**	**Assumed Finished $33,661**	

LOCATION MAP – COMPARABLE SALES



COMPARABLE LAND SALE NUMBER 1



Identification

Location:	SWC of Crawford Parkway & Fiddyment Road Roseville, CA 95747
APN/Legal Description:	492-330-001..083
Grantor:	ATC Realty One, LLC
Grantee:	John Mourier Construction

Site Characteristics

Number of Lots:	83 Finished Lots
Typical Lot Size:	6,300 SF
Zoning:	PD
Land Area:	N/A – Finished Lots
Density:	N/A – Finished Lots
Proposed Use:	Construction of a detached subdivision
Land Status:	Finished Lots
Site Development Costs:	Finished Lots
Permits and Fees:	$75,000/Unit
Special Taxes Per Annum:	$2,760 per annum

COMPARABLE LAND SALE NUMBER 1 (CONTINUED)

Sale Characteristics

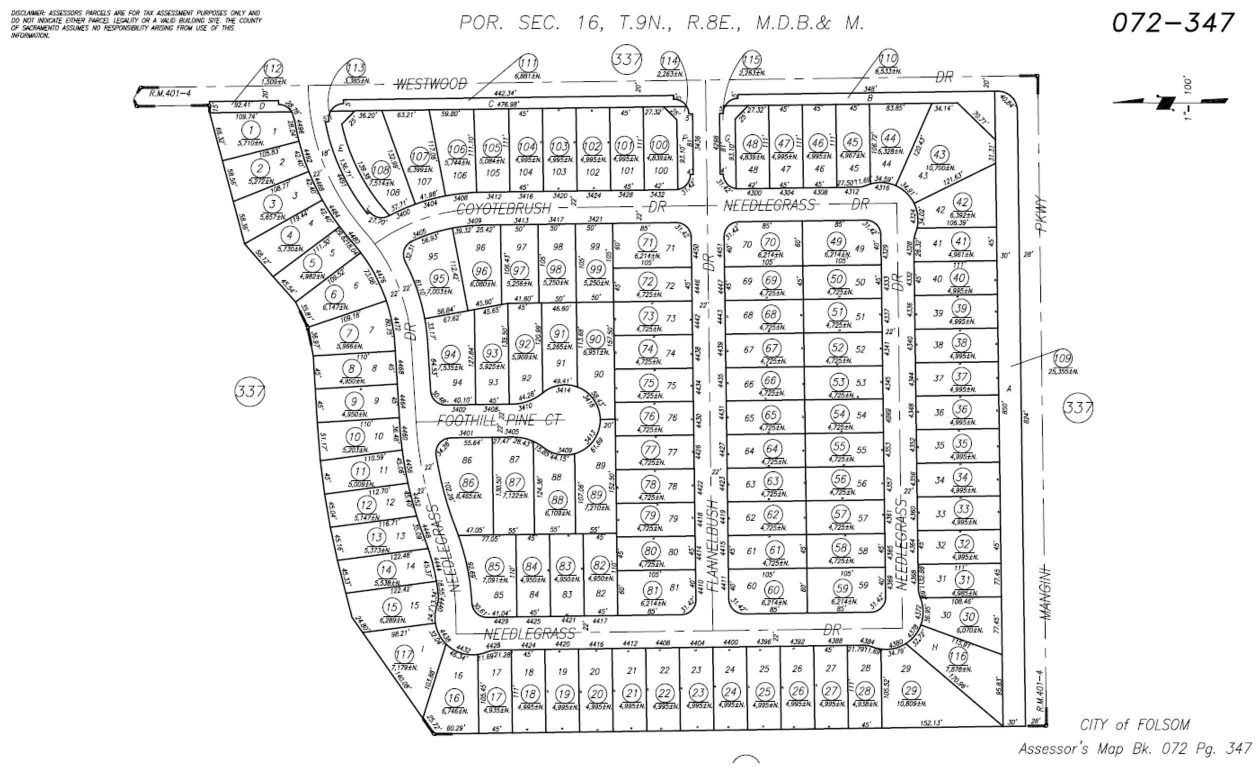
Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	June 21, 2018 COE / 2018-0044304
Prior Sales History (3 Years):	None Noted
Sale Price:	$11,159,500
Terms:	All cash transaction
PRICE PER FINISHED LOT:	**$134,452 per lot**
Confirmed By:	Broker / County Records

Comments

This transaction represents the acquisition of 83 finished lots in Fiddyment Farms by John Mourier Homes. The purchase price was identified at approximately $134,452 per finished lot and includes lots typically 6,300 square feet. The lots are part of continued development of the Wildwood project 5 floor plans ranging in size from 2,039 to 2,459 priced from $529,990 to $569,990. Special Assessments in this project are approximately $2,760 per lot, per annum. Permits and fees are through the City of Roseville and reported at $75,000 per unit. The overall built-up finished lot price is identified as follows.

ITEM	TOTALS PER UNIT
Finished Lot Price	$134,452
Permits & Fees	$75,000
BUILT-UP FINISHED LOT PRICE	**$209,452**

COMPARABLE LAND SALE NUMBER 2



Identification

Location:	Northern side of Mangini Parkway, East of Scott Road Folsom, CA 95630 (Village 1)
APN/Legal Description:	072-3370-001, (Per Deed) – Parcel numbers now 072-3470-001..108
Grantor:	Mangini Improvement Company, Inc.
Grantee:	Taylor Morrison of California

Site Characteristics

Number of Lots:	108 Finished Lots
Typical Lot Size:	4,775 SF (45' x 105)
Zoning:	RD-5, RD-7
Land Area:	18.6 AC
Density:	5.8 du/ac
Proposed Use:	Construction of a detached subdivision
Land Status:	Finished Lots
Site Development Costs:	Finished Lots
Permits and Fees:	$75,000/Unit
Special Taxes Per Annum:	Proposed - +/- $2,500 per annum

COMPARABLE LAND SALE NUMBER 2 (CONTINUED)

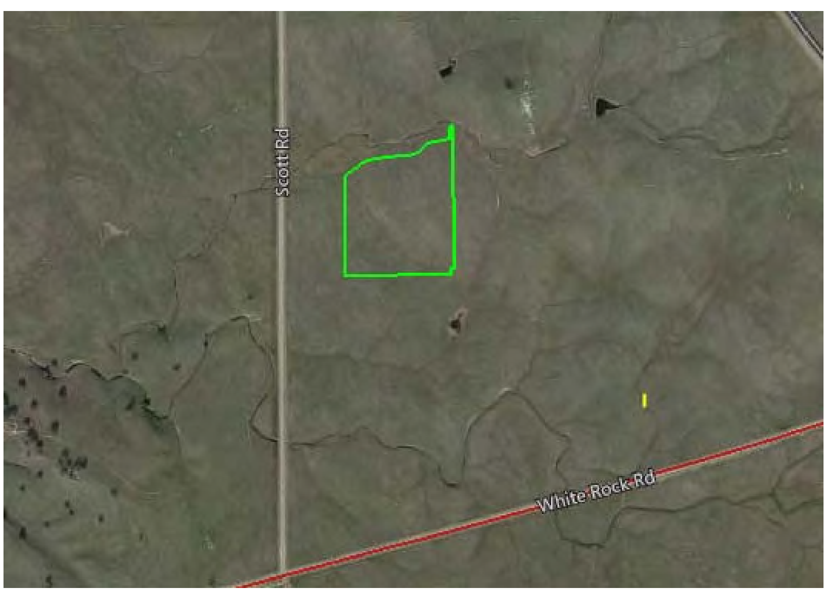
Sale Characteristics

Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	May 21, 2018 COE / 201805210622
Prior Sales History (3 Years):	None Noted
Sale Price:	$15,282,000
Terms:	All cash transaction
PRICE PER FINISHED LOT:	**$141,500 per lot**
Confirmed By:	Broker / County Records

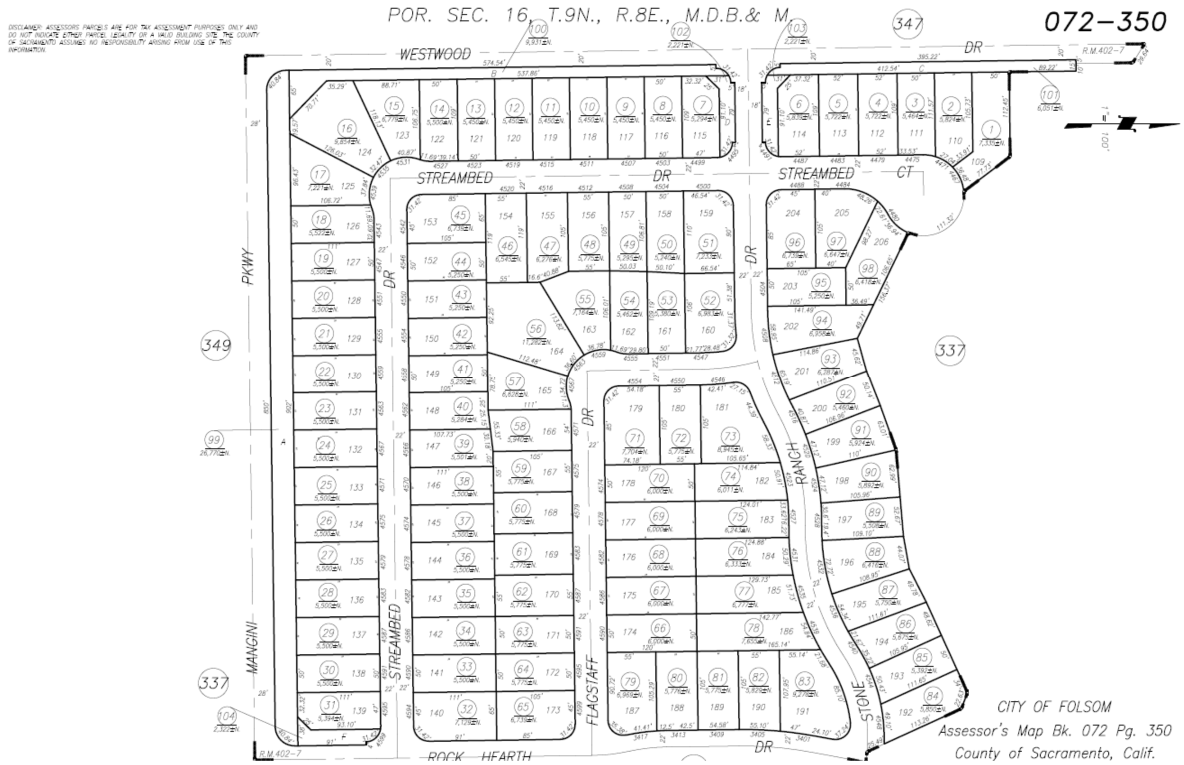
Comments

This transaction represents the acquisition of 108 finished lots in Folsom Ranch by Taylor Morrison. The purchase price was identified at $141,500 per finished lot. This project includes lots typically 4,775 square feet. The grand opening of the model homes was in September 2018 with 4 plans ranging in size from 1,784 to 2,768 square feet priced from $499,990 to $569,990. This deal was structured with the adjacent project with larger lots. As of 4Q 2018, pricing has increased to $508,990 to $579,990 per unit. The weighted average price was identified at $141,500 per finished lot. No special assessments were identified at the time of sale but it was identified that an assessment district will be formed for this property. Anticipated payments to homebuyers is approximately $2,500 per annum. Permits and fees are through the City of Folsom and reported at $75,000 per unit. The overall built-up finished lot price is identified as follows.

ITEM	TOTALS PER UNIT
Finished Lot Price	$141,500
Permits & Fees	$75,000
BUILT-UP FINISHED LOT PRICE	**$216,500**



COMPARABLE LAND SALE NUMBER 3



Identification

Location:	Northern side of Mangini Parkway, East of Scott Road Folsom, CA 95630 (Village 2)
APN/Legal Description:	072-3370-002, (Per Deed) – Parcel numbers now 072-3500-001..098
Grantor:	Mangini Improvement Company, Inc.
Grantee:	Taylor Morrison of California

Site Characteristics

Number of Lots:	98 Finished Lots
Typical Lot Size:	5,775 SF (45' x 105)
Zoning:	RD-5, RD-7
Land Area:	18.46 AC
Density:	5.3 du/ac
Proposed Use:	Construction of a detached subdivision
Land Status:	Finished Lots
Site Development Costs:	Finished Lots
Permits and Fees:	$75,000/Unit
Special Taxes Per Annum:	Proposed - +/- $2,500 per annum

COMPARABLE LAND SALE NUMBER 3 (CONTINUED)

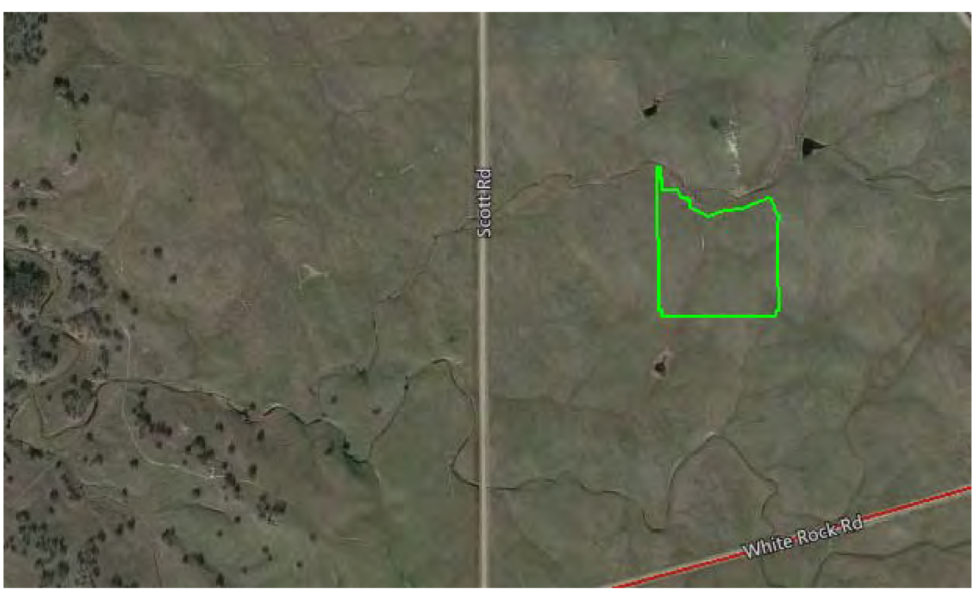
Sale Characteristics

Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	June 22, 2018 COE / Doc # N/A
Prior Sales History (3 Years):	None Noted
Sale Price:	$13,867,000
Terms:	All cash transaction
PRICE PER FINISHED LOT:	**$141,500 per lot**
Confirmed By:	Broker / County Records

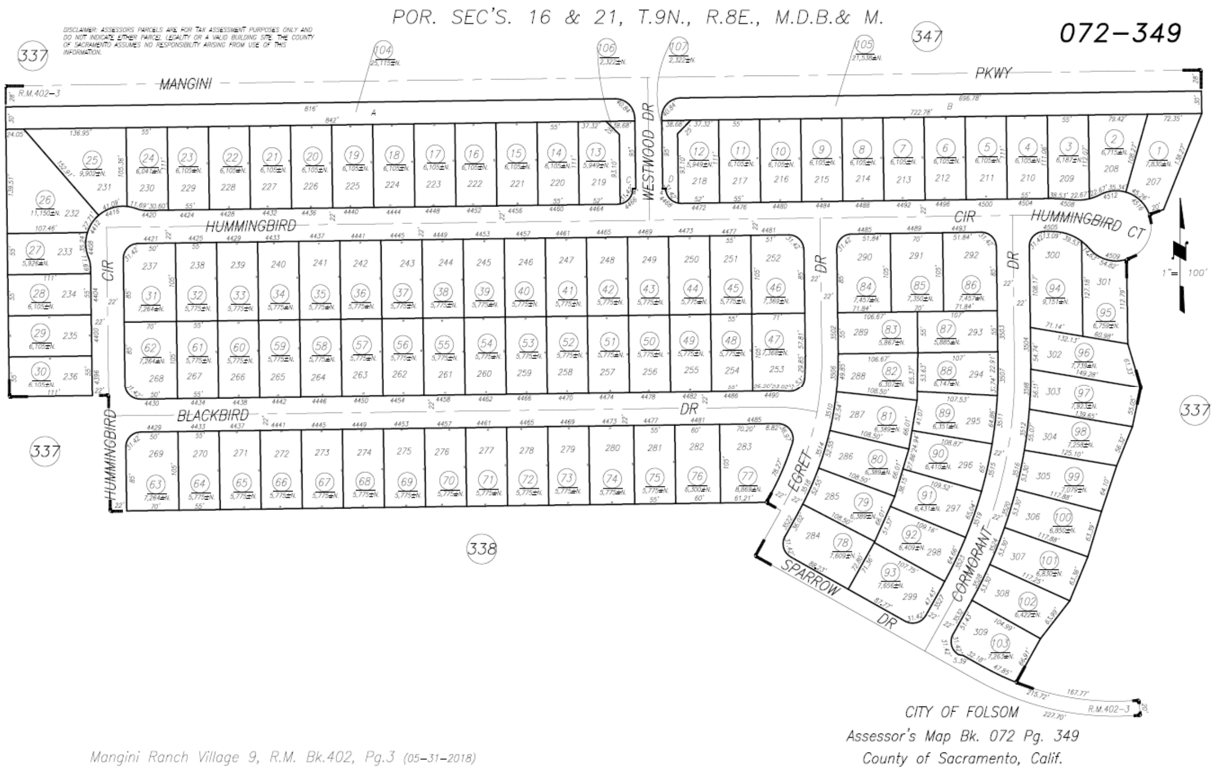
Comments

This transaction represents the acquisition of 98 finished lots in Folsom Ranch by Taylor Morrison. The purchase price was identified at $141,500 per finished lot. This project includes lots typically 5,775 square feet. The grand opening of the model homes was in September 2018 with 4 plans ranging in size from 1,891 to 3,063 square feet priced from $521,990 to $604,990. This deal was structured with the adjacent project with smaller lots. As of 4Q 2018, pricing has increased to $532,990 to $615,990 per unit. The weighted average price was identified at $141,500 per finished lot. No special assessments were identified at the time of sale but it was identified that an assessment district will be formed for this property. Anticipated payments to homebuyers is approximately $2,500 per annum. Permits and fees are through the City of Folsom and reported at $75,000 per unit. The overall built-up finished lot price is identified as follows.

ITEM	TOTALS PER UNIT
Finished Lot Price	$141,500
Permits & Fees	$75,000
BUILT-UP FINISHED LOT PRICE	**$216,500**



COMPARABLE LAND SALE NUMBER 4



Identification

Location:	Southern side of Mangini Parkway, East of Scott Road Folsom, CA 95630 (Village 9)
APN/Legal Description:	072-3370-012, 072-3380-021 (Per Deed) – Parcel numbers now 072-3490-001..103, 072-3480-001..078
Grantor:	Mangini Improvement Company, Inc.
Grantee:	Lennar Homes of California

Site Characteristics

Number of Lots:	181 Finished Lots
Typical Lot Size:	6,000 SF
Zoning:	RD-5
Land Area:	37.98 AC
Density:	4.8 du/ac
Proposed Use:	Construction of a detached subdivision
Land Status:	Finished Lots
Site Development Costs:	Finished Lots
Permits and Fees:	$75,000/Unit
Special Taxes Per Annum:	Proposed - +/- $2,500 per annum

COMPARABLE LAND SALE NUMBER 4 (CONTINUED)

Sale Characteristics

Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	May 8, 2018 COE / Doc # 201805080635
Prior Sales History (3 Years):	None Noted
Sale Price:	$29,818,000
Terms:	All cash transaction
PRICE PER FINISHED LOT:	**$164,740 per lot**
Confirmed By:	Broker / County Records

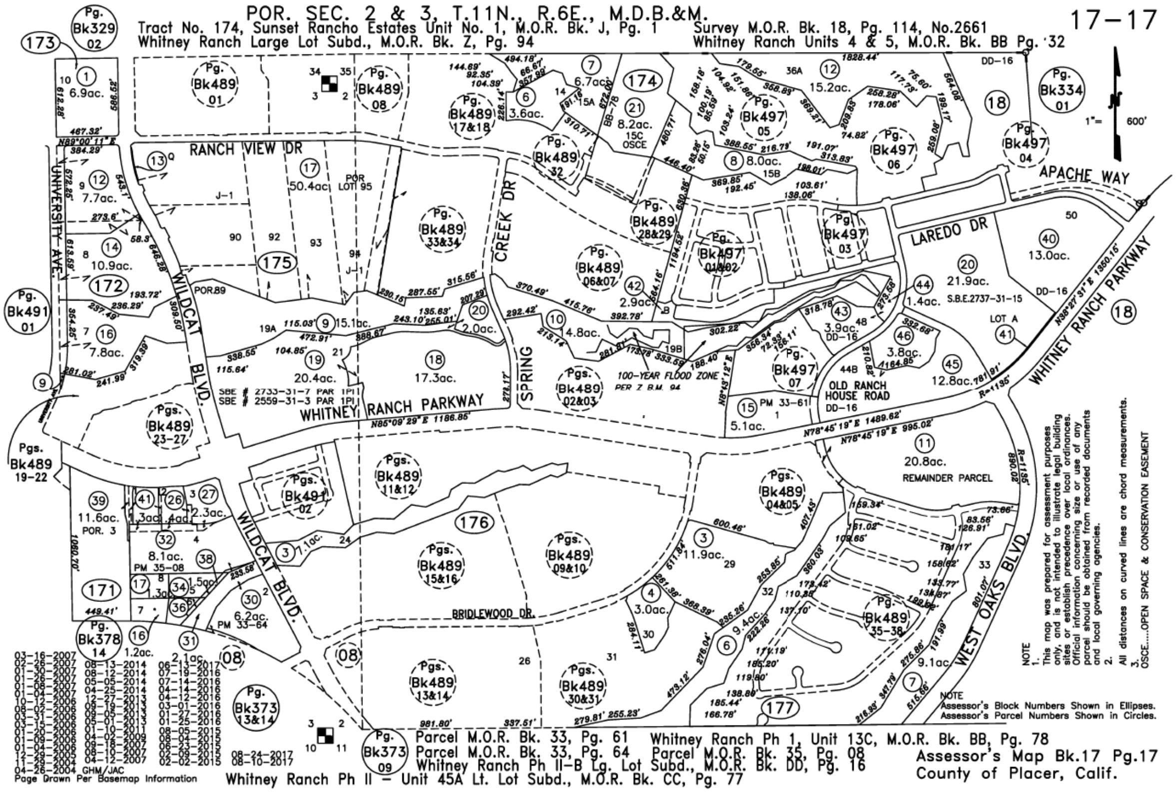
Comments

This transaction represents the acquisition of 181 finished lots in Folsom Ranch by Lennar Homes The purchase price was identified at $164,740 per finished lot. This project includes lots typically 6,000 square feet. The first project opened in September 2018 with 4 plans ranging in size from 2,387 to 3,230 square feet priced in the low $600s. As of 4Q 2018, pricing has increased to $655,990 to $718,990 per unit. No special assessments were identified at the time of sale but it was identified that an assessment district will be formed for this property. Anticipated payments to homebuyers is approximately $2,500 per annum. Permits and fees are through the City of Folsom and reported at $75,000 per unit. The overall built-up finished lot price is identified as follows.

ITEM	TOTALS PER UNIT
Finished Lot Price	$164,740
Permits & Fees	$75,000
BUILT-UP FINISHED LOT PRICE	**$239,740**

COMPARABLE LAND SALE NUMBER 4 (CONTINUED)

COMPARABLE LAND SALE NUMBER 5



Identification

Location:	W. side of Wildcat Boulevard, South of Whitney Ranch Parkway Rocklin, CA 95765
APN/Legal Description:	017-171-016, 017, 032, 034, 036
Grantor:	Wildcat Whitney Ranch 100 LLC
Grantee:	Meritage Homes of California

Site Characteristics

Number of Lots:	112 Lots
Typical Lot Size:	3,000 SF
Zoning:	PD
Land Area:	12.1 AC
Density:	9.3 du/ac
Proposed Use:	Construction of a detached subdivision
Land Status:	Superpad
Site Development Costs:	$35,000/Lot – In Tracts
Permits and Fees:	$60,000/Unit
Special Taxes Per Annum:	$3,192 per annum

COMPARABLE LAND SALE NUMBER 5 (CONTINUED)

Sale Characteristics

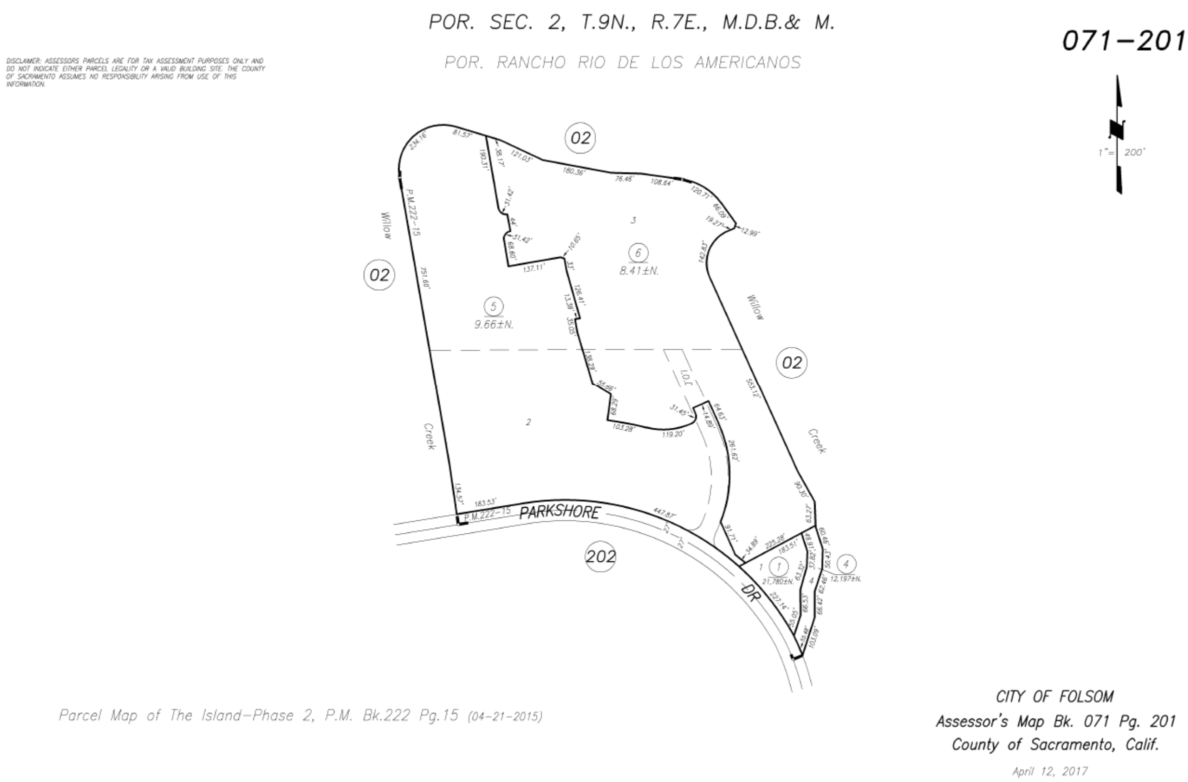
Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	May 23, 2017 COE / 2017-0037479
Prior Sales History (3 Years):	None Noted
Sale Price:	$11,200,000
Terms:	All cash transaction
PRICE PER FINISHED LOT:	**$135,000 per lot (See Table)**
Confirmed By:	Broker / County Records

Comments

This transaction represents the acquisition of a 12.1 acre site in superpad condition at the time of sale in Whitney Ranch by Meritage Homes. The purchase price was identified at $100,000 per lot and site development costs for intract improvements were reported at $35,000 per lot for a finished lot indicator at $135,000 per finished lots. This project includes lots typically 3,000 square feet. The grand opening of the model homes was in February 2018 with 4 plans ranging in size from 1,444 to 2,153 square feet, priced from $415,990 to $457,990. Special Assessments in this project are approximately $3,192 per lot, per annum. Permits and fees are through the City of Rocklin and reported at $65,000 per unit. The overall built-up finished lot price is identified as follows.

ITEM	TOTALS PER UNIT
Finished Lot Price (Includes $35,000 in In-Tracts)	$135,000
Permits & Fees	$65,000
BUILT-UP FINISHED LOT PRICE	**$200,000**

COMPARABLE LAND SALE NUMBER 6



Identification

Location:	The Islands Phase 2 N. Side of Parkshore Drive, E. of Folsom Blvd. Folsom, CA 95630
APN/Legal Description:	071-2010-005, 006
Grantor:	Lewis Land Developments LLC
Grantee:	Presidio Blackpine Parkshore 126 LLC

Site Characteristics

Number of Lots:	126 Lots
Typical Lot Size:	3,500 SF
Land Area:	18.07 AC
Density:	7.0 du/AC
Proposed Use:	Single-Family Development
Land Status:	Tentative Map Approval
Site Development Costs:	$50,000 per lot
Permits and Fees:	$60,000 / Unit
Special Taxes Per Annum:	$2,676 per annum

COMPARABLE LAND SALE NUMBER 6 (CONTINUED)

Sale Characteristics

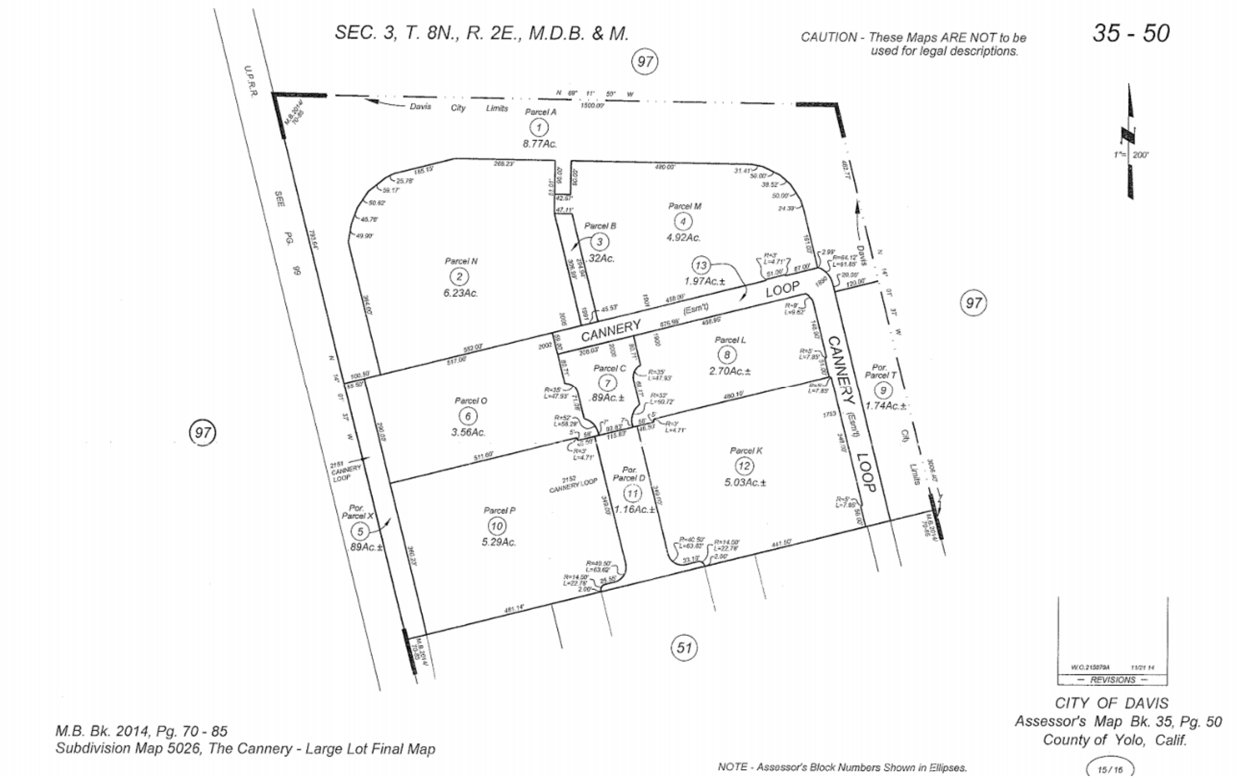
Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	January 6, 2017 / 201701060693
Prior Sales History (3 Years):	None Noted
Sale Price:	$12,250,000
Terms:	All cash transaction
PRICE PER POTENTIAL LOT:	**$97,222**
Confirmed By:	Buyer / County Records

Comments

This transaction represents the acquisition of 18.07 acres of vacant land in the City of Folsom. This project, identified as The Islands Phase 2, was purchased by Blackpine Builders in January 2017 for $12,250,000 or $97,222 per lot. The lots are smaller lots with a typical size near 3,500 square feet. Site development costs are higher than typical at $50,000 per lot, due to the topography and former river bed. Permits and fees are $60,000 per unit and the project includes CFDs at $2,676 per annum. The fully loaded lot price for this comparable sale is identified as follows.

ITEM	TOTAL
Land Price	$97,222/Lot
Site Development Costs	$50,000/Lot
Permits and Fees	$60,000/Lot
FULLY LOADED LOT PRICE	**$207,222/Finished Lot**

COMPARABLE LAND SALE NUMBER 7



Identification

Location:	The Cannery – Village 3 (Portion) N. side of E. Covell Blvd Davis, CA 95616
APN/Legal Description:	035-500-008, 012
Grantor:	The New Home Company
Grantee:	Shea Homes

Site Characteristics

Number of Lots:	38 Finished Lots
Typical Lot Size:	3,600 SF
Land Area:	N/A – Finished Lots
Density:	N/A – Finished Lots
Proposed Use:	Detached Construction
Land Status:	Finished Lots
Site Development Costs:	N/A – Finished Lots
Permits and Fees:	$50,000 / Lot
Special Taxes Per Annum:	$2,432 per annum

COMPARABLE LAND SALE NUMBER 7 (CONTINUED)

Sale Characteristics

Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	June 30, 2016 COE / 2016-000017505
Prior Sales History (3 Years):	None Noted
Sale Price:	$11,020,000
Terms:	All cash transaction

PRICE PER POTENTIAL LOT: **$290,000 (Finished Lot)**

Confirmed By: Broker / County Records

Comments

This transaction represents the acquisition of 38 lots as part of a two-phase take down of 76 lots negotiated in late 2014. Phase 2 reflects this transaction which sold in June 2016 for $290,000 per finished lot. It is currently being developed as part of the Tilton project at The Cannery with four base plans ranging in size from 1,706 to 2,940 square feet. Pricing is currently from $712,000 to $867,000. Lots in this project are typically 3,600 square feet and the project includes annual special assessments at $2,432 per annum. The built-up finished lot price is noted as follows.

ITEM	TOTAL
Land Price	$290,000/Lot
Site Development Costs	N/A – Finished Lots
Permits and Fees	$50,000/Lot
FULLY LOADED LOT PRICE	**$340,000/Finished Lot**

APPLICATION OF ADJUSTMENTS

Prior to adjustments, the comparable sales ranged from $207,222 to $340,000 per fully loaded finished lot. The comparable sales are analyzed on this basis and once the opinion of value is noted the permits and fees for this project are deducted from the opinion of value in order to develop an opinion of value for the subject property. Once the value is identified, the permits and fees projected for the "benchmark" village at $33,661 per unit are considered.

The analysis of the sales comparison approach is predicated on a "benchmark" village for the subject property. This has been identified as the 2,500-square foot lot type with a hypothetical size of 100 lots. Once the value for the "benchmark" village is identified, the value conclusion is noted for the remaining villages. The following is a discussion of the adjustments made to the comparable sales.

Property Rights Conveyed

The comparable sales represent conveyance of the fee simple estate. No adjustments are necessary.

Financing

The comparable sales represent all cash transactions or their equivalent. No adjustments are necessary.

Condition of Sale

All of the properties presented for comparison are arm's length transactions. No adjustments are noted for the sales.

Market Conditions

If property values have appreciated or depreciated over time, the appropriate adjustment is required. The comparable sales range from 2016 to 2018. In order to isolate any adjustment for market conditions, trends in pricing are analyzed. This is examined using The Gregory Group for new home pricing changes and MLS for changes in the resale market. The table below summarizes home prices in the entire region, Sacramento County, as well as the Sacramento Submarket since 2013. It is based on 4th quarter comparisons for each year.

	SACRAMENTO REGION (4-County)				SACRAMENTO COUNTY				SACRAMENTO SUB-MARKET			
YEAR	# OF PROJECTS	AVERAGE PRICE (NET)	AVERAGE SIZE (SF)	$/SF	# OF PROJECTS	AVERAGE PRICE (NET)	AVERAGE SIZE (SF)	$/SF	# OF PROJECTS	AVERAGE PRICE (NET)	AVERAGE SIZE (SF)	$/SF
2018	165	$530,781	2,406	$220.61	87	$475,118	2,196	$216.36	15	$533,345	1,972	$270.46
2017	156	$516,334	2,486	$207.70	64	$448,230	2,166	$206.94	12	$557,864	2,028	$275.08
2016	158	$503,674	2,563	$196.52	69	$438,330	2,221	$197.36	16	$533,870	2,018	$264.55
2015	137	$472,839	2,550	$185.43	63	$417,297	2,308	$180.80	17	$471,428	1,877	$251.16
2014	99	$434,376	2,492	$174.31	43	$412,258	2,385	$172.85	3	$487,500	1,801	$270.68
2013	75	$418,137	2,348	$178.08	33	$388,138	2,169	$178.95	4	$385,454	1,732	$222.55
Total Change 2013-2018 ($/SF)				**23.9%**				**20.9%**				**21.5%**
Compounded Annual Change (2013-2017)				**3.6%**				**3.2%**				**3.3%**
Total Change 2017-2018 ($/SF)				**6.2%**				**4.6%**				**-1.7%**

According to information identified by The Gregory Group, home pricing in the entire region has increased by 23.9% since 2013 (Based on 4Q comparisons). This is lower on average for Sacramento County at 20.9%, with a higher change for properties identified in the Sacramento sub-market at 21.5%. Looking at this change on a compounded basis is from 3.2% to 3.6% per annum over the total timeframe. Changes in the past year were even higher from -1.7% to 6.2% on an annualized basis. The change rate for projects in Sacramento proper are influenced by the fewer number of projects in the overall data point. The addition or elimination of a single project can skew the overall totals.

The next measurable element for market improvement is in the resale market. Trends since 2013 in Sacramento County, Land Park, and the immediate Curtis Park areas are noted as follow. Maps illustrating the Land Park and Curtis Park regions are included in the Neighborhood Description section of this report.

Sacramento County	2013	2014	2015	2016	2017	2018	ACTIVE
# of Sales	17,084	15,807	17,570	20,069	19,672	19,112	2,162
Median Price	$237,000	$265,000	$285,000	$303,000	$329,000	$354,500	$399,000
Median Size	1,509	1,512	1,517	1,514	1,494	1,523	1,692
Median $/SF	$157.06	$175.26	$187.17	$200.13	$248.97	$269.81	$262.65
Land Park	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**ACTIVE**
# of Sales	583	500	546	532	580	496	44
Land Park Median Price	$299,000	$333,500	$365,450	$399,000	$403,500	$465,000	$459,900
Land Park Median Size	1,309	1,348	1,344	1,331	1,321	1,344	1,433
Median $/SF	$228.42	$247.40	$271.91	$299.77	$305.45	$345.98	$320.94
Curtis Park	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**ACTIVE**
# of Sales	87	88	109	101	99	87	8
Curtis Park Median Price	$350,000	$372,500	$445,332	$472,000	$515,000	$535,000	$676,200
Curtis Park Median Size	1,456	1,319	1,437	1,440	1,405	1,493	2,165
Median $/SF	$240.38	$282.41	$309.90	$327.78	$366.05	$358.34	$316.95

Source: Metrolist, YTD and Active information processed as of February 11, 2019.

According to this data, price changes for the various jurisdictions is identified as follows.

ITEM	SAC COUNTY	LAND PARK	CURTIS PARK
Total Change 2013-2018 ($/Sf)	71.8%	51.5%	49.1%
Compounded Annual Change (2013-2018)	9.4%	7.2%	6.9%
Total Change 2017-2018 ($/SF)	8.4%	13.3%	-2.1%

Price changes in the resale market are consistent showing annual rates of change from 6.9% to 9.4% as noted above. These changes fluctuated in the past year with Curtis Park showing a decline of 2.1%, whereas pricing in the entire Land Park region increased 13.3%. This is primarily a function of the data as the immediate area is much smaller in terms of data.

Overall, changes in new home pricing is from 3.2% to 3.6%, whereas the resale market is showing higher gains from 6.9% to 9.4% based on annualized changes. Overall, adjustments to the sales from 5% to 6% are realistic and reflects the overall change in pricing. In addition, direct construction costs have increased at a higher rate over this time frame and have increased approximately $5 per square foot in the past year. For a typical 2,000 square foot home, with increased costs from $75 to $80 per square foot (direct costs), the overall change equates to approximately 6.7%.

Recognizing these changes, the overall change is from 11.7% to 12.7%. As such, the comparable sales are adjusted upward at an overall factor at 1.0% per month since the time that these sales were transacted. These adjustments are based on the land and site development component only and are identified as follows.

ITEM	COMP 1	COMP 2	COMP 3	COMP 4
Land Price	$134,452	$141,500	$141,500	$164,740
Site Costs	$0	$0	$0	$0
Finished Lot Indicator	$134,452	$141,500	$141,500	$164,740
Transaction Date	6-2018	5-2018	5-2018	5-2018
# Months	8	9	9	9
Adjustment Factor	1.0%/Mo.	1.0%/Mo.	1.0%/Mo.	1.0%/Mo.
TOTAL % ADJUSTMTENT	8.0%	9.0%	9.0%	9.0%
$ ADJUSTMENT	**$10,756**	**$12,735**	**$12,735**	**$14,827**
ROUNDED	**$10,800**	**$12,700**	**$12,700**	**$14,800**

ITEM	COMP 5	COMP 6	COMP 7
Land Price	$100,000	$97,222	$290,000
Site Costs	$16,486	$35,000	$0
Finished Lot Indicator	$116,486	$132,222	$290,000
Transaction Date	5-2017	1-2017	6-2016
# Months	21	25	32
Adjustment Factor	1.0%/Mo.	1.0%/Mo.	1.0%/Mo.
TOTAL % ADJUSTMTENT	21%	25%	32%
$ ADJUSTMENT	**$24,462**	**$33,056**	**$92,800**
ROUNDED	**$24,500**	**$33,100**	**$92,800**

Location

The location adjustment is oriented towards the concept that structures located in areas perceived as more desirable due to a number of factors, including accessibility, frontage and land prices, may achieve a higher price. The subject property is deemed to have a good location in the City of Sacramento. The comparable sales are located throughout the region based on the built-up nature of the immediate area and the overall general characteristics of the new home market. Still, location adjustments are required to these sales and the best overall comparison is from analysis of projects in the immediate area to those from the sub-markets of the comparable sales.

The first element in this analysis is to establish a place holder for the subject property. This is noted from the one active project in the development, The Estates. In addition, comparisons for location are predicated on the sub-market as a whole to that for the comparable land sales. As such, information from The Gregory Group 4th Quarter 2018 for the Sacramento sub-market is also presented. Pricing parameters are illustrated as follows.

PROJECT	AVERAGE NET PRICE	AVERAGE SIZE (SF)	AVERAGE PRICE/SF
The Estates	$706,167	2,810	$251.30
Sacramento Sub-Market (4Q 2018)	$533,345	1,972	$270.46

The price per square foot references for the subject range from $251.30 to $270.46 per square foot. Based on this information, a place holder for the subject's location at $270 per square foot is a reasonable conclusion. This is further supported from resale pricing in excess of $350 per square foot in the subject's zip code and immediate area influenced from Curtis Park.

In consideration of the overall adjustment for location, pricing for homes from the comparable land sales (if available) as well as the sub-markets for each of these transactions is presented on the following table.

COMPARABLE	CURRENT PRICING NET	UNIT SF	SUB-MARKET	PRICING
Land Sale 1	$526,490	2,039	Roseville	$510,431 - Net Price
Roseville, CA	$566,490	2,459	4Q 2018	2,448 SF
	$606,490	2,871	The Gregory Group	
	$666,490	3,092		
	$631,490	3,121		
AVERAGES	**$599,490**	**2,716**	**$220.73/SF**	**$208.51**
COMMENTS: Continuation of project selling at 2.2 sales/Mo. Sub-market pricing as of 4Q 2018 for all projects.				
Land Sale 2	$508,990	1,784	Folsom	$605,855 - Net Price
Folsom, CA	$549,990	2,335	4Q 2018	2,555 SF
	$560,990	2,486	The Gregory Group	
	$579,990	2,768		
AVERAGES	**$549,990**	**2,343**	**$234.71/SF**	**$237.13/SF**
COMMENTS: This project released homes in June 2018 with 40 sold by the end of 2018. Sub-market pricing as of 4Q 2018 for all projects.				
Land Sale 3	$532,990	1,891	Folsom	$605,855 - Net Price
Folsom, CA	$552,990	2,113	4Q 2018	2,555 SF
	$582,990	2,532	The Gregory Group	
	$615,990	3,063		
AVERAGES	**$571,240**	**2,400**	**$238.04/SF**	**$237.13/SF**
COMMENTS: This project released homes in June 2018 with 40 sold by the end of 2018. Sub-market pricing as of 4Q 2018 for all projects.				
Land Sale 4	$655,990	2,662	Folsom	$605,855 - Net Price
Folsom, CA	$703,990	3,411	4Q 2018	2,555 SF
	$718,990	3,789	The Gregory Group	
AVERAGES	**$692,990**	**3,287**	**$210.81**	**$237.13/SF**
COMMENTS: This project released homes in July 2018 with 19 sold by the end of 2018. Sub-market pricing as of 4Q 2018 for all projects.				
Land Sale 5	$415,990	1,444	Rocklin	$585,564 - Net Price
Rocklin, CA	$437,990	1,833	4Q 2018	2,661 SF
	$453,990	2,088	The Gregory Group	
	$457,990	2,153		
AVERAGES	**$441,490**	**1,880**	**$234.90/SF**	**$220.05/SF**
COMMENTS: This project released homes for sale in February 2018 with 40 sold by the end of 2018. Sub-market pricing as of 4Q 2018 for all projects.				
Land Sale 6	$499,990	1,858	Folsom	$605,855 - Net Price
Folsom, CA	$423,990	2,157	4Q 2018	2,555 SF
	$429,990	2,335	The Gregory Group	
	$531,990	2,409		
AVERAGES	**$471,490**	**2,190**	**$215.32/SF**	**$237.13/SF**
COMMENTS: This project released homes in March 2018 with 40 sold by the end of 2018. Sub-market pricing as of 4Q 2018 for all projects.				
Land Sale 7	$848,000	2,477	Davis	$763,559 - Net Price
Davis, CA	$860,000	2,619	4Q 2018	2,199 SF
	$899,000	2,940	The Gregory Group	
AVERAGES	**$869,000**	**2,679**	**$324.42/SF**	**$347.23/SF**
COMMENTS: This project released homes in 2015 with 59 sold by the end of 2018. Sub-market pricing as of 4Q 2018 for all projects.				

The overall variances for location for the comparable sales based on individual pricing for the developments, as well as for the sub-market basis is noted as follows.

ITEM	COMP 1 ROSEVILLE	COMP 2 FOLSOM	COMP 3 FOLSOM	COMP 4 FOLSOM
Price/SF Project	$221/SF	$235/SF	$238/SF	$210/SF
Price/SF Subject	$270/SF	$270/SF	$270/SF	$270/SF
Variance	**22.2%**	**14.90%**	**13.50%**	**28.5%**
Price/SF Comp. Submarket	$209/SF	$237/SF	$237/SF	237/SF
Price/SF Subject Submarket	$270/SF	$270/SF	$270/SF	$270/SF
Variance	**29.0%**	**13.9%**	**13.9%**	**13.9%**
ADJUSTMENT APPLIED	**25%**	**14%**	**14%**	**14%**

ITEM	COMP 5 ROCKLIN	COMP 6 FOLSOM	COMP 7 DAVIS
Price/SF Project	$235/SF	$235/SF	$324/SF
Price/SF Subject	$270/SF	$270/SF	$270/SF
Variance	**14.9%**	**14.90%**	**-16.70%**
Price/SF Comp. Submarket	$220/SF	$237/SF	$347/SF
Price/SF Subject Submarket	$270/SF	$270/SF	$270/SF
Variance	**22.7%**	**13.9%**	**-22.2%**
ADJUSTMENT APPLIED	**20%**	**14%**	**-20%**

Adjustments for this analysis are predicated on the land component only (Excluding Fees) and are calculated as follows.

ITEM	COMP 1	COMP 2	COMP 3	COMP 4
Land Price	$134,452	$141,500	$141,500	$164,740
Site Costs	$0	$0	$0	$0
Market Conditions Adj.	$10,800	$12,700	$12,700	$14,800
Finished Lot Indicator	$145,252	$154,200	$154,200	$179,540
Location Adjustment	25%	14%	14%	14%
TOTAL ADJUSTMENT	**$36,313**	**$21,588**	**$21,588**	**$25,136**
ROUNDED	**$36,300**	**$21,600**	**$21,600**	**$25,100**

ITEM	COMP 5	COMP 6	COMP 7
Land Price	$100,000	$97,222	$290,000
Site Costs	$16,486	$35,000	$0
Market Conditions Adj.	$24,500	$33,100	$92,800
Finished Lot Indicator	$140,986	$165,322	$382,800
Location Adjustment	15%	14%	-20%
TOTAL ADJUSTMENT	**$21,148**	**$25,763**	**-$76,560**
ROUNDED	**$21,100**	**$25,800**	**-$76,600**

Number of Lots

The adjustments applied to the comparable sales are based on the inclusion of 100 potential lots for the "benchmark" village. Comparable sales 1, 2, 3, 5 and 6 are viewed as similar indicators with respect to the number of lots included in the transaction and no adjustments are applied. The remaining transactions include lot transactions from 38 to 181 lots and upward adjustments are noted for these properties. One way of examining this difference is based on the holding costs required for the subject with additional lots. This adjustment is predicated on the overall variance in the number of lots as compared to the subject at a rate of ¼% per month for holding costs. This adjustment is calculated as follows.

ITEM	COMP 4	COMP 7
Number of Lots	181	38
Subject Lots	100	100
Variance	81	62
Absorption	3/Mo.	3/Mo.
# Additional Months to Sell	27.0 Mos.	20.7 Mos.
Holding Costs	¼% / Mo.	¼% / Mo.
Adjustment	**6.75%**	**-5.2%**
Rounded	**7.0%**	**-5.0%**

This adjustment is applied to the land component (excluding fees) only and is calculated as follows.

ITEM	COMP 4	COMP 7
Land Price	$164,740	$290,000
Site Costs	$0	$0
Market Conditions	$14,800	$92,800
Finished Lot Indicator	$179,540	$382,800
Number of Lots Adj.	7.0%	-5.0%
Adjustment	**$12,568**	**-$19,140**
Rounded	**$12,600**	**-$19,100**

Typical Lot Size

The benchmark village includes a typical lot size at 2,500 square feet. The comparable sales range in size from 3,000 to 6,600 square feet. Adjustments for this analysis were based on $10.00 per square foot. With increased demand for residential lots this adjustment is widening.

Annual Special Taxes

The subject property includes proposed special taxes at $2,820 per annum. The comparable sales noted in this report include slightly various tax amounts and adjustments are noted for these transactions. Effectively, the higher level of special assessments lowers purchasing power for potential buyers and projects lacking special assessments can offer higher pricing. This adjustment is predicated on the actual payment over a 7-year holding period at 5%. This holding period reflects the mean holding period nationwide. Comparable sales 1 and 6 were similar to the subject property. Adjustments are noted as follows.

ITEM	COMP 2	COMP 3	COMP 4	COMP 5	COMP 7
Annual CFD's	$2,500	$2,500	$2,500	$3,192	$2,432
Subject CFD's	$2,820	$2,820	$2,820	$2,820	$2,820
Variance	$320	$320	$320	$372	$388
PV Factor **(1)**	5.786	5.786	5.786	5.786	5.786
ADJUSTMENT	**($1,852)**	**($1,852)**	**($1,852)**	**$2,152**	**($2,245)**
ROUNDED	**($1,850)**	**($1,850)**	**($1,850)**	**$2,150**	**($2,200)**

(1) PV factor reflects the PV of $1 for 7 years at 5%

Please refer to the following adjustment grid for a summary of the adjustments.

ELEMENTS OF COMPARISON	**SUBJECT**	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Indicated Price per Lot (Loaded)		**$209,452**	**$191,000**	**$191,000**	**$214,280**	**$181,486**	**$176,222**	**$340,000**
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
-Adjustment		$0	$0	$0	$0	$0	$0	$0
-Adjusted Base		$209,452	$191,000	$191,000	$214,280	$181,486	$176,222	$340,000
Financing Terms	Cash	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
-Adjustment		$0	$0	$0	$0	$0	$0	$0
-Adjusted Base		$209,452	$191,000	$191,000	$214,280	$181,486	$176,222	$340,000
Conditions of Sale	Arms-Length	Similar	Similar	Similar	Similar	Similar	Similar	Similar
-Adjustment		$0	$0	$0	$0	$0	$0	$0
-Adjusted Base		$209,452	$191,000	$191,000	$214,280	$181,486	$176,222	$340,000
Market Conditions	Feb-19	Jun-18	May-18	May-18	May-18	May-17	Jan-17	Jun-16
-Adjustment		$10,800	$12,700	$12,700	$14,800	$24,500	$33,100	$92,800
-Adjusted Base		$220,252	$203,700	$203,700	$229,080	$205,986	$209,322	$432,800
Adjusted Price per Lot (Loaded)		**$220,252**	**$203,700**	**$203,700**	**$229,080**	**$205,986**	**$209,322**	**$432,800**
Physical Characteristics								
Location	Good	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior	Superior
-Adjustment		**$ 36,300**	**$ 21,600**	**$ 21,600**	**$ 25,100**	**$ 21,100**	**$ 23,145**	**$ (76,600)**
Number of Lots	100 Lots	83 Lots	108 Lots	98 Lots	181 Lots	112 Lots	126 Lots	38 Lots
-Adjustment	"Benchmark"	**$ -**	**$ -**	**$ -**	**$ 12,600**	**$ -**	**$ -**	**$ (19,100)**
Typical Lot Size	2,500 SF	6,300 SF	4,775 SF	5,775 SF	6,000 SF	3,000 SF	3,500 SF	3,600 SF
-Adjustment		**$ (38,000)**	**$ (22,750)**	**$ (32,750)**	**$ (35,000)**	**$ -**	**$ (10,000)**	**$ (11,000)**
Annual Special Taxes	$2,820/YR	$2,760/Yr.	$2,500/Yr.	$2,500/Yr.	$2,500/Yr.	$3,192/Yr.	$2,676/Yr.	$2,432/Yr.
-Adjustment		**$ -**	**$ (1,850)**	**$ (1,850)**	**$ (1,850)**	**$ 2,150**	**$ -**	**$ (2,200)**
Net Adjustment		**$ (1,700)**	**$ (3,000)**	**$ (13,000)**	**$ 850**	**$ 23,250**	**$ 13,145**	**$ (108,900)**
Indicated Price per Lot (Loaded)		**$218,552**	**$200,700**	**$190,700**	**$229,930**	**$229,236**	**$222,467**	**$323,900**

Conclusion – Sales Comparison Approach

The seven transactions demonstrate an adjusted price per finished lot (loaded) range from $190,700 to $323,900 per lot, including fees. All of the sales are recent indicators of value based on their transaction date. After consideration of the $33,661 in fees identified for the subject project, the sales range from $157,039 to $290,239 per lot. Based on the overall location of the subject lots, as well as the near completion of a new retail center, the overall value is identified at **$205,000 per finished lot.** This is above central tendencies noted from the comparable sales, but applicable based on the overall location of this project.

The subject property includes a wide array of lot sizes. The value noted above is also considered in deriving the overall value for the larger lots. These lots are 5,000 square feet and can accommodate larger homes. The only variance to these lots is an adjustment for the larger lot size. This is similar to the adjustment noted in the prior section at $10 per square foot, providing an overall value at **$230,000 per finished lot.**

RECONCILIATION OF VALUE
INDIVIDUAL SFR VILLAGES

The conclusions noted in the prior section are utilized to develop an opinion of value for the individual villages (Villages 1 and 2).

VILLAGE 1

Village 1 includes 90 finished lots (excludes Lot 24 outside the CFD) with a typical lot size at 5,000 square feet. As noted, the improvements are completed and tentative map recorded. The project area requires additional offsite mitigation costs. As the total project size is generally consistent with the hypothetical size noted in the prior section at 100 lots, the overall value at $230,000 per finished lot is a reasonable starting point.

In addition, there is an allowance applied to these lots for the additional costs for offsite mitigation and the Sutterville Ramp. These elements were described in the Site Description of this report and are as follows.

COST ELEMENT – VILLAGE 1 – 90 Lots	TOTAL
Offsite Mitigation Costs, Sutterville Off-Ramp ($2,159/Lot @ 90 Lots)	$194,310
TOTAL COSTS	**$194,310**

These total remaining costs are identified at $194,310 for Village 1. Based on these elements, the overall value on an "As Is" basis for Village 1 is identified as follows.

ITEM	TOTAL
Land Value Per Finished Lot	$230,000/Lot
# of Lots	90 Lots (Excluding Lot 24)
Total Value	$20,700,000
Less Remaining Costs for Offsite Mitigation, Sutterville Ramp	($194,310)
Value – Village 1	**$20,505,690**
Rounded	**$20,505,000**

The opinion of value noted above reflects the Hypothetical Value for Village 1, identified as 90 finished lots (tentative map approval, improvements completed) identified as a portion of APN 013-0110-044.

VILLAGE 2

Village 2 includes 109 lots with tentative map approval. This project area includes 83 alley-loaded lots with a typical size at 2,500 square feet and 26 lots with a typical size at 5,000 square feet. The project area requires final map recordation, as well as site development costs, and additional offsite mitigation costs. As the total project size is generally consistent with the hypothetical size noted in the prior section at 100 lots, the overall value at $230,000 per finished lot (5,000 SF Lots) and $205,000 per finished lot (2,500 SF Lots) is a reasonable starting point.

Remaining site development costs were summarized in the Site Description of this report. They are summarized as follows.

COST ELEMENT	SUB-TOTAL	TOTAL COSTS
Phase 3 In-Tract Roadways/Joint Facility (A)	$7,078,927	
Contingency	Included	
Phase 3 Remediation Costs Associated with Public Improvements	N/A	$7,078,927

The total remaining costs are identified at $7,078,927 for Village 2. In addition, an allowance of $2,159 per lot is applied for the offsite mitigation and the Sutterville Ramp. Based on these elements, the overall value on an "As Is" basis for Village 2 is identified as follows.

ITEM	TOTAL
Land Value Per Finished Lot (5,000 SF Lots)	$230,000/Lot
# of Lots	26 Lots
Sub-Total (5,000 SF Lots)	$5,980,000
Land Value Per Finished Lot (2,500 SF Lots)	$205,000/Lot
# of Lots	83 Lots
Sub-Total (2,500 SF Lots)	$17,015,000
Total Value	$22,995,000
Less Costs for Site Development	($7,078,927)
Less Remaining Costs for Offsite Mitigation, Sutterville Ramp	($235,331)
Value – Village 2	**$15,680,742**
Rounded	**$15,680,000**

The opinion of value noted above reflects the Hypothetical Value for Village 2, identified as a 9.8-acre site with tentative map approval for 109 units as a portion of APN 013-0110-047.

REVENUE PROJECTIONS
2.3 AC – Multi-Family Zoned Land
Sales Comparison Approach

The sales comparison approach to value is the only applicable approach to value utilized in this assignment. This portion of the project reflects a total land area of 2.3 acres. The unit of comparison that was determined most applicable in the valuation of this portion of the subject property was the price per square foot.

Comparable land sales are noted on the following table.

SALE	PROPERTY ADDRESS LOCATION	TOTAL SALES PRICE SALE DATE	BUYER SELLER DOCUMENT NO.	ZONING DENSITY	TOTAL AC TOTAL SF	DEMO COST/SF	PRICE PER SF
1	1900 Blue Oaks Boulevard Roseville, CA 95747	**$8,500,000** June 29, 2017	Fiddyment Ranch Apt. LLC Central Valley Property Advisors 48660	PD 25.0 du/ac	12.0 522,720	N/A	**$16.26**
	Comments: Reflects the transfer of 12.0 acres of vacant land in Roseville. Property is identified for suburban, walk-up complex developed at an overall density of 25.0 units per acre. Terms of this sale were all cash with no atypical conditions of sale.						
2	1625 19th Street NEC of Q Street & 19th Street Sacramento, CA 95811	**$2,200,000** November 23, 2016	GG 19 & Q Apartments LLC Cemo Midtown LLC 1173	C-2 121.0 du/ac	0.63 27,358	N/A	**$80.42**
	Comments: Reflects the November 2016 transfer of 0.66 acres of vacant land along the NEC of Q Street and 19th Street. General Plan identifies this property for Urban Core High Density uses and property proposed for 6-story, mixed use building with 76 MF units over ground floor retail and parking. RR Tracks border this property to the east. Terms of this sale were all cash.						
3	W. side of 20th Street, N. and S. of Q Street Sacramento, CA 95811	**$3,000,000** June 16, 2016	Grupe-McKinley DCF 20th St. LP Hayes Family Trust 2016-06161416	C-2 28.1 du/ac	1.14 49,658	N/A	**$60.41**
	Comments: Reflects the June 2016 transfer of 10 contiguous parcels along the western side of 20th Street, N. and S. of Q Street. Property purchased by a developer for the development of 32 townhouse units, which is consistent with the General Plan. Deal points were struck in 2015 in order to afford the buyer time to secure entitlements. Property backs to existing RR Tracks. Project currently developed with 20 PQR Project.						
4	6601 Folsom Blvd. Sacramento, CA	**$600,000** April 20, 2016	Folsom 6661 LLC Kaufasimes, et al 42001162	RMX 27.9 du/ac	0.43 18,648	N/A	**$32.18**
	Comments: Reflects the transfer of 0.43 acres of land on Folsom Boulevard. It is identified for development of future student housing, but is presently being used for construction staging. Future land uses include 10 apartment units over retail and the overall density is near 27.9 du/ac. Terms of this sale were all cash.						
5	6701..6727 Folsom Blvd. Sacramento, CA	**$1,800,000** January 29, 2016	Elvas 6670 LLC Scott & Michele Cable 1524	RMX N/A	1.11 48,352	$1.08	**$38.31**
	Comments: Reflects the transfer of 1.11 acres of land on Folsom Boulevard. Property includes 10,420 SF of misc. structures that will be demolished for future development of student housing. Demo costs identified at $5.00 per square foot, which equates to $1.08/SF of land area and included in price.						
SP	**Curtis Park CFD No. 2014-02** **Multi-Family Residential Component** **Sacramento, CA**			**R-4A-PUD** **57.0 du/ac**	**2.30** **100,188**		

LOCATION MAP – COMPARABLE MULTI-FAMILY LAND SALES

COMPARABLE LAND SALE NUMBER ONE

Identification

Location:	1900 Blue Oaks Boulevard Roseville, CA 95747
APN:	017-117-087
Grantor:	Central Valley Property Advisors LLC
Grantee:	Fiddyment Ranch Apartments LP

Site Characteristics

Zoning:	PD; Planned Development
General Plan:	High Density
Total AC:	12.0 Gross AC
Total SF:	522,720 SF – Per Placer County Assessor
Number of Units:	300 Units
Density:	25 du/ac
Onsite Improvements:	Vacant Site
Amenities:	None

Sale Characteristics

Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	June 29, 2017 / Doc # 048660
Prior Sales History:	None Noted
Sale Price:	$8,500,000
Terms:	All Cash
Demolition Costs:	N/A

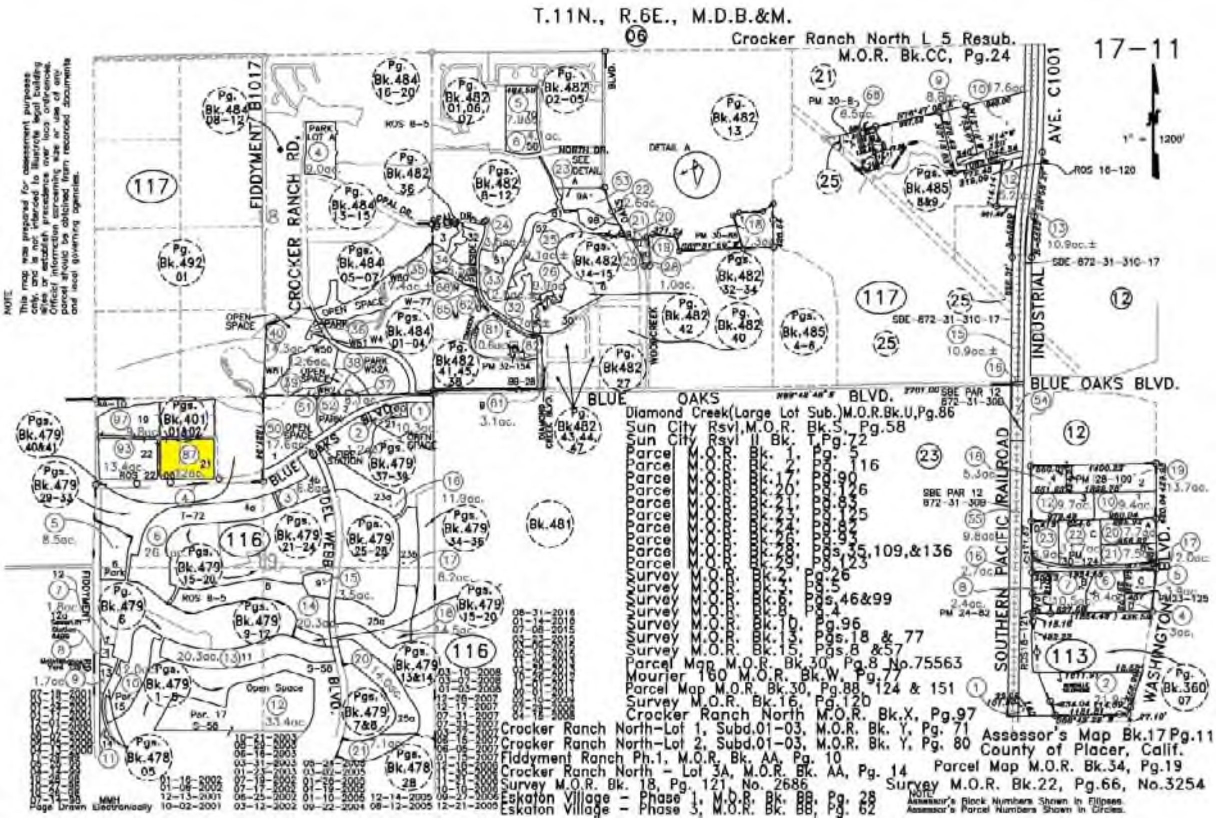
Price per SF:	**$16.26/SF**

Confirmed By:	Broker/County Records
Market Time:	N/A – Negotiated directly

Comments

This property represents the sale of vacant land at the northern side of Blue Oaks Boulevard at Orchard View Road in the City of Roseville. This property is a high-density residential site with an overall density at 25.0 units per acre. Terms of this sale were all cash to the seller. It is proposed for more of a traditional suburban style, walk-up apartment complex with surface parking and pool, clubhouse, and playground based on the overall land area.

Comparable Land Sale 1 (Continued)



COMPARABLE LAND SALE NUMBER TWO

Identification

Location:	1625 19th Street NEC of Q Street & 19th Street Sacramento, CA 95811
APN:	007-0313-005, 017
Grantor:	Cemo Midtown LLC
Grantee:	GG19 & Q Apartments LLC

Site Characteristics

Zoning:	C-2; General Commercial
General Plan:	Urban Corridor High Density
Total AC:	0.63 Gross AC
Total SF:	27,358 SF – Per Sacramento County Assessor
Number of Units:	76 Units & GF Retail
Density:	121 du/ac
Onsite Improvements:	Vacant Site
Amenities:	None

Sale Characteristics

Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	November 23, 2016 / Doc # 20161123-1173
Prior Sales History:	None Noted
Sale Price:	$2,200,000
Terms:	All Cash
Demolition Costs:	N/A

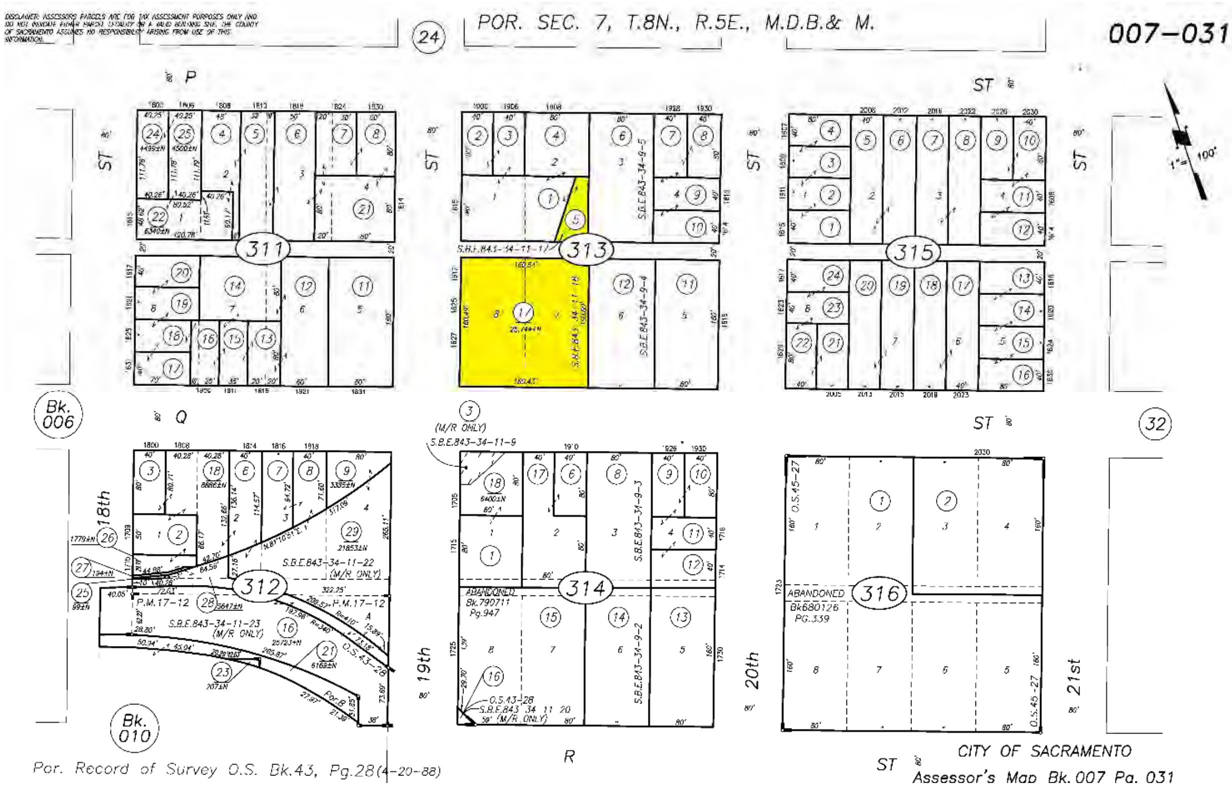
Price per SF:	**$80.42/SF**

Confirmed By:	Doug Quiroz (Broker) – 933-2300
Market Time:	N/A – Negotiated directly

Comments

This property represents the sale of vacant land at the northeast corner of 19th Street and Q Street. It is zoned C-2, General Commercial and the General Plan identifies this project for Urban Core High Density uses. According to the city of Sacramento Building Department, this project is ultimately proposed for a 6-story multi-family project for 76 units, and ground floor retail, along with 13,000 SF for parking. It was identified that the deal-point (Purchase Price) was struck in 2015 and a lengthy escrow period was afforded to the buyer to secure entitlements. The overall location of this property is good, 1 block from RT Light Rail. Railroad Tracks are along the western edge of this property.

Comparable Land Sale 2 (Continued)



COMPARABLE LAND SALE NUMBER THREE

Identification

Location:	W. Side of 20th Street, N. and S. of Q Street Sacramento, CA 95811
APN:	007-0313-007..011, 007-0314-009..013
Grantor:	Hayes Family Trust
Grantee:	Grupe-McKinley DCF 20th St. LP

Site Characteristics

Zoning:	C-2; General Commercial & C2 SP
General Plan:	Urban Corridor Low Density
Total AC:	1.14 Gross AC
Total SF:	49,658 SF – Per Sacramento County Assessor
Number of Units:	32 Townhouse Units
Density:	28.1 du/ac
Onsite Improvements:	Vacant Site
Amenities:	None

Sale Characteristics

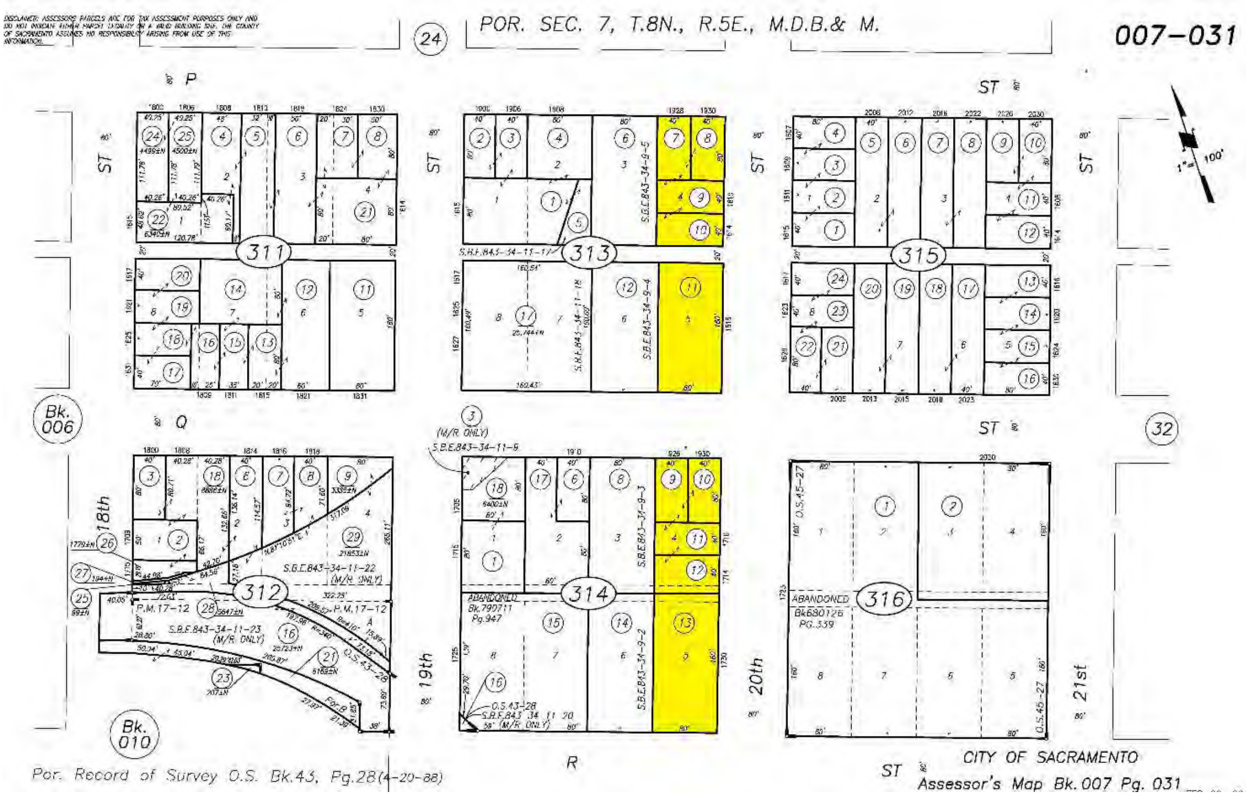
Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	June 16, 2016 COE / Doc # 2016-06161416
Prior Sales History:	None Noted
Sale Price:	$3,000,000
Terms:	All Cash
Demolition Costs:	N/A

Price per SF:	**$60.41/SF**
Confirmed By:	Keith Tochterman (Broker) – 669-4507
Market Time:	12 Months +/-

Comments

This property represents the sale of 10 parcels of vacant land along the western side of 20th Street, north and south of Q Street. The sales price was reported at $3,000,000 as the deal points were struck in 2015. It was identified that the property closed in June 2016 and the length escrow period was afforded to the buyer to secure entitlements for this project. It is identified for the development of 32 townhouse units, reflecting an overall density of 28.1 units per acre. This is consistent with the General Plan designation for Urban Core Low Density uses. The overall location of this property is good, 1 block from RT Light Rail. Railroad Tracks are along the western edge of this property.

Comparable Land Sale 3 (Continued)



COMPARABLE LAND SALE NUMBER FOUR

Identification

Location:	6601 Folsom Boulevard Sacramento, CA 95819
APN:	008-0392-013
Grantor:	Kaufasimes Marital Elective Income Trust
Grantee:	Folsom 6661 LLC

Site Characteristics

Zoning:	RMX – Residential Mixed Use
General Plan:	Urban Central Low Density
Total AC:	0.43 Gross AC
Total SF:	18,648 SF
Proposed Units:	12 Units including Ground Floor Retail
Density:	27.9 du/ac
Amenities:	None

Sale Characteristics

Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	April 20, 2016 COE / Doc # 042001162
Prior Sales History:	None Noted
Sale Price:	$600,000
Terms:	All Cash
Demolition Costs:	N/A

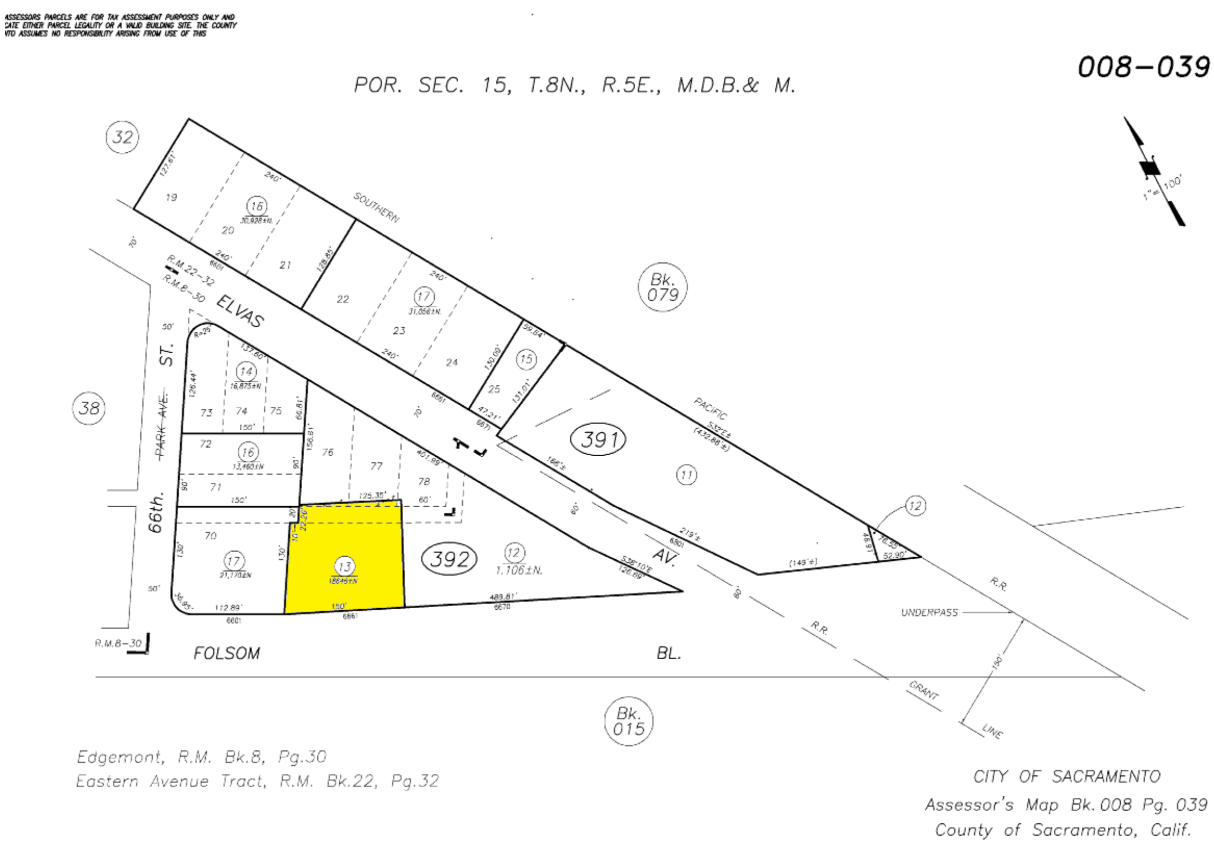
Price per SF:	**$32.18/SF**

Confirmed By:	Broker
Market Time:	N/A – Negotiated directly

Comments

This property represents the sale of vacant land at 6601 Folsom Boulevard. The buyer currently owns the adjacent property and is using this property for construction parking. It is ultimately identified for mixed use development including the development of student housing. This property includes preliminary entitlements, but requires additional approvals once final drawings are submitted. This transaction was reported at arm's length and this was an all cash transfer.

Comparable Land Sale 4 (Continued)



COMPARABLE LAND SALE NUMBER FIVE

Identification

Location:	6701, 6727 Folsom Boulevard & 6670 Elvas Avenue Sacramento, CA 95819
APN:	008-0392-012
Grantor:	Scott and Michele Cable Rev Trust
Grantee:	Elvas 6670 LLC

Site Characteristics

Zoning:	RMX – Residential Mixed Use
General Plan:	Urban Central Low Density
Total AC:	1.11 Gross AC
Total SF:	48,352 SF
Amenities:	None

Sale Characteristics

Property Rights Transferred:	Fee Simple Estate
Conditions of Sale:	Arms-Length
Sale Date/Doc #:	January 29, 2016 COE / Doc # 1524
Prior Sales History:	None Noted
Sale Price:	$1,800,000
Terms:	All Cash
Demolition Costs:	Estimated at $5.00 per square foot or $52,100. Equates to $1.08/SF of Land Area

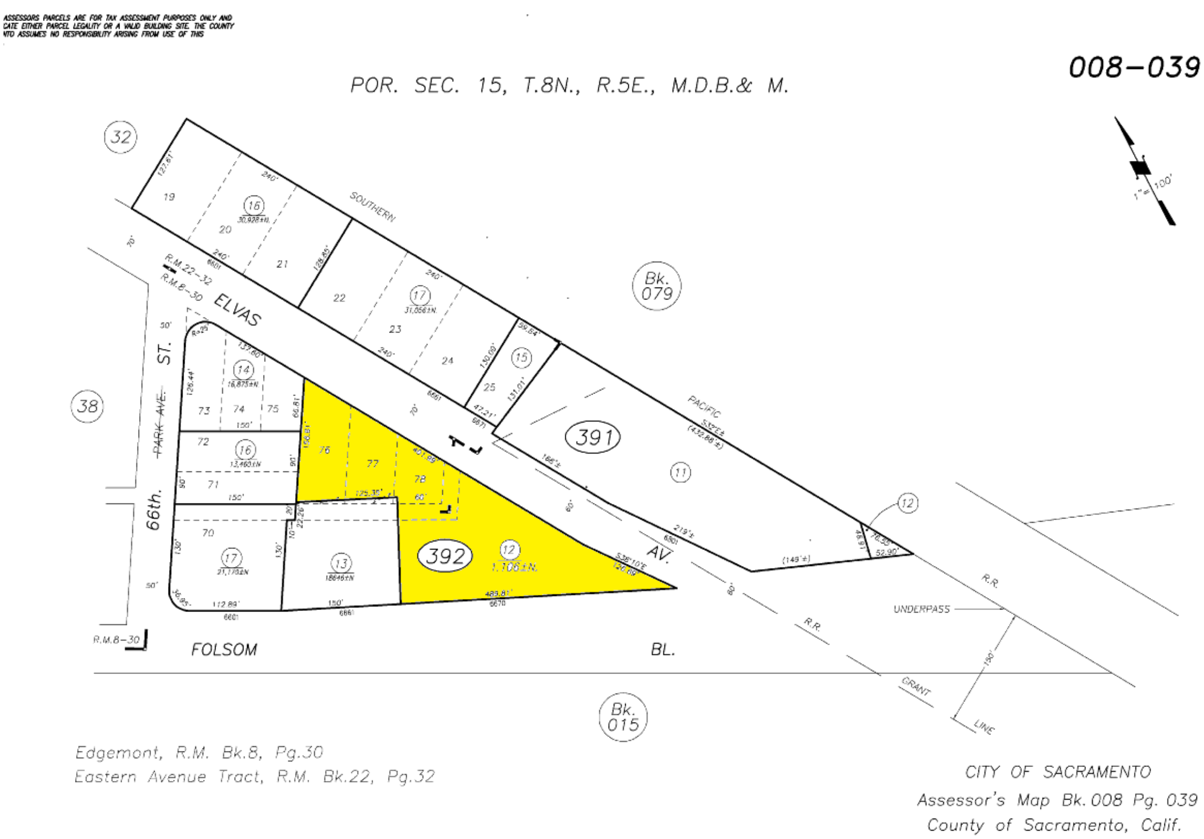
Price per SF: **$38.31/SF (Includes Demolition Costs)**

Confirmed By:	Broker / County Records
Market Time:	N/A – Negotiated directly

Comments

This property represents the sale of 1.11 acres of vacant land at the intersection of Folsom Boulevard and Elvas Avenue. The buyer currently owns adjacent properties and has identified this project for the development of student housing. This property includes entitlements for mixed use development. This transaction was reported at arm's length and this was an all cash transfer.

Comparable Land Sale 5 (Continued)



APPLICATION OF ADJUSTMENTS

Prior to adjustments, the comparable sales ranged from $16.26 to $80.42 per square foot. Adjustments considered for this analysis include the following.

Property Rights Conveyed

Each of the comparable sales represents the conveyance of the fee simple estate. No adjustments are necessary.

Financing

Each of the comparable sales represents all cash transactions or their equivalent. No adjustments are necessary.

Condition of Sale

All of the properties presented for comparison are arms-length transactions. No adjustments are noted for the sales.

Market Conditions

If property values have appreciated or depreciated over time, the appropriate adjustment is required. The comparable sales range from January 2016 to June 2017. The market climate is gaining momentum for residentially zoned land. The comparable sales are adjusted upward for the improvement in market conditions since the time of sale. These properties were transacted in 2016 and upward adjustments were noted for this element. Given the fast rise in rents and continued stabilized occupancy levels above 95%, this adjustment is identified at 10%. Comparable 1 was adjusted at 5%.

Site Size

The site identified for this analysis is identified at 2.3 acres. The comparable sales show an overall range from 0.43 to 12.00 acres. Downward adjustments are applied to comparable sales 2 and 4 due to the smaller size. Conversely, an upward adjustment was applied to comparable sale 1 for the larger size.

Location

Some of the comparable sales vary in location as compared to the subject property. Comparable sale 1 is a land sale in Roseville for a suburban style complex. No adjustment was applied for the overall location relative to the subject property. Comparable sales 2 and 3 are from mid-town Sacramento and offer a superior location to the subject property, whereas comparable sales 4 and 5 are from a location near Sacramento State University. No adjustments were noted for these transactions.

Density

The comparable sales were adjusted for the various levels of density as compared to the subject property. The subject property is based on an overall density of 57.0 units per acre as this project is proposed for the development of 131 units.

Please refer to the following adjustment grid for a summary of the adjustments.

ELEMENTS OF COMPARISON	SUBJECT	1	2	3	4	5
Price per SF		**$16.26**	**$80.42**	**$60.41**	**$32.18**	**$38.31**
Property Rights Conveyed	**Fee Simple**	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
-Adjustment		$0	$0	$0	$0	$0
-Adjusted Base		$16.26	$80.42	$60.41	$32.18	$38.31
Financing Terms	**Cash Equiv.**	Similar	Similar	Similar	Similar	Similar
-Adjustment		$0	$0	$0	$0	$0
-Adjusted Base		$16.26	$80.42	$60.41	$32.18	$38.31
Conditions of Sale	**Arms-Length**	Similar	Similar	Similar	Similar	Similar
-Adjustment		$0	$0	$0	$0	$0
-Adjusted Base		$16.26	$80.42	$60.41	$32.18	$38.31
Expenditures After Purchase	**Vacant Site**	Similar	In Price	In Price	Similar	Similar
-Adjustment		$0.00	$0.00	$0.00	$0	$0.00
-Adjusted Base		$16.26	$80.42	$60.41	$32.18	$38.31
Market Conditions	**Feb-19**	Jun-17	Nov-16	Jun-16	Apr-16	Jan-16
-Adjustment		5.0%	10.0%	10.0%	10.0%	10.0%
-Adjusted Base		$17.07	$88.46	$66.45	$35.40	$42.14
Adjusted Price per SF		**$17.07**	**$88.46**	**$66.45**	**$35.40**	**$42.14**
Physical Characteristics						
Location	**Good**	Similar	Superior	Superior	Similar	Similar
-Adjustment		**0%**	**-20%**	**-20%**	**0%**	**0%**
Density	**57.0 du/ac**	25.0 du/ac	121.0 du/ac	28.1 du/ac	27.9 du/ac	N/A
-Adjustment		**10%**	**-10%**	**10%**	**10%**	**0%**
Land Area	**2.3 AC**	12.0 AC	0.63. AC	1.14 AC	0.43 AC	1.11 AC
-Adjustment		**10%**	**-10%**	**0%**	**-10%**	**0%**
TOTAL ADJUSTMENTS (%)		**20%**	**-40%**	**-10%**	**0%**	**0%**
CONCLUDED PRICE/SF		**$20.49**	**$53.08**	**$59.81**	**$35.40**	**$42.14**

Conclusion – Sales Comparison Approach

The following grid displays the adjusted unit price for each comparable sale as well as the degree of comparability as compared to the subject property.

DEGREE OF COMPARABILITY			
Sale #	**INFERIOR**	**SIMILAR**	**SUPERIOR**
1.	$20.49		
2.			$53.08
3.			$59.81
4.		$35.40	
5.		$42.14	

After adjustments, the comparable sales indicated a range from $20.49 to $59.81 per square foot. Comparable sale 1 is a recent sale but in a suburban setting. The remaining transactions are all generally urban locations. Comparable sales 2 and 3 set the upper limit to the potential value as the overall orientation in mid-town Sacramento influenced the overall price and adjustments for the superior location were considered. Comparable sales 4 and 5 are generally similar with respect to the overall location. With most support from $35.40 to $42.14 per square foot, the opinion of value noted for the multi-family land is identified at $38.00 per square foot. As such, the overall value for this project area is identified as follows.

100,188 Square Feet @ $38.00 psf	$3,807,144
Rounded	$3,810,000

The overall value equates to $29,062 per potential unit. The comparable sales show an overall range from $28,333 to $93,750 per potential unit. This is based on the transaction price without any adjustments applied to the sales. The conclusion falls toward the lower end of this range providing a reasonable conclusion of value from this view point.

The opinion of value noted above reflects the Hypothetical Value for Village 3, identified as a 2.3 acre site for 131 units as a portion of APN 013-0110-047. It is noted that this component is exempt from special taxes. Value references for the bulk value noted later in this report include two models. The first model includes the revenues from this component as it is a portion of a larger parcel. The second model is presented under the hypothetical condition that the final map is recorded, thus excluding this component.

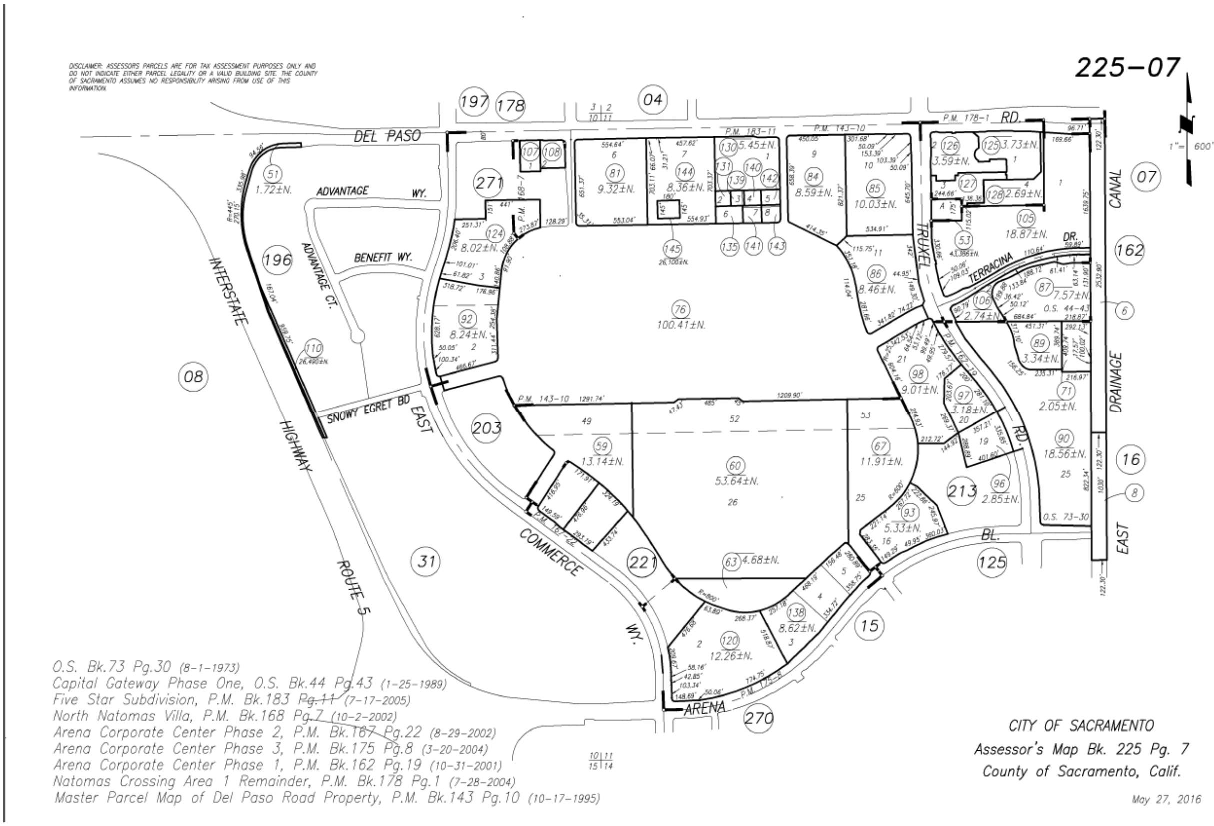
REVENUE PROJECTIONS
2.49 AC – Flex Zoned Land
Sales Comparison Approach

The sales comparison approach to value is the only applicable approach to value utilized to estimate value of this parcel. This land use component is optimal for retail land uses and comprises a total land area of 2.49 acres. The unit of comparison that was determined most applicable in the valuation of this component was the price per square foot. Comparable land sales are noted on the following table.

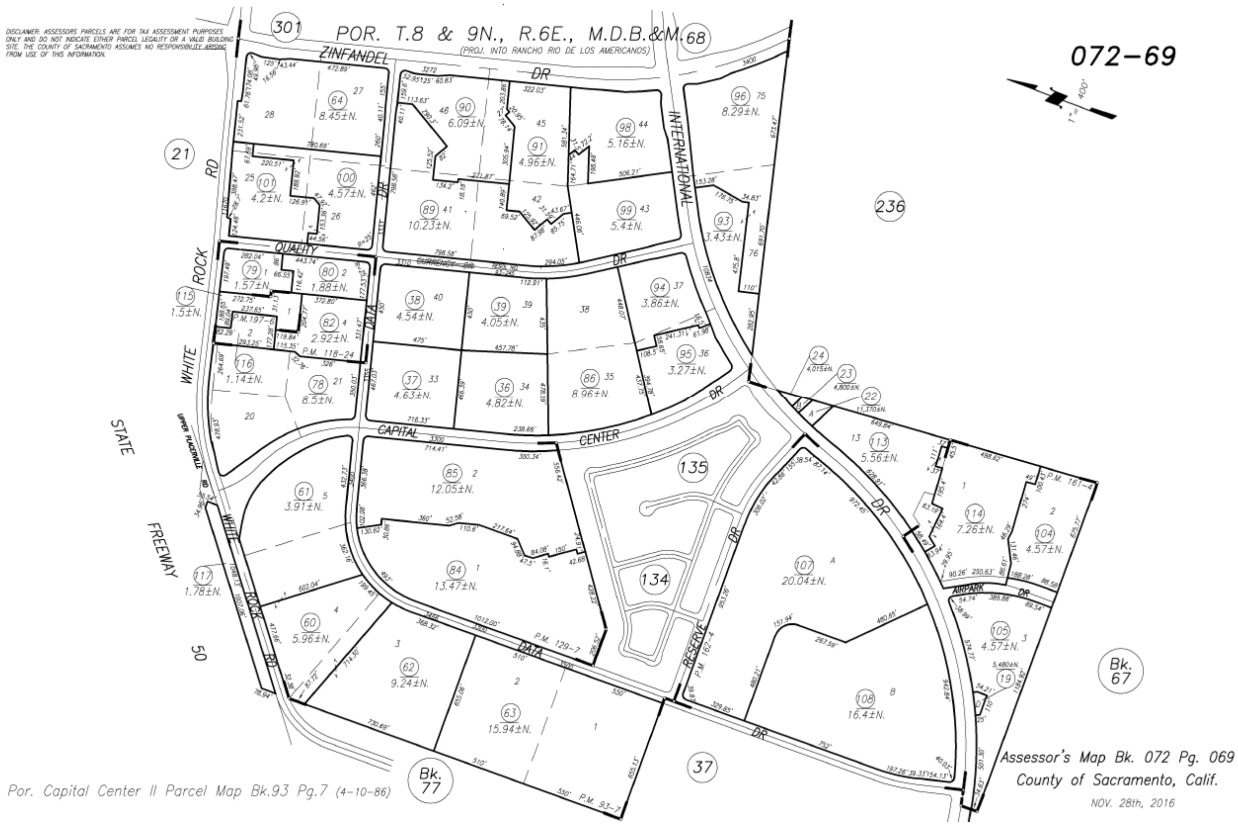
SALE	PROPERTY ADDRESS LOCATION	TOTAL SALES PRICE SALE DATE	BUYER SELLER DOCUMENT NO.	ZONING INTENDED USE	TOTAL AC TOTAL SF	PRICE PER SF
1	2599 Arena Boulevard Sacramento, CA 95834 225-0070-120	**$1,471,000** July 19, 2017	A3 Hospitality Natomas LLC Natomas Arena Investors 20170719-0843	EC-40 Retail	2.56 111,514	**$13.19**
	Comments: Reflects the transfer of 2.56 acres of vacant land in North Natomas. Property is identified for retail uses and sold in June 2017 at the asking price for all cash. Property was purchased for retail development including the construction of a Marriott TownPlace Suites. Property includes mello-roos assessment for North Natomas CFD Basins 5 and 6. Currently assessed at $13,444/AC or $0.31/SF.					
2	10700 White Rock Road Rancho Cordova, CA 95670 072-0690-101	**$1,692,500** March 1, 2017	Theraldson Development MBJL Holdings 20170301-1067	OPMU Retail	4.20 182,952	**$9.25**
	Comments: Reflects the transfer of 4.2 acres of vacant land in Rancho Cordova. It is identified for retail uses and is located in close proximity to larger, office complexes in the entire region. This property sold at the asking price based on all cash terms. It was in escrow for over 12 months in order to afford the buyer opportunity to rezone this property at their expenses and to secure entitlements. No special assessments were assumed for this transaction.					
3	3681 N. Freeway Blvd. Sacramento, CA 95834 225-2110-013	**$2,300,000** December 5, 2016	Theraldson Development Champan University 20161205-1216	SC Retail	2.98 129,809	**$17.72**
	Comments: Reflects the December 2016 transfer of 2.98 acres for retail development in North Natomas. Property sold at the asking price for all cash and was on the market for approximately 6 months prior to sale. No atypical bonds were assumed with this transaction.					
4	7800 W. Stockton Blvd. Sacramento, CA 95823 117-1460-028	**$1,650,000** April 27, 2016	Bubbas 33 Elk Grove LLC College Marketplace LLC 20160427-1219	C-2 PUD Retail	2.69 117,176	**$14.08**
	Comments: Reflects the April 2016 transfer of 2.69 acres of vacant land in close proximity to Cosumnes River College. It sold at its asking price for all cash terms. Property was sold for retail development. Property includes mello-roos assessment for College Square CFD 2005-1. Currently assessed at $16,122 per acre or $0.37/SF.					
SP	**Curtis Park CFD No. 2014-02 Flex Zone Land Component Sacramento, CA**			**R-4A-PUD Retail**	**2.49 108,464**	

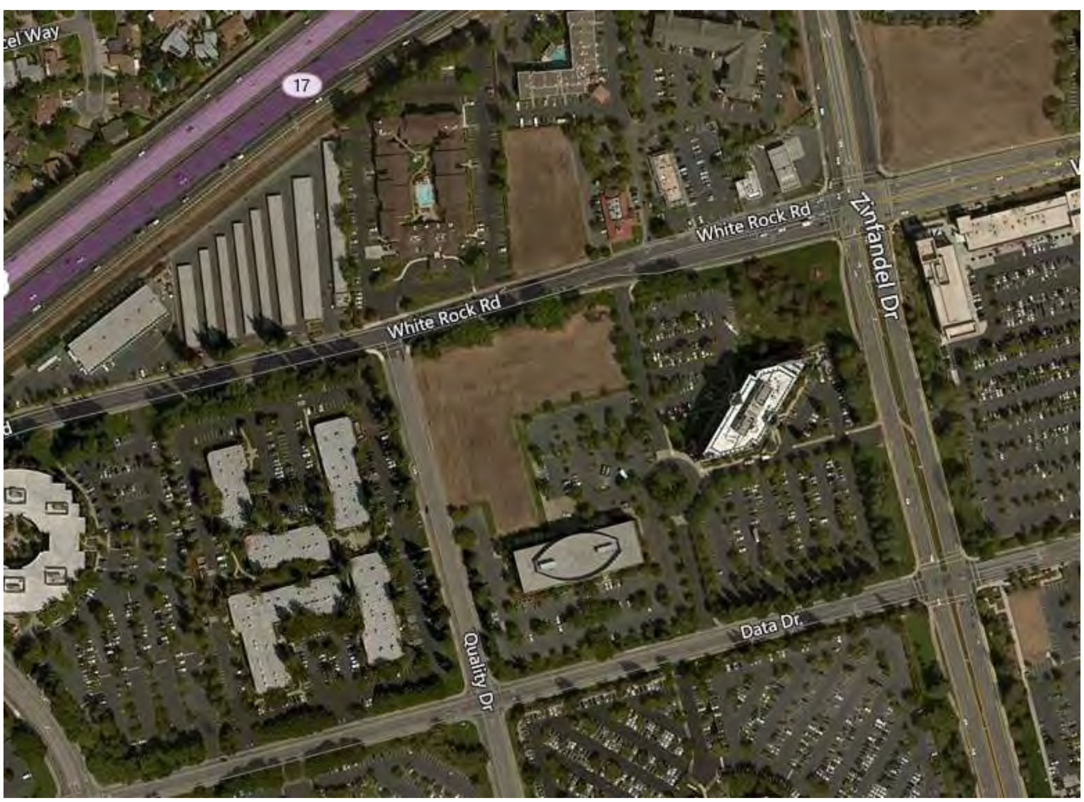
LOCATION MAP – COMPARABLE COMMERCIAL LAND SALES

COMPARABLE LAND SALE NUMBER ONE

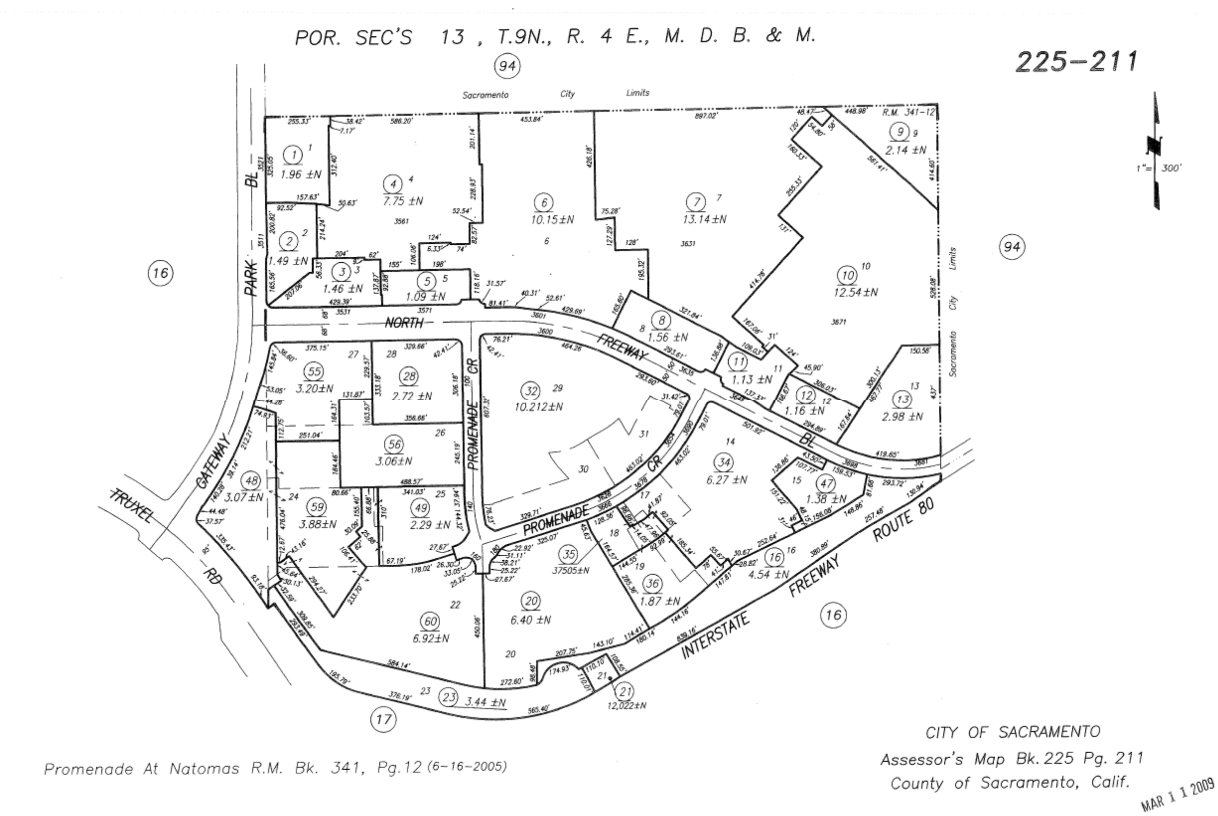


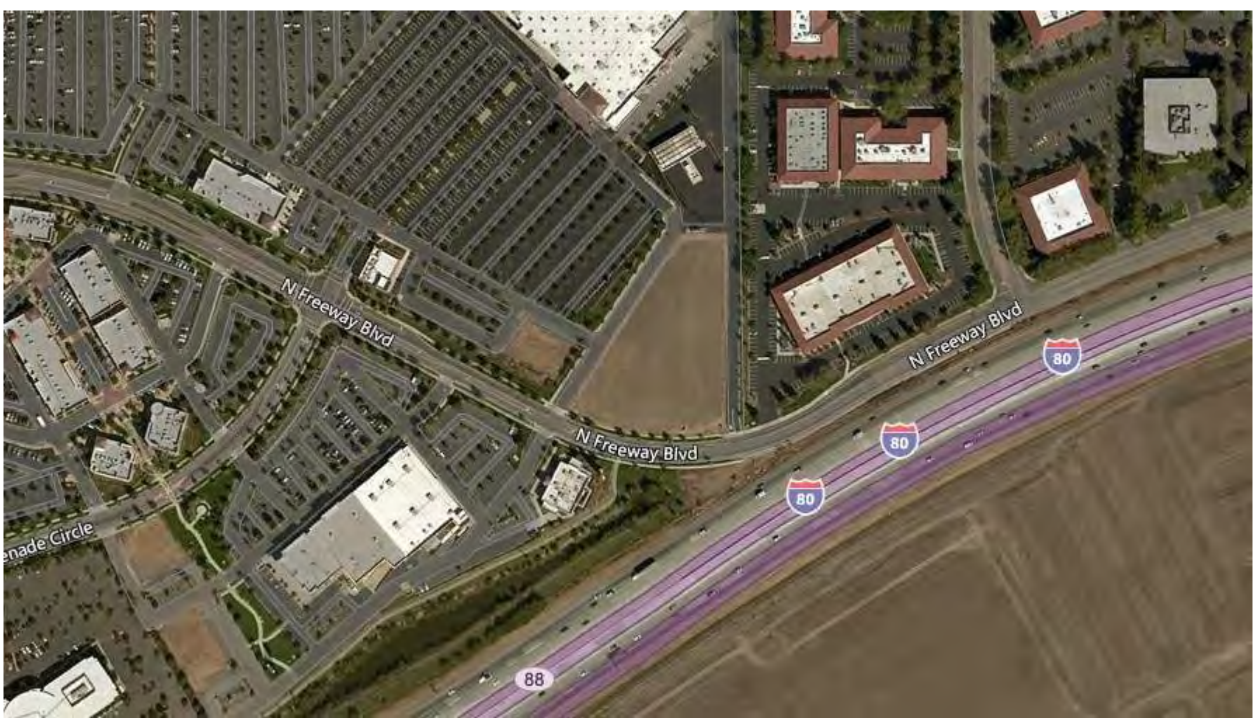
COMPARABLE LAND SALE NUMBER TWO



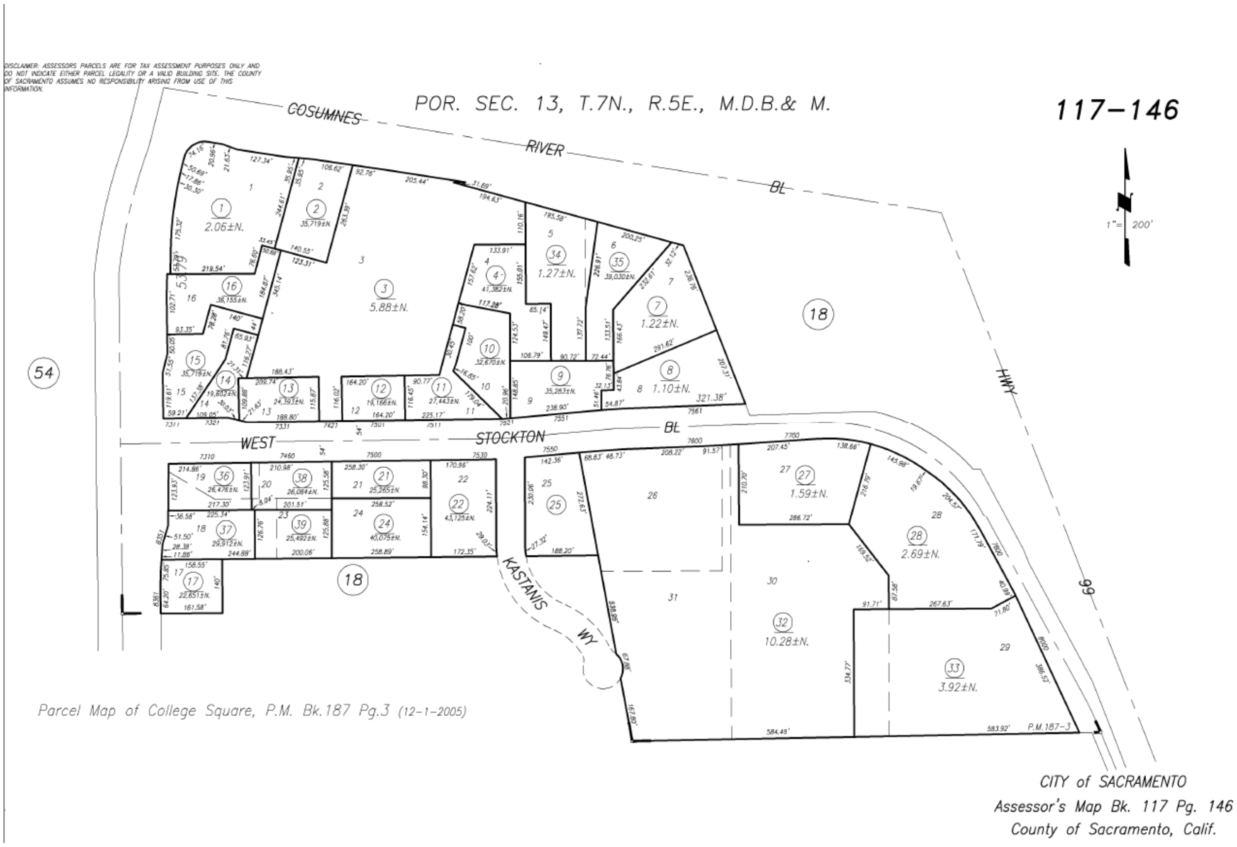


COMPARABLE LAND SALE NUMBER THREE





COMPARABLE LAND SALE NUMBER FOUR



APPLICATION OF ADJUSTMENTS

Prior to adjustments, the comparable sales ranged from $9.25 to $17.72 per square foot. Adjustments considered for this analysis include the following. It is noted that the overall adjustments are applied on a percentage basis relative to the subject property.

Property Rights Conveyed

Each of the comparable sales represents the conveyance of the fee simple estate. No adjustments are necessary.

Financing

Each of the comparable sales represents all cash transactions or their equivalent. No adjustments are necessary.

Condition of Sale

All of the properties presented for comparison are arms-length transactions. No adjustments are noted for the sales.

Market Conditions

If property values have appreciated or depreciated over time, the appropriate adjustment is required. The comparable sales range from April 2016 to July 2017. Comparable sales 3 and 4 are adjusted upward for the improvement in market conditions since the time of sale. These properties were transacted in a period of lower rents. As detailed in the Market Analysis section of this report, rents are increasing throughout the region whereas land available for multi-family development is scarce.

Location

Some of the comparable sales vary in location as compared to the subject property. Comparable sale 2 is a land sale in Rancho Cordova. This is viewed as an inferior indicator relative to the subject property and an upward adjustment was applied for this element.

Land Use/Entitlements

Comparable sale 2 was adjusted upward for the costs paid by the buyers to secure entitlements including a change in zoning. The buyer was afforded a lengthy escrow period for this change and an upward adjustment was applied.

Annual CFDs

The subject property includes proposed special taxes at $25,040 per acre, per annum. The comparable sales noted in this report include various special taxes and adjustments are noted for these transactions. Effectively, the higher level of special assessments lowers purchasing power for potential buyers and projects lacking special assessments can offer higher pricing. This adjustment is predicated on the actual payment over a 7-year holding period at 5%. Adjustments are noted as follows.

ITEM	COMP 1	COMP 2	COMP 3	COMP 4
Annual CFD's/AC	$13,444/AC	$0/AC	$0/AC	$16,122/AC
Subject CFD's	$25,040/AC	$25,040/AC	$25,040/AC	$25,040/AC
Variance	$11,596/AC	$25,040/AC	$25,040/AC	$8,918/AC
PV Factor **(1)**	5.786	5.786	5.786	5.786
ADJUSTMENT/AC **ADJUSTMENT/SF**	**($67,095)/AC** **($1.54/SF)**	**($144,881)/AC** **($3.32/SF)**	**($144,881)/AC** **($3.32/SF)**	**($51,560)** **($1.18/SF)**
Adjusted Price/SF	**$13.19**	**$9.25**	**$18.61**	**$14.78**
% Adjustment **Rounded**	**-11.7%** **-12.0%**	**-35.9%** **-36.0%**	**-17.8%** **-18.0%**	**-8.0%** **-8.0%**

(1) PV factor reflects the PV of $1 for 7 years at 5%

Site Size

The site identified for this analysis is identified at 2.49 acres. An upward adjustment was applied to comparable sale 2 for the larger size.

Please refer to the following adjustment grid for a summary of the adjustments.

ELEMENTS OF COMPARISON	SUBJECT	1	2	3	4
Price per SF		**$13.19**	**$9.25**	**$17.72**	**$14.08**
Property Rights Conveyed	**Fee Simple**	Fee Simple	Fee Simple	Fee Simple	Fee Simple
-Adjustment		$0	$0	$0	$0
-Adjusted Base		$13.19	$9.25	$17.72	$14.08
Financing Terms	**Cash Equiv.**	Similar	Similar	Similar	Similar
-Adjustment		$0	$0	$0	$0
-Adjusted Base		$13.19	$9.25	$17.72	$14.08
Conditions of Sale	**Arms-Length**	Similar	Similar	Similar	Similar
-Adjustment		$0	$0	$0	$0
-Adjusted Base		$13.19	$9.25	$17.72	$14.08
Expenditures After Purchase	**Vacant Site**	Similar	Similar	Similar	Similar
-Adjustment		$0.00	$0.00	$0.00	$0.00
-Adjusted Base		$13.19	$9.25	$17.72	$14.08
Market Conditions	**Feb-19**	Jul-17	Mar-17	Dec-16	Apr-16
-Adjustment		0.0%	0.0%	5.0%	5.0%
-Adjusted Base		$13.19	$9.25	$18.61	$14.78
Adjusted Price per SF		**$13.19**	**$9.25**	**$18.61**	**$14.78**
Physical Characteristics					
Location	**Good**	Similar	Inferior	Superior	Similar
-Adjustment		**0%**	**10%**	**0%**	**0%**
Land Use/Entitlements	**Retail**	Similar	Buyer	Similar	Similar
-Adjustment		**0%**	**20%**	**0%**	**0%**
Mello-Roos Bonds	**$25,040/AC**	$13,444/AC	$0/AC	$0/AC	$16,122/AC
-Adjustment		**-12%**	**-36%**	**-18%**	**-8%**
Land Area	**2.49 AC**	2.56 AC	4.20 AC	2.98 AC	2.69 AC
-Adjustment		**0%**	**10%**	**0%**	**0%**
TOTAL ADJUSTMENTS (%)		**-12%**	**4%**	**-18%**	**-8%**
CONCLUDED PRICE/SF		**$11.61**	**$9.62**	**$15.26**	**$13.60**

Conclusion – Sales Comparison Approach

The following grid displays the adjusted unit price for each comparable sale as well as the degree of comparability as compared to the subject property.

DEGREE OF COMPARABILITY			
Sale #	**INFERIOR**	**SIMILAR**	**SUPERIOR**
1.		$11.61	
2.	$9.62		
3.		$15.26	
4.		$13.60	

After adjustments, the comparable sales indicated a range from $9.62 to $15.26 per square foot. Comparable sale 2 is a recent sale but required numerous adjustments somewhat sacrificing the overall reliability of this transaction. Based on review of the remaining transactions, with the lower end of the range viewed as an outlier, the overall opinion of value is identified at $12.00 per square foot. As such, the overall value for this project area is identified as follows.

108,464 Square Feet @ $12.00 psf	$1,301,568
Rounded	$1,300,000

The opinion of value noted above reflects the "As Is" value for APN 013-0010-046.

HYPOTHETICAL MARKET VALUE BY OWNERSHIP

As noted, the values for this project are allocated by ownership, as well as for the completed homes under various ownership. These calculations are based on the information gathered and presented in the prior sections.

OVERALL VALUE – PDC Construction Co.

The Hypothetical Market Value under this ownership will be estimated by employing the use of the Income Approach through discounted cash flow analysis. Essentially, the expected revenue, absorption period, expenses and discount rate associated with the development and sell-off of the land will be taken into consideration. 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 quantity, variability, timing and duration of the revenue streams are calculated and discounted to a present value at a specified yield rate.

It is noted that two cash flow models are presented for this analysis. The first model includes the MF component as the individual villages were not subdivided as of the effective date of valuation. The second model is predicated on the hypothetical condition that the property is subdivided into the individual villages and excludes the MF component as this parcel is exempt from special taxes.

The four main items of discounted cash flow analysis are summarized as follows.

⇒ **Revenue** – The gross income is based on the individual component values.

⇒ **Absorption Analysis** – The time frame required for sell-off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimate of an appreciation factor (if any).

⇒ **Expenses** – The expenses associated with the sell-off are calculated in this section – including infrastructure costs (if any), administration, marketing and commission costs, as well as taxes and special assessments.

⇒ **Discount Rate** – An appropriate discount rate is derived by employing a variety of data.

Revenues

The revenues for this model are predicated on the sales comparison approach in the prior sections of this report. Revenues for Villages 1 and 2 are based on the finished lot values identified in this section. The total revenues are illustrated as follows.

ITEM	PER LOT	TOTAL
Village 1 – 90 Lots	$230,000/Lot	$20,700,000
Village 2 – 109 Lots	$210,963/Lot	$22,995,000
Village 3 - 2.33 AC MF Site for 131 Units		$3,810,000
Flex Land Component (Retail) – 2.49 AC 013-0010-046		$1,300,000
TOTALS		**$48,805,000**

Revenues for this model include appreciation at a factor of 3% per annum (0.75% per period) commencing in period 5.

Absorption Analysis

Absorption rates for the residential lots were identified in the Market Analysis section of this report. This element considered the overall position of the two projects relative to current and future competition. The two residential projects are marketable as of the effective date of valuation. With near term completion of the offramp, certificates of occupancy can likely be issued. Based on this element, absorption (i.e., revenues) start after this date. Based on factors illustrated in the Market Analysis section of this report, the residential lots and multi-family property are absorbed in the first year, whereas the flex zone site is absorbed in year 2.

The absorption rate for the multi-family component is included in Year 1 of this model. The overall proximity to Sacramento Community College, RT Light Rail and market conditions inherent for this use substantiate immediate absorption of this land use. Conversely, retail uses are absorbed in year 2. The developer is proposing retail development sites prior to this land area and a holding period is likely for this component.

Based on these considerations, a reasonable sell-off period for the subject property (PDC Construction Co.) is over a two year period.

Expenses

There are ongoing expenses associated with this analysis which are included in the cash flow model. They are summarized as follows.

FIXED EXPENSES – Fixed expenses for this project include the proposed site development costs for this project. The following table summarizes the total costs.

COST ELEMENT	SUB-TOTAL	TOTAL COSTS
Phase 3 In-Tract Roadways/Joint Facility (A)	$7,078,927	
Contingency	Included	
Phase 3 Remediation Costs Associated with Public Improvements	N/A	$7,078,927
Fair-Share off-site Mitigation Fees	$217,517	
Sutterville Ramp	$212,173	
Dry Utilities	Included	$429,690
REMAINING COSTS		**$7,508,617**

The remaining costs are identified at $7,508,617. These costs are identified in two schedules in the cash flow model. The items are summarized as follows.

COST ELEMENT	TOTAL	PERIODS ALLOCATED
Site Development Costs – Village 2	$7,078,927	Periods 1-2 $3,539,463/Period (Cost Trued in Period 2)
Off-Site Mitigation Costs (Sutterville Ramp)	$429,690	Periods 1

VARIABLE EXPENSES – These expenses are applied for property taxes, CFD Payments, administration and overhead, as well as Sales and Marketing Expenses.

Ad Valorem Taxes – This appraisal is predicated on the assumption of a sale of the appraised property in bulk. The overall tax rate for the area is identified at 1.1295%. This expense is gradually reduced over the absorption period, as the land components are sold off. For purposes of calculating property taxes, the total costs is allocated to the residential units with 199 lots. Property taxes are increased at 2% per annum. Calculations of this element are identified as follows.

ITEM	TAXES
Overall Value **(A)**	$36,185,000
Per Potential Lot	$181,834
Base Taxes (1.1295%)	$2,053.81
TAXES PER LOT	**$2,054**

(A) Land value based on those identified for each village, less costs for site development.

The base property taxes are applied at $2,054 per annum in Year 1. Taxes are allocated separately for the multi-family and retail components. These are identified as follows.

ITEM	TAXES
Overall Value	$5,110,000
Per Potential AC (4.82 AC)	$1,060,166
Base Taxes (1.1295%) / AC	$11,974.57
TAXES PER AC	**$11,975**

Property taxes are allocated on a quarterly basis. Period 5 taxes are increased at 2%.

Direct Levies/Special Assessments – In addition to the base property taxes, there are payments for direct levies and special assessments for this project. The total payments are identified at $2,820 per lot per annum for the residential lots at $25,040 per acre per annum for the flex zoned land. The purpose of this analysis is to determine an opinion of value for the underlying land, which serves as collateral for the bond issuance. As components of the subject property are sold off, the balance of special tax obligation necessary to serve the debt are presumed to be collected from the new owners (buyers of various land parcels). These factors are escalated at 2.0% per annum starting in Quarter 5.

General and Administrative Costs – The general and administrative expense covers the various administrative costs associated with managing the overall development. A review of budget from other similar sized residential communities shows general and administrative costs between 1% and 3%. An estimate of 1% of sales proceeds is applied based on the nature of this project. This would include management, legal and accounting fees and other professional services common to a development project. This expense is estimated at 1% of the total gross sales proceeds and is applied evenly over the sell-off period. Calculations are illustrated as follows.

ITEM	TOTAL PROJECT
Total Proceeds (W/Appreciation)	$48,844,440
Administration and Overhead (1%)	$488,444
# of Periods	8
Costs Per Period	**$61,056**

Marketing and Sales Costs – The costs associated with marketing, commissions and closing costs relative to the disposition of the subject's components are estimated at 3% of gross sales proceeds. Typical sales commissions paid to outside real estate brokers are approximately 2.5% of gross sales proceeds. Escrow and closing costs are projected at 0.5% of gross sales proceeds for an overall estimate of gross sales proceeds.

Discount Rate/Development Profit

The final element in the discounted cash flow is the discount rate that is applied to the individual cash flows. The discount rate is a rate of return commensurate with perceived risk to convert future payments or receipts to present value. This rate reflects the compensation offered to an investor for assuming the inherent risk associated with the property. Naturally, the discount rate varies with the size and complexity of the project and can be affected by numerous other factors.

The assumed buyer for the whole property is a developer. The motivation of this type of buyer is profit. The DCF must account for anticipated profit, otherwise; there would be no motivation for purchase of the entire property.

The project yield rate is the return in 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 in a joint venture may fund it. Most surveys indicate that the threshold yield requirements are about 20% to 30% for production home type projects. This rate often includes costs from site development through production home development.

According to the PwC Real Estate Investor Survey (4th quarter 2018), development land ranks as the third preferred investment category/strategy among Emerging Trends respondents for 2019 – behind redevelopment and opportunistic investments but ahead of value-added investments. While development's third-place finish is the same as last year, its score declined from 3.66 to 3.08. When considering development opportunities, Emerging Trend respondents rank construction costs as the top issue followed by land costs, housing costs and availability, and infrastructure/transportation.

Outside of traditional CRE sectors, Emerging Trends respondents feel development prospects in 2019 are also strong for senior housing, medical office, and student housing, as well as urban mixed-use properties, data centers, and infrastructure. According to the report, the link between transit infrastructure and real estate development is expected to grow stronger in the years to come. Transit proposals that integrate plans for further real estate development are likely to have a stronger case for funding going forward.

Other highlights from the most recent survey from PwC (4th quarter 2018) include the following.

⇒ **Discount Rates –** Free and clear discount rates including developer's profit range from 10.0% to 20.0% and average 15.80% this quarter. This average is up 40 basis points from the second quarter of 2018 and assumes that entitlements are in place. These elements are noted below.

NATIONAL DEVELOPMENT LAND MARKET–SELECT SURVEY RESPONSES
Fourth Quarter 2018

	PROPERTY TYPES	PREFERRED ABSORPTION	CHANGE RATES		MARKET CONDITIONS	DISCOUNT RATE (IRR)		FORECAST VALUE CHANGE NEXT 12 MONTHS	MARKETING PERIOD
		YEARS	LOT PRICES	DEVELOPMENT COSTS (1)	FAVOR	FREE & CLEAR	DEVELOPERS' PROFIT	RANGE	MONTHS
DEVELOPER Primary method of pricing is comparable sales; analysis is prepared subject to financing; project size ranges from 300 to 2000 acres; value of land currently under development ranges from $400.0 million to $1.0 billion; development is concentrated in Hawaii, California, Mexico, Montana, New York, Nevada, Texas, and Tennessee.	Single-family luxury	11 to 20	3.0% to 5.0%	3.0% to 5.0%	Both buyers and sellers equally	18.00% to 20.00%	Included in the discount rate	2.0% to 3.0%	12 to 36
PRIVATE INVESTMENT COMPANY Primary method of pricing is DCF; analysis is prepared free and clear of financing; project size ranges from one to 15 acres; value of land currently under development ranges from $5.0 to $10.0 million; prefers Texas markets.	Retail	1 to 5	Did not disclose	% of specific revenue	Buyers	10.00% to 15.00%	Included in the discount rate	(5.0%) to 5.0%	3 to 12
DEVELOPER Primary method of pricing is comparable sales; analysis is prepared free and clear of financing; project size ranges from 5 to 250 acres; value of land currently under development totals between $15.0 and $20.0 million; development is concentrated in the Midwest.	Industrial and commercial	Over 20	Did not disclose	% of specific revenue	Buyers	10.00% to 15.00%	Included in the discount rate	5.0% to 10.0%	12 to 24
DEVELOPER Primary method of pricing is DCF; analysis is prepared free and clear of financing; project size ranges from 1 to 1,200 acres; development is concentrated in Arizona, California, Alaska, and Washington; value of land currently under development ranges from $155.0 to $165.0 million.	Apartment, single-family residential, and industrial	6 to 10	Up to 5.0%	4.0% to 6.0%	Both buyers and sellers equally	16.00% to 20.00%	Included in the discount rate	5.0% to 7.0%	10 to 16
DEVELOPER Primary method of pricing is comparable sales; analysis is prepared free and clear of financing; value of land currently under development is up to $100.0 million; development is concentrated in Arizona, California, and Hawaii.	Single-family residential	6 to 10	2.0% to 3.0%	3.0% to 4.0%	Buyers	16.00% to 18.00%	Included in the discount rate	3.0%	15

For additional support, current rates were identified from RealtyRates for development models. These factors are noted on the following table. They reflect applicable rates for California/Pacific Islands for third quarter 2018.

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2018* California/Pacific Islands - Subdivisions & PUDs	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	16.90%	39.31%	26.05%	16.23%	37.74%	25.01%
-100 Units	16.90%	33.89%	24.89%	16.23%	32.53%	23.89%
100-500 Units	17.32%	37.28%	26.21%	16.63%	35.79%	25.16%
500+ Units	17.75%	38.97%	26.66%	17.04%	37.41%	25.59%
Mixed Use	18.17%	39.31%	26.44%	17.44%	37.74%	25.38%
Manufactured Housing	17.14%	42.14%	27.47%	16.45%	40.46%	26.37%
-100 Units	17.14%	36.65%	26.35%	16.45%	35.18%	25.30%
100-500 Units	17.57%	40.31%	27.78%	16.86%	38.70%	26.67%
500+ Units	17.99%	42.14%	28.26%	17.28%	40.46%	27.13%
Business Parks	17.14%	38.55%	25.84%	16.45%	37.01%	24.81%
-100 Acres	17.14%	33.52%	24.82%	16.45%	32.18%	23.83%
100-500 Acres	17.57%	36.87%	26.13%	16.86%	35.40%	25.09%
500+ Acres	17.99%	38.55%	26.58%	17.28%	37.01%	25.51%
Industrial Parks	17.24%	33.51%	23.62%	16.55%	32.17%	22.67%
-100 Acres	17.24%	29.14%	22.73%	16.55%	27.97%	21.82%
100-500 Acres	17.67%	32.05%	23.87%	16.97%	30.77%	22.91%
500+ Acres	18.10%	33.51%	24.26%	17.38%	32.17%	23.29%

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2018* California/Pacific Islands - Condominiums & Co-Ops	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Primary Residential	11.97%	22.45%	16.65%	11.50%	21.56%	15.90%
Hi-Rise/Urban Townhouse	12.69%	22.45%	17.22%	12.18%	21.56%	16.53%
Garden/Suburban Townhouse	11.97%	21.33%	15.99%	11.50%	20.48%	15.35%
Mixed Use	12.51%	22.35%	16.73%	11.51%	21.46%	15.82%
Resort & Second Home	13.50%	24.34%	17.62%	12.96%	23.37%	16.91%
Hi-Rise	13.63%	24.34%	18.61%	13.09%	23.37%	17.86%
Garden/Townhouse	13.50%	21.14%	16.63%	12.96%	20.29%	15.96%
Commercial/Industrial	10.30%	22.83%	15.34%	9.89%	21.92%	14.72%
Urban Office	11.23%	20.37%	15.49%	10.78%	19.56%	14.87%
Suburban Office	10.33%	20.13%	14.62%	9.91%	19.33%	14.03%
Retail	11.11%	22.83%	16.29%	10.66%	21.92%	15.64%
Industrial	10.30%	20.84%	14.95%	9.89%	20.01%	14.35%

The information from RealtyRates is applicable for Ground-up construction through completed improvements. For site built residential, the IRR ranges from 24.89 to 26.66% based on average rates noted throughout. Multi-family is lower at an average rate of 15.99% and retail is at 16.29% . These rates are likely overstated as the subject revenues are based on finished lots for the residential components and effectively developed sites for both the multi-family and retail components.

Developers surveyed in this market climate noted that projects are being looked at based on IRR Requirements. Representatives from Brookfield Homes noted minimum requirements of 20% IRR (unleveraged) for their development requirements (Vacant Land); representatives from Classic Communities noted a minimum IRR requirement (unleveraged) of 10% to 20% for smaller vacant land properties; Braddock & Logan reported a minimum requirement (unleveraged) of 15% for vacant land; and Discovery Builders reported a minimum requirement of 10% IRR for the project.

As reflected by the developer survey, IRR expectations are from 10% to 20%, for land development projects. The subject properties are valued under the **Hypothetical Condition** that the land components are vacant and available for development to their highest and best use. While the subject area seems optimal for development, there is still risk in the overall project based on changes in market conditions, and shifts in the employment market. Also factored into the discount rate is the inclusion of appreciation, although slight relative to the overall property value. Based on all of these elements, the IRR (profit and discount rate) identified for the subject property is concluded at 18%.

Conclusion (Overall Value with MF Component)

Based on the elements described in this section, the opinion of value for the subject property is identified at $33,990,000. A copy of this model is noted on the following page.

Quarterly Discounting Item		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Period 8	TOTALS
Single Family Residential Lots - Village 1										
Lots Sold		0	90	0	0	0	0	0	0	90
Average Selling Price/Lot		$230,000	$230,000	$230,000	$230,000	$230,000	$230,000	$230,000	$230,000	
Total Revenues - Village 1		**$0**	**$20,700,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$20,700,000**
Single Family Residential Lots -Village 2										
Lots Sold		0	0	109	0	0	0	0	0	109
Average Selling Price/Lot		$210,963	$210,963	$210,963	$210,963	$210,963	$210,963	$210,963	$210,963	
Total Revenues - Village 2		**$0**	**$0**	**$22,995,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$22,995,000**
Village 3 - Multi-Family Component - 2.33 AC		**$0**	**$0**	**$0**	**$3,810,000**	**$0**	**$0**	**$0**	**$0**	**$3,810,000**
Retail Component - 2.49 AC		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,300,000**	**$1,300,000**
TOTAL REVENUES		**$0**	**$20,700,000**	**$22,995,000**	**$3,810,000**	**$0**	**$0**	**$0**	**$1,300,000**	**$48,805,000**
Market Appreciation (Quarterly)	0.75%	$0	$0	$0	$0	$0	$0	$0	$39,440	**$39,440**
TOTAL REVENUE		**$0**	**$20,700,000**	**$22,995,000**	**$3,810,000**	**$0**	**$0**	**$0**	**$1,339,440**	**$48,844,440**
FIXED EXPENSES										
--Site Development Costs (Village 2)		($3,539,463)	($3,539,464)	$0	$0	$0	$0	$0	$0	($7,078,927)
--Offsite Costs		($429,690)	$0	$0	$0	$0	$0	$0	$0	($429,690)
TOTAL FIXED EXPENSES		($3,969,153)	($3,539,464)	$0	$0	$0	$0	$0	$0	($7,508,617)
Inflation (Quarterly)	0.75%	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL FIXED EXPENSES		**($3,969,153)**	**($3,539,464)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**($7,508,617)**
VARIABLE EXPENSES										
Property Taxes - Residential Lots	$2,054	($102,187)	($55,972)	$0	$0	$0	$0	$0	$0	($158,158)
Property Taxes - MF, Retail	$11,975	($14,430)	($14,430)	($14,430)	($7,454)	($7,604)	($7,604)	($7,604)	$0	($73,555)
CFD - Payments - Residential Lots (Per	$2,820/LOT/YR	($140,295)	($76,845)	$0	$0	$0	$0	$0	$0	($217,140)
CFD - Payments - Retail (Per Acre)	$25,040/AC/YR	($15,588)	($15,588)	($15,588)	($15,588)	($15,899)	($15,899)	($15,899)	$0	($110,048)
Administration and Overhead	1.0%	($61,056)	($61,056)	($61,056)	($61,056)	($61,056)	($61,056)	($61,056)	($61,056)	($488,444)
Sales and Marketing	3.0%	$0	($621,000)	($689,850)	($114,300)	$0	$0	$0	($40,183)	($1,465,333)
TOTAL VARIABLE EXPENSES		**($333,554)**	**($844,889)**	**($780,923)**	**($198,397)**	**($84,558)**	**($84,558)**	**($84,558)**	**($101,239)**	**($2,512,678)**
TOTAL FIXED AND VARIABLE EXPENSES		**($4,302,707)**	**($4,384,353)**	**($780,923)**	**($198,397)**	**($84,558)**	**($84,558)**	**($84,558)**	**($101,239)**	**($10,021,295)**
Net Proceeds		**($4,302,707)**	**$16,315,647**	**$22,214,077**	**$3,611,603**	**($84,558)**	**($84,558)**	**($84,558)**	**$1,238,201**	**$ 38,823,145**

Blended Profit/Discount Rate	18%	0.95694	0.91573	0.87630	0.83856	0.80245	0.76790	0.73483	0.70319
Net Cash Flow		($4,117,423)	$14,940,726	$19,466,120	$3,028,550	($67,854)	($64,932)	($62,136)	$870,685

NET PRESENT VALUE $33,993,736
ROUNDED $33,990,000

The hypothetical value for the PDC Construction Co. ownership is identified at $33,960,000. It is noted that this value includes the value for the MF component based on the current allocation of parcels.

HYPOTHETICAL MODEL – EXCLUDING MF PARCEL

Upon recordation of a final map, the MF component reflects 2.3 acres of land. According to the methodology for the levy of special taxes of the CFD (The Rate and Method of Apportionment), parcels which are designated for development as for-rent apartments are exempt from special taxes.

Due to this element, an additional cash flow model is presented, which excludes the 2.3 AC multi-family component. This value is predicated on the hypothetical condition that the property is subdivided as of the effective date of valuation and final maps for the individual villages are recorded.

All of the other assumptions as noted in the prior section hold true in this model. The only changes include the elimination of Village 3 in the revenue source and change in the overall base property taxes identified in the model, the overall calculations of the administration and overhead, and the total sales and marketing costs. These elements are noted as follows.

Property Taxes – Hypothetical Model excluding MF Parcel

ITEM	TAXES
Overall Value	$1,300,000
Per Potential AC (2.49 AC)	$522,088
Base Taxes (1.1295%)	$5,896.98
TAXES PER AC	**$5,897**

Property taxes are allocated on a quarterly basis. Period 5 taxes are increased at 2%.

General and Administrative Costs – Hypothetical Model excluding MF Parcel

ITEM	TOTAL PROJECT
Total Proceeds (W/Appreciation)	$45,034,440
Administration and Overhead (1%)	$450,344
# of Periods	8
Costs Per Period	**$56,293**

Sales and Marketing Costs – Hypothetical Model excluding MF Parcel

The total expense is similar to the prior model at 3.0% of sales proceeds. The total expense is lower based on the lower revenues as this model excludes the MF component.

Conclusion (Overall Value excluding MF Component)

Based on the elements described in this section, the opinion of value for the PDC Construction Co. ownership, excluding the MF Parcel is identified at $30,970,000. A copy of this model is noted on the following page.

Quarterly Discounting Item		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Period 8	TOTALS
Single Family Residential Lots - Village 1										
Lots Sold		0	90	0	0	0	0	0	0	90
Average Selling Price/Lot		$230,000	$230,000	$230,000	$230,000	$230,000	$230,000	$230,000	$230,000	
Total Revenues - Village 1		**$0**	**$20,700,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$20,700,000**
Single Family Residential Lots -Village 2										
Lots Sold		0	0	109	0	0	0	0	0	109
Average Selling Price/Lot		$210,963	$210,963	$210,963	$210,963	$210,963	$210,963	$210,963	$210,963	
Total Revenues - Village 2		**$0**	**$0**	**$22,995,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$22,995,000**
Village 3 - Multi-Family Component - 2.33 AC		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Retail Component - 2.49 AC		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,300,000**	**$1,300,000**
TOTAL REVENUES		**$0**	**$20,700,000**	**$22,995,000**	**$0**	**$0**	**$0**	**$0**	**$1,300,000**	**$44,995,000**
Market Appreciation (Quarterly)	0.75%	$0	$0	$0	$0	$0	$0	$0	$39,440	**$39,440**
TOTAL REVENUE		**$0**	**$20,700,000**	**$22,995,000**	**$0**	**$0**	**$0**	**$0**	**$1,339,440**	**$45,034,440**
FIXED EXPENSES										
--Site Development Costs (Village 2)		($3,539,463)	($3,539,464)	$0	$0	$0	$0	$0	$0	($7,078,927)
--Offsite Costs		($429,690)	$0	$0	$0	$0	$0	$0	$0	($429,690)
TOTAL FIXED EXPENSES		($3,969,153)	($3,539,464)	$0	$0	$0	$0	$0	$0	($7,508,617)
Inflation (Quarterly)	0.75%	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL FIXED EXPENSES		**($3,969,153)**	**($3,539,464)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**($7,508,617)**
VARIABLE EXPENSES										
Property Taxes - Residential Lots	$2,054	($102,187)	($55,972)	$0	$0	$0	$0	$0	$0	($158,158)
Property Taxes - Retail	$5,897	($3,671)	($3,671)	($3,671)	($3,671)	($3,744)	($3,744)	($3,744)	$0	($25,916)
CFD - Payments - Residential Lots (Per	$2,820/LOT/YR	($140,295)	($76,845)	$0	$0	$0	$0	$0	$0	($217,140)
CFD - Payments - Retail (Per Acre)	$25,040/AC/YR	($15,588)	($15,588)	($15,588)	($15,588)	($15,899)	($15,899)	($15,899)	$0	($110,048)
Administration and Overhead	1.0%	($56,293)	($56,293)	($56,293)	($56,293)	($56,293)	($56,293)	($56,293)	($56,293)	($450,344)
Sales and Marketing	3.0%	$0	($621,000)	($689,850)	$0	$0	$0	$0	($40,183)	($1,351,033)
TOTAL VARIABLE EXPENSES		**($318,033)**	**($829,368)**	**($765,402)**	**($75,552)**	**($75,936)**	**($75,936)**	**($75,936)**	**($96,476)**	**($2,312,639)**
TOTAL FIXED AND VARIABLE EXPENSES		**($4,287,186)**	**($4,368,832)**	**($765,402)**	**($75,552)**	**($75,936)**	**($75,936)**	**($75,936)**	**($96,476)**	**($9,821,256)**
Net Proceeds		**($4,287,186)**	**$16,331,168**	**$22,229,598**	**($75,552)**	**($75,936)**	**($75,936)**	**($75,936)**	**$1,242,964**	**$ 35,213,184**

Blended Profit/Discount Rate	18%	0.95694	0.91573	0.87630	0.83856	0.80245	0.76790	0.73483	0.70319
Net Cash Flow		($4,102,570)	$14,954,940	$19,479,722	($63,355)	($60,935)	($58,311)	($55,800)	$874,034

NET PRESENT VALUE **$30,967,723**
ROUNDED **$30,970,000**

OVERALL VALUE – BLACKPINE CURTIS LLC

The properties under the ownership of Blackpine Curtis LLC include the following.

5 Finished Lots (Brownstone Product Line) – 4,000 SF
15 Finished Lots (Estates Product Line) – 2,400 SF

The properties identified under this ownership reflect finished lots. Several of these homes are under construction and fees have been paid. These elements are included in the overall valuation of this project. Land values for the finished lots were identified in the prior sections. The overall lot size for the Estates product line parallels the alley-loaded project and the conclusion at $205,000 per lot is a reasonable starting point. With the inclusion of 15 lots, the conclusions in the prior sections are adjusted upward 7.08% for the number of lots. This calculation is noted below.

ITEM	TOTAL
Number of Lots	15
Subject Lots (Benchmark Conclusion)	100
Variance	85
Absorption	3/Mo.
# Additional Months to Sell	28.33 Mos.
Holding Costs	¼% / Mo.
Adjustment	**7.08%**

With respect to the smaller lots (2,400 SF) the overall concluded lot value is $219,500 per lot (rounded from $205,000 * 1.0708 = $219,514). This value conclusion is higher than the benchmark conclusion based on the inclusion of 15 lots. A builder would recognize the shorter holding period which would justify a higher unit price.

The Brownstones product line includes larger lots, generally close to the front-loaded product line. The conclusion of value identified for this project was based on 5,000 square foot lots and was $230,000 per finished lot. Considering the upward adjustment for the number of lots at 7.92% or $18,216 per lot (See Below), as well as the downward adjustment for lot size (5,000 SF – 4,000 SF = 1,000 SF * $10/SF = $10,000) the overall conclusion is identified at $238,000 per finished lot (Rounded from $238,216).

ITEM	TOTAL
Number of Lots	5
Subject Lots (Benchmark Conclusion)	100
Variance	95
Absorption	3/Mo.
# Additional Months to Sell	31.67 Mos.
Holding Costs	¼% / Mo.
Adjustment	**7.92%**

Based on these elements, the overall value for this project area is identified as follows.

ITEM	VALUE PER LOT	TOTAL
15 Finished Lots (Estates) – 2,400 SF	$219,500/Lot	$3,292,500
5 Finished Lots (Brownstones) – 4,000 SF	$238,000/Lot	$1,190,000
TOTALS		**$4,482,500**

The values identified for this component total $4,482,500. In addition, several of the lots in this project were reported as pending and under construction at various stages of development. While the partial contribution of vertical improvements is not part of this assignment, values attributed to permits pulled as of the effective date of valuation are included. Permits as identified from the City of Sacramento Online Permits are noted on the following table.

APN/ADDRESS	PERMIT ISSUED	DATE	UNIT SIZE	PERMIT COSTS	SCHOOL FEES ($3.36/SF)	TOTALS
013-0420-002/3049 Crocker Drive	Yes	5/10/2018	2,537	$31,000.33	$8,524.32	$39,524.65
013-0420-003/3057 Crocker Drive	Yes	6/7/2018	2,893	$32,194.17	$9,720.48	$41,914.65
013-0420-004/3065 Crocker Drive	Yes	5/11/2018	3,031	$32,537.09	$10,184.16	$42,721.25
013-0420-006/3081 Crocker Drive	Yes	4/30/2018	2,555	$30,828.78	$8,584.80	$39,413.58
013-0420-008/3097 Crocker Drive	Yes	4/30/2018	3,031	$16,101.25	N/A	$16,101.25
013-0420-009/3105 Crocker Drive	Yes	4/30/2018	2,893	$15,833.11	N/A	$15,833.11
013-0420-010/3113 Crocker Drive	Yes	4/30/2018	3,031	$16,222.27	N/A	$16,222.27
013-0420-011/3121 Crocker Drive	Yes	4/30/2018	2,555	$14,865.94	N/A	$14,865.94
013-0420-012/3129 Crocker Drive	Yes	5/01/2018	2,555	$15,005.97	N/A	$15,005.97
013-0420-013/3137 Crocker Drive	Yes	5/01/2018	2,893	$15,833.11	N/A	$15,833.11
013-0430-010/3217 Crocker Drive	Yes	5/01/2018	3,031	$16,166.74	N/A	$16,166.74
013-0430-013/3241 Crocker Drive	Yes	5/01/2018	2,893	$15,833.11	N/A	$15,833.11
013-0440-016/3409 Crocker Drive	Yes	3/30/2017	2,214	$26,748.48	$7,439.04	$34,187.52
TOTALS				**$279,170.35**	**$44,452.80**	**$323,623.15**

Effectively, permits for the units have been pulled for The Brownstones project with the exception of parcel 013-0440-001, currently utilized as the model home parking lot. Total pre-paid fees at $323,623 are included in the valuation under this ownership and the concluded value is identified as follows.

ITEM	TOTAL
Finished Lot Value – 20 Finished Lots	$4,482,500
Pre-paid Fees	$323,623
TOTAL VALUE – Blackpine Curtis LLC	**$4,806,123**
ROUNDED	**$4,810,000**

OPINION OF VALUE
Completed Homes

As part of the Scope of Work for this assignment, the values for the completed homes are based on assessment rolls for this project. It is noted that some of the individual units were sold subsequent to the assessment rolls and the most recent price (as derived from the Sacramento County Assessor's Office) is included in the totals. Accordingly, since the assessed value is typically derived from the sales price of the homes, the assessed value provides a reasonable projection for these homes. The only exception is applicable to APN 013-0450-010 which recently sold in December 2018 for $690,000. This price is below the current assessed value identified at $704,721. The recent sales price is utilized as this is a resale home and the assessed value was not reflected in the most recent transfer.

INDIVIDUAL OWNERS

As of the effective date of valuation, thirty-six (36) homes are individually owned. The table on the following page illustrates these units.

The overall value allocated to the 36 completed homes is identified at $37,329,738. This is rounded to **$37,330,000.** It is clearly noted that this value is reflective of a retail value as of the effective date of valuation.

APN	LAND AREA (AC)	OWNERSHIP	TRANSFER PAST 3 YEARS	ASSESSED VALUE LAND	ASSESSED VALUE IMPROVEMENTS	ASSESSED VALUE TOTAL	PURCHASE PRICE	TOTAL
013-0420-005	0.11	Steven Harris	12/31/2018 - $807,500 - Home Sale	$188,538	$0	$188,538	$807,500	**$807,500**
013-0430-003	0.10	Angelynn Shaw	7/11/2017 - $711,000 - Home Sale	$175,000	$599,959	$774,959	$711,000	**$774,959**
013-0430-004	0.09	Nicole Smith	6/29/2018 - $770,000 - Home Sale	$182,070	$522,384	$704,454	$770,000	**$770,000**
013-0430-005	0.09	Pritika Gupta	3/4/2017 - $685,500 - Home Sale	$178,500	$520,589	$699,089	$685,500	**$699,089**
013-0430-006	0.09	Bond Family Trust	1/17/2018 - $752,500 - Home Sale	$178,500	$494,700	$673,200	$752,500	**$752,500**
013-0430-007	0.09	Shannon Baker, et al	11/29/2016 - $765,000 - Home Sale	$182,070	$754,388	$936,458	$765,000	**$936,458**
013-0430-008	0.09	Adam & Brittany Green	3/3/2017 - $674,500 - Home Sale	$178,500	$509,133	$687,633	$674,500	**$687,633**
013-0430-009	0.09	Hong Bai & Bo Li	9/9/2016 - $651,000 - Home Sale	$178,500	$485,098	$663,598	$651,000	**$663,598**
013-0430-011	0.09	Kevin Miller	11/15/2017 - $770,000 - Home Sale	$175,000	$595,000	$770,000	$770,000	**$770,000**
013-0430-012	0.10	David Ferazza	8/8/2017 - $866,000 - Home Sale	$175,000	$691,000	$866,000	$866,000	**$866,000**
013-0440-002	0.06	MGD Kleary TR	2/21/2018 - $656,000 - Home Sale	$188,538	$282,540	$471,078	$656,000	**$656,000**
013-0440-003	0.06	Robert Gobrecht	1/29/2018 - $718,500 - Home Sale	$188,538	$275,400	$463,938	$718,500	**$718,500**
013-0440-004	0.06	William Knight	4/26/18 - $806,000 - Home Sale	$188,538	$350,000	$538,538	$806,000	**$806,000**
013-0440-005	0.06	Douglas Palmer	2/2/2018 - $633,500 - Home Sale	$188,538	$0	$188,538	$633,500	**$633,500**
013-0440-006	0.06	Brian Gustafson	2/27/2018 - $659,500 - Home Sale	$188,538	$150,000	$338,538	$659,500	**$659,500**
013-0440-007	0.06	Solmaz Marzooghi	2/14/2019 - $657,500 - Home Sale	$188,538	$165,000	$353,538	$657,500	**$657,500**
013-0440-008	0.06	Travis Okamoto	3/27/2018 - $702,500 - Home Sale	$188,538	$360,000	$548,538	$702,500	**$702,500**
013-0440-009	0.06	John Elmasian	8/3/2018 - $699,500 - Home Sale	$188,538	$135,000	$323,538	$699,500	**$699,500**
013-0440-010	0.06	Danica Fisher	9/4/2018 - $689,000 - Home Sale	$188,538	$120,000	$308,538	$689,000	**$689,000**
013-0440-011	0.06	Christopher Whitney	6/11/2018 - $729,500 - Home Sale	$188,538	$115,000	$303,538	$729,500	**$729,500**
013-0440-012	0.06	Yulian Ligioso	10/29/2018 - $692,000 - Home Sale	$188,538	$100,000	$288,538	$692,000	**$692,000**
013-0440-013	0.06	Louis Lane Jr.	6/26/2018 - $775,000 - Home Sale	$188,538	$120,000	$308,538	$775,000	**$775,000**
013-0440-014	0.06	Robert Shields	1/29/2019 - $650,000 - Home Sale	$188,538	$85,000	$273,538	$650,000	**$650,000**
013-0440-015	0.06	Lee McKenna	7/12/2018 - $697,500 - Home Sale	$188,538	$100,000	$288,538	$697,500	**$697,500**
013-0440-017	0.06	Charles Benson	8/22/2018 - $683,500 - Home Sale	$188,538	$55,000	$243,538	$683,500	**$683,500**
013-0440-018	0.06	William Lorber	9/17/2018 - $781,500 - Home Sale	$188,538	$100,000	$288,538	$781,500	**$781,500**
013-0440-019	0.09	Payam Saadal	8/16/2018 - $720,000 - Home Sale	$188,538	$60,000	$248,538	$720,000	**$720,000**
013-0450-001	0.08	Winn Family Trust	12/29/2017 - $623,000 - Home Sale	$175,000	$447,878	$622,878	$623,000	**$623,000**
013-0450-002	0.06	Kathy Chen	4/11/2018 - $686,000 - Home Sale	$188,538	$135,000	$323,538	$686,000	**$686,000**
013-0450-003	0.06	Jason Nunez	3/16/2018 - $698,500 - Home Sale	$188,538	$150,000	$338,538	$698,500	**$698,500**
013-0450-004	0.06	Kathleen Hunter	4/17/2018 - $650,500 - Home Sale	$188,538	$140,000	$328,538	$650,500	**$650,500**
013-0450-005	0.06	Lai F. Hui	4/23/2018 - $682,000 - Home Sale	$188,538	$135,000	$323,538	$682,000	**$682,000**
013-0450-006	0.06	Jill Julian	12/28/2017 - $637,500 - Home Sale	$175,000	$462,500	$637,500	$637,500	**$637,500**
013-0450-007	0.06	Roosevelt Whisenant	6/20/2017 - $610,500 - Home Sale	$178,500	$443,822	$622,322	$610,500	**$622,322**
013-0450-008	0.06	Martinia Dickerson	5/24/2017 - $636,000 - Home Sale	$178,500	$470,093	$648,593	$636,000	**$648,593**
013-0450-009	0.06	Helen Weinrit	6/23/2017 - $653,500 - Home Sale	$178,500	$487,851	$666,351	$653,500	**$666,351**
013-0450-010	0.06	Deborah Leckband	12/28/2018 - $690,000 - Home Sale	$178,500	$526,221	$704,721	$690,000	**$690,000**
013-0450-011	0.06	Rick J. Heyer	5/10/2017 - $650,000 - Home Sale	$178,500	$484,267	$662,767	$650,000	**$662,767**
013-0450-012	0.06	Roy & Cheryl Copeland	7/7/2017 - $591,000 - Home Sale	$175,000	$415,990	$590,990	$591,000	**$591,000**
013-0460-001	0.06	Daniel Jose Morris	6/15/2016 - $560,000 - Home Sale	$182,070	$400,542	$582,612	N/A	**$582,612**
013-0460-002	0.06	Allen Folks, et al	10/20/2016 - $735,000 - Home Sale	$178,500	$571,200	$749,700	N/A	**$749,700**
013-0460-003	0.06	Honey L. Walters	9/16/2015 - $785,000 - Home Sale	$185,706	$631,006	$816,712	N/A	**$816,712**
013-0460-004	0.06	Alex and Kimberly Ceroni	5/26/2016 - $576,500 - Home Sale	$182,070	$417,545	$599,615	N/A	**$599,615**
013-0460-005	0.06	Arik Armstead	10/8/2015 - $755,500 - Home Sale	$185,706	$600,125	$785,831	N/A	**$785,831**
013-0460-006	0.06	Debra L. Stevenson	7/19/2016 - $601,500 - Home Sale	$178,500	$434,933	$613,433	N/A	**$613,433**
013-0460-007	0.06	Timithy Marshall	12/7/2015 - $576,500 - Home Sale	$185,706	$414,083	$599,789	N/A	**$599,789**
013-0460-008	0.06	Abolfazi & Mehrangiz Sarkeshik FT	8/13/2015 - $649,000 - Home Sale	$182,070	$493,149	$675,219	N/A	**$675,219**
013-0460-009	0.06	Andrew J. Kayz	6/23/2015 - $749,000 - Home Sale	$184,845	$606,296	$791,141	N/A	**$791,141**
013-0460-010	0.06	John Thomas Headlee	6/19/2015 - $719,000 - Home Sale	$187,250	$497,550	$684,800	N/A	**$684,800**
013-0460-011	0.06	Jamey & Erin Matalka	3/15/2017 - $535,500 - Home Sale	$178,500	$367,307	$545,807	N/A	**$545,807**
013-0460-012	0.06	Zachara Leary, et al	3/21/2017 - $594,000 - Home Sale	$178,500	$427,115	$605,615	N/A	**$605,615**
013-0460-013	0.06	Leonard Crews	5/27/2017 - $579,500 - Home Sale	$182,070	$420,593	$602,663	N/A	**$602,663**
013-0460-014	0.06	Ariel Agustin	9/30/2016 - $576,000 - Home Sale	$178,500	$378,409	$556,909	N/A	**$556,909**
013-0460-015	0.06	Alberto Martinez	11/25/2015 - $560,000 - Home Sale	$185,706	$396,916	$582,622	N/A	**$582,622**
TOTALS								**$37,329,738**

RECONCILIATION OF VALUE

Based on the analysis described in the attached report, in connection with the Assignment Condition, as of February 22, 2019, the effective date of valuation, my opinion of value is as follows.

MARKET VALUE BY OWNERSHIP	DESCRIPTION	OPINION OF VALUE
PDC Construction Co.	43.68 AC – Including 90 Finished Lots, 109 Paper Lots, & 2.49 AC Flex Zone Site (Retail)	**$30,970,000 (Bulk Value)**
Blackpine Curtis LLC	20 Finished Lots Includes $323,623 In Prepaid Fees	**$4,810,000 (Not-Less-Than Bulk Value)**
Individual Homes Based on Greater of Assessed Value Purchase Price	54 Homes (Individual Owners)	**$37,330,000 (Not-Less-Than Aggregate Value)**
TOTALS		**$73,110,000 (Not-less-Than Aggregate Value)**

The value noted above is presented in conjunction with the **Hypothetical Condition** that as of the effective date of valuation, the Bonds had just been sold and the properties were encumbered by CFD Bonds supported by Special Taxes as described herein. The market value estimates account for the impact of the lien of the Special Tax securing the Bonds. It is noted that the value provided for the PDC Construction Co. reflects a bulk value. Furthermore, this element excludes Village 3 (2.3 AC MF Site), as this parcel is exempt from special taxes. Values for the individual villages and land components are contained within the body of this report.

Opinion of Probable Exposure/Marketing Time

A most likely purchaser of the property would be an investor seeking adequate return on their investment. Based on the location of the subject property, in conjunction with the potential upside in values for this property, a typical exposure period of 6 months is more than adequate to facilitate a sale based on the opinions of value expressed above. The marketing period is also 6 months.

ADDENDA

Assumptions and Limiting Conditions

ASSUMPTIONS AND LIMITING CONDITIONS

The Certification of the appraiser(s) appearing in this report is subject to the following assumptions and limiting conditions.

1. The appraiser(s) assumes no responsibility for the legal description provided for matters pertaining to the legal or title considerations. Title is assumed to be good and marketable and the property is appraised free and clear of any encumbrances, unless otherwise stated. It is assumed that the property is under responsible ownership and management.

2. Information, estimates and opinions furnished to the appraiser(s) and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, the appraiser(s) give no warranty of the accuracy of such items furnished by others.

3. The appraiser(s) is not required to give testimony or appear in court in connection with this appraisal unless prior arrangements have been made.

4. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser(s) has made no survey of the property and assumes no responsibility in connection with such matters.

5. The appraiser(s) assumes that there are no hidden or unapparent conditions of the property, subsoil or structures, which would render it more or less valuable. The appraiser(s) assumes no responsibility for such conditions or for engineering which might be required to discover such factors.

6. The appraiser(s) assumes the property in full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal. The appraiser(s) assumes the property contains no hazardous materials or substances or for engineering which might be required to discover such factors.

7. The appraiser(s) assumes 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 opinions contained in the report is based.

8. The appraiser(s) assumes that the property complies with applicable zoning requirements, use regulations and other restrictions, unless a lack of conformity has been stated, defined, and considered in the appraisal report.

9. Any allocation of the total value opinion stated in this report between the site and improvements applies only under the stated program of use. The separate values allocated to the site and improvements may not be used in connection with any other appraisal and are invalid if so used. Any value opinions provided in the appraisal report apply to the entire property and any proration or division of the total into fractional interests will invalidate the value opinion unless such proration or division of interests has been stated in the report.

10. Disclosure of the contents of the appraisal report is governed by the Code of Professional Ethics of the Appraisal Institute and is subject to peer review.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

11. The appraiser(s) assumes that the site and improvements are contained within the boundaries or property lines of the property described and that there are no encroachments unless noted in this report.

12. If only preliminary plans and specifications were available for use in the preparation of this assignment, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and the appraiser(s) reserves the right to amend this appraisal if substantial deviations exist.

13. The dates of value to which the opinions expressed in this report apply are set forth in this report. The appraiser(s) assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.

14. This appraisal was prepared for the sole and exclusive use of the client for the intended use outlined in this report. Any party who is not the client or intended user identified in the appraisal or the engagement letter is not entitled to rely upon the contents of this appraisal without the express written consent of Smith & Associates, Inc. The appraiser assumes no obligation, liability, or accountability to any third party.

15. The Americans with Disabilities Act (ADA became effective January 26, 1992. The appraiser(s) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser(s) have no direct evidence relating to this issue, possible non-compliance was not considered in estimating the value of the property.

16. No part of the appraisal report (nor any copy of it) shall be used for any purpose by any party except the client without the previous written consent of the appraiser(s). No portion of the appraisal report may be reproduced. The report shall not be used for advertising, public relations, news, or other media without the consent of the appraiser(s).

17. Acceptance and/or use of this appraisal report by the client or any third party constitutes acceptance of the previously stated assumptions and limiting conditions.

18. Any estimate of the Insurable Replacement Costs, if included within the scope of work and presented herein, is based on figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from estimates noted in this report and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. It is highly recommended that the client obtains estimates from professionals experienced in providing insurance coverage. The appraiser(s) make no warranties regarding the accuracy of estimates for Insurable Replacement Costs noted in this report.

Certification of The Appraisers

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.

3. 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.

4. I have not performed services as an appraiser regarding the property that is the subject of this report within the three-year period immediately proceeding acceptance of this assignment.

5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. 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.

8. My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

9. I have made a personal inspection of the property that is the subject of this report.

10. No one provided significant real property appraisal assistance to the person signing this certification.

11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

12. As of the date of this report, I John E. Carrothers, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.

John E. Carrothers, MAI
State Certified General Real Estate Appraiser
AG014187, Expiration 04/11/21

Glossary

GLOSSARY

Definitions are taken from the Dictionary of Real Estate Appraisal, 5th Edition, the Uniform Standards of Professional Appraisal Practice (USPAP) and Building Owners and Managers Association International (BOMA)

ABSOLUTE NET LEASE
A lease in which the tenant pays all operating expenses including structural maintenance, building reserves, and management, often a long-term lease to a credit tenant. **(Dictionary)**

AGGREGATE OF RETAIL VALUES (ARV)
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 an opinion of value; it is simply the total of multiple market value conclusions. **(Dictionary)**

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. **(Dictionary)**

ASSUMPTION
That which is taken to be true. **(USPAP)**

BUILDING RENTABLE AREA
The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of the floor the major vertical penetrations on the same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. **(BOMA)**

CASH EQUIVALENCY
An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash. **(Dictionary)**

CLIENT
The party or parties who engage, by employment or contract, an appraiser in a specific assignment. The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent. **(USPAP)**

CONDOMINIUM
A form of ownership in which each owner possesses the exclusive right to use and occupy an allotted unit plus an undivided interest in common area. A multi-unit structure or a unit within such a structure with a condominium form of ownership. **(Dictionary)**

COVERAGE
The proportion of the net or gross land area of a site that is occupied by a building or buildings. **(Dictionary)**

DEED RESTRICTON
A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. **(Dictionary)**

DEPRECIATION
1) In appraising, the loss is a property value from any cause; the difference between the cost of an improvement on an effective date of the appraisal and the market value of the improvement on the same date. **(Dictionary)**

DISPOSITION VALUE
The most probable price that a specified interest in real property is likely to bring under the following conditions:

- Consummation of a sale within an exposure time specified by the client;
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time specified by the client;
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. **(Dictionary)**

EASEMENT
The right to use another's land for a stated purpose. **(Dictionary)**

EFFECTIVE AGE
The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. **(Dictionary)**

EFFECTIVE DATE
1) The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect. **(Dictionary)**

EFFECTIVE RENT
The rental rate net of financial concessions such as periods of no rent during the lease term and above- or below-market tenant improvements (TIs). **(Dictionary)**

EXCESS LAND
Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately. **(Dictionary)**

EXPOSURE TIME
Estimated length of time that the property interest being appraised would have been on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. **(USPAP)**

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. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis. **(USPAP)**

EXTERNAL OBSOLESCENCE
An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant. **(Dictionary)**

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. **(Dictionary)**

FLOOR AREA RATIO (FAR)
The relationship between the above-ground floor area of a building, as described by the 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. **(Dictionary)**

FULL SERVICE GROSS LEASE
A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a full service lease. **(Dictionary)**

FUNCTIONAL OBSOLESCENCE
The impairment of functional capacity of a property according to market tastes and standards. **(Dictionary)**

GOING CONCERN VALUE
1) The market value of all of the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern. 2) The value of an operating business enterprise. Goodwill may be measured separately but is an integral component of going-concern value when it exists and is recognizable. **(Dictionary)**

GROSS BUILDING AREA
The total constructed area of a building. It is generally not used for leasing purposes. **(BOMA)**

GROUND LEASE
A lease that grants the right to use and occupy land. Improvements made by the ground lease typically revert to the ground lessor at the end of the lease term. **(Dictionary)**

HIGHEST & BEST USE
The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are 1) legal permissibility; 2) physical possibility; 3) financial feasibility; and 4) maximally profitability. Alternatively, the probable use of land or improved property-specific with respect to the user and timing of the use – that is adequately supported and results in its highest present value. **(Dictionary)**

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 the analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions or trends; or about the integrity of data used in an analysis. **(USPAP)**

INTENDED USE
The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. **(USPAP)**

INTENDED USER
The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment. **(USPAP)**

INDUSTRIAL GROSS LEASE
A lease of industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay operating expenses, often structural maintenance, insurance and real estate taxes as

specified in the lease. There are significant regional and local differences in the use of this term. **(Dictionary)**

INSURABLE VALUE
A type of value used for insurance purposes. **(Dictionary)**

LEASED FEE INTEREST
A freehold (ownership-interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). **(Dictionary)**

LEASEHOLD INTEREST
The tenant's possessory interest caused by a lease. **(Dictionary)**

LESSEE (TENANT)
One who has the right to occupancy and use of the property for a period of time according to a lease agreement. **(Dictionary)**

LESSOR (LANDLORD)
One who conveys the right of occupancy and use to others under a lease agreement. **(Dictionary)**

LIMITING CONDITIONS
Constraints which are imposed on valuations by clients, the Valuer, or local statutory law. **(Dictionary)**

LIQUIDATION VALUE
The most probable price that a specified interest in real property should bring under the following conditions:

- Consummation of a sale within a short period;
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgably;
- The seller is under extreme compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- A normal marketing effort is not possible due to the brief exposure time;
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto;
- 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. **(Dictionary)**

MARKET ANALYSIS
A process for estimating the productive attributes of a specific property, its demand and supply, and its geographic market area. Marketability analysis (often referred to erroneously as market analysis) is an essential part of the highest and best use for every valuation assignment. **(Dictionary)**

MARKET RENT
The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). **(Dictionary)**

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 knowledgably, 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:

a. Buyer and seller are typically motivated;
b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
c. A reasonable time if allowed for exposure in the open market;
d. Payment is made in terms of cash in U.S. dollars or in financial arrangements comparable thereto;
e. 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. **(Office of the Comptroller of the Currency)**

MARKET VALUE "AS IF COMPLETE"
A hypothetical scenario representing the market value of the property with all proposed construction, conversion or rehabilitation completed under specified hypothetical conditions as of the date of the appraisal.

MARKET VALUE "AS IF STABILIZED"
A hypothetical scenario representing the market value of the property at a current point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long term occupancy under specified hypothetical conditions as of the date of the appraisal.

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 immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) **(Dictionary)**

MODIFIED GROSS LEASE
A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease. **(Dictionary)**

PARTIAL INTEREST
Divided or undivided rights in real estate that represent less than the whole (a fractional interest). **(Dictionary)**

PHYSICAL DETERIORATION
The wear and tear that begins when a building is completed and placed into service. **(Dictionary)**

PROSPECTIVE OPINION OF VALUE
A value opinion effective as of a specified date in the future. 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 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. **(Dictionary)**

REMAINING ECONOMIC LIFE (REL)
The estimated period during which improvements will continue to represent the highest and best use of the property; an estimate of the number of years remaining in the economic life of the structure of structural components as of the date of the appraisal; used in the economic age-life method of estimating depreciation. **(Dictionary)**

REPLACEMENT COSTS
The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. **(Dictionary)**

REPRODUCTION COSTS
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 of the deficiencies, super-adequacies, and obsolescence of the subject building. **(Dictionary)**

RETROSPECTIVE VALUE OPINION
A value opinion as of a specified historical date. The term does not define a type of value. Instead, it identifies a value as being effective at some specific prior date. Value as of a historic date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." **(Dictionary)**

SANDWICH LEASEHOLD ESTATE
The interest held by the original lessee when the property is subleased to another party; a type of leasehold estate. **(Dictionary)**

SCOPE OF WORK
The type and extent of research and analyses in an appraisal or appraisal review assignment. **(USPAP)**

SURPLUS LAND
Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved property. **(Dictionary)**

TRIPLE NET (NET NET NET) LEASE
A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, triple net lease, or fully net lease. **(Dictionary)**

USABLE AREA
The measured area of an office area, store area, or building common area on a floor. The total of all of the useable areas of a floor shall equal floor usable area of that same floor. The amount of floor usable area can vary over the life of a building as corridors expand and contract and as floors are remodeled. **(Dictionary)**

Qualifications of the Appraiser

John E. Carrothers, MAI

State Certification #AG014187

SUMMARY

Certified General Appraiser with over twenty five years of appraisal experience in Sacramento, Placer, Solano, Sutter, Yolo, Stanislaus, Contra Costa and Alameda Counties. Extensive experience focusing on the analysis of residential subdivisions over the past twenty years.

Property types valued and analyzed include the following:

- *Single & Multi-Family Residential*
- *Commercial (Retail and Industrial)*
- *Subdivision (Feasibility and Valuation)*
- *Vacant Land (Improved and Unimproved)*

EXPERIENCE

1998 - Present	Manager/Sr. Appraiser	Smith & Associates, Inc.
1991 - 1998	Staff Appraiser	Smith Denton Associates, Inc.
1990 - 1991	Staff Appraiser	Professional Appraisal Services, Inc.

EDUCATION

Bachelor of Science Degree — *University of California at Davis*

Appraisal Institute Courses:

Real Estate Appraisal Principles; Valuation Procedures; Capitalization Theory and Techniques, A; Capitalization Theory and Techniques, B; Farm Valuation Seminar; Standards of Professional Practice A and B; Real Estate Principles; Subdivision Analysis; Assessment Bond Mello Roos Seminar; Report Writing; Advanced Sale Comparison and Cost Approach; National USPAP Equivalent Course.

AFFILIATIONS

MAI, Appraisal Institute

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

John E. Carrothers

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 014187

Effective Date: April 12, 2017
Date Expires: April 11, 2019

Jim Martin, Bureau Chief, BREA

3031728

Engagement Letter

City of
SACRAMENTO
Office of the City Clerk

CONTRACT ROUTING SHEET

Contract Cover/Routing Form: Must Accompany ALL Contracts; however, it is NOT part of the contract.

General Information (Required)

Original Contract # (supplements only): 2014-0542 Supplement/Addendum #: 4

Assessor's Parcel Number(s): ______

Contract Effective Date: 12/21/2018 Contract Expiration Date (if applicable): 06/30/2019

$ Amount (Not to Exceed): $ 18,000.00 Adjusted $ Amount (+/-): $ 18,000.00

Other Party: Smith and Associates

Project Title: Curtis Park Village CFD

Project #: NA Bid/RFQ/RFP #: ______

City Council Approval: NO if YES, Council File ID#: ______

Contract Processing Contacts

Department: City Treasurer Project Manager: Colin Bettis

Contract Coordinator: Colin Bettis Phone Ext. 8292

Department Review and Routing

Accounting:	(Signature)	(Date)
Supervisor:	[signature] (Signature)	1/4/19 (Date)
Division Manager:	[signature] (Signature)	1/4/19 (Date)
Other:	(Signature)	(Date)

Special Instruction/Comments (i.e. recording requested, other agency signatures required, etc.)

☐ **Recording Requested** ☐ **Other Party Signature Required**

------------------FOR CLERK & IT DEPARTMENTS ONLY – DO NOT WRITE BELOW THIS LINE------------------

2019 JAN 11 A 10:40

CC Rev. 7.1.2018

2014-0542-4

City of
SACRAMENTO
Office of the City Treasurer

ADDENDUM TO MASTER AGREEMENT
City of Sacramento and Smith & Associates, Inc.

December 21, 2018

City Agreement No. 2014-0542

Addendum No. 4

Project Name: Curtis Park Village Community Facilities District No. 2014-02 (Improvements)

The City entered into a master services agreement with the CONTRACTOR, Smith and Associates, Inc, on April 29, 2014.

CONTRACTOR shall provide CITY with the appraiser services described in the Attachment to this addendum.

CONTRACTOR'S total compensation for performing the scope of services described above is a flat amount of $15,000 to appraise the properties in the CFD, and, if an additional inspection or change to the date of value is required, there will be an increase of a flat amount of $3,000.

CONTRACTOR shall complete the appraiser services within the time set forth in the Attachment to this addendum.

This addendum expires on the earlier of (a) the date CITY has paid CONTRACTOR in full for the services or (b) June 30, 2019.

CITY funding Source: Developer Advance Funding Agreement

Approved by the City of Sacramento

By: ____________________
John P. Colville, City Treasurer

Date: 1-4, ~~2018~~ 2019

Attest:
Sacramento City Clerk

By: ____________________
Signature

ACC 01/4/2019
Print Title

Approved as to Form
Sacramento City Attorney

By: ____________________
Senior Deputy City Attorney

Approved by Smith & Associates, Inc.

By: ____________________
Signature

John Carrothers
Print Name

Manager
Print Title

Date: 12-27, 2018

2014-0542-4

City of
SACRAMENTO
Office of the City Treasurer

ADDENDUM TO MASTER AGREEMENT
City of Sacramento and Smith & Associates, Inc.

December 21, 2018

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Approved by the City of Sacramento

By: ____________________
John P. Colville, City Treasurer
Date: 1-4, 20189

Attest:
Sacramento City Clerk

By: ____________________
Signature

01/4/2019
Print Title

Approved as to Form
Sacramento City Attorney

By: ____________________
Senior Deputy City Attorney

Approved by Smith & Associates, Inc.

By: ____________________
Signature
John Carrothers
Print Name
Manager
Print Title
Date: 12-27, 2018

2014-0542-4

Project Collateral

Ownership within the CFD 2014-02 As of 10/21/16

APN	NAME
01300100440000	PDC CONST CO INCORPORATED
01300100450000	CURTIS PARK SENIORS ASSOCIATES LP
01300100460000	PDC CONST CO INCORPORATED
01300100470000	PDC CONST CO INCORPORATED
01304200010000	PDC CONST CO INCORPORATED
01304200020000	BLACKPINE CURTIS LLC
01304200030000	BLACKPINE CURTIS LLC
01304200040000	BLACKPINE CURTIS LLC
01304200050000	BLACKPINE CURTIS LLC
01304200060000	BLACKPINE CURTIS LLC
01304200070000	BLACKPINE CURTIS LLC
01304200080000	BLACKPINE CURTIS LLC
01304200090000	BLACKPINE CURTIS LLC
01304200100000	BLACKPINE CURTIS LLC
01304200110000	BLACKPINE CURTIS LLC
01304200120000	BLACKPINE CURTIS LLC
01304200130000	BLACKPINE CURTIS LLC
01304200140000	PDC CONST CO INCORPORATED
01304200150000	PDC CONST CO INCORPORATED
01304200160000	CURTIS PARK VILLAGE COMMUNITY ASSOCIATION
01304300010000	BLACKPINE CURTIS LLC
01304300020000	CURTIS PARK VILLAGE COMMUNITY ASSOCIATION
01304300030000	BLACKPINE CURTIS LLC
01304300040000	KIELTY THOMAS W
01304300050000	BLACKPINE CURTIS LLC
01304300060000	BLACKPINE CURTIS LLC
01304300070000	BAKER SHANNON
01304300080000	BLACKPINE CURTIS LLC
01304300090000	BAI HONG
01304300100000	BLACKPINE CURTIS LLC
01304300110000	BLACKPINE CURTIS LLC
01304300120000	BLACKPINE CURTIS LLC
01304300130000	BLACKPINE CURTIS LLC
01304300140000	CURTIS PARK VILLAGE COMMUNITY ASSOCIATION
01304300150000	BLACKPINE CURTIS LLC
01304300160000	BLACKPINE CURTIS LLC
01304300170000	BLACKPINE CURTIS LLC

01304300180000	BLACKPINE CURTIS LLC
01304300190000	CURTIS PARK VILLAGE COMMUNITY ASSOCIATION
01304400010000	BLACKPINE CURTIS LLC
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01304400120000	BLACKPINE CURTIS LLC
01304400130000	BLACKPINE CURTIS LLC
01304400140000	BLACKPINE CURTIS LLC
01304400150000	BLACKPINE CURTIS LLC
01304400160000	BLACKPINE CURTIS LLC
01304400170000	BLACKPINE CURTIS LLC
01304400180000	BLACKPINE CURTIS LLC
01304400190000	BLACKPINE CURTIS LLC
01304400200000	BLACKPINE CURTIS LLC
01304500010000	BLACKPINE CURTIS LLC
01304500020000	BLACKPINE CURTIS LLC
01304500030000	BLACKPINE CURTIS LLC
01304500040000	BLACKPINE CURTIS LLC
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01304500070000	BLACKPINE CURTIS LLC
01304500080000	BLACKPINE CURTIS LLC
01304500090000	BLACKPINE CURTIS LLC
01304500100000	BLACKPINE CURTIS LLC
01304500110000	BLACKPINE CURTIS LLC
01304500120000	BLACKPINE CURTIS LLC
01304500130000	CURTIS PARK VILLAGE COMMUNITY ASSOCIATION
01304500260000	CURTIS PARK VILLAGE COMMUNITY ASSOCIATION
01304600010000	MORRIS DANIEL JOSEPH
01304600020000	MILLER-COE KEVIN
01304600030000	HONEY L WALTERS LIVING TRUST
01304600040000	CERONI ALEX

01304600050000	ARMSTEAD ARIK K
01304600060000	STEVENSON DEBRA L
01304600070000	MARSHALL TIMOTHY R
01304600080000	ABOLFAZL & MEHRANGIZ SARKESHIK FM TRST
01304600090000	KATZ ANDREW J
01304600100000	HEADLEE JOHN THOMAS
01304600110000	BLACKPINE CURTIS LLC
01304600120000	BLACKPINE CURTIS LLC
01304600130000	BEIGEL C CORYELL TARA
01304600140000	BLACKPINE CURTIS LLC
01304600150000	MARTINEZ ALBERTO
01304600160000	PDC CONST CO INCORPORATED
01304600170000	CURTIS PARK VILLAGE COMMUNITY ASSOCIATION

Final Map-Village 1

FINAL MAP OF
CROCKER VILLAGE 1
SUBDIVISION NO. P15-027

BEING A PORTION OF PARCEL A, CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT RECORDED IN BOOK 20140121, PAGE 922, O.R..
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO
STATE OF CALIFORNIA
DECEMBER 2016
SHEET 1 OF 8

TSD ENGINEERING, INC.
expect more.
31 Natoma Street, Suite #160
Folsom, CA 95630
Phone: (916) 608-0707
Fax: (916) 608-0701

OWNER'S STATEMENT

THE UNDERSIGNED HEREBY CONSENTS TO THE PREPARATION AND RECORDATION OF THIS FINAL MAP OF "CROCKER VILLAGE 1".

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES.

THE UNDERSIGNED HEREBY OFFER FOR DEDICATION AND DO HEREBY DEDICATE TO ANY AND ALL PUBLIC USES THE AVENUE, STREET AND WAYS SHOWN HEREON AND ALSO OFFER FOR DEDICATION AND DO HEREBY DEDICATE FOR SPECIFIC PURPOSES THE FOLLOWING:

A. EASEMENTS FOR PLANTING AND MAINTAINING TREES, INSTALLATION AND MAINTENANCE OF ELECTROLIERS, TRAFFIC CONTROL DEVICES, WATER AND GAS PIPES, AND FOR UNDERGROUND WIRES AND CONDUITS FOR ELECTRICAL, TELEPHONE AND TELEVISION SERVICES, TOGETHER WITH ANY AND ALL APPURTENANCES PERTAINING THERETO ON, OVER, UNDER AND ACROSS THOSE STRIPS OF LAND TWELVE AND ONE-HALF (12.5) FEET IN WIDTH AND CONTIGUOUS TO THE AVENUE, DRIVE, STREET AND WAYS SHOWN HEREON AND DESIGNATED "12.5' PUBLIC UTILITY EASEMENT" (12.5' P.U.E.).

B. EASEMENTS FOR THE INSTALLATION AND MAINTENANCE OF GAS PIPES AND FOR POLES AND UNDERGROUND WIRES AND CONDUITS FOR ELECTRICAL, TELEPHONE AND TELEVISION SERVICES, TOGETHER WITH ANY AND ALL APPURTENANCES PERTAINING THERETO ON, OVER, UNDER AND ACROSS THOSE STRIPS OF LAND LYING BETWEEN THE REAR AND/OR SIDELINES OF LOTS AND LINES SHOWN HEREON AND DESIGNATED "PUBLIC UTILITY EASEMENT" (P.U.E.).

C. EASEMENTS FOR THE CONSTRUCTING AND MAINTAINING CENTRALIZED MAIL DELIVERY BOXES, PEDESTALS AND SLABS, TOGETHER WITH ANY AND ALL APPURTENANCES PERTAINING THERETO, INCLUDING PEDESTRIAN ACCESS FOR DELIVERY AND RECEIPT OF MAIL ON, OVER, UNDER AND ACROSS STRIPS OF LAND 5 FEET IN WIDTH, LYING CONTIGUOUS TO THE AVENUE, DRIVE, STREET AND WAYS SHOWN HEREON.

D. EASEMENTS FOR PEDESTRIAN INGRESS AND EGRESS ON, OVER, UNDER AND ACROSS THE STRIP OF LAND SHOWN HEREON AND DESIGNATED "12' PEDESTRIAN ACCESS EASEMENT" (12' P.A.E.).

PDC CONSTRUCTION COMPANY, INC.,
A CALIFORNIA CORPORATION
BY: ______________________
PAUL S. PETROVICH, CEO

CALVINE & ELK GROVE-FLORIN LLC
A CALIFORNIA LIMITED LIABILITY COMPANY
BY: ______________________
PAUL S. PETROVICH, MANAGER

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA
COUNTY OF ______________________

ON ______________, ______ BEFORE ME, ______________________,
NOTARY PUBLIC, PERSONALLY APPEARED ______________________
WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

SIGNATURE ______________________ ______________________
(PRINTED NAME)

MY PRINCIPAL PLACE OF BUSINESS IS IN ______________________ COUNTY

MY COMMISSION NO. ______________ EXPIRES: ______________

TRUSTEE'S STATEMENT

FIRST BANK, A MISSOURI CORPORATION AS BENEFICIARY OF THE DEEDS OF TRUST DATED MARCH 1, 2007, RECORDED MARCH 16, 2007 IN BOOK 20070316, PAGE 1744, OFFICIAL RECORDS OF SACRAMENTO COUNTY; AND DATED DECEMBER 12, 2011, RECORDED JANUARY 3, 2012 IN BOOK 20120103, PAGE 942, OFFICIAL RECORDS OF SACRAMENTO COUNTY.

FIRST BANK, A MISSOURI CORPORATION

BY: ______________________

NAME: ______________________

TITLE: ______________________

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA
COUNTY OF ______________________

ON ______________, ______ BEFORE ME, ______________________,
NOTARY PUBLIC, PERSONALLY APPEARED ______________________
WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

SIGNATURE ______________________ ______________________
(PRINTED NAME)

MY PRINCIPAL PLACE OF BUSINESS IS IN ______________________ COUNTY

MY COMMISSION NO. ______________ EXPIRES: ______________

SURVEYOR'S STATEMENT

THIS FINAL MAP OF "CROCKER VILLAGE 1" WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF PDC CONSTRUCTION COMPANY INC. IN JUNE 2016. I HEREBY STATE THAT ALL OF THE MONUMENTS SHOWN ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED OR THAT THEY WILL BE SET IN THOSE POSITIONS BEFORE DECEMBER 2018, AND THAT SAID MONUMENTS ARE OR WILL BE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED, AND THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP

DATED: ______________

JOHN E. KLAMM, L.S. 7375
LICENSE EXPIRES: DECEMBER 31, 2017

PROFESSIONAL LAND SURVEYOR
JOHN E. KLAMM
No. 7375
Exp. 12/31/17
STATE OF CALIFORNIA

CITY SURVEYOR'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS FINAL MAP OF "CROCKER VILLAGE 1" AND FIND IT TO BE SUBSTANTIALLY THE SAME AS THE TENTATIVE MAP APPROVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO AND ANY APPROVED ALTERATIONS THEREOF, THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT AND ALL APPLICABLE CITY ORDINANCES HAVE BEEN COMPLIED WITH, AND THAT I AM SATISFIED THAT SAID MAP IS TECHNICALLY CORRECT.

I HEREBY APPROVE THIS FINAL MAP OF "CROCKER VILLAGE 1", AND ACCEPT, SUBJECT TO IMPROVEMENT, ON BEHALF OF THE PUBLIC, THE EASEMENTS AND RIGHTS OF WAY HEREON OFFERED FOR DEDICATION.

____
JIMMY L. BYRUM, L.S. 9275
LICENSE EXPIRES: 9/30/18
ACTING CITY SURVEYOR
CITY OF SACRAMENTO

CITY CLERK'S STATEMENT

I HEREBY ATTEST TO THE APPROVAL OF THIS FINAL MAP OF "CROCKER VILLAGE 1".

DATED: ______________

____
CITY CLERK
CITY OF SACRAMENTO

RECORDER'S STATEMENT

FILED THIS __________ DAY OF ______________________, 2016, AT ______.M., IN BOOK ______ OF MAPS, AT PAGE ______, AT THE REQUEST OF TSD ENGINEERING, INC. TITLE TO THE LAND INCLUDED IN THIS FINAL MAP BEING VESTED AS PER CERTIFICATE NO. ______________ ON FILE IN THIS OFFICE.

DOC. NO. ______________ FEE: ______________

______________________ BY: ______________________
COUNTY RECORDER DEPUTY

FINAL MAP OF
CROCKER VILLAGE 1
SUBDIVISION NO. P15-027

BEING A PORTION OF PARCEL A, CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT RECORDED IN BOOK 20140121, PAGE 922, O.R..
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO
STATE OF CALIFORNIA
DECEMBER 2016
SHEET 2 OF 8

31 Natoma Street, Suite #160
Folsom, CA 95630
Phone: (916) 608-0707
Fax: (916) 608-0701
TSD ENGINEERING, INC.
expect more.

BENEFICIARY'S STATEMENT

CALVINE & ELK GROVE-FLORIN LLC AS BENEFICIARY OF THE DEED OF TRUST DATED JULY 26, 2013, RECORDED JULY 26, 2013 IN BOOK 20130726, PAGE 1318, OFFICIAL RECORDS OF SACRAMENTO COUNTY.

CALVINE & ELK GROVE-FLORIN LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY

BY: ______________________________
PAUL S. PETROVICH, MANAGER

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA
COUNTY OF ____________________________

ON __________________, _______ BEFORE ME, ___________________________, NOTARY PUBLIC, PERSONALLY APPEARED ______________________________ WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

SIGNATURE _________________________ ____________________________
(PRINTED NAME)

MY PRINCIPAL PLACE OF BUSINESS IS IN _________________________ COUNTY

MY COMMISSION NO. ___________________ EXPIRES: ____________________

TRUSTEE'S STATEMENT

FIRST AMERICAN TITLE COMPANY, A CALIFORNIA CORPORATION AS TRUSTEE OF THE DEEDS OF TRUST DATED MARCH 23, 2007, RECORDED APRIL 2, 2007 IN BOOK 2007402, PAGE 1541, OFFICIAL RECORDS OF SACRAMENTO COUNTY; DATED MARCH 23, 2007, RECORDED APRIL 2, 2007 IN BOOK 2007402, PAGE 1542, OFFICIAL RECORDS OF SACRAMENTO COUNTY; AND DATED SEPTEMBER 27, 2013, RECORDED OCTOBER 1, 2013 IN BOOK 20131001, PAGE 338, OFFICIAL RECORDS OF SACRAMENTO COUNTY.

FIRST AMERICAN TITLE COMPANY, A CALIFORNIA CORPORATION

BY: _________________________

NAME: _____________________________

TITLE: _____________________________

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA
COUNTY OF ____________________________

ON __________________, _______ BEFORE ME, ___________________________, NOTARY PUBLIC, PERSONALLY APPEARED ______________________________ WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

SIGNATURE _________________________ ____________________________
(PRINTED NAME)

MY PRINCIPAL PLACE OF BUSINESS IS IN _________________________ COUNTY

MY COMMISSION NO. ___________________ EXPIRES: ____________________

LEGAL DESCRIPTION:

REAL PROPERTY IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PORTION OF PARCEL A, AS DESCRIBED IN THE CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, RECORDED JANUARY 21, 2014 IN BOOK 20140121, PAGE 922, SACRAMENTO COUNTY OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE THE MOST SOUTHERLY CORNER OF LOT 89, AS SHOWN ON THE FINAL MAP OF "CURTIS PARK VILLAGE 2B & 3 PHASE 1", FILED IN BOOK 380 OF MAPS, AT PAGE 10, SACRAMENTO COUNTY RECORDS; THENCE FROM SAID POINT OF BEGINNING, ALONG THE EASTERLY BOUNDARY OF SAID LOT 89, THE FOLLOWING EIGHT (8) COURSES:
(1) NORTH 15°10'38" WEST, 258.69 FEET;
(2) ALONG A TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 1396.71 FEET, THROUGH A CENTRAL ANGLE OF 02°44'01", WITH AN ARC LENGTH OF 66.64 FEET;
(3) NORTH 17°52'25" WEST, 12.26 FEET;
(4) NORTH 68°53'17" EAST, 20.52 FEET;
(5) NORTH 21°06'43" WEST, 35.51 FEET;
(6) SOUTH 68°53'17" WEST, 18.25 FEET;
(7) NORTH 18°39'16" WEST, 19.37 FEET;
(8) ALONG A TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 2095.06 FEET, THROUGH A CENTRAL ANGLE OF 03°52'56", WITH AN ARC LENGTH OF 141.96 FEET TO THE NORTHEASTERLY BOUNDARY OF SAID PARCEL A;
THENCE, ALONG THE BOUNDARY OF SAID PARCEL A, THE FOLLOWING TWO (2) COURSES:
(1) SOUTH 62°17'39" EAST, 1326.71 FEET;
(2) SOUTH 01°05'18" EAST, 248.45 FEET TO THE CENTERLINE OF 24TH STREET AS SHOWN ON SAID FINAL MAP OF "CURTIS PARK VILLAGE 2B & 3 PHASE 1";
THENCE, ALONG SAID CENTERLINE AND THE CENTERLINE OF CROCKER DRIVE, THE FOLLOWING TWO (2) COURSES:
(1) SOUTH 18°30'45" WEST, 331.35 FEET;
(2) ALONG A TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 400.00 FEET, THROUGH A CENTRAL ANGLE OF 19°07'49", WITH AN ARC LENGTH OF 133.55 FEET TO THE BOUNDARY OF SAID PARCEL A; THENCE, ALONG SAID BOUNDARY, THE FOLLOWING TWO (2) COURSES:
(1) SOUTH 89°22'56" WEST, 24.00 FEET;
(2) ALONG A NON-TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 424.00 FEET, THE RADIUS POINT OF WHICH BEARS NORTH 89°22'56" EAST, THROUGH A CENTRAL ANGLE OF 04°03'51", WITH AN ARC LENGTH OF 30.08 FEET;
THENCE, LEAVING LAST SAID BOUNDARY, SOUTH 85°19'05" WEST, 13.83 FEET;
THENCE ALONG A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 108.50 FEET, THE RADIUS POINT OF WHICH BEARS NORTH 01°56'31" WEST, THROUGH A CENTRAL ANGLE OF 15°22'18", WITH AN ARC LENGTH OF 29.11 FEET;
THENCE NORTH 76°34'13" WEST, 373.40 FEET;
THENCE ALONG A TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 167.00 FEET, THROUGH A CENTRAL ANGLE OF 90°00'00", WITH AN ARC LENGTH OF 262.32 FEET;
THENCE NORTH 13°25'47" EAST, 81.43 FEET;
THENCE NORTH 76°34'34" WEST, 52.25 FEET;
THENCE ALONG A TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 26.50 FEET, THROUGH A CENTRAL ANGLE OF 12°04'24", WITH AN ARC LENGTH OF 5.58 FEET;
THENCE ALONG A REVERSE CURVE, HAVING A RADIUS OF 55.50 FEET, THROUGH A CENTRAL ANGLE OF 103°25'08", WITH AN ARC LENGTH OF 100.18 FEET;
THENCE ALONG A REVERSE CURVE, HAVING A RADIUS OF 26.50 FEET, THROUGH A CENTRAL ANGLE OF 28°41'17", WITH AN ARC LENGTH OF 13.27 FEET;
THENCE NORTH 13°55'07" WEST, 3.83 FEET;
THENCE NORTH 71°55'45" WEST, 154.73 FEET TO THE WESTERLY BOUNDARY OF SAID PARCEL A;
THENCE, ALONG SAID WESTERLY BOUNDARY NORTH 20°20'47" WEST, 332.07 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH LOTS 203, 204 AND 205, AS SHOWN ON THE "PLAT OF WEST CURTIS OAKS ADDITIONS", RECORDED ON MAY 3, 1911 IN BOOK 12 OF MAPS, MAP NO. 19, RECORDS OF SACRAMENTO COUNTY, CALIFORNIA.

FINAL MAP OF
CROCKER VILLAGE 1
SUBDIVISION NO. P15-027

BEING A PORTION OF PARCEL A, CERTIFICATE
OF COMPLIANCE FOR LOT LINE ADJUSTMENT
RECORDED IN BOOK 20140121, PAGE 922, O.R..
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO
STATE OF CALIFORNIA
DECEMBER 2016
SHEET 3 OF 8

31 Natoma Street, Suite #160
Folsom, CA 95630
Phone: (916) 608-0707
Fax: (916) 608-0701
TSD ENGINEERING, INC.
expect more.

LEGEND

○	DIMENSION POINT (NOTHING FOUND OR SET)
△	FOUND CITY GPS STATION AS NOTED
	FOUND 5/8" REBAR WITH CAP STAMPED "LS 8602"
	FOUND BRASS DISK STAMPED "LS 8602" IN MONUMENT WELL
◉	FOUND MAG NAIL & TAG STAMPED "LS 8602"
⊗	SET BRASS DISK STAMPED "L.S. 7375" IN STANDARD CITY MONUMENT WELL
	SET 1" x 18" LONG IRON PIPE WITH PLUG STAMPED "L.S. 7375"
◎	SET 1/4" DIA. x 2" LONG MAG NAIL WITH WASHER STAMPED: "L.S. 7375" FLUSH WITH PAVEMENT
	SET 5/8" REBAR WITH PLASTIC CAP STAMPED "LS 7375" AT REAR LOT CORNERS
	CUT GASH IN BACK OF SIDEWALK OR CURB OR SET 5/8" REBAR WITH PLASTIC CAP STAMPED "LS 7375" ON LOT LINE AT R.O.W.
℄	CENTERLINE
LLA	LOT LINE ADJUSTMENT
O.R.	OFFICIAL RECORDS OF SACRAMENTO COUNTY
P.A.E.	PEDESTRIAN ACCESS EASEMENT
P.U.E.	PUBLIC UTILITY EASEMENT
R.O.W.	RIGHT OF WAY
(R)	RADIAL LINE

NOTES:

1. THE TOTAL AREA OF THIS SUBDIVISION IS 18.562 ACRES GROSS.

2. DISTANCES SHOWN HEREON ARE IN U.S. SURVEY FEET AND DECIMALS THEREOF AND ARE GROUND DISTANCES.

3. THE HIGHWAY GRANT PER BOOK 880727, PAGE 1834, O.R., THE EXACT LOCATION OF WHICH IS NOT DISCLOSED OF RECORD, MAY AFFECT THE PROPERTY SHOWN HEREON.

4. THE TELECOMMUNICATIONS EASEMENT PER BOOK 20131210, PAGE 991, O.R., THE EXACT LOCATION OF WHICH IS NOT DISCLOSED OF RECORD, MAY AFFECT THE PROPERTY SHOWN HEREON.

5. LOTS A, B AND C (PRIVATE DRIVES), LOT D (PEDESTRIAN ACCESS) AND LOT E (OPEN SPACE) SHALL BE OWNED AND MAINTAINED BY THE HOME OWNERS ASSOCIATION.

6. THE UNDERLYING FEE TITLE TO BALDWIN STREET, BEDFORD FALLS WAY, CROCKER DRIVE, DONNER WAY AND HUNTINGTON WAY WITHIN THE BOUNDARIES OF THIS FINAL MAP IS VESTED IN THE ADJOINING LOTS SHOWN HEREON.

FINAL MAP OF
CROCKER VILLAGE 1
SUBDIVISION NO. P15-027

BEING A PORTION OF PARCEL A, CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT RECORDED IN BOOK 20140121, PAGE 922, O.R.. CITY OF SACRAMENTO, COUNTY OF SACRAMENTO STATE OF CALIFORNIA
DECEMBER 2016

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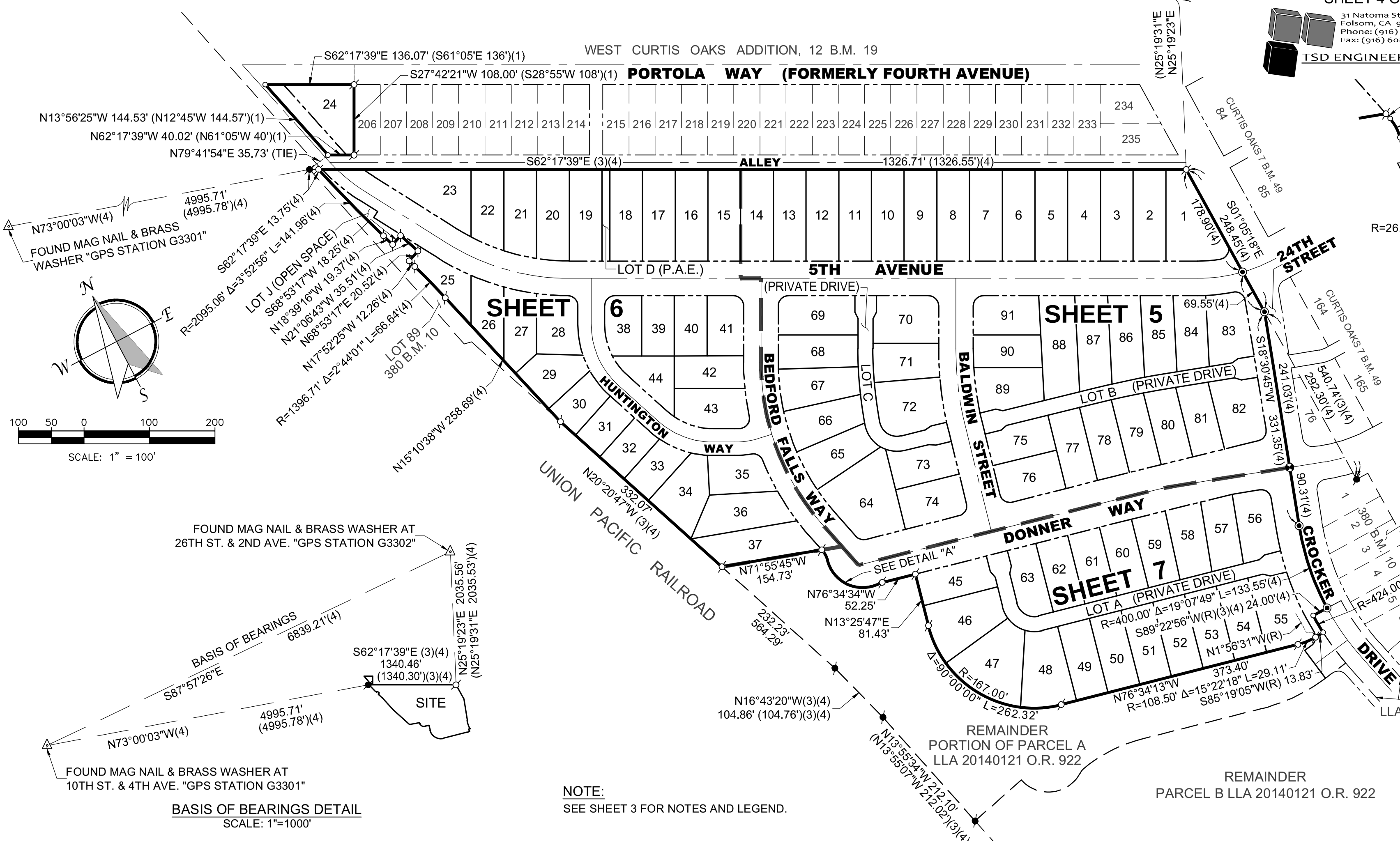
TSD ENGINEERING, INC.
expect more.

REFERENCES

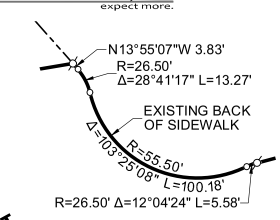
(1) "WEST CURTIS OAKS ADDITION", 12 B.M. 19
(2) EASEMENT FOR PUBLIC ROAD, 20130919 O.R. 2191
(3) LOT LINE ADJUSTMENT, 20140121 O.R. 922
(4) "CURTIS PARK VILLAGE 2B & 3 PHASE 1, 380 B.M. 10

BASIS OF BEARINGS

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL WITH THE NORTH AMERICAN DATUM OF 1983 (NAD83) CALIFORNIA ZONE II (1997.30 EPOCH) BASED UPON THE CITY OF SACRAMENTO GPS STATIC SURVEY FILED IN BOOK 63 OF SURVEYS, AT PAGE 29, ESTABLISHED BETWEEN STATIONS "G3301" AND "G3302" SHOWN THEREON, THE BEARING OF WHICH IS GIVEN AS S87°57'26"E.



BASIS OF BEARINGS DETAIL
SCALE: 1"=1000'



DETAIL "A"
SCALE: 1"=40'

NOTE:
SEE SHEET 3 FOR NOTES AND LEGEND.

FINAL MAP OF
CROCKER VILLAGE 1

SUBDIVISION NO. P15-027

BEING A PORTION OF PARCEL A, CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT RECORDED IN BOOK 20140121, PAGE 922, O.R..
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO
STATE OF CALIFORNIA
DECEMBER 2016
SHEET 5 OF 8

31 Natoma Street, Suite #160
Folsom, CA 95630
Phone: (916) 608-0707
Fax: (916) 608-0701
TSD ENGINEERING, INC.
expect more.

CURVE TABLE			
CURVE #	RADIUS	DELTA	LENGTH
C1	15.50'(2)(4)	109°52'24"(2)(4)	29.72'(2)(4)
C2	223.50'	8°55'15"	34.80'
C3	223.50'(2)(4)	5°07'38"(2)(4)	20.00'(2)(4)
C4	223.50'	3°47'37"	14.80'
C5	250.00'	16°02'11"	69.97'
C6	250.00'	12°14'33"	53.42'
C7	250.00'	3°47'37"	16.55'
C8	276.50'	11°22'32"	54.90'
C9	276.50'	3°47'37"	18.31'
C10	276.50'(2)(4)	7°34'55"(2)(4)	36.59'(2)(4)
C11	276.50'	2°36'59"	12.63'
C12	276.50'	8°45'33"	42.27'
C13	15.50'(2)(4)	92°10'55"(2)(4)	24.94'(2)(4)
C14	15.50'(2)(4)	85°20'19"(2)(4)	23.09'(2)(4)
C15	15.50'	90°25'37"	24.46'
C16	473.50'	13°51'18"	114.50'
C17	473.50'	1°51'17"	15.33'
C18	473.50'	8°29'27"	70.17'
C19	473.50'	3°30'34"	29.00'
C20	15.50'	90°00'00"	24.35'
C21	348.50'	1°44'39"	10.61'
C22	15.50'	62°39'27"	16.95'
C23	15.50'	89°34'23"	24.23'
C24	526.50'	13°51'18"	127.32'
C25	526.50'	4°45'27"	43.72'
C26	526.50'	7°35'34"	69.77'
C27	526.50'	1°30'17"	13.83'
C28	27.00'	93°34'08"	44.09'
C29	626.60'	10°17'10"	112.49'
C30	626.60'	5°31'43"	60.46'
C31	626.60'	4°45'27"	52.03'
C32	649.60'	10°17'10"	116.62'
C33	649.60'	2°26'36"	27.70'
C34	649.60'	3°45'06"	42.53'
C35	649.60'	3°52'53"	44.01'
C36	649.60'	0°12'35"	2.38'
C37	50.00'	93°34'08"	81.65'
C38	50.00'	49°17'30"	43.02'
C39	50.00'	10°08'04"	8.84'
C40	50.00'	34°08'34"	29.80'

LINE TABLE		
LINE #	DIRECTION	LENGTH
L1	N23°54'44"E(R)(2)(4)	53.00'(2)(4)
L2	N23°54'44"E(2)(4)	26.50'(4)
L3	N23°54'44"E(2)(4)	26.50'(4)
L4	N76°08'57"W(2)(4)	30.71'
L5	N18°14'17"E(2)(4)	72.00'(2)(4)
L6	N18°14'17"E(2)(4)	45.50'(4)
L7	N18°14'17"E(2)(4)	26.50'(4)
L8	N71°29'15"W(4)	71.13'(4)
L9	N71°29'15"W	25.00'

LINE TABLE		
LINE #	DIRECTION	LENGTH
L10	N44°55'21"W	11.18'
L11	N77°17'09"E	11.18'
L12	N76°08'57"W	25.00'
L13	N76°08'57"W	25.01'
L14	N49°15'32"W	11.06'
L15	N76°08'57"W	24.18'
L16	N84°42'00"E	10.67'
L17	N56°51'33"W	10.59'
L18	N76°08'57"W	24.17'
L19	N27°42'21"E	45.82'
L20	N54°16'15"E	11.40'
L21	N1°08'27"E	10.96'
L22	N27°42'21"E	46.22'

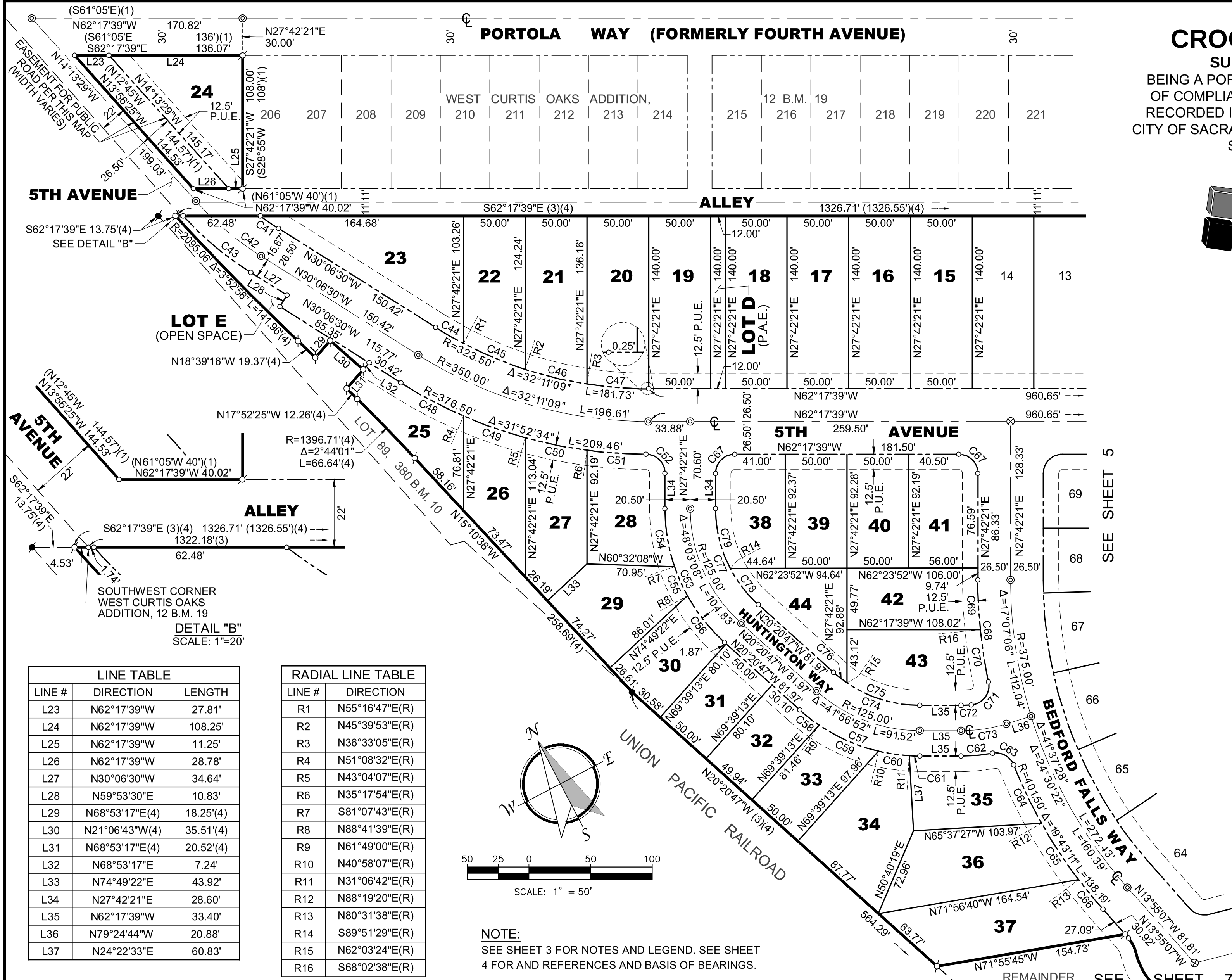
NOTE:
SEE SHEET 3 FOR NOTES AND LEGEND. SEE SHEET 4 FOR AND REFERENCES AND BASIS OF BEARINGS.

FINAL MAP OF
CROCKER VILLAGE 1

SUBDIVISION NO. P15-027

BEING A PORTION OF PARCEL A, CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT RECORDED IN BOOK 20140121, PAGE 922, O.R..
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO
STATE OF CALIFORNIA
DECEMBER 2016
SHEET 6 OF 8

31 Natoma Street, Suite #160
Folsom, CA 95630
Phone: (916) 608-0707
Fax: (916) 608-0701
TSD ENGINEERING, INC.
expect more.



LINE TABLE		
LINE #	DIRECTION	LENGTH
L23	N62°17'39"W	27.81'
L24	N62°17'39"W	108.25'
L25	N62°17'39"W	11.25'
L26	N62°17'39"W	28.78'
L27	N30°06'30"W	34.64'
L28	N59°53'30"E	10.83'
L29	N68°53'17"E(4)	18.25'(4)
L30	N21°06'43"W(4)	35.51'(4)
L31	N68°53'17"E(4)	20.52'(4)
L32	N68°53'17"E	7.24'
L33	N74°49'22"E	43.92'
L34	N27°42'21"E	28.60'
L35	N62°17'39"W	33.40'
L36	N79°24'44"W	20.88'
L37	N24°22'33"E	60.83'

RADIAL LINE TABLE	
LINE #	DIRECTION
R1	N55°16'47"E(R)
R2	N45°39'53"E(R)
R3	N36°33'05"E(R)
R4	N51°08'32"E(R)
R5	N43°04'07"E(R)
R6	N35°17'54"E(R)
R7	S81°07'43"E(R)
R8	N88°41'39"E(R)
R9	N61°49'00"E(R)
R10	N40°58'07"E(R)
R11	N31°06'42"E(R)
R12	N88°19'20"E(R)
R13	N80°31'38"E(R)
R14	S89°51'29"E(R)
R15	N62°03'24"E(R)
R16	S68°02'38"E(R)

NOTE:
SEE SHEET 3 FOR NOTES AND LEGEND. SEE SHEET 4 FOR AND REFERENCES AND BASIS OF BEARINGS.

CURVE TABLE			
CURVE #	RADIUS	DELTA	LENGTH
C41	223.50'	4°36'18"	17.96'
C42	250.00'	15°53'01"	69.31'
C43	265.67'	15°27'36"	71.69'
C44	323.50'	4°36'43"	26.04'
C45	323.50'	9°36'54"	54.29'
C46	323.50'	9°06'47"	51.45'
C47	323.50'	8°50'44"	49.94'
C48	376.50'	8°44'58"	57.49'
C49	376.50'	8°04'25"	53.05'
C50	376.50'	7°46'13"	51.06'
C51	376.50'	7°16'59"	47.86'
C52	15.50'	89°41'26"	24.26'
C53	145.50'	48°03'08"	122.03'
C54	145.50'	18°50'04"	47.83'
C55	145.50'	10°10'39"	25.84'
C56	145.50'	19°02'25"	48.35'
C57	145.50'	41°56'52"	106.52'
C58	145.50'	7°50'13"	19.90'
C59	145.50'	20°50'54"	52.94'
C60	145.50'	9°51'24"	25.03'
C61	145.50'	3°24'21"	8.65'
C62	145.50'	10°06'12"	25.66'
C63	15.50'	78°11'56"	21.15'
C64	401.50'	7°28'44"	52.41'
C65	401.50'	7°47'43"	54.62'
C66	401.50'	4°26'44"	31.15'
C67	15.50'	90°00'00"	24.35'
C68	401.50'	11°52'17"	83.19'
C69	401.50'	5°44'59"	40.29'
C70	401.50'	6°07'18"	42.90'
C71	15.50'	97°19'24"	26.33'
C72	104.50'	4°32'53"	8.30'
C73	125.00'	17°07'06"	37.35'
C74	104.50'	41°56'52"	76.51'
C75	104.50'	34°21'03"	62.65'
C76	104.50'	7°35'49"	13.86'
C77	104.50'	48°03'08"	87.64'
C78	104.50'	20°29'17"	37.37'
C79	104.50'	27°33'51"	50.27'

FINAL MAP OF
CROCKER VILLAGE 1
SUBDIVISION NO. P15-027

BEING A PORTION OF PARCEL A, CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT RECORDED IN BOOK 20140121, PAGE 922, O.R..
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO
STATE OF CALIFORNIA
DECEMBER 2016
SHEET 7 OF 8

TSD ENGINEERING, INC.
expect more.
31 Natoma Street, Suite #160
Folsom, CA 95630
Phone: (916) 608-0707
Fax: (916) 608-0701

CURVE TABLE

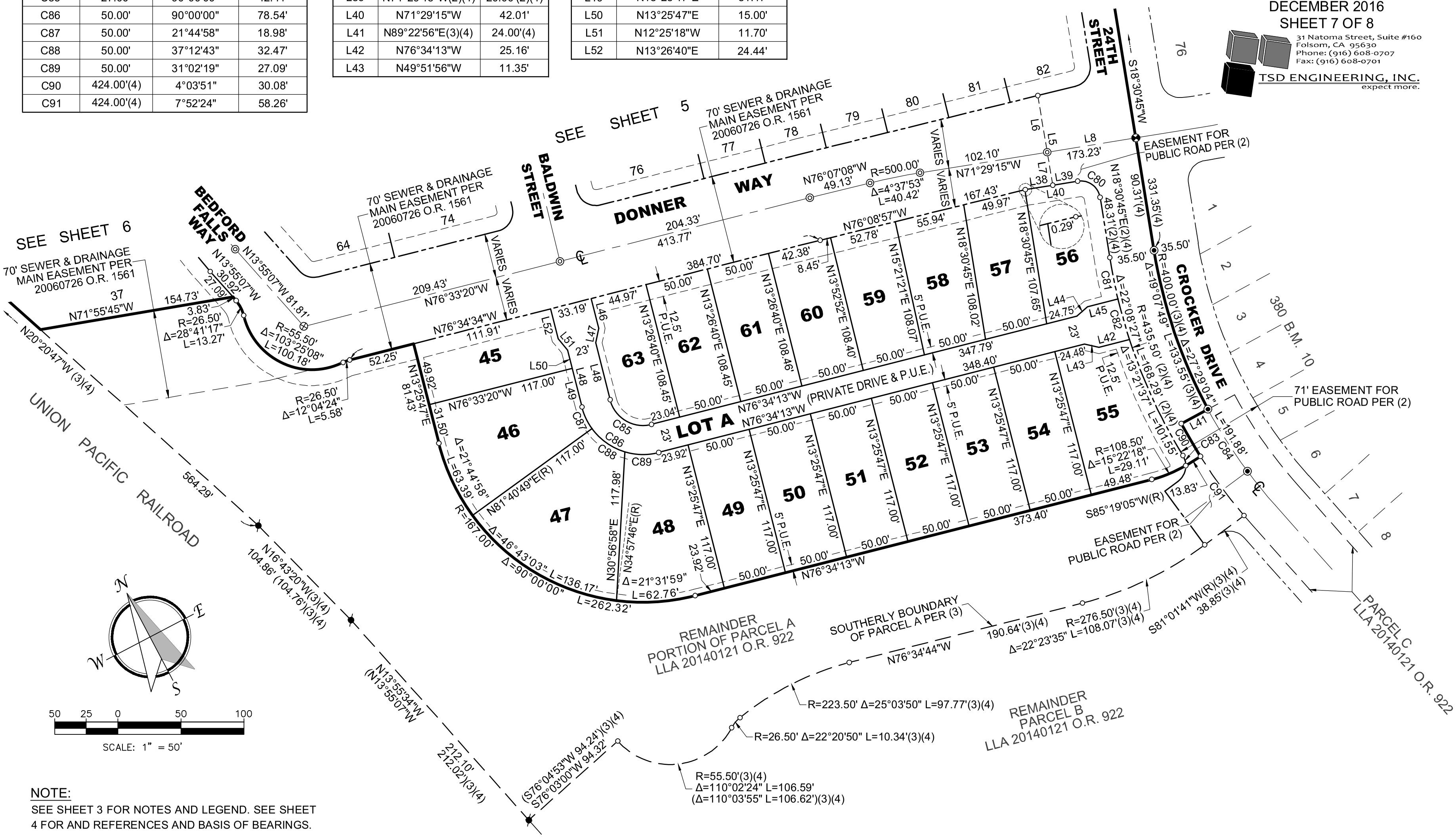
CURVE #	RADIUS	DELTA	LENGTH
C80	15.50'(2)(4)	90°00'00"(2)(4)	24.35'(2)(4)
C81	435.50'	4°24'37"	33.52'
C82	435.50'	4°22'14"	33.22'
C83	15.50'(2)(4)	31°17'10"	8.46'
C84	400.00'(2)(4)	8°21'15"(2)(4)	58.32'(2)(4)
C85	27.00'	90°00'00"	42.41'
C86	50.00'	90°00'00"	78.54'
C87	50.00'	21°44'58"	18.98'
C88	50.00'	37°12'43"	32.47'
C89	50.00'	31°02'19"	27.09'
C90	424.00'(4)	4°03'51"	30.08'
C91	424.00'(4)	7°52'24"	58.26'

LINE TABLE

LINE #	DIRECTION	LENGTH
L5	N18°14'17"E(2)(4)	72.00'(2)(4)
L6	N18°14'17"E(2)(4)	45.50'(4)
L7	N18°14'17"E(2)(4)	26.50'(4)
L8	N71°29'15"W(4)	71.13'(4)
L38	N71°29'15"W	22.01'
L39	N71°29'15"W(2)(4)	20.00'(2)(4)
L40	N71°29'15"W	42.01'
L41	N89°22'56"E(3)(4)	24.00'(4)
L42	N76°34'13"W	25.16'
L43	N49°51'56"W	11.35'

LINE TABLE

LINE #	DIRECTION	LENGTH
L44	N76°06'03"E	11.11'
L45	N76°34'13"W	25.16'
L46	N13°25'47"E	24.45'
L47	N39°16'52"E	11.70'
L48	N13°25'47"E	46.47'
L49	N13°25'47"E	31.47'
L50	N13°25'47"E	15.00'
L51	N12°25'18"W	11.70'
L52	N13°26'40"E	24.44'



NOTE:
SEE SHEET 3 FOR NOTES AND LEGEND. SEE SHEET 4 FOR AND REFERENCES AND BASIS OF BEARINGS.

FINAL MAP OF

CROCKER VILLAGE 1

SUBDIVISION NO. P15-027

BEING A PORTION OF PARCEL A, CERTIFICATE
OF COMPLIANCE FOR LOT LINE ADJUSTMENT
RECORDED IN BOOK 20140121, PAGE 922, O.R..
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO
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SHEET 8 OF 8

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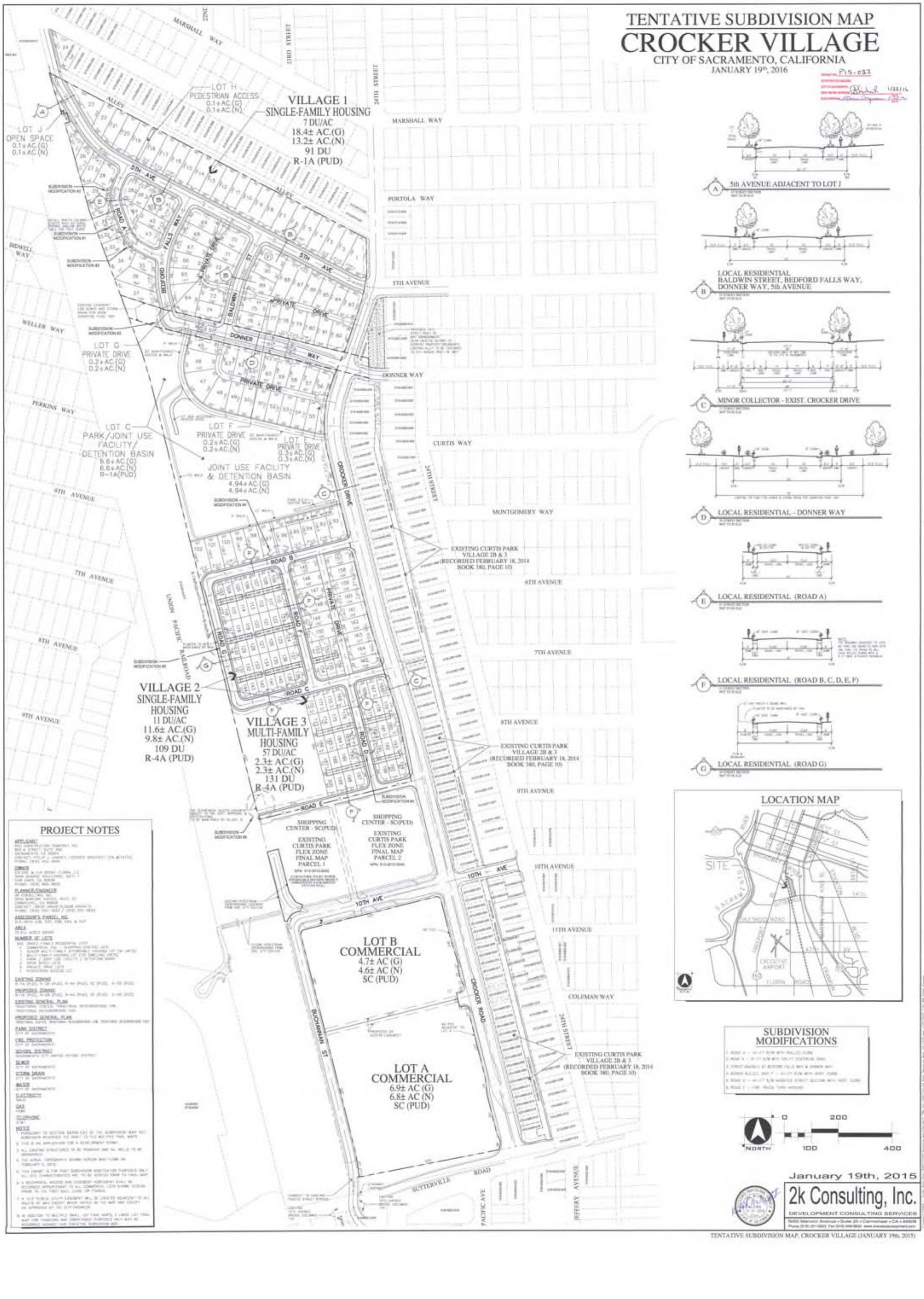
NOTES:

1. ADDITIONAL INFORMATION SHOWN ON THIS SHEET IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT INTENDED TO AFFECT TITLE INTEREST PER STATE OF CALIFORNIA GOVERNMENT CODE SECTION 66434.2 (SUBDIVISION MAP ACT).

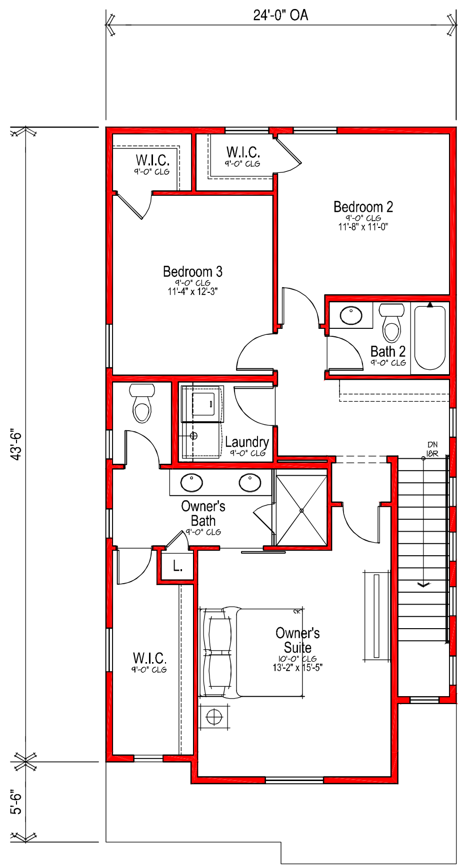
2. RECIPROCAL EASEMENTS FOR INGRESS/EGRESS, PARKING, UTILITIES, DRAINAGE, WATER AND SANITARY SEWER FACILITIES, AND SURFACE STORM DRAINAGE SHALL BE GRANTED AND RESERVED, AS NECESSARY AND AT NO COST, AT OR BEFORE THE TIME OF SALE OR CONVEYANCE OF ANY PARCEL SHOWN ON THIS PARCEL MAP.

Tentative Map-Project



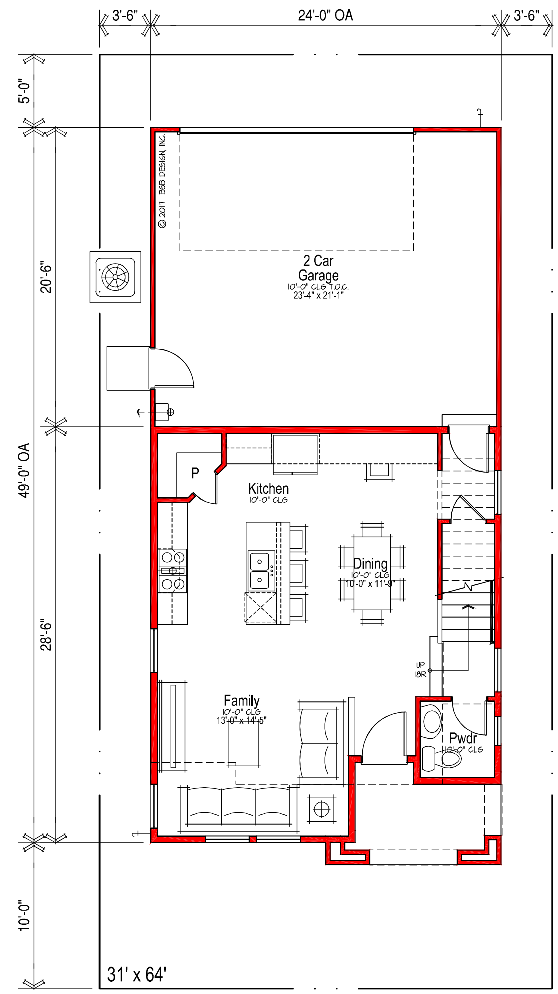
TENTATIVE SUBDIVISION MAP
CROCKER VILLAGE
CITY OF SACRAMENTO, CALIFORNIA
JANUARY 19th, 2016
P15-027
VILLAGE 1
SINGLE-FAMILY HOUSING
7 DU/AC
18.4± AC.(G)
13.2± AC.(N)
91 DU
R-1A (PUD)
LOT H
PEDESTRIAN ACCESS
0.1± AC.(G)
0.1± AC.(N)
LOT J
OPEN SPACE
0.1± AC.(G)
0.1± AC.(N)
LOT G
PRIVATE DRIVE
0.2± AC.(G)
0.2± AC.(N)
LOT C
PARK/JOINT USE
FACILITY/
DETENTION BASIN
6.6± AC.(G)
6.6± AC.(N)
R-1A(PUD)
LOT F
PRIVATE DRIVE
0.2± AC.(G)
0.2± AC.(N)
LOT E
PRIVATE DRIVE
0.3± AC.(G)
0.3± AC.(N)
JOINT USE FACILITY
& DETENTION BASIN
4.94± AC.(G)
4.94± AC.(N)
VILLAGE 2
SINGLE-FAMILY
HOUSING
11 DU/AC
11.6± AC.(G)
9.8± AC.(N)
109 DU
R-4A (PUD)
VILLAGE 3
MULTI-FAMILY
HOUSING
57 DU/AC
2.3± AC.(G)
2.3± AC.(N)
131 DU
R-4A (PUD)
SHOPPING CENTER - SC(PUD)
EXISTING CURTIS PARK FLEX ZONE FINAL MAP PARCEL 1
SHOPPING CENTER - SC(PUD)
EXISTING CURTIS PARK FLEX ZONE FINAL MAP PARCEL 2
LOT B
COMMERCIAL
4.7± AC (G)
4.6± AC (N)
SC (PUD)
LOT A
COMMERCIAL
6.9± AC (G)
6.8± AC (N)
SC (PUD)
EXISTING CURTIS PARK VILLAGE 2B & 3 (RECORDED FEBRUARY 18, 2014 BOOK 380, PAGE 10)
MARSHALL WAY
22ND
23RD STREET
24TH STREET
PORTOLA WAY
5TH AVENUE
DONNER WAY
CURTIS WAY
MONTGOMERY WAY
6TH AVENUE
7TH AVENUE
8TH AVENUE
9TH AVENUE
10TH AVENUE
11TH AVENUE
COLEMAN WAY
SUTTERVILLE ROAD
PACIFIC AVE
JEFFERY AVENUE
BIDWELL WAY
WELLER WAY
PERKINS WAY
UNION PACIFIC RAILROAD
CROCKER DRIVE
CROCKER ROAD
BUCHANNAN ST
BEDFORD FALLS WAY
BALDWIN ST
ROAD A
ROAD B
ROAD C
ROAD D
ROAD E
ROAD F
ROAD G
PRIVATE DRIVE
ALLEY
5TH AVE
10TH AVE
SUBDIVISION MODIFICATION
5th AVENUE ADJACENT TO LOT J
LOCAL RESIDENTIAL BALDWIN STREET, BEDFORD FALLS WAY, DONNER WAY, 5th AVENUE
MINOR COLLECTOR - EXIST. CROCKER DRIVE
LOCAL RESIDENTIAL - DONNER WAY
LOCAL RESIDENTIAL (ROAD A)
LOCAL RESIDENTIAL (ROAD B, C, D, E, F)
LOCAL RESIDENTIAL (ROAD G)
LOCATION MAP
SITE
EXECUTIVE AIRPORT
FLORIN ROAD
PROJECT NOTES
APPLICANT
OWNER
PLANNER/ENGINEER
ASSESSOR'S PARCEL NO.
AREA
NUMBER OF LOTS
EXISTING ZONING
PROPOSED ZONING
EXISTING GENERAL PLAN
PROPOSED GENERAL PLAN
PARK DISTRICT
FIRE PROTECTION
SCHOOL DISTRICT
SEWER
STORM DRAIN
WATER
ELECTRICITY
GAS
TELEPHONE
NOTES
SUBDIVISION MODIFICATIONS
NORTH
0
100
200
400
January 19th, 2015
2k Consulting, Inc.
DEVELOPMENT CONSULTING SERVICES
TENTATIVE SUBDIVISION MAP, CROCKER VILLAGE (JANUARY 19th, 2015)

Proposed Floor Plans



Second Floor Plan

SCALE: 1/4"=1'-0" (22x34) 1/8"=1'-0" (11x17)



First Floor Plan

SCALE: 1/4"=1'-0" (22x34) 1/8"=1'-0" (11x17)

RE FOOTAGES

	Elevation A
VING	638
LIVING	982
	1620
	442
	64

Job # SF170225

Plan 1 - 1,620

Crocker Village

Sacramento, CA

July 25, 2017

BSB DESIGN

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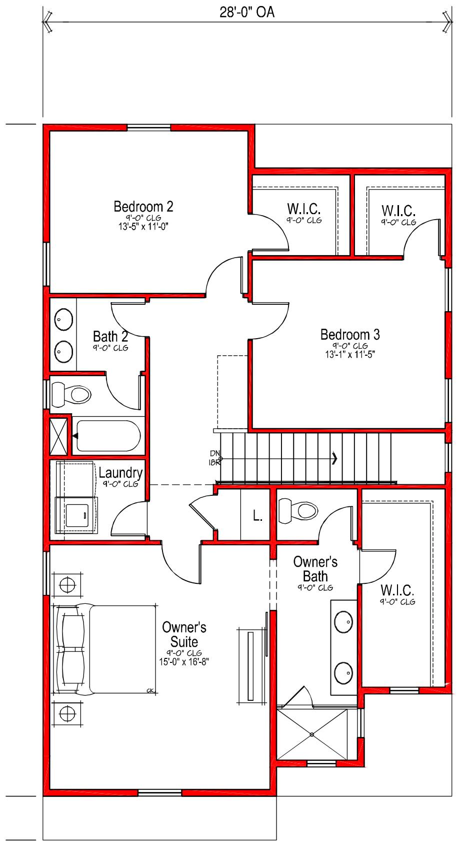
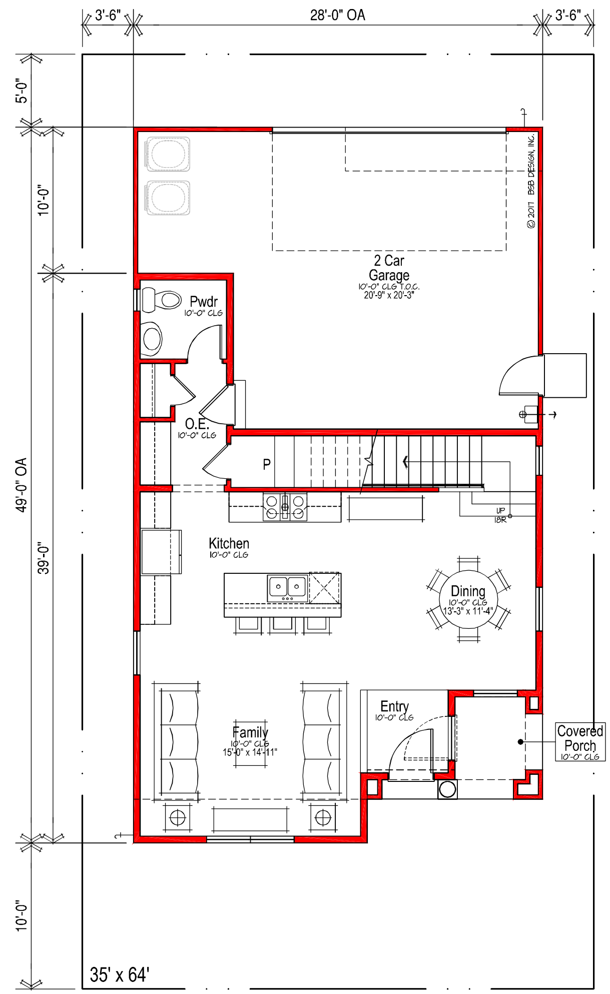
resented are illustrative of character and design intent only, and are
ge based upon final design considerations (i.e. applicable codes,
MEP design requirements, unit plan / floor plan changes, etc.)



Second Floor Plan

SCALE: 1/4"=1'-0" (22x34) 1/8"=1'-0" (11x17)



First Floor Plan

SCALE: 1/4"=1'-0" (22x34) 1/8"=1'-0" (11x17)

RE FOOTAGES	
	Elevation A
IVING	780
LIVING	1137
	1917
	506
	50

Job # SF170225

Plan 2 - 1,917

Crocker Village

Sacramento, CA

n

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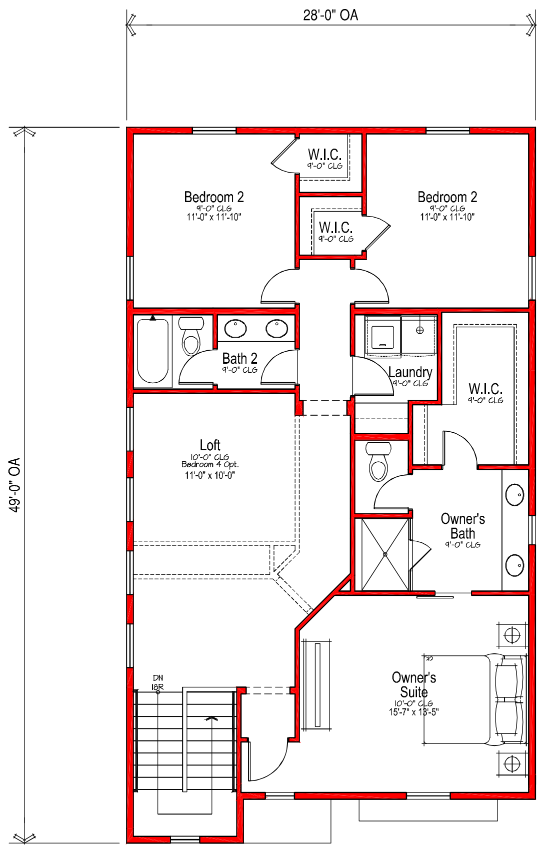
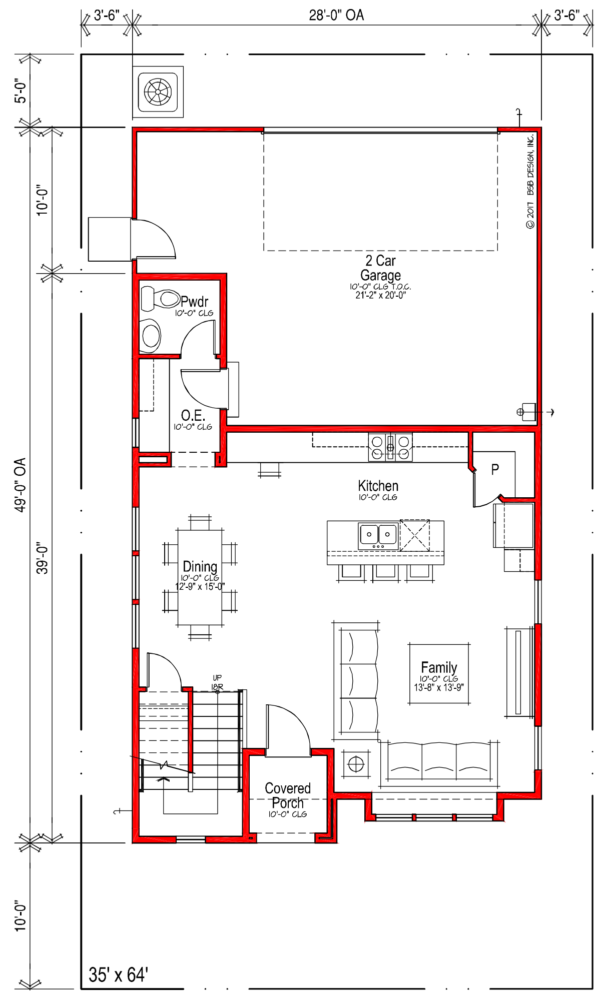
July 25, 2017

BSB DESIGN



Second Floor Plan

SCALE: 1/4"=1'-0" (22x34) 1/8"=1'-0" (11x17)



First Floor Plan

SCALE: 1/4"=1'-0" (22x34) 1/8"=1'-0" (11x17)

Plan 3 - 2,039

RE FOOTAGES	
	Elevation A
VING	806
LIVING	1233
	2039
	504
	34

Job # SF170225

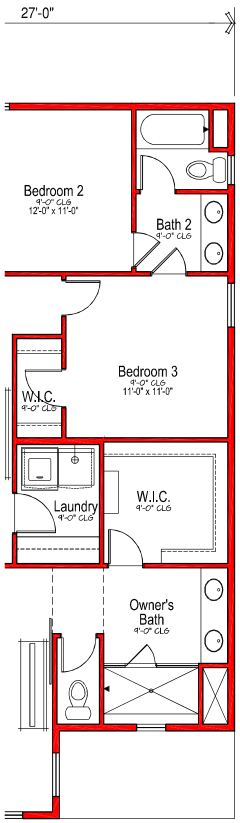
presented are illustrative of character and design intent only, and are ge based upon final design considerations (i.e. applicable codes, MEP design requirements, unit plan / floor plan changes, etc.)

Crocker Village

Sacramento, CA

July 25, 2017

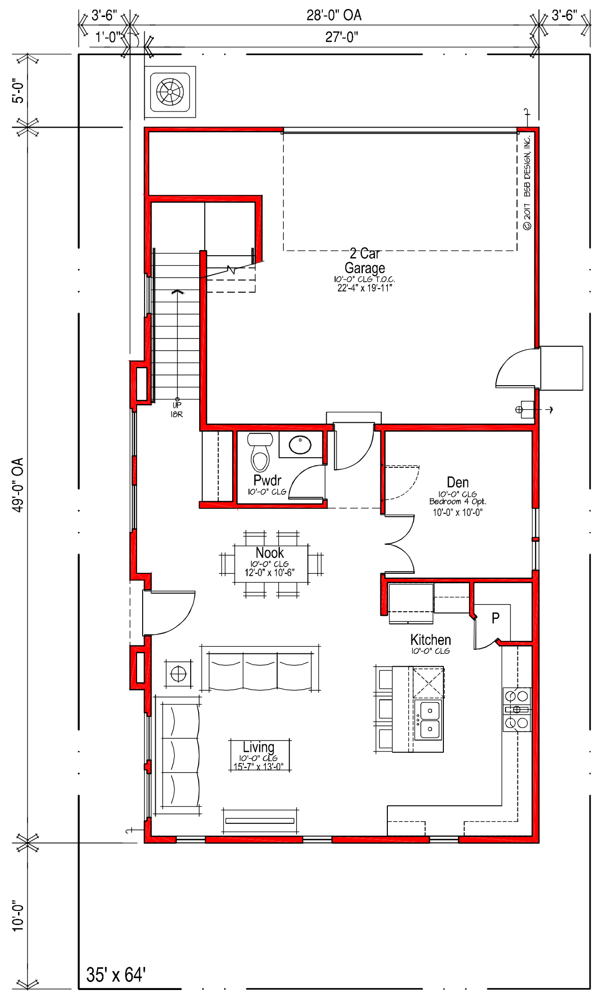
BSB DESIGN



r Plan

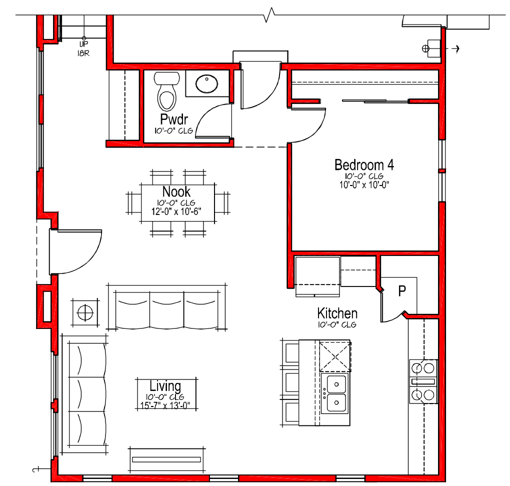
RE FOOTAGES	
	Elevation A
VING	873
LIVING	1197
	2070
	468
	5

Job # SF170225



First Floor Plan

SCALE: 1/4"=1'-0" (22x34) 1/8"=1'-0" (11x17)



Optional Bedroom 4

SCALE: 1/4"=1'-0" (22x34) 1/8"=1'-0" (11x17)

Plan 4 - 2,070

Crocker Village

Sacramento, CA

July 25, 2017

BSB DESIGN

...presented are illustrative of character and design intent only, and are ...ge based upon final design considerations (i.e. applicable codes, MEP design requirements, unit plan / floor plan changes, etc.)

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SMITH & ASSOCIATES

AN UPDATE APPRAISAL REPORT OF

Curtis Park Village Community Facilities District No. 2014-02
N. side of Sutterville Road, E. of Union Pacific Railroad Tracks
Sacramento, CA 95818

East Bay/Corporate Office
140 Town & Country Drive, Suite F
Danville, CA 94526
p: 925 855-4950 / f: 925 855-4951

Sacramento/Central Valley Office
111 Woodmere Road, Suite 140
Folsom, CA 95630
p: 916 357-5860 / f: 916-357-5868

Real Estate Appraisal
and Consulting
www.smithassociatesinc.com

SMITH & ASSOCIATES

May 16, 2019

Mr. Bill Sinclair
Real Property Agent
City of Sacramento, Department of Public Works
915 "I" Street, 2nd Floor
Sacramento, CA 95814

RE: Curtis Park Village Community Facilities District No. 2014-02
N. side of Sutterville Road, E. of Union Pacific Railroad Tracks
Sacramento, CA 95818

Dear Mr. Sinclair:

This letter reflects an update of the appraisal report for Curtis Park Community Facilities District No. 2014-2. It is written in conformance with the requirements set forth under Standards Rule 2-2(a) of 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. The CFD has been established to create a land-secured funding mechanism for authorized facilities, which may include fees paid for those facilities. The original appraisal report had an effective date of value of February 22, 2019. **This update report may only be used in conjunction with the original appraisal report and must remain attached to the original appraisal report.**

As an update report, this document does not present complete discussion of the data, reasoning and analysis, which are contained in the original appraisal report. Rather, the purpose of this update report is to affirm that the appraised value is the same or greater than estimated in the original appraisal report.

The subject property for this update report is the same as the original appraisal report. It is generally located along the northern side of Sutterville Road, east of the Union Pacific Railroad Tracks in the City of Sacramento. It represents landholdings within the Crocker Village Tentative Subdivision Map and uses range from vacant land to completed homes. The table below summarizes the properties identified in the CFD.

East Bay/Corporate Office
140 Town & Country Drive, Suite F
Danville, CA 94526
Phone 925 855-4950
Fax 925 855-4951

Sacramento/Central Valley Office
111 Woodmere Road, Suite 140
Folsom, CA 95630
Phone 916 357-5860
Fax 916 357-5868

AREA	OWNERSHIP	APN	DESCRIPTION
Village 1	PDC Const. Co.	013-0010-044 (Portion)	90 Finished Lots **(A)** (Tentative Map, Improvements Complete)
Village 2	PDC Constr. Co.	013-0010-047 (Portion)	109 Paper Lots (Tentative Map)
Village 2B & 3	Blackpine Curtis LLC	013-0420-002..004, 006..013 013-0430-001, 010, 013 013-0430-015..018 013-0440-001, 016	20 Finished Lots (Includes $323,623 in Prepaid Fees)
Village 3	PDC Constr. Co.	013-0010-047 (Portion)	2.3 AC MF Site for 131 Units
Flex Zone Site	PDC Const. Co.	013-0010-046	2.49 AC Flex Zone Site
Finished Homes	Various Owners	013-0420-005 013-0430-003..009, 011, 012 013-0440-002..015, 017..019 013-0450-001..012 013-0460-001..015	54 Homes

(A) Excludes Lot 24 which is outside of the CFD boundaries.

The table noted above is a consolidated summary for all the properties included in this analysis. It is noted that the analysis excludes the valuation of a detention facility noted as part of Villages 1 and 2. Some of the properties within the CFD are improved with structures with valuation predicated on Assessed Values. Furthermore, the collateral identified in the Curtis Park Village Community Facilities District No. 2014-02 includes twelve parcels (APNs 013-0420-001, 013-0420-014, 015, 016, 013-0430-002, 013-0430-014, 013-0430-019, 013-0440-020, 013-0450-013, 026, 013-0460-016, 017) either identified under the ownership of the HOA or intended to be part of the HOA. No value is assigned to these lots. Since the original appraisal work, site improvements are advancing and Blackpine Curtis LLC have continued to build homes adding value to the property.

The purpose of this report is to provide an opinion of market value based on the hypothetical condition that as of the effective date of valuation, the Bonds had just been sold and the properties were encumbered by CFD Bonds supported by Special Taxes as described herein. The market value estimates account for the impact of the lien of the Special Tax securing the Bonds.

The intended use of this appraisal report is for bond underwriting purposes. The client is the City of Sacramento. The intended users are the City of Sacramento and its associated finance team. The appraisal is not intended for any other use or user. No party or parties other than the City of Sacramento and its associated finance team may use or rely on the information, opinions, and conclusions contained in this report.

In the original appraisal report, market value was provided by ownership, as well as the aggregate value of the subject property.

As a result of my analysis, in connection with the Assumptions and Limiting Conditions, and the Hypothetical Conditions, as of May 15, 2019, the effective date of valuation, my opinion of value is not-less-than the previous concluded values shown below. The ownership division below reflects the subject property as of the date of the original appraisal report.

MARKET VALUE BY OWNERSHIP	DESCRIPTION	OPINION OF VALUE
PDC Construction Co.	Village 1 (90 Finished Lots) Village 2 (109 Paper Lots) 013-0010-046 (2.49 AC Flex Zone Site)	**$30,970,000** **(Bulk Value)**
Blackpine Curtis LLC	20 Finished Lots Includes $323,623 In Prepaid Fees	**$4,810,000** **(Not-Less-Than** **Bulk Value)**
Individual Homes (Various Owners) Based on Greater of Assessed Value Or Purchase Price	54 Homes	**$37,330,000** **(Not-Less-Than** **Aggregate Value)**
TOTALS		**$73,110,000** **(Not-less-Than** **Aggregate Value)**

The value noted above is presented in conjunction with the **Hypothetical Condition** that as of the effective date of valuation, the Bonds had just been sold and the properties were encumbered by CFD Bonds supported by Special Taxes as described herein. The market value estimates account for the impact of the lien of the Special Tax securing the Bonds. It is noted that the value provided for the PDC Construction Co. reflects a bulk value. Furthermore, this element excludes Village 3 (2.3 AC MF Site), as this parcel is exempt from special taxes. Values for the individual villages and land components are contained within the body of this report.

The above referenced values are subject to the following Extraordinary Assumptions and Hypothetical Conditions.

EXTRAORDINARY ASSUMPTIONS

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. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis. Extraordinary Assumptions specific to this assignment include the following.

1. According to the City of Sacramento, the master developer (PDC) will receive reimbursement from Curtis Park Village Community Facilities District No. 2014-02 Bond Proceeds in the amount not to exceed $13.0 million related to infrastructure costs. A list of authorized facilities is included in the addenda of this report. According to the City of Sacramento, bonding capacity is limited to a 3:1 value-to-lien on the aggregate of the value of the District, by ownership. Based on the opinions of value presented in this Appraisal Report, there is sufficient value to accommodate this bond district.

2. The Curtis Park Court Senior Apartments (APN 013-0010-045) was originally identified as part of the collateral in Curtis Park Village Community Facilities District No. 2014-02. However, this project offers subsidized rents for seniors and property taxes are exempt. In addition, the covenant for the requirement of affordable rents is in excess of 25 years and was the opinion of City of Sacramento Staff to exclude this parcel from the valuation of this assignment.

3. As part of the collateral identified in the Curtis Park Village Community Facilities District No. 2014-02 there are twelve parcels (APNs 013-0420-001, 013-0420-014, 015, 016, 013-0430-002, 013-0430-014, 013-0430-019, 013-0440-020, 013-0450-013, 026, 013-0460-016, 017) either identified under the ownership of the HOA or intended to be part of the HOA. No value is assigned to these lots.

4. Portions of the collateral identified as finished lots for Blackpine Curtis LLC were being developed with homes. As part of the valuation of this project no values are applied for the partial completion of homes, rather consideration is applied to the fees paid to date. Based on this element and the observed condition of these properties, the underlying value reflects a not-less-than opinion of value.

5. Two of the subject parcels identified in this analysis include delinquent taxes and/or utility liens. The opinions of value assume marketable title with no liens or delinquent taxes. It is assumed that these elements are paid by the seller.

HYPOTHETICAL CONDITIONS

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 the analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions or trends; or about the integrity of data used in an analysis. Hypothetical Conditions specific to this assignment include the following.

1. The opinion of market value as of the effective date of valuation is based on the hypothetical condition that Bonds for Curtis Park Village Community Facilities District (CFD) No 2014-02 had just been sold and the properties were encumbered by CFD Bonds supported by Special Taxes as descried herein. The value estimate concluded in this report are presented based on the hypothetical condition that all improved properties are available for development to their highest and best use. The opinion of market value accounts for the impact of the lien of the Special Tax securing the bond. This value is reported including the MF Component as this project area was not subdivided as of the effective date of valuation as it reflects a portion of APN 013-0010-047. As this parcel is exempt from the special taxes of the CFD, the opinion of value reported for this ownership is also presented excluding this parcel, which is predicated on the hypothetical condition that the property is subdivided into the individual villages as described in this report. This concluded value is reported for the PDC Construction Co. in this report.

It is clearly noted that the use of Extraordinary Assumptions and Hypothetical Conditions might affect the assignment results. If a prospective value is identified for this assignment, the appraiser is not responsible for the unforeseeable events that alter market conditions (that occur subsequent to the date of the preparation of the appraisal report but) prior to the effective date of the appraisal (expressed as a prospective date).

Please feel free to call if there are any questions regarding this assignment.

Respectfully Submitted,

SMITH & ASSOCIATES, INC.

John E. Carrothers, MAI
Certified General Real Estate Appraiser
AG014187, Expiration 04/11/21

GENERAL INFORMATION

Property Type: **Curtis Park Village Community Facilities District No. 2014-02**

Property Address/Location: The subject property is generally located along the northern side of Sutterville Road, east of the Union Pacific Railroad Tracks in the City of Sacramento. All properties are in the City of Sacramento and in Zip Code 95818.

APN/Legal Description: The subject property is multiple properties noted on the following table.

AREA	OWNERSHIP	APN	DESCRIPTION
Village 1	PDC Const. Co.	013-0010-044 (Portion)	90 Finished Lots **(A)** (Tentative Map, Improvements Complete)
Village 2	PDC Constr. Co.	013-0010-047 (Portion)	109 Paper Lots (Tentative Map)
Village 2B & 3	Blackpine Curtis LLC	013-0420-002..004, 006..013 013-0430-001, 010, 013 013-0430-015..018 013-0440-001, 016	20 Finished Lots (Includes $323,623 in Prepaid Fees)
Village 3	PDC Constr. Co.	013-0010-047 (Portion)	2.3 AC MF Site for 131 Units
Flex Zone Site	PDC Const. Co.	013-0010-046	2.49 AC Flex Zone Site7
Finished Homes	Various Owners	013-0420-005 013-0430-003..009, 011, 012 013-0440-002..015, 017..019 013-0450-001..012 013-0460-001..015	54 Homes

(A) Excludes Lot 24 which is outside of the CFD boundaries

Site Description: The subject property includes a variety of land uses from vacant land for single and multi-family development to completed homes. The opinions of market value presented in this report are generally presented on an "As Is" basis. Some of the properties within the CFD are improved with structures with valuation predicated on Assessed Values.

It is noted that the analysis excludes the valuation of a 6.24 AC detention facility noted as part of Villages 1 and 2. According to the Scope of Work, the analysis of this facility is presented under separate cover. Some of the properties within the CFD are improved with structures with valuation predicated on Assessed Values. Furthermore, the collateral identified in the Curtis Park Village Community Facilities District No. 2014-02 includes twelve parcels (APNs 013-0420-001, 013-0420-014, 015, 016, 013-0430-002, 013-0430-014, 013-0430-019, 013-0440-020, 013-0450-013, 026, 013-0460-016, 017) either identified under

Site Description (Continued):

the ownership of the HOA or intended to be part of the HOA. No value is assigned to these lots. Properties included in this analysis include the following.

APN	LAND AREA (AC)	ZONING	CURRENT USE
013-0010-044	22.29	R-1A-PUD	Vacant Land W/Site Improvements
013-0010-046	2.49	R-4A-PUD	Vacant Flex Zone Land
013-0010-047	18.59	R-1A/R-4A-PUD	Vacant Land for SF Lots
013-0420-001	0.12	R-1A-PUD	Common Area
013-0420-002	0.10	R-1A-PUD	Finished Lot
013-0420-003	0.10	R-1A-PUD	Finished Lot
013-0420-004	0.11	R-1A-PUD	Finished Lot
013-0420-005	0.11	R-1A-PUD	Completed Home (Sold 12/18)
013-0420-006	0.11	R-1A-PUD	Finished Lot
013-0420-007	0.09	R-1A-PUD	Finished Lot
013-0420-008	0.09	R-1A-PUD	Finished Lot
013-0420-009	0.09	R-1A-PUD	Finished Lot
013-0420-010	0.09	R-1A-PUD	Finished Lot
013-0420-011	0.09	R-1A-PUD	Finished Lot
013-0420-012	0.09	R-1A-PUD	Finished Lot
013-0420-013	0.09	R-1A-PUD	Finished Lot
013-0420-014	0.08	R-1A-PUD	Common Area
013-0420-015	0.0034	R-1A-PUD	Common Area
013-0420-016	0.18	R-1A-PUD	HOA Lot
013-0430-001	0.09	R-1A-PUD	Finished Lot
013-0430-002	0.05	R-1A-PUD	HOA Lot
013-0430-003	0.10	R-1A-PUD	Completed Home (Sold 7/17)
013-0430-004	0.09	R-1A-PUD	Completed Home (Resold 6/18)
013-0430-005	0.09	R-1A-PUD	Completed Home (Sold 3/17)
013-0430-006	0.09	R-1A-PUD	Completed Home (Resold 1/18)
013-0430-007	0.09	R-1A-PUD	Completed Home (Sold 11/16)
013-0430-008	0.09	R-1A-PUD	Completed Home (Sold 3/17)
013-0430-009	0.09	R-1A-PUD	Completed Home (Sold 9/16)
013-0430-010	0.09	R-1A-PUD	Finished Lot
013-0430-011	0.09	R-1A-PUD	Completed Home (Sold 11/17)
013-0430-012	0.10	R-1A-PUD	Completed Home (Sold 8/17)
013-0430-013	0.09	R-1A-PUD	Finished Lot
013-0430-014	0.07	R-1A-PUD	HOA Lot
013-0430-015	0.10	R-1A-PUD	Finished Lot
013-0430-016	0.08	R-1A-PUD	Finished Lot
013-0430-017	0.08	R-1A-PUD	Finished Lot
013-0430-018	0.08	R-1A-PUD	Finished Lot
013-0430-019	0.41	R-1A-PUD	HOA Lot
013-0440-001	0.08	R-2B-PUD	Finished Lot
013-0440-002	0.06	R-2B-PUD	Completed Home (Sold 2/18)
013-0440-003	0.06	R-2B-PUD	Completed Home (Sold 1/18)
013-0440-004	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0440-005	0.06	R-2B-PUD	Completed Home (Sold 2/18)
013-0440-006	0.06	R-2B-PUD	Completed Home (Sold 2/18)

APN	LAND AREA (AC)	ZONING	CURRENT USE
013-0440-007	0.06	R-2B-PUD	Completed Home (Sold 2/19)
013-0440-008	0.06	R-2B-PUD	Completed Home (Sold 3/18)
013-0440-009	0.06	R-2B-PUD	Completed Home (Sold 8/18)
013-0440-010	0.06	R-2B-PUD	Completed Home (Sold 9/18)
013-0440-011	0.06	R-2B-PUD	Completed Home (Sold 6/18)
013-0440-012	0.06	R-2B-PUD	Completed Home (Sold 10/18)
013-0440-013	0.06	R-2B-PUD	Completed Home (Sold 6/18)
013-0440-014	0.06	R-2B-PUD	Completed Home (Sold 1/19)
013-0440-015	0.06	R-2B-PUD	Completed Home (Sold 7/18)
013-0440-016	0.06	R-2B-PUD	Finished Lot
013-0440-017	0.06	R-2B-PUD	Completed Home (Sold 8/18)
013-0440-018	0.06	R-2B-PUD	Completed Home (Sold 9/18)
013-0440-019	0.09	R-2B-PUD	Completed Home (Sold 8/18)
013-0440-020	0.35	R-2B-PUD	HOA Lot
013-0450-001	0.08	R-2B-PUD	Completed Home (Sold 12/17)
013-0450-002	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0450-003	0.06	R-2B-PUD	Completed Home (Sold 3/18)
013-0450-004	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0450-005	0.06	R-2B-PUD	Completed Home (Sold 4/18)
013-0450-006	0.06	R-2B-PUD	Completed Home (Sold 12/17)
013-0450-007	0.06	R-2B-PUD	Completed Home (Sold 6/17)
013-0450-008	0.06	R-2B-PUD	Completed Home (Sold 5/17)
013-0450-009	0.06	R-2B-PUD	Completed Home (Sold 6/17)
013-0450-010	0.06	R-2B-PUD	Completed Home (Resold 12/18)
013-0450-011	0.06	R-2B-PUD	Completed Home (Sold 5/17)
013-0450-012	0.06	R-2B-PUD	Completed Home (Sold7/17)
013-0450-013	0.15	R-2B-PUD	HOA Lot
013-0450-026	0.26	R-2B-PUD	HOA Lot
013-0460-001	0.06	R-2B-PUD	Completed Home (Sold 6/16)
013-0460-002	0.06	R-2B-PUD	Completed Home (Sold 10/16)
013-0460-003	0.06	R-2B-PUD	Completed Home (Sold 9/15)
013-0460-004	0.06	R-2B-PUD	Completed Home (Sold 5/16)
013-0460-005	0.06	R-2B-PUD	Completed Home (Sold 10/15)
013-0460-006	0.06	R-2B-PUD	Completed Home (Sold 7/16)
013-0460-007	0.06	R-2B-PUD	Completed Home (Sold 12/15)
013-0460-008	0.06	R-2B-PUD	Completed Home (Sold 8/15)
013-0460-009	0.06	R-2B-PUD	Completed Home (Sold 6/15)
013-0460-010	0.06	R-2B-PUD	Completed Home (Sold 6/15)
013-0460-011	0.06	R-2B-PUD	Completed Home (Sold 3/17)
013-0460-012	0.06	R-2B-PUD	Completed Home (Sold 3/17)
013-0460-013	0.06	R-2B-PUD	Completed Home (Resold 5/17)
013-0460-014	0.06	R-2B-PUD	Completed Home (Sold 9/16)
013-0460-015	0.06	R-2B-PUD	Completed Home (Sold 11/15)
013-0460-016	0.11	R-2B-PUD	Common Area
013-0460-017	0.32	R-2B-PUD	HOA Lot

Flood Zone:

According to the Federal Emergency Management Agency Flood Insurance Rate Maps (FIRM), Community-Panel Numbers 06067C-0190H, with an effective date of August 16, 2012, the subject property identified in Zone X. Portions of the site are in areas determined to be outside the 0.2% annual chance flood plain while others are in areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile, and areas protected by levees from 1% annual chance flood. Flood insurance is not required.

Unusual Seismic Hazards: Special Publication 42 (Interim Revision 2007), Fault Rupture Hazard Zones in California, prepared by the California Department of Conservation, California Geological Survey, describes active faults and fault zones pursuant to the Alquist-Priolo Earthquake Fault Zoning Act. According to Special Publication 42, the subject property is not within or near an Alquist-Priolo special study zone.

Highest and Best Use: The legally permissible uses of the subject are limited to the land uses as currently approved (single-family and multi-family residential). The Highest and best use is for near-term single family residential development (production homes). The highest and best use for the Flex Zone parcel is for retail use.

Type and Definition of Value: The purpose of this update appraisal is to estimate the not-less-than market value of the property.

Client and Intended Use: The client and intender user of this appraisal report is the City of Sacramento. Intender users are the City of Sacramento and its associated finance team. The intended use of this appraisal report is for bond underwriting purposes.

Date of Inspection: The subject property was not re-inspected. The subject property was last inspected on February 22, 2019.

Date of Value: May 15, 2019

Property Rights Appraised: Fee Simple Estate

Exposure Time / Marketing Time: 6 Months / 6 Months

ASSUMPTIONS AND LIMITING CONDITIONS

The Certification of the appraiser(s) appearing in this report is subject to the following assumptions and limiting conditions.

1. The appraiser(s) assumes no responsibility for the legal description provided for matters pertaining to the legal or title considerations. Title is assumed to be good and marketable and the property is appraised free and clear of any encumbrances, unless otherwise stated. It is assumed that the property is under responsible ownership and management.

2. Information, estimates and opinions furnished to the appraiser(s) and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, the appraiser(s) give no warranty of the accuracy of such items furnished by others.

3. The appraiser(s) is not required to give testimony or appear in court in connection with this appraisal unless prior arrangements have been made.

4. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser(s) has made no survey of the property and assumes no responsibility in connection with such matters.

5. The appraiser(s) assumes that there are no hidden or unapparent conditions of the property, subsoil or structures, which would render it more or less valuable. The appraiser(s) assumes no responsibility for such conditions or for engineering which might be required to discover such factors.

6. The appraiser(s) assumes the property in full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal. The appraiser(s) assumes the property contains no hazardous materials or substances or for engineering which might be required to discover such factors.

7. The appraiser(s) assumes 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 opinions contained in the report is based.

8. The appraiser(s) assumes that the property complies with applicable zoning requirements, use regulations and other restrictions, unless a lack of conformity has been stated, defined, and considered in the appraisal report.

9. Any allocation of the total value opinion stated in this report between the site and improvements applies only under the stated program of use. The separate values allocated to the site and improvements may not be used in connection with any other appraisal and are invalid if so used. Any value opinions provided in the appraisal report apply to the entire property and any proration or division of the total into fractional interests will invalidate the value opinion unless such proration or division of interests has been stated in the report.

10. Disclosure of the contents of the appraisal report is governed by the Code of Professional Ethics of the Appraisal Institute and is subject to peer review.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

11. The appraiser(s) assumes that the site and improvements are contained within the boundaries or property lines of the property described and that there are no encroachments unless noted in this report.

12. If only preliminary plans and specifications were available for use in the preparation of this assignment, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and the appraiser(s) reserves the right to amend this appraisal if substantial deviations exist.

13. The dates of value to which the opinions expressed in this report apply are set forth in this report. The appraiser(s) assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.

14. This appraisal was prepared for the sole and exclusive use of the client for the intended use outlined in this report. Any party who is not the client or intended user identified in the appraisal or the engagement letter is not entitled to rely upon the contents of this appraisal without the express written consent of Smith & Associates, Inc. The appraiser assumes no obligation, liability, or accountability to any third party.

15. The Americans with Disabilities Act (ADA became effective January 26, 1992. The appraiser(s) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser(s) have no direct evidence relating to this issue, possible non-compliance was not considered in estimating the value of the property.

16. No part of the appraisal report (nor any copy of it) shall be used for any purpose by any party except the client without the previous written consent of the appraiser(s). No portion of the appraisal report may be reproduced. The report shall not be used for advertising, public relations, news, or other media without the consent of the appraiser(s).

17. Acceptance and/or use of this appraisal report by the client or any third party constitutes acceptance of the previously stated assumptions and limiting conditions.

18. Any estimate of the Insurable Replacement Costs, if included within the scope of work and presented herein, is based on figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from estimates noted in this report and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. It is highly recommended that the client obtains estimates from professionals experienced in providing insurance coverage. The appraiser(s) make no warranties regarding the accuracy of estimates for Insurable Replacement Costs noted in this report.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.

3. 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.

4. I have not performed services as an appraiser regarding the property that is the subject of this report within the three-year period immediately proceeding acceptance of this assignment.

5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. 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.

8. My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

9. I did not inspect the subject property for this update appraisal report. However, I have made a personal inspection of the property on February 22, 2019 that is the subject of this report.

10. No one provided significant real property appraisal assistance to the person signing this certification.

11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

12. As of the date of this report, I John E. Carrothers, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.

John E. Carrothers, MAI
State Certified General Real Estate Appraiser
AG014187, Expiration 04/11/21

John E. Carrothers, MAI

State Certification #AG014187

SUMMARY

Certified General Appraiser with over twenty five years of appraisal experience in Sacramento, Placer, Solano, Sutter, Yolo, Stanislaus, Contra Costa and Alameda Counties. Extensive experience focusing on the analysis of residential subdivisions over the past twenty years.

Property types valued and analyzed include the following:

- *Single & Multi-Family Residential*
- *Commercial (Retail and Industrial)*
- *Subdivision (Feasibility and Valuation)*
- *Vacant Land (Improved and Unimproved)*

EXPERIENCE

1998 - Present	Manager/Sr. Appraiser	Smith & Associates, Inc.
1991 - 1998	Staff Appraiser	Smith Denton Associates, Inc.
1990 - 1991	Staff Appraiser	Professional Appraisal Services, Inc.

EDUCATION

Bachelor of Science Degree — *University of California at Davis*

Appraisal Institute Courses:

Real Estate Appraisal Principles; Valuation Procedures; Capitalization Theory and Techniques, A; Capitalization Theory and Techniques, B; Farm Valuation Seminar; Standards of Professional Practice A and B; Real Estate Principles; Subdivision Analysis; Assessment Bond Mello Roos Seminar; Report Writing; Advanced Sale Comparison and Cost Approach; National USPAP Equivalent Course.

AFFILIATIONS

MAI, Appraisal Institute

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

John E. Carrothers

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 014187

Effective Date: April 12, 2019
Date Expires: April 11, 2021

Jim Martin, Bureau Chief, BREA

3044862

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Date of Issue]

City Council
City of Sacramento
Sacramento, California

City of Sacramento
Curtis Park Village Community Facilities District No. 2014-02
(Improvements) Special Tax Bonds, Series 2019
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Sacramento (the "City") in connection with issuance of $12,245,000 aggregate principal amount of City of Sacramento Curtis Park Village Community Facilities District No. 2014-02 (Improvements) Special Tax Bonds, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to a Master Indenture, dated as of August 1, 2019 (the "Master Indenture"), as supplemented by a First Supplemental Indenture, dated as of August 1, 2019 (the "First Supplemental Indenture" and, together with the Master Indenture as so supplemented, the "Indenture"), each between the City and Zions Bancorporation, National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture; the Tax Certificate, dated the date hereof (the "Tax Certificate"), executed by the City; opinions of counsel to the City and the Trustee; certificates of the City, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. We express no opinion with respect to the plans, specifications, maps, financial report or other engineering or financial details of the proceedings, or upon the rate and method of apportionment of the Special Tax or the validity of the Special Tax levied upon any individual parcel. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special tax obligations of the City, payable solely from the Special Tax and certain funds held under the Indenture.

2. The Master Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the City.

3. The First Supplemental Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the City.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

GENERAL INFORMATION ABOUT THE CITY OF SACRAMENTO AND THE COUNTY OF SACRAMENTO

The following information is included only for the purpose of supplying general information regarding the City of Sacramento (the "City") and the County of Sacramento (the "County"). This information is provided only for general informational purposes and provides prospective investors limited information about the City and the County and their economic base. The Bonds are not a debt of the City, the County, or the State or any of its political subdivisions, and the City, the County, and the State and its political subdivisions are not liable therefor.

General

The City is located at the confluence of the Sacramento and American Rivers in the south-central portion of the Sacramento Valley, a part of the State's Central Valley. Although the City is approximately 75 air miles northeast of San Francisco, its temperature range is more extreme than that of most Northern California coastal cities, ranging from a daily average of 45 degrees Fahrenheit in January to 85 degrees Fahrenheit in July. Average elevation of the City is 30 feet above sea level.

Population

The following table lists population figures for the City, the County and the State as of January 1 for 2015 through 2019.

CITY AND COUNTY OF SACRAMENTO
Population Estimates

Calendar Year	***City of Sacramento***	***County of Sacramento***	***State of California***
2015	483,303	1,484,379	38,952,462
2016	486,154	1,498,127	39,214,803
2017	493,771	1,515,015	39,504,609
2018	500,724	1,530,242	39,740,508
2019	508,172	1,546,174	39,927,315

Source: State Department of Finance estimates (as of January 1).

Industry and Employment

The unemployment rate in the Sacramento—Arden-Arcade—Roseville, CA Metropolitan Statistical Area ("Sacramento MSA"), which includes Sacramento, Placer, El Dorado, and Yolo Counties, was 3.7% in 2018, down from the 2017 estimate of 4.5%. This compares with an unadjusted unemployment rate of 4.2% for California and 3.9% for the nation during the same period. The unemployment rate was 3.6% in El Dorado County, 3.1% in Placer County, 3.8% in Sacramento County and 4.2% in Yolo County.

The table below provides information about employment rates and employment by industry type for the Sacramento MSA for calendar years 2014 through 2018.

SACRAMENTO MSA
Civilian Labor Force, Employment and Unemployment
Calendar Years 2014 through 2018
Annual Averages

	2014	***2015***	***2016***	***2017***	***2018***
Civilian Labor Force [(1)]	1,044,700	1,053,800	1,069,300	1,076,500	1,095,800
Employment	970,300	992,100	1,012,900	1,027,600	1,055,100
Unemployment	74,400	61,700	56,400	48,900	40,600
Unemployment Rate	7.1%	5.9%	5.3%	4.5%	3.7%
Wage and Salary Employment [(2)]					
Agriculture	9,200	9,400	9,700	9,800	9,100
Natural Resources and Mining	400	400	400	400	500
Construction	45,600	50,300	55,000	58,700	63,600
Manufacturing	35,400	36,400	36,200	35,700	36,100
Wholesale Trade	24,100	24,400	25,500	26,500	28,500
Retail Trade	95,300	98,000	100,500	101,400	102,300
Transportation, Warehousing and Utilities	23,600	24,600	26,000	26,700	29,100
Information	13,900	14,100	13,800	12,500	12,300
Finance and Insurance	35,600	37,100	37,300	37,200	37,100
Real Estate and Rental and Leasing	13,400	13,800	14,500	15,200	16,800
Professional and Business Services	118,300	120,300	128,100	130,600	135,700
Educational and Health Services	134,300	140,100	145,600	152,800	159,500
Leisure and Hospitality	91,800	95,400	99,800	103,300	106,300
Other Services	30,300	30,900	31,700	33,000	34,200
Federal Government	13,600	13,700	14,000	14,200	14,100
State Government	113,400	115,300	116,600	118,400	120,500
Local Government	100,800	102,900	104,000	102,600	102,900
Total, All Industries	898,800	927,100	958,700	978,800	1,008,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
Source: State of California Employment Development Department.

Major Employers

The following table shows the largest employers located in the County as of fiscal year 2018.

COUNTY OF SACRAMENTO
PRINCIPAL EMPLOYERS
As of June 30, 2018

Rank	*Name of Company*	*Number of Employees*	*Percentage of Total City Employment*
1.	Kaiser Permanente	10,517	1.57%
2.	UC Davis Health System	10,467	1.56
3.	Sutter/California Health Services	9,911	1.48
4.	Dignity/Mercy Healthcare	8,039	1.20
5.	Intel Corporation	6,000	0.90
6.	Apple Inc.	5,000	0.75
7.	Raley's Inc./Bel Air	3,147	0.47
8.	Health Net of California Inc.	3,000	0.45
9.	VSP Global	2,927	0.44
10.	Wells Fargo & Co.	1,804	0.27

Source: County of Sacramento Comprehensive Annual Financial Report for the year ending June 30, 2018.

The following table shows the largest employers located in the City as of fiscal year 2018.

CITY OF SACRAMENTO
PRINCIPAL EMPLOYERS
As of June 30, 2018

Rank	*Name of Company*	*Number of Employees*	*Percentage of Total City Employment*
1.	State of California	75,801	11.28%
2.	UC Davis Health System	12,840	1.91
3.	Sacramento County	12,280	1.82
4.	Kaiser Permanente	11,005	1.64
5.	U.S. Government	10,325	1.54
6.	Sutter Health	8,177	1.22
7.	Dignity Health	7,000	1.04
8.	Elk Grove Unified School District	6,210	0.92
9.	Intel Corporation	6,000	0.89
10.	Apple, Inc.	5,000	0.74
11.	City of Sacramento	4,556	0.68

Source: City of Sacramento Comprehensive Annual Financial Report for the year ending June 30, 2018.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

The following table summarizes the personal income for the County of Sacramento, the State and the United States for the period 2013 through 2017.

COUNTY OF SACRAMENTO
Personal Income
2013 through 2017

Year	*Sacramento County*	*California*	*United States*
2013	$62,592,345	$1,885,672,400	$14,175,503,000
2014	66,707,690	2,021,640,000	14,983,140,000
2015	71,532,171	2,173,299,700	15,711,634,000
2016	73,922,295	2,259,413,900	16,115,630,000
2017	76,832,120	2,364,129,400	16,820,250,000

Note: Dollars in Thousands.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for the County of Sacramento, the State and the United States for 2013-2017. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
County of Sacramento, State of California and the United States
2013 Through 2017

Year	*Sacramento County*	*California*	*United States*
2013	$42,887	$49,173	$44,826
2014	45,148	52,237	47,025
2015	47,811	55,679	48,940
2016	48,850	57,497	49,831
2017	50,197	59,796	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Commercial Activity

A summary of historic taxable sales within the City for 2012-2017 and through the first quarter of 2018 is shown in the following table.

CITY OF SACRAMENTO
Taxable Transactions
(dollars in thousands)

	Retail Stores		*Total All Outlets*	
	Number of Permits	***Taxable Transactions***	***Number of Permits***	***Taxable Transactions***
2012	7,862	$3,801,126	11,301	$5,471,319
2013	8,117	3,951,948	11,511	5,704,121
2014	8,445	4,036,184	11,809	5,863,222
2015	8,935	4,250,197	13,341	6,183,425
2016	9,334	4,446,756	14,068	6,445,465
2017	9,422	4,638,796	14,258	6,751,021
2018(1)	9,573	1,149,210	14,521	1,626,344

(1) Through first quarter of 2018.
Source: State Board of Equalization.

A summary of historic taxable sales within the County for 2012-2017 and through the first quarter of 2018 is shown in the following table.

COUNTY OF SACRAMENTO
Taxable Transactions
(dollars in thousands)

	Retail Stores		*Total All Outlets*	
	Number of Permits	***Taxable Transactions***	***Number of Permits***	***Taxable Transactions***
2012	22,211	$13,366,459	31,507	$19,089,848
2013	22,629	14,171,006	31,709	20,097,095
2014	23,147	14,649,693	32,143	21,061,901
2015	23,999	15,221,223	36,121	22,043,195
2016	24,383	16,016,856	36,915	23,184,499
2017	24,501	16,729,885	37,317	24,405,149
2018(1)	24,600	4,079,375	37,585	5,761,506

(1) Through first quarter of 2018.
Source: State Board of Equalization.

Building and Construction

Provided below are the building permits and valuations for the City and the County for calendar years 2013 through 2017.

CITY OF SACRAMENTO
Total Building Permit Valuations
(valuations in thousands)

	2013	*2014*	*2015*	*2016*	*2017*
Permit Valuation					
New Single-family	$ 49,592.1	$ 58,116.6	$ 106,772.4	$ 288,236.6	$ 432,659.8
New Multi-family	2,586.5	21,874.1	108,079.3	181,997.4	158,324.1
Res. Alterations/Additions	111,697.7	89,488.5	92,380.4	99,166.2	113,843.3
Total Residential	$ 163,876.3	$ 169,479.2	$ 307,232.1	$ 569,400.2	$ 704,827.2
New Commercial	$ 35,643.2	$ 30,460.2	$ 26,629.2	$ 125,112.7	$ 143,368.7
New Industrial	379.9	2,178.5	0.0	150.0	0.0
New Other	13,868.4	29,484.9	39,614.62	34,081.1	76,890.9
Com. Alterations/Additions	137,883.3	153,927.1	222,068.0	238,524.2	120,410.0
Total Nonresidential	$ 187,774.8	$ 216,050.7	$ 288,311.82	$ 397,868.0	$ 340,669.6
New Dwelling Units					
Single Family	251	257	435	995	1,723
Multiple Family	31	160	813	601	1,076
TOTAL	282	417	1,248	1,596	2,799

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF SACRAMENTO
Total Building Permit Valuations
(valuations in thousands)

	2013	*2014*	*2015*	*2016*	*2017*
Permit Valuation					
New Single-family	$ 388,935.7	$ 361,339.3	$ 547,340.7	$ 611,073.6	$ 744,006.3
New Multi-family	13,637.4	30,113.7	108,510.6	83,282.9	242,222.8
Res. Alterations/Additions	201,418.7	179,206.9	241,507.7	255,821.8	214,028.1
Total Residential	$ 603,991.8	$ 570,659.9	$ 897,359.0	$ 950,178.3	$ 1,200,257.2
New Commercial	$ 94,629.4	$ 114,813.2	$ 155,624.2	$ 482,772.0	$ 270,736.7
New Industrial	1,360.6	2,178.5	0.0	150.0	3,026.0
New Other	48,822.1	145,465.8	101,500.5	418,862.1	265,276.7
Com. Alterations/Additions	279,323.9	261,776.1	394,304.5	85,354.4	140,367.2
Total Nonresidential	$ 424,136.0	$ 524,233.6	$ 651,429.2	$ 987,138.5	$ 679,406.6
New Dwelling Units					
Single Family	1,764	1,547	2,358	2,676	3,174
Multiple Family	145	226	815	609	1,761
TOTAL	1,909	1,773	3,173	3,285	4,935

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

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

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

Trucking services are offered through facilities of interstate common carriers operating terminals in the area and by contract carriers of general commodities. Greyhound Bus Lines also has passenger and package-service stations in the City.

Sacramento International Airport, about 12 miles northwest of the City's downtown, is served by 13 major carriers and 1 commuter carrier. Sacramento Executive Airport, about 6 miles south of the City's downtown, is a full-service, 540-acre facility serving general aviation and providing a wide array of facilities and services.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Indenture.

Definitions

Except as otherwise defined in this Summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this Summary:

"Accountant's Report" means a report signed by an Independent Certified Public Accountant.

"Acquisition and Construction Fund" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Special Tax Bonds Acquisition and Construction Fund established pursuant to the Master Indenture (to be maintained by the Treasurer).

"Act" means collectively the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto.

"Bond Redemption Fund" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Special Tax Bonds Bond Redemption Fund established pursuant to the Master Indenture (to be maintained by the Trustee).

"Bond Reserve Fund" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Special Tax Bonds Bond Reserve Fund established pursuant to the Master Indenture (to be maintained by the Trustee).

"Bond Year" means the twelve-month period ending on September 1 of each year; provided, that the first Bond Year shall commence on the date of the execution, authentication and initial delivery of the first Series issued under the Master Indenture.

"Bonds" means the City of Sacramento Curtis Park Village Community Facilities District No. 2014-02 (Improvements) Special Tax Bonds at any time Outstanding under the Master Indenture that are executed, authenticated and delivered in accordance with the provisions of the Master Indenture.

"Business Day" means any day (other than a Saturday or a Sunday) on which the Trustee is open for business at its Principal Corporate Trust Office.

"Certificate of the City" means an instrument in writing signed by the City Manager or the Treasurer, or by any other officer of the City duly authorized by the City Council for that purpose.

"City" means the City of Sacramento, a California municipal corporation.

"City Council" means the City Council of the City.

"City Manager" means the City Manager of the City.

"Code" means the Internal Revenue Code of 1986 and all regulations of the United States Department of the Treasury issued thereunder from time to time to the extent that such regulations are, at the time, applicable and in effect, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

"Community Facilities District" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California, a community facilities district duly organized and existing in the City under and by virtue of the Act.

"Community Facilities Fund" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Community Facilities Fund established pursuant to the Master Indenture (to be maintained by the Treasurer).

"Costs of Issuance" means, with respect to any Series, all costs and expenses payable by or reimbursable to the City that are related to the authorization, sale, execution, authentication and initial delivery of such Series, including, but not limited to, costs of preparation and reproduction of documents, rating agency fees, fees and charges of the Trustee (including fees and expenses of its counsel), legal fees and charges and fees and charges of other consultants and professionals, together with all costs for the preparation of the Bonds of such Series, and any other cost or expense in connection with the authorization, sale, execution, authentication and initial delivery of such Series.

"Costs of Issuance Fund" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Special Tax Bonds Costs of Issuance Fund established pursuant to the Master Indenture (to be maintained by the Trustee).

"Debt Service" means, for any Bond Year, the sum of (1) the interest payable during such Bond Year on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of all Sinking Fund Account Payments (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year, plus (3) the Sinking Fund Account Payments required to be deposited in the Sinking Fund Account in such Bond Year.

"Event of Default" means an event described as such in the Master Indenture.

"Expense Fund" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Special Tax Bonds Expense Fund established pursuant to the Master Indenture (to be maintained by the Treasurer).

"Expenses" means all expenses paid or incurred by the City for the cost of planning and designing the Facilities or the facilities to be financed with the Fees, including the cost of environmental evaluations, and all costs associated with the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, together with all costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, and any other expenses incidental to the acquisition, construction, completion and inspection of the Facilities and the facilities to be financed with the Fees; all as determined in accordance with Generally Accepted Accounting Principles.

"Facilities" means the public facilities authorized to be acquired and constructed in and for the Community Facilities District under and pursuant to the Act at the special election held in the Community Facilities District on July 14, 2014.

"Federal Securities" means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the full faith and credit of the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of City funds, together with any repurchase agreements which are secured by any of such securities or obligations that (1) have a fair market value (determined at least daily) at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreement, (2) are in the possession of the Trustee or a third party acting solely as custodian for the Trustee who holds a perfected first lien therein, and (3) are free from all third party claims.

"Fees" means the governmental fees authorized to be financed with the proceeds of the Bonds at the special election held in the Community Facilities District on July 14, 2014.

"Fiscal Year" means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

"Fitch" means Fitch, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Generally Accepted Accounting Principles" means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

"Holder" means any person who shall be the registered owner of any Outstanding Bond, as shown on the registration books maintained by the Trustee pursuant to the Master Indenture.

"Indenture" means the Master Indenture and all Supplemental Indentures.

"Independent Certified Public Accountant" means any nationally recognized certified public accountant or firm of such accountants, appointed and paid by the City, and who, or each of whom --

(1) is in fact independent and not under the domination of the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as an officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

"Independent Consultant" means any consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relative to special taxes and special tax bond financing for California community facilities districts formed pursuant to the Act, appointed and paid by the City, and who, or each of whom –

(1) is in fact independent and not under the domination of the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or other reports to the City.

"Master Indenture" means the Master Indenture, dated as of August 1, 2019, between the City and the Trustee entered into under and pursuant to the Act.

"Maximum Annual Debt Service" means, as of any date of calculation, the largest Debt Service in any Bond Year during the period from the date of such calculation through the final maturity date of all Outstanding Bonds.

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Master Indenture) all Bonds except --

(1) Bonds cancelled and destroyed by the Trustee or delivered to the Trustee for cancellation and destruction;

(2) Bonds paid or deemed to have been paid within the meaning of the Master Indenture; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the City and authenticated and delivered by the Trustee pursuant to the Master Indenture.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee in Los Angeles, California, at which at any particular time its corporate trust business is being administered, except that with respect to presentation of Bonds for registration, payment, redemption, transfer or exchange, such term shall mean the corporate trust operations office of the Trustee in Salt Lake City, Utah, or such other office designated by the Trustee from time to time as its Principal Corporate Trust Office.

"Rebate Fund" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Special Tax Bonds Rebate Fund established pursuant to the Master Indenture (to be maintained by the Treasurer).

"Required Bond Reserve" means, as of any date of calculation, the least of (a) ten percent (10%) of the principal amount of the Outstanding Bonds, or (b) Maximum Annual Debt Service, or (c) one hundred twenty-five percent (125%) of the average Debt Service payable under the Master Indenture in the current and in all future Bond Years, all as determined by the City under the Code and specified in writing to the Trustee; provided, that such requirement (or any portion thereof) may be satisfied by the provision of one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank, the obligations insured by which insurer or issued by which bank, as the case may be, have at least one rating at the time of issuance of such policy or surety bond or letter of credit equal to "A" or higher assigned by Fitch or "A" or higher assigned by Moody's or "A" or higher assigned by S&P, in each case without regard to any numerical modifier or plus or minus sign; and provided further, that the amount of the Required Bond Reserve shall not increase at any time except upon the issuance of a new Series of Bonds; and provided further, that, with respect to the issuance of any issue of Bonds, if the amount on deposit in the Bond Reserve Fund would have to be increased by an amount greater than ten percent (10%) of the stated principal amount of such issue of Bonds (or, if the issue has more than a de minimis amount of original issue discount or premium, of the issue price of such issue of Bonds) then the Required Bond Reserve shall be such lesser amount as is determined by a deposit of such 10%.

"S&P" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Serial Bonds" means Bonds for which no Sinking Fund Account Payments are established.

"Series" means any series of the Bonds authorized, executed and authenticated pursuant to the Master Indenture and pursuant to one or more Supplemental Indentures as constituting a single series and delivered on initial issuance in a simultaneous transaction pursuant to the Master Indenture, and any Bonds thereafter executed, authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Master Indenture.

"Series 2019 Bonds" means the City of Sacramento Curtis Park Village Community Facilities District No. 2014-02 (Improvements) Special Tax Bonds, Series 2019.

"Sinking Fund Account" means the account in the Bond Redemption Fund referred to by that name established pursuant to the Master Indenture.

"Sinking Fund Account Payments" means the payments required by all Supplemental Indentures to be deposited in the Sinking Fund Account for the payment of the Term Bonds.

"Special Tax" means the special tax authorized to be levied and collected annually on all Taxable Land in the Community Facilities District under and pursuant to the Act at the special election held in the Community Facilities District on July 14, 2014.

"Special Tax Formula" means the Rate, Method of Apportionment, and Manner of Collection of Special Tax approved at the special election held in the Community Facilities District on July 14, 2014.

"Special Tax Fund" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Special Tax Bonds Special Tax Fund established pursuant to the Master Indenture (to be maintained by the Treasurer).

"Supplemental Indenture" means any indenture then in full force and effect that has been made and entered into by the City and the Trustee, amendatory of or supplemental to the Master Indenture; but only to the extent that such Supplemental Indenture is specifically authorized under the Master Indenture.

"Tax Certificate" means any certificate delivered upon the original issuance of a Series relating to Section 148 of the Code, or any functionally similar replacement certificate.

"Taxable Land" means all land within the Community Facilities District taxable under the Act in accordance with the proceedings for the authorization of the issuance of the Bonds and the levy and collection of the Special Tax.

"Term Bonds" means Bonds which are redeemable or payable on or before their specified maturity date or dates from Sinking Fund Account Payments established for the purpose of redeeming or paying such Bonds on or before their specified maturity date or dates.

"Treasurer" means the City Treasurer of the City.

"Trustee" means Zions Bancorporation, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character set forth in the Master Indenture, at its Principal Corporate Trust Office, and its successors or assigns, or any other bank or trust company that may at any time be substituted in its place as provided in the Master Indenture.

Conditions for the Issuance of Bonds

The City may at any time issue a Series payable from the proceeds of the Special Tax as provided in the Master Indenture on a parity with all other Series theretofore issued under the Master Indenture, but only subject to the following conditions, which are made conditions precedent to the issuance of any such Series other than the Series 2019 Bonds:

(a) The issuance of such Series shall have been authorized pursuant to the Act and pursuant to the Master Indenture and shall have been provided for by a Supplemental Indenture which shall specify the following:

(1) The purpose for which such Series is to be issued;

(2) The principal amount and designation of such Series and the denomination or denominations of the Bonds of such Series;

(3) The date, the maturity date or dates, the interest payment dates and the dates on which Sinking Fund Account Payments are due, if any, for such Series; provided, that (i) the Serial Bonds of such Series shall be payable as to principal on September 1 of each year in which principal of such Series falls due, and the Term Bonds of such Series shall be subject to mandatory redemption on September 1 of each year in which Sinking Fund Account Payments for such Series are due; (ii) the Bonds of such Series shall be payable as to interest semiannually on March 1 and September 1 of each year, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve (12) months and the interest shall be payable thereafter semiannually on March 1 and September 1, (iii) all the Bonds of such Series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of Serial Bonds of such Series or Sinking Fund Account Payments for Term Bonds of such Series, or any combination thereof, shall be established to provide for the redemption or payment of the Bonds of such Series on or before their respective maturity dates;

(4) The redemption premiums and redemption terms, if any, for such Series;

(5) The form of the Bonds of such Series;

(6) The amount, if any, to be deposited from the proceeds of sale of such Series in the Bond Redemption Fund, and its use to pay interest on the Bonds of such Series;

(7) The amount, if any, to be deposited from the proceeds of sale of such Series in the Bond Reserve Fund; provided, that the Required Bond Reserve shall be satisfied at the time that such Series becomes Outstanding;

(8) The amount, if any, to be deposited from the proceeds of sale of such Series in the separate account for such Series to be maintained in the Costs of Issuance Fund; and

(9) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Master Indenture;

(b) No Event of Default under the Master Indenture or under any Supplemental Indenture shall have occurred and shall be then continuing; and

(c) Either (i) none of the Bonds theretofore issued under the Master Indenture will be Outstanding after the issuance and delivery of such Series or (ii) the Debt Service in each Bond Year that begins after the issuance of such Series is not increased by reason of the issuance of such Series.

Deposit of Proceeds of the Special Tax in the Special Tax Fund

The City agrees and covenants that all proceeds of the Special Tax, when and as received, will be received and held by it in trust under the Master Indenture, and will be deposited as and when received in the "Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Special Tax Bonds Special Tax Fund," which fund is established in the treasury of the City and which fund the City agrees and covenants to maintain with the Treasurer so long as any Bonds are Outstanding under the Master Indenture, and all such money in the Special Tax Fund shall be accounted for separately and apart from all other accounts, funds, money or other resources of the City, and shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Master Indenture. Subject only to the provisions of the Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, there are pledged to secure the payment of the principal of and premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Master Indenture, all of the proceeds of the Special Tax received by or on behalf of the City and any other amounts held in the Special Tax Fund, the Bond Redemption Fund and the Bond Reserve Fund.

Notwithstanding anything to the contrary in the Master Indenture, as soon as practicable after the receipt by the City of any prepayment of the Special Tax, the Treasurer shall (i) deposit any component thereof representing the "Remaining Facilities Cost Share" (as defined in the Special Tax Formula) in the Acquisition and Construction Fund, (ii) deposit any component thereof representing the "Administrative Expenses" (as defined in the Special Tax Formula) in the Expense Fund, and (iii) transfer to the Trustee for deposit in the Bond Redemption Fund, any remaining amounts, for the extraordinary redemption of Bonds pursuant to the terms of any Supplemental Indenture. The respective amounts of the deposits and transfers described in clauses (i), (ii) and (iii) will be determined by the Treasurer.

Allocation of Money in the Special Tax Fund

All money in the Special Tax Fund shall be set aside by the Treasurer in the following respective funds and accounts (each of which funds and accounts the City agrees and covenants to maintain with the Treasurer or the Trustee, as the case may be, so long as any Bonds are Outstanding under the Master Indenture) in the following order of priority, and all money in each of such funds and accounts shall be applied, used and withdrawn only for the purposes authorized in the Master Indenture, namely:

(1) <u>Bond Redemption Fund</u>. On or before the first (1^{st}) day in each March and September, the Treasurer shall, from the money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such March 1 or September 1, as the case may be, and on or before the first (1^{st}) day in September 1 in each year, the Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and

payable on all Outstanding Serial Bonds on such September 1 plus the Sinking Fund Account Payments required to be made on such September 1 into the Sinking Fund Account; provided, that all of the aforesaid payments shall be made without priority of any payment over any other payment, and in the event that the money in the Bond Redemption Fund on any March 1 or September 1 is not equal to the amount of interest becoming due on all Bonds on such date, or in the event that the money in the Bond Redemption Fund on any September 1 is not equal to the amount of principal of the Bonds becoming due on such date plus the amount of the Sinking Fund Account Payments becoming due on such date, as the case may be, then such money shall be applied pro rata in such proportion as such interest and principal and Sinking Fund Account Payments bear to each other; and provided further, that no deposit need be made into the Bond Redemption Fund if the amount of money contained therein is at least equal to the amount required by the terms of this paragraph to be deposited therein at the times and in the amounts provided in the Master Indenture.

All money in the Bond Redemption Fund shall be used and withdrawn by the Trustee solely to pay the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity) plus the principal of and redemption premiums, if any, on the Bonds as they shall mature or upon the prior redemption thereof, except that any money in the Sinking Fund Account shall be used only to purchase or redeem or retire Term Bonds and any money deposited in the Bond Redemption Fund from the proceeds of a Series of Bonds to be used to pay interest on that Series of Bonds shall be used only to pay interest on that Series of Bonds.

(2) Bond Reserve Fund. On or before the first (1st) day in September in each year, the Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Reserve Fund such amount of money as shall be required to restore the Bond Reserve Fund to an amount equal to the Required Bond Reserve; and for this purpose all investments in the Bond Reserve Fund shall be valued on or before September 1 of each year at the face value thereof if such investments mature within twelve (12) months from the date of valuation, or if such investments mature more than twelve (12) months after the date of valuation, at the price at which such investments are redeemable by the holder at his or her option, if so redeemable, or if not so redeemable, at the lesser of (i) the par value of such investments, or (ii) the market value of such investments; provided, that no deposit need be made into the Bond Reserve Fund if the amount contained therein is at least equal to the Required Bond Reserve. In making any valuations under the Master Indenture, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system and rely thereon.

All money in the Bond Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the interest on or principal of the Bonds in the event there is insufficient money in the Bond Redemption Fund available for this purpose; (ii) reinstating the amount available under any municipal bond insurance policy, surety bond, or letter of credit held in satisfaction of all or a portion of the Required Bond Reserve; or (iii) retiring Bonds, in whole or in part, to the extent that the amount on deposit in the Bond Reserve Fund exceeds the Required Bond Reserve due to a redemption or defeasance of Bonds; provided, that if as a result of any of the valuations required by the paragraph immediately above it is determined that the amount of money in the Bond Reserve Fund exceeds the Required Bond Reserve, the Trustee shall withdraw the amount of money representing such excess from such fund and shall deposit such amount of money in the Bond Redemption Fund.

(3) Expense Fund. On September 1 in each year, the Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Fund a sum equal to the amount required by the City for the payment of budgeted Expenses during the twelve-month period beginning on such date, or to reimburse the City for the payment of unbudgeted Expenses during the prior twelve-month period. All money in the Expense Fund shall be used and withdrawn by the Treasurer only for transfer to or for the account of the City to pay budgeted Expenses as provided in the Master Indenture, or to reimburse the City for the payment of unbudgeted Expenses as

provided in the Master Indenture, or to pay interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money is available therefor.

All money remaining in the Special Tax Fund on September 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of the Master Indenture, shall be withdrawn from the Special Tax Fund by the Treasurer for and deposited in the "Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Community Facilities Fund," which fund the City agrees and covenants to maintain with the Treasurer so long as any Bonds are Outstanding under the Master Indenture, and all money in the Community Facilities Fund shall be used and withdrawn by the City solely for the benefit of the Community Facilities District in accordance with the Act; provided, that the Treasurer shall not make any such withdrawal of money in the Special Tax Fund if and when (to the Treasurer's actual knowledge) an Event of Default is then existing under the Master Indenture.

Covenants of the City

Punctual Payment and Performance. The City will punctually pay the interest on and principal of and redemption premium, if any, to become due on every Bond issued under the Master Indenture in strict conformity with the terms of the Act and of the Master Indenture and of the Bonds, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Master Indenture and in all Supplemental Indentures and in the Bonds required to be observed and performed by it.

Against Indebtedness and Encumbrances. The City will not issue any evidences of indebtedness payable from the proceeds of the Special Tax except as provided in the Master Indenture, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided in the Master Indenture; provided, that the City may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District which are payable from any money in the Community Facilities Fund as may from time to time be deposited therein so long as any payments due thereunder shall be subordinate in all respects to the use of the proceeds of the Special Tax as provided in the Master Indenture.

Against Federal Income Taxation.

(a) The City will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, and specifically the City will not directly or indirectly use or make any use of the proceeds of the Bonds or any other funds of the City or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code or "private activity bonds" subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are "federally guaranteed" as provided in Section 149(b) of the Code; and to that end the City, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code; provided, that if the City shall obtain an opinion of nationally recognized bond counsel to the effect that any action required under the Master Indenture as described in this section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the City may rely conclusively on such opinion in complying with the provisions of the Master Indenture. In the event that at any time the City is of the opinion that for purposes of the Master Indenture described in this section it is necessary to restrict or limit the yield on the investment of any money held by the Treasurer under the Master Indenture or otherwise the City shall so instruct the Treasurer in writing, and the Treasurer shall take such action as may be necessary in accordance with such instructions.

(b) Without limiting the generality of the foregoing, the City will pay from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such regulations are, at the time, applicable and in effect, which obligation shall survive payment in full or defeasance of the Bonds, and to that end, there is established in the treasury of the City a fund to be known as the "Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California Special Tax Bonds Rebate Fund" to be held in trust and administered by the Treasurer. The City will comply with the provisions of each Tax Certificate with respect to making deposits in the Rebate Fund, and all money held in the Rebate Fund is pledged to provide payments to the United States of America as provided in the Master Indenture and in each Tax Certificate and no other person shall have claim to such money except as provided in each Tax Certificate.

(c) In connection with the issuance of a Series of Bonds, the City may exclude the application of the covenants contained in the Master Indenture as described under this caption to such Series of Bonds.

Payment of Claims. The City will pay and discharge any and all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or any part thereof or upon any funds in the hands of the Treasurer or the Trustee allocated to the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, or which might impair the security of the Bonds.

Protection of Security and Rights of Holders. The City will preserve and protect the security of the Bonds and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

Levy and Collection of the Special Tax. The City, so long as any Bonds are Outstanding, will annually levy the Special Tax against all Taxable Land in the Community Facilities District in accordance with the Special Tax Formula and, subject to the limitations in the Special Tax Formula and the Act, make provision for the collection of the Special Tax in amounts which will be sufficient, together with the money then on deposit in the Bond Redemption Fund, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Master Indenture, and which in any event will be sufficient to pay the interest on and principal of and Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds as they become due and payable and to replenish the Bond Reserve Fund and to pay all current Expenses as they become due and payable in accordance with the provisions and terms of the Master Indenture. The Special Tax shall be collected in the same manner as ordinary ad valorem property taxes for the County of Sacramento are collected and, except as otherwise provided in the Master Indenture or by the Act, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for ad valorem property taxes.

Foreclosure of Special Tax Liens. The City will annually on or before October 1 of each year review the public records of the County of Sacramento relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and (a) on the basis of such review the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year by seven thousand five hundred dollars ($7,500) or more in order to enforce the lien of all such delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale, and (b) on the further basis of such review, if the City determines that the total amount so collected is less than ninety-five percent (95%) of the total amount of the Special Tax levied in such Fiscal Year, the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year to enforce the lien of all the delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California; and provided further, that the City shall not be obligated to enforce the lien of any delinquent installment of the Special Tax for any Fiscal Year in which the City shall have received one hundred percent (100%) of the amount of such installment from the County of Sacramento pursuant to the so-called "Teeter Plan."

Further Assurances. The City will adopt, deliver, execute, make and file any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Master Indenture and for the better assuring and confirming unto the Holders of the rights and benefits provided in the Master Indenture, including without limitation the filing of all financing statements, agreements, instruments or other documents in the forms and in the locations necessary to perfect and protect, and to continue the perfection of, the pledge of the Special Taxes provided in the Master Indenture to the fullest extent possible under applicable law of the State of California.

Amendment of or Supplement to the Master Indenture

Procedure for Amendment of or Supplement to the Master Indenture.

(a) Amendment or Supplement With Consent of Holders. The Master Indenture and the rights and obligations of the City and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the City and the Trustee, which Supplemental Indenture shall become binding when the written consents of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Master Indenture, shall have been filed with the Trustee; provided, that no such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the interest on or principal of or Sinking Fund Account Payment for or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency and from the funds provided in the Master Indenture without the express written consent of the Holder of such Bond, or (2) permit the issuance by the City of any obligations payable from the proceeds of the Special Tax on a parity with the Bonds other than as provided in the Master Indenture, or jeopardize the ability of the City to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto. The written consent of the Holders of a Series of Bonds may be effected (a) through a consent by the underwriter of such Series of Bonds at the time of the issuance of such Series of Bonds and (b) through a provision of a Supplemental Indenture that deems any Holder purchasing such Series of Bonds to consent for purposes of the provisions of the Master Indenture described in this paragraph by virtue of its purchase of such Series of Bonds.

(b) Amendment or Supplement Without Consent of Holders. The Master Indenture and the rights and obligations of the City and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the City and the Trustee, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders, but only for any one or more of the following purposes –

(i) To add to the agreements and covenants required in the Master Indenture to be performed by the City other agreements and covenants thereafter to be performed by the City which shall not (in the opinion of the City) adversely affect the interests of the Holders, or to surrender any right or power reserved in the Master Indenture to or conferred in the Master Indenture upon the City which shall not (in the opinion of the City) materially adversely affect the interests of the Holders;

(ii) To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained in the Master Indenture or in regard to questions arising under the Master Indenture which the City may deem desirable or necessary and not inconsistent with the Master Indenture and which shall not (in the opinion of the City) materially adversely affect the interests of the Holders;

(iii) To authorize the issuance under the Act and under the Master Indenture of a Series and to provide the conditions and terms under which such Series may be issued, subject to and in accordance with the provisions of the Master Indenture;

(iv) To authorize the issuance under and subject to the Act of any refunding bonds for any of the Bonds and to provide the conditions and terms under which such refunding bonds may be issued, subject to and in accordance with the provisions of the Master Indenture;

(v) To make such additions, deletions or modifications as may be necessary or appropriate to insure compliance with Section 148(f) of the Code relating to the required rebate of excess investment earnings to the United States of America, or otherwise as may be necessary to insure the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds or the exemption of such interest from State of California personal income taxes;

(vi) To make such additions, deletions or modifications as may be necessary or appropriate to maintain any then current rating on the Bonds;

(vii) To permit the qualification of the Master Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by that act or similar federal statute and which shall not (in the opinion of the City) materially adversely affect the interests of the Holders; and

(viii) For any other purpose that does not (in the opinion of the City) materially adversely affect the interests of the Holders.

Disqualified Bonds. Bonds owned or held for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in the Master Indenture, and shall not be entitled to consent to or take any other action provided therein.

Endorsement or Replacement of Bonds After Amendment or Supplement. After the effective date of any action taken as provided in the Master Indenture, the City may determine that the Bonds may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Bond Outstanding on such effective date and presentation of his Bond for such purpose at the Principal Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Bond Outstanding on such effective date such new Bonds shall, upon surrender of such Outstanding Bonds, be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Holder, for Bonds then Outstanding.

Amendment or Supplement by Mutual Consent. The provisions of the Master Indenture shall not prevent any Holder from accepting any amendment or supplement as to any particular Bonds held by him; provided, that due notation thereof is made on such Bonds.

Events of Default and Remedies

Events of Default and Remedies. If one or more of the following events (herein “Events of Default”) shall happen, that is to say --

(a) if default shall be made by the City in the due and punctual payment of any interest on or principal of or Sinking Fund Account Payment for any of the Bonds when and as the same shall become due and payable, whether at maturity, by proceedings for redemption or otherwise;

(b) if default shall be made by the City in the observance or performance of any of the other agreements or covenants contained in the Master Indenture required to be observed or performed by it, and such default shall have continued for a period of thirty (30) days after the City shall have been given notice in writing of such default by the Trustee; or

(c) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property;

then in each and every such case during the continuance of such Event of Default the Trustee may take the following remedial steps --

> (a) by mandamus or other suit or proceeding at law or in equity to compel the City Council or the City or any of the officers or employees of the City to perform each and every term, provision and covenant contained in the Indenture and in the Bonds and carry out their duties under the Act and the agreements and covenants with the Holders contained in the Master Indenture;
>
> (b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or
>
> (c) by suit in equity upon the nonpayment of the Bonds to require the City Council or the City or its officers and employees to account as the trustee of an express trust.

Application of Proceeds of Special Tax After Default. If an Event of Default shall occur and be continuing, all proceeds of the Special Tax thereafter received by the City shall be immediately transferred to the Trustee and the Trustee shall apply all proceeds of the Special Tax and any other funds thereafter received by the Trustee under any of the provisions of the Indenture as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, including the costs and expenses of the Trustee and the Holders in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under the Indenture.

(b) To the payment of the principal of and interest and premium, if any, then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

> First: to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the persons entitled thereto of the unpaid principal (including Sinking Fund Account Payments) of and redemption premium, if any, on the Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal of and premium, if any, due on such date to the persons entitled thereto, without any discrimination or preference.

(c) Any remaining amounts shall be transferred by the Trustee to the City for deposit in the Special Tax Fund.

Trustee to Represent Holders. The Trustee is irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, the Indenture, the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Holders, the Trustee in its discretion may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Master Indenture, or in aid of the execution of any power granted in the Master Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under the Indenture, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the proceeds of the Special Tax and other amounts and assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of the Indenture.

Holders' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnifying the Trustee to its satisfaction therefor, to direct the method of conducting all remedial proceedings taken by the Trustee under the Master Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Holders not parties to such direction.

Limitation on Holders' Right to Sue. No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bond, unless (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Master Indenture or to institute such suit, action or proceeding in its own name; (3) such Holder or said Holders shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Master Indenture or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by such Holder's or Holders' action to affect, disturb or prejudice the security of the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Master Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Master Indenture and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Absolute Obligation of the City. Nothing in the Indenture, or in the Bonds, contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of and redemption premium, if any, and interest on the Bonds to the respective Holders of the Bonds at their respective dates of maturity, or upon call for redemption, as provided in the Master Indenture, but only out of the proceeds of the Special Tax and other assets pledged in the Master Indenture therefor, and not otherwise, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Holders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Holders, then in every such case the City, the Trustee and the Holders, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Master Indenture, severally and respectively, and all rights, remedies, powers and duties of the City, the Trustee and the Holders shall continue as though no such proceedings had been taken.

Remedies Not Exclusive. No remedy conferred in the Master Indenture upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Master Indenture or now or hereafter existing at law or in equity or otherwise.

No Waiver of Default. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Defeasance

Discharge of the Bonds.

(a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated therein and in the Master Indenture, then all agreements, covenants and other obligations of the City to the Holders of such Bonds under the Master Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City for deposit in the Community Facilities Fund all money or securities held by it pursuant to the Master Indenture which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Any Outstanding Bonds shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the immediately preceding paragraph if there shall be on deposit with the Trustee money which is sufficient to pay the interest due on such Bonds on such date and the principal and redemption premiums, if any, due on such Bonds on such date.

(c) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, notice of redemption shall have been given as provided in the Master Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, (2) there shall have been deposited with an escrow agent or the Trustee either (x) money in an amount which shall be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds on and prior to the maturity dates or the redemption dates thereof, as the case may be or (y) Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Trustee at the same time, shall be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by an Accountant's Report on file with the City and the Trustee in the case of a deposit pursuant to the Master Indenture as described in clause (y) of this paragraph, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the City shall have instructed the Trustee to mail pursuant to the Master Indenture a notice to the Holders of such Bonds that the deposit required by clause (2) above has been made with such escrow agent or the Trustee and that such Bonds are deemed to have been paid in accordance with the provisions of the Master Indenture described in this section and stating the maturity dates or redemption dates, as the case may be, upon which money will be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

Miscellaneous

Liability of City Limited to Proceeds of the Special Tax and Certain Other Funds. Notwithstanding anything contained in the Master Indenture, the City shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax and the other funds provided in the Master Indenture for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds.

Waiver of Personal Liability. No member of the City Council or officer or employee of the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, but nothing in the Master Indenture shall relieve any member of the City Council or officer or employee of the City from the performance of any official duty provided by the Master Indenture or by the Act or by any other applicable provisions of law.

APPENDIX F

FORM OF CITY CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated as of August 1, 2019 (this "**Certificate**"), is executed and delivered by the City of Sacramento, a California municipal corporation and charter city (the "**Issuer**"), in connection with the issuance of the City of Sacramento Curtis Park Village Community Facilities District No. 2014-02 (Improvements) Special Tax Bonds, Series 2019 (the "**Bonds**"). The Bonds are being issued under Resolution No. 2019-0182 adopted by the Sacramento City Council on May 21, 2019, and a Master Indenture, dated as of August 1, 2019, as supplemented by a First Supplemental Indenture dated as of August 1, 2019 (collectively, the "**Indenture**"), each between the Issuer and Zions Bancorporation, National Association, as trustee (the "**Trustee**").

The Issuer hereby covenants as follows:

1. **Purpose of this Certificate**. This Certificate is being executed and delivered for the benefit of the Holders and Beneficial Owners of the Bonds and to assist the Participating Underwriter in complying with the Rule.

2. **Definitions.** In addition to the definitions set forth in the Indenture and the Rate and Method of Apportionment, which apply to any capitalized term used in this Certificate unless the term is otherwise defined in this section 2, the following capitalized terms have the following meanings:

   "***Annual Report***" means any annual report that meets the criteria in section 4 and is provided by the Issuer under section 3.

   "***Beneficial Owner***" means 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 a person holding Bond through a nominee, depository, or other intermediary); or (b) is treated as the owner of any Bond for federal income-tax purposes.

   "***Business Day***" means any day the Issuer's offices at 915 I Street, Sacramento, California, are open to the public.

   "***Dissemination Agent***" initially means the Issuer, and thereafter it means any successor Dissemination Agent the Issuer designates in writing.

   "***District***" means the Curtis Park Village Community Facilities District No. 2014-02, City of Sacramento, County of Sacramento, State of California.

   "***EMMA***" means the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org, or any other repository of disclosure information the Securities and Exchange Commission may designate in the future.

   "Fiscal Year" means the Issuer's fiscal year, which begins on July 1 and ends the following June 30.

   "***Listed Events***" means any of the events listed in section 5(a) below.

   "***MSRB***" means the Municipal Securities Rulemaking Board.

   "***Official Statement***" means the Issuer's official statement with respect to the Bonds.

"***Participating Underwriter***" means Stifel, Nicolaus & Company, Incorporated.

"***Rate and Method of Apportionment***" means the Rate and Method of Apportionment of Special Tax for the District approved by the Resolution of Formation.

"***Resolution of Formation***" means the resolution adopted by the Sacramento City Council on June 24, 2014, and designated as Resolution No. 2014-0224.

"***Rule***" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

"***Tax-exempt***" means that the interest on the Bonds is excluded from gross income for federal income-tax purposes, whether or not the interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

3. **Provision of Annual Reports**.

(a) Beginning with the Fiscal Year ending June 30, 2019, the Issuer shall provide to EMMA, or shall cause the Dissemination Agent to provide to EMMA, not later than March 31 after the end of the Fiscal Year, an Annual Report that is consistent with the requirements of section 4 of this Certificate. If the Dissemination Agent is other than the Issuer, then the Issuer shall provide the Annual Report to the Dissemination Agent, in a form suitable for filing with EMMA, not later than 15 business days before the date specified in the prior sentence for providing the Annual Report to EMMA. The Annual Report may be submitted as a single document or as separate documents composing a package and may include by reference other information as provided in section 4 of this Certificate, except that the Issuer's audited financial statements may be submitted separately from, and later than, the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

(b) If the Dissemination Agent is an entity other than the Issuer, then the provisions of this section 3(b) will apply. The Issuer shall provide the Annual Report to the Dissemination Agent not later than 15 Business Days before the date specified in section 3(a) for providing the Annual Report to EMMA. If the Dissemination Agent has not received a copy of the Annual Report by the 15th Business Day before the date for providing the Annual Report, then the Dissemination Agent shall contact the Issuer to determine if the Issuer will be filing the Annual Report in compliance with section 3(a). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that the Annual Report constitutes the Annual Report required to be furnished by it under this Certificate. The Dissemination Agent may conclusively rely upon the Issuer's certification and will have no duty or obligation to review the Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in section 3(a), then the Dissemination Agent shall send a notice in a timely manner to EMMA, in the form required by EMMA.

(d) If the Dissemination Agent is other than the Issuer, then the Dissemination Agent shall—

(1) determine each year, before the date for providing the Annual Report, the name and address of the repository if other than the MSRB through EMMA; and

(2) file a report with the Issuer, promptly after receipt of the Annual Report, certifying that the Annual Report has been provided to EMMA and the date it was provided.

(e) Notwithstanding any other provision of this Certificate, all filings must be made in accordance with the EMMA system or in another manner approved under the Rule.

4. **Content of Annual Reports**. The Issuer's Annual Report must contain or include by reference all of the following:

(a) *Financial Statements*. The Issuer's audited financial statements for the most recent Fiscal Year then ended. If audited financial statements are not available by the time the Annual Report is required to be filed by section 3, then the Annual Report must contain unaudited financial statements, and the audited financial statements must be filed in the same manner as the Annual Report when they become available.

(b) *Financial and Operating Data*. The Annual Report must contain or incorporate by reference the following information except to the extent the information is included in the Issuer's audited financial statements or in a report to the California Debt and Investment Advisory Commission that has been uploaded to EMMA:

(1) Balances in each of the following funds established under the Indenture as of the close of the prior fiscal year:

(A) The Bond Redemption Fund (with a statement of the debt-service requirement to be discharged by the fund before the receipt of expected additional Special Tax revenue, *i.e.*, the Debt Service due on the following September 1).

(B) The Bond Reserve Fund.

(2) The aggregate land assessed valuation and the aggregate improvement assessed valuation within the District, which may be in a form similar to Table 3 (Historical Assessed Values) in the Official Statement.

(3) A statement of the debt-service requirements for the Bonds for the prior Fiscal Year.

(4) An update of the information in Table 5 of the Official Statement based on the assessed valuation of the Taxable Parcels within the District for the current Fiscal Year, except that the information with respect to overlapping land-secured debt need not be included.

(5) If any single property owner is responsible for 10% or more of the Special Tax levy for the current Fiscal Year, an update of the information in Table 6 of the Official Statement based on the assessed valuation of the Taxable Parcels within the District for the current Fiscal Year, except that the information with respect to overlapping land-secured debt need not be included.

(6) A statement of the actual Special Tax collections for the District for the prior Fiscal Year, which may be in a form similar to Table 7 in the Official Statement

(7) The following information (to the extent that it is no longer reported in the City's annual filings with the California Debt and Investment Advisory Commission regarding the Bonds):

(A) The Required Bond Reserve for the prior Fiscal Year.

(B) A statement as to the status of any foreclosure actions with respect to delinquent payments of the Special Tax.

(C) A statement of any discontinuance of the County's Teeter Plan with respect to any Taxable Parcel.

(c) Any or all of the items listed in section 4(a) or 4(b) may be included by specific reference to other documents (including official statements of debt issues of the Issuer or related public entities) that have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available through EMMA. The Issuer shall clearly identify each document included by reference.

5. **Reporting of Significant Events**.

(a) The Issuer shall give or cause the Dissemination Agent to give notice to the MSRB, through EMMA, not more than ten Business Days after 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) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds.

(6) Defeasances.

(7) Tender offers.

(8) Bankruptcy, insolvency, receivership, or similar proceedings.

(9) Ratings changes.

(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Additionally, the Issuer shall give or cause the Dissemination Agent to give notice to the MSRB, through EMMA, not more than ten Business Days after the occurrence of any of the following events with respect to the Bonds, if material:

(1) Unless described in section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.

(2) 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 under its terms.

(3) Appointment of a successor or additional fiscal agent or the change of the name of a fiscal agent.

(4) Nonpayment related defaults.

(5) Modifications to the rights of Bondholders.

(6) Bond calls.

(7) Release, substitution, or sale of property securing repayment of the Bonds.

(8) Incurrence of a financial obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect Bondholders.

(c) For purposes of the events identified in section 5(a)(10) or 5(b)(8), "financial obligation" means a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of (1) or (2). "Financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) If the Issuer's Fiscal Year changes, then the Issuer shall report or shall instruct the Dissemination Agent to report the change in the same manner and to the same parties as Listed Event would be reported under this section 5.

(e) The undertaking set forth in this Certificate is the Issuer's responsibility. The Dissemination Agent, if other than the Issuer, is not responsible for determining whether the Issuer's instructions to the Dissemination Agent under this section 5 comply with the Rule.

6. **Termination of Reporting Obligation.** The obligations of the Issuer and the Dissemination Agent under this Certificate terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If termination occurs before the final maturity of the Bonds, then the Issuer shall give notice of the termination in the same manner as for a Listed Event under section 5.

7. **Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Issuer will be the initial Dissemination Agent. The Dissemination Agent may resign by providing 30-days' advance written notice to the Issuer, with the resignation effective upon appointment of a new Dissemination Agent.

8. **Amendment.**

(a) The parties may amend this Certificate by written agreement of the parties without the consent of the Holders, and any provision of this Certificate may be waived, if all of the following conditions are satisfied:

(1) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law, or a change in the identity, nature, or status of the Issuer or the type of business the Issuer conducts.

(2) The undertakings in this Certificate as so amended or waived would have complied, in the opinion of a nationally recognized bond counsel, with the requirements of the Rule as of the

date of this Certificate, after taking into account any amendments or interpretations of the Rule as well as any change in circumstances.

(3) The amendment or waiver either (A) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (B) does not, in the determination of the Issuer, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

(b) To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided under this Certificate, the first Annual Report provided after the change must include a narrative explanation of the reasons for the amendment and the effect of the change on the type of operating data or financial information being provided.

(c) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must include both a quantitative discussion and, to the extent reasonably feasible, a qualitative discussion of the differences in the accounting principles and the effect of the change in the accounting principles on the presentation of the financial information.

9. **Additional Information.** This Certificate does not prevent the Issuer (a) from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication; or (b) from including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that required by this Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that specifically required by this Certificate, then the Issuer will have no obligation under this Certificate to update the information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. **Default.** If the Issuer or the Dissemination Agent fails to comply with any provision of this Certificate, then any Holder or Beneficial Owner of the Bonds may take any necessary and appropriate actions, including seeking mandate or specific performance by court order, to cause the Issuer and the Dissemination Agent to comply with their obligations under this Certificate. A default under this Certificate will not be an Event of Default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the Issuer or the Dissemination Agent to comply with this Certificate is an action to compel performance.

11. **Duties, Immunities, and Liabilities of Dissemination Agent.**

(a) Where an entity other than the Issuer is acting as the Dissemination Agent, the Dissemination Agent will have only the duties expressly set forth in this Certificate, and the Issuer shall indemnify and save the Dissemination Agent and its officers, directors, employees, and agents harmless against all losses, expenses, and liabilities that arise out of, or in the exercise or performance of, their powers and duties under this Certificate, including reasonable attorney's fees and other expenses of defending against any claim of liability, but excluding losses, expenses, and liabilities due to the Dissemination Agent's negligence or willful misconduct.

(b) Except as provided in section 11(a), the Issuer shall pay any Dissemination Agent (1) compensation for its services provided under this Certificate in accordance with an agreed-upon schedule of fees; and (2) all expenses, legal fees, and advances made or incurred by the Dissemination Agent in the performance of its duties under this Certificate.

(c) The Dissemination Agent has no duty or obligation to review any information the Issuer provides to it under this Certificate. The Issuer's obligations under this section 11 will survive the Dissemination Agent's resignation or removal and payment of the Bonds. No person has any right to commence any action against the Dissemination Agent for any remedy other than specific performance of this Certificate. The Dissemination Agent is not liable under any circumstances for monetary damages to any person for any breach under this Certificate.

12. **Beneficiaries.** This Certificate inures solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and Holders and Beneficial Owners from time to time of the Bonds, and it creates no rights in any other person or entity.

13. **Merger.** Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business will be the successor Dissemination Agent without the filing of any paper or any further act.

14. **Effective Date.** This Certificate is effective as of the date and year set forth above in the preamble.

CITY OF SACRAMENTO

By: ____
John P. Colville Jr., City Treasurer

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APPENDIX G

FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

This Developer Continuing Disclosure Certificate (this "Disclosure Certificate"), dated as of August 1, 2019, is executed and delivered by PDC Construction Company, Inc. (the "Landowner"), in connection with the issuance by the City of Sacramento (the "City") of the City of Sacramento Curtis Park Village Community Facilities District No. 2014-02 (Improvements) Special Tax Bonds, Series 2019 (the "Bonds"). The Bonds are being issued under a Master Indenture dated as of August 1, 2019, as supplemented by a First Supplemental Indenture dated as of August 1, 2019 (collectively, the "Indenture"), each between the City and Zions Bancorporation, National Association, as trustee (the "Trustee"). The Landowner covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Landowner to assist the Underwriter in the marketing of the Bonds.

SECTION 2. Definitions. Unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"**Affiliate**" means, with respect to the Landowner, (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as an agent, guardian or other fiduciary, 25% or more of any class of Equity Securities of the Landowner, or (b) each Person that controls, is controlled by or is under common control with the Landowner; provided, however, that in no case shall the City be deemed to be an Affiliate of the Landowner for purposes of this Disclosure Certificate. For the purpose of this definition, "**control**" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise. The following entities are Affiliates of the Landowner: (i) Crocker Village 52F, LLC, Crocker Village 70A, LLC and Crocker Village 77C, LLC and (ii) any other entity established by the Landowner for the purpose of taking title to property in the District.

"**Beneficial Owner**" means 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).

"**Dissemination Agent**" initially means the Landowner, and thereafter it means any successor Dissemination Agent the Landowner designates in writing.

"**District**" means Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California.

"**EMMA**" means the Electronic Municipal Market Access system of the MSRB.

"**Equity Securities**" of the Landowner means (a) all common stock, preferred stock, participations, shares, general partnership interests or other equity interests in and of the Landowner (regardless of how designated and whether or not voting or non-voting) and (b) all warrants, options and other rights to acquire any of the foregoing.

"**Government Authority**" means any national, state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"**Listed Event**" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Official Statement**" means the final Official Statement dated August 6, 2019, relating to the Bonds.

"**Person**" means any natural person, corporation, partnership, firm, association, Government Authority or any other Person whether acting in an individual fiduciary, or other capacity.

"**Repository**" means the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive continuing disclosure reports. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at http://emma.msrb.org.

"**Semiannual Report**" means any report to be provided by the Landowner on or prior to June 15 and December 15 of each year pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"**Underwriter**" means the original underwriter of the Bonds, Stifel, Nicolaus & Company, Incorporated.

SECTION 3. Provision of Semiannual Reports.

(a) Until the Landowner's reporting requirements terminate pursuant to Section 6 below, the Landowner shall, or upon receipt of the Semiannual Report from the Landowner the Dissemination Agent shall, not later than June 15 and December 15 of each year, commencing December 15, 2019, provide to the Repository a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If, in any year, June 15 or December 15 falls on a Saturday, Sunday, or a holiday, such deadline shall be extended to the next following day that is not a Saturday, Sunday, or holiday. The Semiannual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent is other than the Landowner, not later than 15 calendar days prior to the dates specified in subsection (a) for providing the Semiannual Report to the Repository, the Landowner (i) shall provide the Semiannual Report to the Dissemination Agent or (ii) shall provide notification to the Dissemination Agent that the Landowner is preparing, or causing to be prepared, the Semiannual Report and the date which the Semiannual Report is expected to be filed. If by such date, the Dissemination Agent has not received a copy of the Semiannual Report or notification as described in the preceding sentence, the Dissemination Agent shall notify the Landowner of such failure to receive the report.

(c) If the Dissemination Agent is unable to provide a Semiannual Report to the Repository by the applicable June 15th or December 15th or to verify that a Semiannual Report has been provided to the Repository by the Landowner by the applicable June 15th or December 15th, the Dissemination Agent shall send a notice to the Repository in the form required by the Repository.

(d) If the Dissemination Agent is other than the Landowner, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Semiannual Report the name and address of the Repository; and

(ii) promptly after receipt of the Semiannual Report file a report with the Landowner and the City certifying that the Semiannual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the Repository.

(e) Notwithstanding any other provision of this Disclosure Certificate, any of the required filings hereunder shall be made in accordance with the MSRB' s EMMA system.

SECTION 4. Content of Semiannual Report.

(a) The Landowner's Semiannual Report shall contain or include by reference the information which is updated through a date which shall not be more than 60 days prior to the date of the filing of the Semiannual Report relating to the following:

1. An update (if any) to the information relating to the Landowner and its Affiliates under the captions in the Official Statement entitled "PROPERTY OWNERSHIP AND THE DEVELOPMENT—General—*Property Ownership Within the District*," *"—Environmental Remediation*," "—Petrovich Development Plan" and "—BlackPine Development Plan."

2. Any significant amendments to land use entitlements with respect to property owned by the Landowner or any Affiliate within the District.

3. To the extent not updated by Section 4(a)(1) above, a description of any sale of property within the District by the Landowner to a merchant builder.

(b) In addition to any of the information expressly required to be provided under paragraph (a) above, the Landowner 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.

(c) Any and all of the items listed above may be included by specific reference to other documents, including official statements of debt issues which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Landowner shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Landowner shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material under clauses (b) and (c) as soon as practicable after the Landowner obtains knowledge of any of the following events:

1. Failure to pay any real property taxes, special taxes or assessments levied within the District on property owned by the Landowner or any Affiliate.

2. Material default by the Landowner or any Affiliate on any loan with respect to the construction or permanent financing of improvements within the District to which the Landowner or any Affiliate has been provided a notice of default.

3 Material default by the Landowner or any Affiliate on any loan secured by property within the District owned by the Landowner or any Affiliate to which the Landowner or any Affiliate has been provided a notice of default.

4. Payment default by the Landowner or any Affiliate on any loan of the Landowner or any Affiliate (whether or not such loan is secured by property within the District) which is beyond any applicable cure period in such loan and, in the reasonable judgment of the Landowner, such payment default will adversely affect the completion of the development of parcels owned by the Landowner or its Affiliates within the District, or would materially adversely affect the financial condition of the Landowner or its Affiliates or their respective ability to pay special taxes levied within the District.

5. The filing of any proceedings with respect to the Landowner in which the Landowner may be adjudicated as bankrupt or discharged from any or all of its debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of its debts.

6. The filing of any proceedings with respect to an Affiliate in which the Affiliate may be 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, if such adjudication will adversely affect the completion of the development of parcels owned by the Landowner or its Affiliates within the District, or would materially adversely affect the financial condition of the Landowner or its Affiliates and their respective ability to pay special taxes levied within the District.

7. The filing of any lawsuit against the Landowner or any of its Affiliates (for which Landowner has notice, such as through receipt of service of process) which, in the reasonable judgment of the Landowner, will adversely affect the completion of the development of parcels owned by the Landowner or its Affiliates within the District, or litigation which if decided against the Landowner, or any of its Affiliates, in the reasonable judgment of the Landowner, would materially adversely affect the financial condition of the Landowner or its Affiliates and their respective ability to pay special taxes levied within the District.

(b) Whenever the Landowner obtains knowledge of the occurrence of a Listed Event, the Landowner shall as soon as possible determine if such event would be material under applicable federal securities laws. Where the Dissemination Agent is other than the Landowner, the Dissemination Agent shall have no responsibility to determine the materiality of any of the Listed Events.

(c) If the Landowner determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Landowner shall promptly (i) file a notice of such occurrence with the Dissemination Agent which shall then distribute such notice to the Repository, with a copy to the City and the Underwriter, or (ii) file a notice of such occurrence with the Repository, with a copy to the Dissemination Agent, the City and the Underwriter.

SECTION 6. Termination of Reporting Obligation. The Landowner's obligations under this Disclosure Certificate shall terminate upon the earlier to occur of the following events:

(a) the legal defeasance, prior redemption or payment in full of all of the Bonds, or

(b) at any time that the Landowner and its Affiliates own property that is responsible for less than 20% of the special tax levy in the District.

If such termination occurs before the final maturity of the Bonds, the Landowner shall give notice of such termination in the same manner as for a Listed Event.

SECTION 7. Dissemination Agent. The Landowner may from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Landowner, the Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Landowner pursuant to this Disclosure Certificate. Any Dissemination Agent appointed by the Landowner may resign by providing (i) 30 days' written notice to the Landowner and the Dissemination Agent and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Landowner may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that all of 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 or a change in law.

(b) The amendment or waiver either (i) is approved by the owners of the Bonds in the same manner as provided in the Indenture with the consent of owners of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the City, the Underwriter and the Dissemination Agent, materially impair the interests of the owners or Beneficial Owners of the Bonds.

(c) The Landowner, or the Dissemination Agent, shall deliver copies of the amendment and any opinions delivered under (b) above to the City, the Underwriter and the Trustee. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Landowner shall describe such amendment in the next Semiannual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Landowner from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Semiannual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Landowner chooses to include any information in any Semiannual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Landowner shall have no obligation under this Disclosure Certificate to update such information or include it in any future Semiannual Report or notice of occurrence of a Listed Event.

The Landowner 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 Landowner, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Landowner under such laws.

SECTION 10. Default. In the event of a failure of the Landowner or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Underwriter or any owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Landowner or the Dissemination Agent to comply with its obligations under this Disclosure Certificate. Notwithstanding the foregoing sentence, the sole remedy under this Disclosure Certificate in the event of any failure of the Landowner or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. Where the Dissemination Agent is other than the Landowner, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Landowner, the Underwriter, owners of the Bonds or Beneficial Owners or any other party. Where the Dissemination Agent is other than the Landowner, the Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from the Landowner or an opinion of nationally recognized bond counsel. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate. Where the Dissemination Agent is other than the Landowner, the Dissemination Agent may conclusively rely upon the Semiannual Report provided to it by the Landowner as constituting the Semiannual Report required of the Landowner in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Semiannual Report. Where the Dissemination Agent is other than the Landowner, the Dissemination Agent shall have no duty to prepare the Semiannual Report nor shall the Dissemination Agent be responsible for filing any Semiannual Report not provided to it by the Landowner in a timely manner in a form suitable for filing with the Repositories. 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. Landowner as Independent Contractor. In performing under this Disclosure Certificate, it is understood that the Landowner is an independent contractor and not an agent of the City or the Underwriter.

SECTION 13. Notices. Notices should be sent in writing by electronic, regular, or overnight mail to the following addresses. The following information may be conclusively relied upon until changed in writing.

Landowner:	PDC Construction Company, Inc. 825 K Street Sacramento, CA 95814 Email: Paul@petrovichdevelopment.com
City:	City of Sacramento Historic City Hall 915 I Street, 3rd Floor Sacramento, California 95814 Attn: City Treasurer Email: CTO_Debt@cityofsacramento.org Email: bwong@cityofsacramento.org
Underwriter:	Stifel, Nicolaus & Company, Incorporated One Montgomery Street, 35th Floor San Francisco, CA 94104 Attn: Municipal Research Email: jcervantes@stifel.com

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Landowner, the City, the Dissemination Agent, the Underwriter and owners of the Bonds and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. California Law. The validity, interpretation and performance of this Disclosure Certificate shall be governed by the laws of the State of California.

LANDOWNER:

PDC CONSTRUCTION COMPANY, INC.

By:________________________________
Signature

By:________________________________
Print Name

By:________________________________
Title

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APPENDIX H

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the City believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the City which the City believes to be reliable, but the City and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect 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.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

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*.

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, 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, the Trustee, or the District, 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 the District or the Trustee, 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.

A Bond Holder shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

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

THE PAYING AGENT, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

CITY OF SACRAMENTO • CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02 (IMPROVEMENTS) SPECIAL TAX BONDS, SERIES 2019

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