
LOAN AGREEMENT

Dated as of July 1, 2015

by and between the

CITY OF ROSEVILLE

and

COMPASS MORTGAGE CORPORATION
as Lender

Relating to

**City of Roseville
Woodcreek West Community Facilities District No. 1
2015 REFUNDING SPECIAL TAX NOTE**

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LOAN AGREEMENT

This LOAN AGREEMENT (this "Loan Agreement") is made and entered into as of July 1, 2015, by and between the CITY OF ROSEVILLE, a charter city and municipal corporation duly organized and existing under the laws of the State of California (the "City") for and on behalf of the City's Woodcreek West Community Facilities District No. 1 (the "CFD"), and COMPASS MORTGAGE CORPORATION, an Alabama corporation duly organized and existing under the laws of the State of Alabama (the "Lender").

WITNESSETH:

WHEREAS, the City has formed the CFD under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, constituting Sections 53311 *et seq.* of the California Government Code (the "Act");

WHEREAS, the City Council of the City, as the legislative body with respect to the CFD, is authorized under the Act to levy special taxes to pay for the costs of facilities within the CFD and to incur debt secured by said special taxes under the Act;

WHEREAS, under the provisions of the Act, on behalf of the CFD, the City in 2005 issued its City of Roseville Woodcreek West Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2005, dated May 11, 2005 (the "2005 Bonds") to refund bonds issued in 1999 for the CFD to finance the costs of facilities constructed and acquired for the CFD, and to finance additional facilities; and

WHEREAS, the City has determined that it is in the public interest and for the benefit of the City, the CFD and the property owners responsible for the payment of special taxes that the City borrow funds from the Lender for the purpose of providing funds to refund and discharge the 2005 Bonds and thereby realize substantial interest rate savings, and in order to specify the terms and conditions of such loan and to provide for the security thereof, the City and the Lender wish to enter into this Loan Agreement and issue the Note (as defined herein); and

WHEREAS, under the provisions of the Act, on July 1, 2015, the City adopted its Resolution (the "Resolution"), which resolution, among other matters, authorized the execution and delivery of this Loan Agreement and the issuance of a promissory note evidencing the obligations of the City under this Loan Agreement (the "Note"), all for the purpose of providing moneys to current refund and discharge the 2005 Bonds, provided that such issuance is in accordance with the Act and this Loan Agreement;

WHEREAS, the City has agreed and hereby agrees that it will not issue any additional indebtedness or incur any other obligation payable from Special Taxes on a basis senior to, on parity with (except refunding bonds), or subordinate to the Note or the other amounts due under this Loan Agreement without the written consent of the Lender;

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

ARTICLE I

AUTHORITY AND DEFINITIONS

SECTION 1.01. *Authority for this Loan Agreement.* This Loan Agreement is entered into under the Act and the Resolution.

SECTION 1.02. *Definitions.* Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Loan Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof.

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

"Administrative Expenses" means costs directly related to the administration of the CFD including but not limited to the following: (a) the actual costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by a City employee or consultant or both) and the actual costs of collecting the Special Taxes (whether by the County or otherwise); (b) the actual costs of the City related to any challenge to the validity of the proceedings to levy or collect the Special Taxes; (c) any amounts required to be rebated to the federal government; (d) California Debt Advisory and Investment Commission fees; and (e) an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the City for any administrative purpose of the CFD, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Special Taxes, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure.

"Administrative Expense Fund" means the fund by that name established and held by the City under Section 3.03.

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

"Authorized Officer" means the Mayor, the Mayor Pro Tem, the City Manager, the Treasurer/Financial Executive and the Finance Director of the City, or any other officer or employee authorized by the City or by an Authorized Officer to undertake the action referenced in this Loan Agreement as required to be undertaken by an Authorized Officer.

"Bond Counsel" means Jones Hall, A Professional Law Corporation, or any attorney or firm of attorneys acceptable to the City and the Lender and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Lender has its principal office are authorized or obligated by law or executive order to be closed.

"CDIAC" means the California Debt and Investment Advisory Commission of the Office of the State Treasurer of California, or any successor agency, board or commission.

"CFD" means the Woodcreek West Community Facilities District No. 1 established by the City under the Act and the Resolution of Formation.

"City" means the City of Roseville, a general law city and municipal corporation duly organized and existing under the laws of the State, and its successors and assigns.

"Closing Date" means July 23, 2015, being the date upon which the Loan is funded by the Lender and the net proceeds thereof are deposited with the Escrow Bank.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale, delivery and issuance of the Note and the refunding of the 2005 Bonds, which items of expense shall include, but not be limited to: the costs of preparing this Loan Agreement and the Note; printing costs; costs of reproducing and binding documents; closing costs; appraisal costs; filing and recording fees; fees and expenses of counsel to the City; fees and charges of the Escrow Bank, including its legal fees and charges, including the allocated costs of in-house attorneys; fees and expenses of the Lender, including Lender's counsel; expenses incurred by the City in connection with the issuance of the Note; fees and charges for professional services, including Bond Counsel and verification agent; environmental assessments (if any); and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Custodian" means The Bank of New York Mellon Trust Company, N.A., as custodian under the Costs of Issuance Custodian Agreement.

"Costs of Issuance Custodian Agreement" means the agreement by that name dated July 23, 2015 by and between the City and the Custodian.

"County" means the County of Placer, California.

"Debt Service" means, for any Note Year, the sum of (a) the interest due on the Loan and the Note in such Note Year, assuming that the Loan and the Note are retired as scheduled, and (b) the principal amount of the Loan and the Note coming due in such Note Year.

"Default Rate" shall have the meaning set forth in Section 2.02(b) hereof.

"Escrow Bank" means The Bank of New York Mellon Trust Company, N.A., as fiscal agent for the 2005 Bonds and as holder of the Escrow Fund under the Irrevocable Refunding Instructions.

"Escrow Fund" means the fund by that name established and administered under the Irrevocable Refunding Instructions.

"Event of Default" shall include the following (each an "Event of Default"):

(i) failure to pay or cause to be paid when due any principal of or interest on the Loan: and

(ii) breach by the City or the District of any material covenant set forth in the related Loan documents or failure by the City or the District to perform any material duty or covenant imposed on it pursuant to such documents.

"Fair Market Value" shall have the meaning set forth in Section 5.01(b) hereof.

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

"Interest Payment Date" means each of the dates set forth in Appendix A to the Note, on which installments of interest on the Loan come due and payable, the first of which is March 1, 2016.

"Irrevocable Refunding Instructions" means the Irrevocable Refunding Instructions dated as of the Closing Date, by and between the Escrow Bank and the City, providing for the defeasance of the 2005 Bonds.

"Lender" means the Compass Mortgage Corporation, an Alabama corporation duly organized and existing under the laws of the State of Alabama, and its successors and assigns.

"Loan" means the loan made hereunder by the Lender to the City, on behalf of the District, in the aggregate principal amount of \$13,695,000 for the purpose of providing funds to refund and discharge the outstanding 2005 Bonds.

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

"Loan Repayments" means all payments required to be paid by the City under Section 2.02, including any prepayment thereof under Section 2.04.

"Material Adverse Change" means any change in the City's financial condition with respect to the CFD that is reasonably likely to have a material adverse effect on (a) the financial condition or operations of the City with respect to the CFD or (b) the City's ability to perform its obligations under this Loan Agreement.

"Material Litigation" means any action, suit, proceeding, inquiry or investigation against the City in any court or before any arbitrator of any kind or before or by any governmental authority, of which the City has notice or knowledge and which, (i) if determined adversely to the City, may cause a Material Adverse Change, (ii) seek to restrain or enjoin any of the transactions contemplated hereby, or (iii) may adversely affect (A) the exclusion of interest with respect to the payment due hereunder from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the City to perform its obligations under this Loan Agreement.

"Maturity Date" means September 1, 2030.

"2005 Bonds" means the bonds heretofore issued by the City for the CFD and designated "City of Roseville Woodcreek West Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2005" issued May 11, 2005 in the original principal amount of \$20,440,000 under and pursuant to the 2005 Fiscal Agent Agreement.

"2005 Fiscal Agent Agreement" means the Fiscal Agent Agreement, dated as of May 1, 2005, by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent.

"2005 Fiscal Agent" means The Bank of New York Mellon Trust Company, N.A.

"Note" means the note issued by the City hereunder evidencing the obligations of the City under this Loan Agreement, in the form attached hereto as Exhibit A.

"Note Year" means, any twelve-month period beginning on September 2 in any year and ending on the next succeeding September 1, both dates inclusive, except that the first Note Year shall begin on the Closing Date, and end on September 1, 2015.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer of the City.

"Ordinance" means any Ordinance of the City levying the Special Taxes relating to the CFD.

"Principal Amount" means the aggregate principal amount of the Loan which is \$13,695,000.

"Project" means those items described as the "Facilities" in the Resolution of Formation.

"Reserve Fund" means the fund by that name established and held by the City under Section 3.04.

"Reserve Requirement" means an amount equal to 25% of the maximum annual Debt Service on the Loan in any Note Year, being \$290,992.75 as of the Closing Date.

"Resolution" means Resolution No. 15-291 adopted by the City on July 1, 2015, authorizing the execution and delivery of this Loan Agreement and the issuance of the Note.

"Resolution of Formation" means Resolution No. 99-384, adopted by the City Council of the City on October 20, 1999, establishing the CFD for the purpose of providing for the financing of certain public facilities in and for such CFD.

"Special Tax Fund" means the special fund by that name established and held by the City under Section 3.02.

"Special Taxes" means the special taxes levied within the CFD pursuant the Act, the Ordinance and this Loan Agreement, net of County collection charges.

"State" means the State of California.

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

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official guidance published, under the Tax Code.

ARTICLE II

THE LOAN; ISSUANCE OF THE NOTE

SECTION 2.01. *Principal Amount; Designation.* The Lender hereby agrees to make the Loan to the City in the aggregate principal amount of \$13,695,000, and the City hereby agrees to borrow such amount from the Lender. The Loan shall be evidenced by a note which shall constitute a "refunding bond" under the Act, which shall be issued by the City in the form of the Note in the aggregate principal amount of \$13,695,000. The Loan and the Note are authorized to be entered into and issued by the City for the CFD under and subject to the terms of the Act, the Resolution, this Loan Agreement and other applicable laws of the State. The Loan shall be funded by the Lender subject to the terms and conditions of this Loan Agreement on the Closing Date in funds which are immediately available to the City and the Escrow Bank.

SECTION 2.02. *Terms of Loan and Note.* (a) The Note shall be dated as of the Closing Date. Principal of the Loan and the principal component of the Note shall mature and become payable on each of the dates, and in the amounts, as set forth in the following table:

Principal Payment <u>Date</u>	Principal <u>Amount</u>	Principal Payment <u>Date</u>	Principal <u>Amount</u>
9/1/2016	\$690,000	9/1/2024	\$935,000
9/1/2017	755,000	9/1/2025	965,000
9/1/2018	780,000	9/1/2026	995,000
9/1/2019	800,000	9/1/2027	1,025,000
9/1/2020	830,000	9/1/2028	1,060,000
9/1/2021	855,000	9/1/2029	1,090,000
9/1/2022	880,000	9/1/2030	1,125,000
9/1/2023	910,000		

If a principal payment date falls on a day which is not a Business Day, such payment shall be due on the next succeeding Business Day and such payment shall be credited to the Loan as if paid on the principal payment date.

Subject to subsection (b) of this Section, interest on the unpaid principal balance of the Loan and the Note shall accrue from the Closing Date at the rate of 3.130% per annum, and shall be payable on each of the Interest Payment Dates, beginning March 1, 2016; provided, however, that if a Interest Payment Date falls on a day which is not a Business Day, such

payment shall be due on the next succeeding Business Day, with interest accruing only to the original Interest Payment Date and interest due on the next subsequent Interest Payment Date shall accrue from such previous Interest Payment Date. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. The principal of and interest on the Loan shall be payable to the Lender in lawful money of the United States of America.

(b) **Default Rate.** Upon the occurrence and continuation of an Event of Default, the unpaid principal balance of the Loan shall, if elected by the Lender, bear interest at a rate per annum equal to 7.630% (the "Default Rate"). The Lender shall notify the City of its election of the Default Rate. If so imposed by the Lender, the Default Rate shall remain in effect until such time as the applicable Event of Default is cured to the satisfaction of the Lender. Any unpaid interest on the Loan, including Default Rate interest, shall accrue until paid. In connection therewith, Lender acknowledges that the levy of Special Taxes sufficient to fund Default Rate interest is limited by Section 53321(d) of the Act and Special Taxes cannot be levied after fiscal year 2029-30.

SECTION 2.03. *Manner of Payment.* Payments of principal of and interest on the Loan shall be made when due from amounts on deposit in the Special Tax Fund by wire transfer to the Lender in accordance with such written instructions as the Lender shall provide to the City from time to time. Unless and until the Lender shall notify the City otherwise in writing, such payments shall be made to the following account of the Lender:

Compass Bank
201 North Hwy 183
Leander, Texas 78641
(512) 421-5715

ABA#: 113-010-547

For Credit to: Acct: 90124099
bbi: DO NOT POST. CONTACT: LDFCPublicFinance.US@BBVA.com
Reference: Loan # City of Roseville – Woodcreek West

SECTION 2.04. *Prepayment.*

(a) Optional Prepayment. The City may, at its option, prepay the Loan in whole, or with consent of Lender, in part, on any date on or after September 1, 2025 at a prepayment price equal to the sum of (1) the principal amount of the Loan so prepaid, and (b) accrued interest thereon at the rate then borne by the Loan to the date of such prepayment. Any partial prepayments of the Loan shall be applied to the Loan balance then outstanding on a pro-rata basis among principal payment dates as provided in Section 2.04(c) hereof.

(b) Mandatory Prepayment.

The Loan shall be subject to mandatory redemption from prepayments of the Special Taxes by property owners, in whole or in part, on any Interest Payment Date at a prepayment price equal to the sum of (a) the principal amount of the Loan so prepaid, and (b) accrued interest thereon at the rate then borne by the Loan to the date of such prepayment. Any partial prepayments of the Loan shall be applied to the Loan balance then outstanding as provided in 2.04(c) hereof.

(c) Notice of Prepayment. The City shall give the Lender written notice of its intention to prepay the Loan under this Section 2.04 not less than fifteen (15) days prior to the prepayment date and shall specify the principal amount to be prepaid. In the event the Loan is prepaid in part, but not in whole, the principal amount to be prepaid shall be allocated among the remaining principal payment dates on a pro rata basis.

SECTION 2.05. *No Acceleration.* The principal of the Loan and the Note shall not be subject to acceleration hereunder.

SECTION 2.06. *Issuance of Note; Form of Note.* The Loan shall be evidenced by the Note, all of the terms and provisions of which shall reflect the terms and provisions of the Loan. The Note shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Loan Agreement, the Resolution and the Act.

The Note shall be executed on behalf of the City by the manual or facsimile signature of an Authorized Officer and such signature shall be attested by the manual signature of the City Clerk. If any officer whose signature appears on the Note ceases to be such officer before delivery of the Note to the Lender, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Note to the Lender. The Note may be signed and attested on behalf of the City by such persons as at the actual date of the execution of the Note shall be the proper officers of the City although at the nominal date of the Note any such person shall not have been such officer of the City.

SECTION 2.07. *Issuance and Delivery of Note.* The City shall issue the Note on the Closing Date and thereupon deliver the Note to the Lender. The Authorized Officers of the City are hereby authorized and directed to execute and deliver any and all documents and instruments necessary to cause the issuance of the Note in accordance with the provisions of the Act, the Resolution and this Loan Agreement, and to do and cause to be done any and all acts and things necessary or convenient for the timely delivery of the Note to the Lender.

SECTION 2.08. *Transfer or Exchange of Lender's Rights.* The Lender may assign its rights hereunder, and may transfer the Note, subject to the requirements of Section 6.11 herein, but only upon surrender of the Note to the City for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the City. Whenever the Note shall be surrendered for transfer, the City shall execute, authenticate and deliver a new Note to the transferee.

ARTICLE III

APPLICATION OF LOAN PROCEEDS

SECTION 3.01. *Application of Proceeds of Loan and Other Moneys.*

(a) Proceeds of Loan. The proceeds of the Loan payable by the Lender in the amount of \$13,695,000.00 shall be wire transferred by the Lender as follows: (i) to the Custodian, the amount of \$209,559.30, (ii) to the Escrow Bank, the amount of \$13,194,447.95, and (iii) to the City, the amount of \$290,992.75, to be applied on the Closing Date as follows:

- (i) \$209,559.30 received by the Custodian shall be used by the Custodian to pay Costs of Issuance in accordance with the Costs of Issuance Custodian Agreement, which amount shall be deemed expended on the Closing Date;
- (ii) \$290,992.75 shall be deposited by the City into the Reserve Fund; and
- (iii) \$13,194,447.95 shall be for deposit into the Escrow Fund and used by the Escrow Bank pursuant to the Irrevocable Refunding Instructions.

(b) Other Funds. In addition to the foregoing deposits of proceeds, the City shall cause the following amounts to be deposited into the Escrow Fund on the Closing Date:

- (i) \$1,410,552.05 from the reserve fund established for the 2005 Bonds; and
- (ii) \$1,040,784.38 representing Special Taxes held by the City in connection with the 2005 Bonds on the Closing Date.

SECTION 3.02. *Special Tax Fund.*

(a) Establishment of Special Tax Fund. The Special Tax Fund is hereby established as a separate fund to be held by the City, acting on behalf of the CFD, to the credit of which the City, acting on behalf of the CFD, shall deposit all Special Taxes immediately upon receipt by the City. Amounts in the Special Tax Fund shall be held in trust by the City for the benefit of the Lender, shall be disbursed as provided below and, pending any disbursement, shall be pledged to the payment of the Loan for the benefit of the Lender.

(b) Disbursements. Amounts on deposit in the Special Tax Fund shall be disbursed by the City, acting on behalf of the CFD, at the following times and in the following order of priority:

- (i) On or before each Interest Payment Date, but in any event on such date as is necessary to ensure that the Lender is in receipt of each payment due hereunder on each Interest Payment Date, the City, acting on behalf of the CFD, shall apply amounts in the Special Tax Fund to pay to the Lender the full amount of Debt Service coming due on the Loan and the Note on such Interest Payment Date. In the event that there are insufficient funds in the Special Tax Fund to

make any such payment in full when due, the City, acting on behalf of the CFD, shall transfer from the Reserve Fund an amount equal to such shortfall, as provided in Section 3.04(b) hereof. To the extent there are insufficient funds in the Special Tax Fund following such transfer from the Reserve Fund, the Lender shall apply amounts received on such Interest Payment Date first to the payment of interest on the Loan, then to the payment of principal due on the Loan.

(ii) Any amount in the Special Tax Fund in excess of the amounts required to make the foregoing transfers shall be transferred to the Reserve Fund to replenish the Reserve Requirement, if and to the extent necessary.

(iii) The City, acting on behalf of the CFD, shall transfer to the Administrative Expense Fund an amount required to pay Administrative Expenses when and as the same become due and payable.

(iv) On each September 1, any amount in the Special Tax Fund in excess of the amount required to make the foregoing transfers, for the immediately prior March 1 and such September 1, shall, subject to the proviso below, be held in the Special Tax Fund and applied by the City as a credit towards the amount of Special Taxes to be levied for the foregoing transfers in the next Fiscal Year; *provided, however*, that in the event such amount exceeds one-twelfth (1/12th) of the aggregate amount of Debt Service coming due on the Loan in the current Fiscal Year, such excess shall be transferred to the Administrative Expense Fund.

If at any time it appears to the City that there is a danger of deficiency in the Special Tax Fund and that the City may be unable to pay Debt Service on the Loan in a timely manner, the City shall report such fact to the Lender. The City covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation and the Act) in accordance with the procedures set forth in the Act for the purpose of curing Special Tax Fund deficiencies and any amounts drawn on the Reserve Fund.

SECTION 3.03. *Administrative Expense Fund.*

(a) Establishment of Administrative Expense Fund. The Administrative Expense Fund is hereby established as a separate fund to be held by the City, acting on behalf of the CFD. Amounts in the Administrative Expense Fund shall be held by the City, acting on behalf of the CFD, for the benefit of the City, and shall be disbursed as provided below.

(b) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn by the City and applied to pay or reimburse payment of Administrative Expenses as provided in Section 3.02 hereof. The City shall withdraw from the Administrative Expense Fund and transfer to the Special Tax Fund, from time to time, any amount not required to pay any Administrative Expenses.

SECTION 3.04. *Reserve Fund.*

(a) Establishment of Reserve Fund. The Reserve Fund is hereby established as a separate fund to be held by the City, acting on behalf of the CFD. Amounts in the Reserve Fund shall be held by the City, acting on behalf of the CFD, for the benefit of the holder of the Note, and shall be disbursed as provided below.

(b) Use of Fund. Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the City solely for the purpose of making deposits in the Special Tax Fund, not later than five days prior to each Interest Payment Date, in order to provide sufficient amounts to enable the City, on behalf of the CFD, to pay the Debt Service due on each such Interest Payment Date, in full, on a timely basis.

(c) Transfer of Excess of Reserve Requirement. Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds the then applicable Reserve Requirement, the City, following any transfer required pursuant to Section 3.04(d) below, shall transfer an amount equal to the excess from the Reserve Fund to the Special Tax Fund to be used for the payment of the principal of and interest on the Note and the Loan in accordance with Section 3.02, but not for payment of Administrative Expenses as provided in Section 3.02(b)(iii).

(d) Transfer for Rebate Purposes. Investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the federal government to comply with Section 4.10(c).

(e) Investment. Moneys in the Reserve Fund shall be invested and deposited in accordance with Section 5.01. Interest earnings and profits resulting from the investment of moneys in the Reserve Fund and other moneys in the Reserve Fund will remain therein until the balance exceeds the Reserve Requirement; any amounts in excess of the Reserve Requirement will be transferred to the Special Tax Fund to be used for the payment of the principal of and interest on the Note and the Loan.

ARTICLE IV

SECURITY FOR THE LOAN; COVENANTS

SECTION 4.01. *Pledge of Special Taxes.* The Loan shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all of the Special Taxes and all moneys deposited in the Special Tax Fund (including any amounts deposited therein received by the City from foreclosure proceedings as provided in Section 4.04 hereof) and the Reserve Fund. The Special Taxes and all moneys deposited into such funds (except as otherwise provided herein) are hereby dedicated to the payment of Debt Service on the Loan as provided herein and in the Act until payment in full of the Loan or the discharge of the Loan under Section 6.03. The City covenants and agrees that it will not issue any additional indebtedness or incur any other obligation payable from Special Taxes on a basis senior to, on parity with, or subordinate to the Note or the other amounts due under this Loan Agreement without the written consent of the Lender, except refunding obligations as permitted by Section 2.04(a) hereof.

SECTION 4.02. *Limited Obligations.* All obligations of the City under this Loan Agreement and the Note shall not be general obligations of the City, but shall be limited obligations, payable solely from the Special Taxes and the funds pledged therefore hereunder, except to the extent that provision for payment has voluntarily been made by the City, as may be permitted by law. Neither the faith and credit of the City nor of the State or any political subdivision thereof is pledged to the payment of the Loan and the Note.

SECTION 4.03. *Collection of Special Taxes.* The City shall comply with all requirements of the Act so as to assure the timely collection of Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

(a) Processing. On or within five (5) Business Days of each June 1, the City, acting on behalf of the CFD, shall determine the amount of Special Taxes needed to be levied under the Ordinance as necessary to provide for annual Debt Service, Administrative Expenses, and if applicable, amounts necessary to replenish the Reserve Fund to the then applicable Reserve Requirement, taking into account the amount then on deposit in the Special Tax Fund. Upon such determination, the City, acting on behalf of the CFD, shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits or combinations during the preceding and then current year.

(b) Levy. The City, acting on behalf of the CFD, shall effect the levy of the Special Taxes in accordance with the Ordinance in each Fiscal Year that the Loan remains unpaid such that the computation of the levy is complete before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within the CFD for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the City, acting on behalf of the CFD, shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

(c) Computation. The City, acting on behalf of the CFD, shall fix and levy the amount of Special Taxes within the CFD required for the payment of Debt Service coming due and payable during the ensuing calendar year, including (i) an amount estimated to be sufficient to pay the Administrative Expenses during such calendar year, (ii) amounts necessary to discharge any rebate obligation, during such year, taking into account the balances in such funds and in the Special Tax Fund, and (iii) amounts necessary to replenish the Reserve Fund to the then applicable Reserve Requirement. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings under the Resolution of Formation.

(d) Collection. The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

(e) Maximum Special Tax. The City hereby covenants that so long as the Note is outstanding, it shall not reduce the maximum annual special tax (as defined in the Rate and Method of Apportionment for the District) applicable to any parcels in the District.

SECTION 4.04. *Covenant to Foreclose.* Under the Act, the City hereby covenants with and for the benefit of the Lender that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following paragraph. The City shall notify the City Attorney of any such delinquency of which the City is aware, and the City Attorney shall commence, or cause to be commenced, such proceedings.

On or before September 1 of each Fiscal Year, the City, acting on behalf of the CFD, shall compare the amount of Special Taxes theretofore levied in the CFD to the amount of Special Taxes theretofore received by the City. If the City, acting on behalf of the CFD, determines on the basis of such comparison that the total amount of delinquent Special Taxes for the prior Fiscal Year for the entire CFD exceeds 5% of the total Special Taxes due and payable for the prior Fiscal Year, the City shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency), and shall, by October 1 following the close of the Fiscal Year in which such Special Taxes were due, commence foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installment of the Special Taxes against each separate lot or parcel of land in the CFD for which a Special Taxes delinquency remains outstanding following such demand and immediate payment as provided above, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; *provided*, that if the City determines on the basis of such comparison that (a) the total amount of delinquent Special Taxes is less than 5% of the total Special Taxes due and payable for the prior Fiscal Year, but that property owned by a single property owner in the CFD is delinquent by more than \$5,000 with respect to the Special Taxes due and payable in such Fiscal Year, or (b) property owned by a single property owner in the CFD is delinquent cumulatively by more than \$3,000 with respect to the current and past Special Tax due (irrespective of the total delinquencies in the CFD) then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against such property owner. Any such amounts received from foreclosure proceedings will be deposited in the Special Tax Fund.

SECTION 4.05. *Punctual Payment.* The City will punctually pay or cause to be paid the Debt Service on the Loan when and as due in strict conformity with the terms hereof and thereof, and it will faithfully observe and perform all of the conditions covenants and requirements of this Loan Agreement and all Supplemental Agreements and of the Note.

SECTION 4.06. *Against Encumbrances.* The City will not encumber, pledge or place any charge or lien upon any of the Special Taxes or other amounts pledged to the Loan superior to, on a parity with, or subordinate to the pledge and lien herein created in favor of the Loan and the Note for the benefit of the Lender, except as permitted by this Loan Agreement.

SECTION 4.07. *Books and Records.* The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries are made of all transactions relating to the Special Taxes and expenditures of amounts disbursed from the Administrative Expense Fund and the Special Tax

Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Lender or its representatives duly authorized in writing.

SECTION 4.08. *Protection of Security and Rights of Lender.* The City will preserve and protect the security of the Loan and the rights of the Lender, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of this Loan Agreement and the Note by the City, the Loan and the Note shall be incontestable by the City. In connection with the Loan, the City covenants that it will not initiate proceedings to reduce the maximum special tax with respect to the CFD as provided in the proceedings under the Resolution of Formation.

SECTION 4.09. *Amendment of this Loan Agreement.* This Loan Agreement and the rights and obligations of the City and of the Lender may be modified or amended at any time by a Supplemental Agreement agreed to and executed by the City and the Lender. Prior to the execution and delivery of any Supplemental Agreement, the City shall at its expense (which expense shall constitute an Administrative Expense) obtain an opinion of Bond Counsel stating whether such modification or amendment will have the effect of causing interest on the Loan to become includable in gross income under the Tax Code, which opinion shall be filed with the Lender.

SECTION 4.10. *Tax Covenants.*

(a) Private Activity Bond Limitations. The City shall assure that the proceeds of the Loan are not so used as to cause the Loan to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Loan to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) Rebate Requirement. The City shall take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such Section is applicable to the Loan.

(d) No Arbitrage. The City shall not take, or permit or suffer to be taken by the Lender or otherwise, any action with respect to the proceeds of the Note which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Note would have caused the Note to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(e) Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Note from the gross income of the Lender to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the Note.

SECTION 4.11. *No Litigation.* Except as disclosed in writing to the Lender prior to the effective date of this Loan Agreement, there is no pending litigation, tax claim, proceeding with service of process having been accomplished against the City, or to the knowledge of the City, threatened in writing against the City, for which there is a reasonable possibility that an adverse decision could materially adversely affect the City's financial condition or could materially impair

its ability to perform its obligations under the Loan Agreement. The City will, at its expense, maintain its legal existence and the CFD's existence and do any further act and execute, acknowledge, deliver, file, register and record any further documents the Lender may reasonably request in order to protect the Lender's rights and benefits under this Loan Agreement.

SECTION 4.12. *Further Assurances.* The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Loan Agreement, and for the better assuring and confirming unto the Lender of the rights and benefits provided in this Loan Agreement. In addition, as of the Closing Date (i) no Material Adverse Change has occurred since June 30, 2014 and (ii) no event of default has occurred with respect to the 2005 Bonds and no Event of Default exists with respect to this Loan Agreement or the Note.

ARTICLE V

INVESTMENTS; LIABILITY OF THE CITY

SECTION 5.01. *Deposit and Investment of Moneys in Funds.*

(a) General. Moneys in any fund or account created or established by this Loan Agreement and held by the City shall be invested by the City in any investments which are authorized for the investment of City funds under the laws of the State, which in any event by their terms mature prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Loan Agreement, or otherwise containing gross proceeds of the Loan (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Loan Agreement or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Tax Code shall be valued at their present value (within the meaning of Section 148 of the Tax Code).

(b) Definition of Fair Market Value. For purposes of this Section 5.01, the term "Fair Market Value" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of

Public Debt, or (iv) any commingled investment fund in which the City and any related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

(c) Commingled Money. Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the City hereunder.

SECTION 5.02. *Liability of City.*

(a) General. The City shall not incur any responsibility in respect of the Loan, the Note or this Loan Agreement other than in connection with the duties or obligations explicitly herein or therein assigned to or imposed upon it.

(b) Reliance. In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City by Bond Counsel or by an independent financial consultant and conforming to the requirements of this Loan Agreement. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts. The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

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

SECTION 5.03. *Employment of Agents by City*. In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

SECTION 5.04. *Remedies on Default*. Upon the occurrence and during the continuation of an Event of Default, the Lender may, at its option and without any further demand or notice, (a) implement the Default Rate and (b) take whatever action at law or in equity may appear necessary or desirable to collect the Loan Repayments then due or thereafter to become due during the term of this Loan Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this Loan Agreement.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. *Benefits of Agreement Limited to Parties.* Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the City and the Lender any right, remedy, claim under or by reason of this Loan Agreement. Any covenants, stipulations, promises or agreements in this Loan Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the Lender.

SECTION 6.02. *Successor and Predecessor.* Whenever in this Loan Agreement or any Supplemental Agreement either the City or the Lender is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Loan Agreement contained by or on behalf of the City or the Lender shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 6.03. *Discharge of Agreement.* Subject to any provisions to the contrary contained in Section 2.04 hereof, the City shall have the right to pay and discharge the entire indebtedness on the Loan and the Note in any one or more of the following ways:

(a) by paying or causing to be paid all of the Debt Service on the Loan and the Note as and when the same become due and payable; or

(b) by depositing in trust for the benefit of the Lender with a bank or other fiduciary, at or before the Maturity Date, cash and/or Federal Securities in such amount as the City shall determine, together with the amounts then on deposit in the Special Tax Fund, is fully sufficient to pay the Loan and the Note, including all Debt Service thereon coming due and payable to the Maturity Date or to a date fixed for prepayment thereof, provided that the adequacy of such deposit shall be confirmed by an independent certified public accountant or by the Lender.

In such event, the pledge of the Special Taxes and other funds provided for in this Loan Agreement and all other obligations of the City under this Loan Agreement and under the Note shall cease and terminate, except only the obligations of the City to pay or cause to be paid to the Lender not so surrendered and paid all sums due thereon from amounts set aside for such purpose; and thereafter Special Taxes shall not be payable to the Lender.

SECTION 6.04. *Execution of Documents.* Any consent, request, declaration or other instrument which this Loan Agreement may require or permit to be executed by the Lender may be in one or more instruments of similar tenor, and shall be executed by an authorized officer of the Lender or by its attorneys appointed in writing.

Any consent, request, declaration or other instrument or writing of the Lender shall bind all future successors and assigns of the Lender in respect of anything done or suffered to be done by the City in good faith and in accordance therewith.

SECTION 6.05. *Waiver of Personal Liability.* No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or interest or

on the Note; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 6.06. *Notices to and Demands on City and Lender.* Any notice or demand which by any provision of this Loan Agreement is required or permitted to be given or served by the Lender to or on the City may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the City with the Lender) as follows:

City of Roseville
311 Vernon Street
Roseville, California 95678
Attention: Finance Director
Telephone: (916) 774-5313
Fax: (916) 746-1220

Any notice or demand which by any provision of this Loan Agreement is required or permitted to be given or served by the City to or on the Lender may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Lender with the City) as follows:

Compass Mortgage Corporation
999 18th Street, Suite 2800
Denver, Colorado 80202
Attention: Matt Chorske
Telephone: (303) 217-2235
Fax: (303) 209-8497

With a copy to:
For overnight deliveries:

BBVA Compass
201 N. Hwy 183
Leander, TX 78641
Attention: Credit Risk Operations
Phone: (512) 421-5715
Fax: (866) 695-4804

For US Mail deliveries:

BBVA Compass
P.O. Box 1190
Leander, TX 78646
Phone: (512) 421-5715
Fax: (866) 695-4804

SECTION 6.07. *Partial Invalidity.* If any Section, paragraph, sentence, clause or phrase of this Loan Agreement shall for any reason be held by a court of competent jurisdiction to be illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Loan Agreement. The City and the Lender hereby declare that they would have entered into this Loan Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Note pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Loan Agreement may be held illegal, invalid or unenforceable.

SECTION 6.08. *Applicable Law.* This Loan Agreement shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State.

SECTION 6.09. *Payment on Business Day.* In any case where the payment of interest or of principal of the Loan, or the date fixed for prepayment of the Loan, or the date any action is to be taken under this Loan Agreement, is other than a Business Day, the payment of interest or principal or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date; provided that if any payment of principal is made on the Business Day next succeeding its original payment date, such principal shall be treated and applied as having been made on its original payment date and interest on the Loan shall be calculated accordingly.

SECTION 6.10. *Reporting Requirements.*

(a) Annual Reporting to Lender. Not later than April 15 of each year, beginning no later than April 15, 2016, and ending not later than the April 15th following the final Maturity Date, the City shall cause the following information to be supplied to the Lender:

- (i) the unpaid principal balance of the Loan (as of January 1);
- (ii) the balance in the Reserve Fund (along with a statement of the Reserve Requirement) and the Special Tax Fund (as of January 1);
- (iii) additional debt authorized by the City and payable from or secured by assessments or special taxes with respect to property within the CFD;
- (iv) the assessed value of all parcels in the CFD subject to the levy of the Special Taxes as shown in most recent equalized roll showing the total assessed value for all land and the total assessed value for all improvements within the CFD delineated between developed and undeveloped property and within each category thereof delineation between each land use category (single family, multi-family, commercial and other), together with the aggregate maximum special tax attributable to each land use category and the aggregate Special Taxes levied for each such land use categories in the immediately preceding Fiscal Year;
- (v) a summary of the value to bonded debt ratios based on the most recent equalized assessed value and the unpaid principal balance of the Loan as of January 1;
- (vi) a summary of the principal property owners responsible for more than 1% of the CFD's Special Tax levy for the immediately preceding Fiscal Year;
- (vii) the number of parcels in the CFD which are delinquent in the payment of Special Taxes, the amount of each delinquency, the name of the property owner, the length of time delinquent and when foreclosure was commenced for each delinquent parcel; and

(viii) a copy of the annual CDIAC report due in October of the year preceding the April 15th date referred to above, including a detailed description of the process used to calculate the special tax levy for the CFD for each Fiscal Year.

(b) Other Reporting to Lender. (i) The City shall provide notice to the Lender promptly upon occurrence of any of the following: (a) any default on any bonded obligation, (ii) Material Litigation related to the CFD, (iii) material governmental proceedings related to the CFD, and (iv) any material adverse effect on the ability of the City to collect the Special Taxes.

At Lender's request, the City shall provide such additional information related to the CFD that the Lender may from time to time reasonably request.

(c) Annual State Reports. Not later than October 30 of each calendar year, beginning with the October 30 first succeeding the date of the Note, and in each calendar year thereafter until the October 30 following the final maturity of the Note, the City shall prepare and supply the California Debt and Investment Advisory Commission, by mail, postage prepaid, with the information required under Section 53359.5(c) of the Act. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

The reporting requirements of this Section 6.10(c) shall be amended from time to time, without action by the City or the Lender, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act that add to the reporting requirements of this Section 6.10(c).

(d) No Liability. None of the City and its officers, agents and employees or the Lender shall be liable for any inadvertent error in reporting the information required by this Section 6.10.

SECTION 6.11. *Lender Representations.* In connection with the Loan, the Lender hereby represents, warrants and agrees that:

(a) The Lender has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt securities and other investment vehicles similar in character to the Note, to be able to evaluate the risks and merits of the investment represented by the purchase of the Note.

(b) The Lender has been supplied with or has had access to information relating to the City, the CFD and the Special Taxes; has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City and the CFD and their credit standing so that, as a sophisticated investor, the Lender has been able to make its decision to make the Loan as evidenced by the Note. The Lender understands that no financial information or statistical data in connection with this transaction was reviewed by Bond Counsel.

(c) The Lender acknowledges that Bond Counsel has not made any representation regarding the quality, creditworthiness or liquidity of the Note.

(d) The Lender hereby acknowledges that the Note (a) is not being registered under the Securities Act of 1933, as amended, and is not being registered or otherwise qualified for sale under the "Blue Sky" laws or regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not carry a rating from any rating service, and (d) may not be readily marketable. The Lender agrees and acknowledges that the Note cannot be sold unless (i) it is subsequently registered under such acts or

an exemption from such registration is available or (ii) any such subsequent purchaser delivers a letter addressed to the City containing the representations in this Section 6.11.

(e) The Lender is able to bear the economic risk of the investment represented by the Note, including a total loss of the entire principal amount of the Note.

(f) The Lender is acquiring the Note for its own account for investment and not with a view to dividing its participation with others or with a view to, or for resale in connection with, a "distribution" (as that term is used in Securities Act of 1933, as amended, and Rules and Regulations of the Securities and Exchange Commission promulgated thereunder) of all or any portion thereof provided, however, that the disposition of the Note shall at all times be and remain within the Lender's control. The Lender has no present intention of selling, negotiating or otherwise disposing of the Note or any participation therein.

(g) The Lender shall not assign or offer the Note, or any participation therein, for sale without complying with all applicable securities laws.

SECTION 6.12. *Investor Letter.* On the Closing Date, the Lender shall deliver to the City an investor letter in substantially the form attached hereto as Exhibit C. The Loan shall be transferable by the registered owner thereof subject to the receipt by the City prior to transfer of an investor letter substantially in the form attached hereto as Exhibit C executed by the transferee.

SECTION 6.13. *Counterparts.* This Loan Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the City and the Lender have caused this Loan Agreement to be executed as of July 1, 2015.

CITY OF ROSEVILLE

By 
City Treasurer/ Financial Executive

Approved as to form:


City Attorney

**COMPASS MORTGAGE CORPORATION, as
Lender**

By _____
Authorized Officer

IN WITNESS WHEREOF, the City and the Lender have caused this Loan Agreement to be executed as of July 1, 2015.

CITY OF ROSEVILLE

By _____
City Treasurer/ Financial Executive

Approved as to form:

City Attorney

COMPASS MORTGAGE CORPORATION, as
Lender

By  _____
Authorized Officer

EXHIBIT A

FORM OF NOTE

No. 1

\$13,695,000

**CITY OF ROSEVILLE
WOODCREEK WEST COMMUNITY FACILITIES DISTRICT NO. 1
2015 REFUNDING SPECIAL TAX NOTE**

INTEREST RATE: 3.130%

ISSUE DATE: July 23, 2015

PRINCIPAL PAYMENT DATE: September 1 as shown in Appendix A hereto

REGISTERED OWNER: COMPASS MORTGAGE CORPORATION

PRINCIPAL AMOUNT: THIRTEEN MILLION SIX HUNDRED NINETY FIVE THOUSAND AND 00/00 DOLLARS

The City of Roseville (the "City") for and on behalf of the City's Woodcreek West Community Facilities District No. 1 (the "CFD"), for value received, hereby promises to pay solely from the Special Taxes (as hereinafter defined) to be collected in the CFD or amounts in certain funds and accounts held under the Loan Agreement (as hereinafter defined), to the registered owner named above, or registered assigns (the "Owner"), on the principal payment dates set forth in Appendix A hereto, unless prepaid prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Issue Date set forth above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for. Interest on the unpaid principal balance of this Note shall be payable semiannually on each March 1 and September 1, commencing March 1, 2016 (each, an "Interest Payment Date"), at the interest rate set forth above, unless as otherwise provided in the Loan Agreement, until the principal amount hereof is paid in full or provision for such payment has been made; *provided, however*, that if at the time of authentication of this Note, interest is in default on this Note, this Note shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment. Upon the occurrence and continuation of an Event of Default, as defined in the Loan Agreement, this Note shall, at the election of the Lender, bear interest at a rate per annum equal to 7.630% (subject to the limitations of Section 53321(d) of the Act).

This Note evidences the obligations of the City under a Loan Agreement dated as of July 1, 2015 (the "Loan Agreement"), by and between the City and Compass Mortgage Corporation, as lender (the "Lender"), under which the Lender has made a loan (the "Loan") to the City, on behalf of the CFD, for the purpose of refinancing outstanding bonds of the City relating to the CFD. The City is authorized to enter into the Loan Agreement and to issue this Note in the aggregate principal amount of \$13,695,000 under a resolution adopted by the City Council of the City on July 1, 2015 (the "Resolution"), and under the Mello-Roos Community Facilities Act of 1982, as amended, constituting Sections 53311, *et seq.*, of the California Government Code (the "Act"). Reference is made to the Loan Agreement for the complete provisions thereof, and by acceptance hereof the registered owner of this Note assents to said terms and conditions. The Loan Agreement is authorized under, this Note is issued under and both are to be

construed in accordance with, the Act and other laws of the State of California. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Loan Agreement.

Pursuant to the Act, the Resolution and the Loan Agreement, the principal of and interest on this Note are payable solely from the annual special tax authorized under the Act to be collected within the CFD (the "Special Taxes") and certain funds held under the Loan Agreement. Any tax for the payment hereof shall be limited to the Special Taxes, except to the extent that provision for payment has voluntarily been made by the City, as may be permitted by law. This Note does not constitute an obligation of the City for which the City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Loan Agreement) or the State of California or any political subdivision thereof is pledged to the payment of this Note.

The City may, at its option, prepay the Loan in whole, or with consent of the Lender, in part, on any date on or after September 1, 2025, at a prepayment price equal to the sum of (a) the principal amount of the Loan so prepaid, and (b) accrued interest thereon at the rate then borne by the Loan to the date of such prepayment. Any partial prepayments of the Loan shall be applied to the Loan balance then outstanding as provided below.

The Loan shall be subject to mandatory redemption on any Interest Payment Date solely from amounts received by the City representing the prepayment of Special Taxes from the property owners within the CFD at a prepayment price equal to the sum of (a) the principal amount of the Loan so prepaid, and (b) accrued interest thereon at the rate then borne by the Loan to the date of such prepayment. Any partial prepayments of the Loan shall be applied to the Loan balance then outstanding as provided below.

As provided in the Loan Agreement, the City is required to give the Owner written notice of its intention to prepay this Note not less than fifteen (15) days prior to the prepayment date and to specify the principal amount to be prepaid. In the event this Note is prepaid in part but not in whole, the principal amount to be prepaid shall be allocated among the respective principal payment dates on a pro rata basis.

This Note shall be registered in the name of the Owner hereof, as to both principal and interest. Each registration and transfer of registration of this Note shall be entered by the City in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

The Loan Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The principal of this Note is not subject to acceleration upon a default under the Loan Agreement or any other document.

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

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

IN WITNESS WHEREOF, the City of Roseville, on behalf of the CFD, has caused this Note to be dated the Issue Date shown first above, to be signed by the manual signature of its City Treasurer/Financial Executive and countersigned by the manual signature of the City Clerk with the seal of the City imprinted hereon.

[S E A L]

City Clerk

City Treasurer/Financial Executive

APPENDIX A

ESTIMATED SCHEDULE OF LOAN PAYMENTS

Principal of this Note shall be payable in installments on the dates, and in the amounts, as set forth in the following schedule:

Period Ending	Principal*	Coupon	Interest*	Debt Service*
3/1/16			\$259,573.51	\$259,573.51
9/1/16	\$690,000	3.130%	214,326.75	904,326.75
3/1/17			203,528.25	203,528.25
9/1/17	755,000	3.130	203,528.25	958,528.25
3/1/18			191,712.50	191,712.50
9/1/18	780,000	3.130	191,712.50	971,712.50
3/1/19			179,505.50	179,505.50
9/1/19	800,000	3.130	179,505.50	979,505.50
3/1/20			166,985.50	166,985.50
9/1/20	830,000	3.130	166,985.50	996,985.50
3/1/21			153,996.00	153,996.00
9/1/21	855,000	3.130	153,996.00	1,008,996.00
3/1/22			140,615.25	140,615.25
9/1/22	880,000	3.130	140,615.25	1,020,615.25
3/1/23			126,843.25	126,843.25
9/1/23	910,000	3.130	126,843.25	1,036,843.25
3/1/24			112,601.75	112,601.75
9/1/24	935,000	3.130	112,601.75	1,047,601.75
3/1/25			97,969.00	97,969.00
9/1/25	965,000	3.130	97,969.00	1,062,969.00
3/1/26			82,866.75	82,866.75
9/1/26	995,000	3.130	82,866.75	1,077,866.75
3/1/27			67,295.00	67,295.00
9/1/27	1,025,000	3.130	67,295.00	1,092,295.00
3/1/28			51,253.75	51,253.75
9/1/28	1,060,000	3.130	51,253.75	1,111,253.75
3/1/29			34,664.75	34,664.75
9/1/29	1,090,000	3.130	34,664.75	1,124,664.75
3/1/30			17,606.25	17,606.25
9/1/30	1,125,000	3.130	17,606.25	1,142,606.25
	\$13,695,000		\$3,728,787.26	\$17,423,787.26

* Interest is only listed as a calculation and should not be relied upon for payment. A statement will be issued by the Lender for the actual payment amount. Principal payment amounts are subject to adjustments as provided in Section 2.04(c) of the Loan Agreement.

EXHIBIT B
INVESTOR LETTER

_____, 2015

Name of Issuer

Address

Ladies and Gentlemen:

The undersigned, _____, an _____ (the "Lender"), hereby certifies, represents, and warrants to _____ (the "Issuer") with regard to [Name of Obligation] (the "Obligation") by and between the Lender and the Issuer, as follows:

1. The Lender has full power and authority to carry on its business as now conducted, deliver this certificate and make the representations and certifications contained herein. The Lender has duly authorized the execution and delivery of this Letter of Representations.

2. The Lender has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations of a nature similar to the Obligation, to be able to evaluate the risks and merits of the investment represented by the Obligation, and the Lender has evaluated the risks and merits of such investment independently; and is a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended. The Lender is not acting as a broker, dealer or municipal securities underwriter in connection with sale and delivery of the Obligation.

3. The Lender has conducted its own investigation of the financial condition of the Issuer, the purpose for which the Obligation was issued and of the security for the repayment thereof, and has obtained such information regarding the Obligation and the Issuer and its operations, financial condition and financial prospects as the Lender deems necessary to make an informed investment decision with respect to its purchase of the Obligation.

4. The Lender is purchasing the Obligation for the purpose of investment and the Lender intends to hold the Obligation for its own account as a long-term investment, without a current view to any distribution or sale thereof; provided that the Lender retains the right at any time to dispose of the Obligation in accordance with its terms. In the event that the Lender disposes of the Obligation at any time, the Lender understands that it has the responsibility for complying with the provisions of any applicable federal and state securities laws and all rules and regulations promulgated pursuant thereto. Because the Lender has no immediate intent to trade the obligation and as a condition to the purchase of the obligation, the Lender has directed Piper Jaffray not to obtain a CUSIP number or apply for DTC eligibility.

5. The Lender is informed that the Obligation will not be listed on any stock or other securities exchange and was entered into without registration under the provisions of the

Securities Act of 1933, or any state securities laws. The Obligation has not been registered or qualified under any state securities or "Blue Sky" laws.

6. The Lender acknowledges that the Obligation is transferable in whole and not in part and that:

(i) the transferring holder thereof shall first have complied with all applicable state and federal securities laws and regulations;

(ii) the transferring holder thereof can transfer the Obligation only to a transferee who executes and delivers to the Issuer a letter of the transferee substantially to the effect of this letter and who qualifies as:

(1) a qualified institutional buyer pursuant to Rule 144A of the 1933 Securities Act; or

(2) an "accredited investor" within the meaning of Section 2(15) of the 1933 Securities Act; and

(iii) the transferring holder thereof will not prepare or furnish, or cause to be prepared or furnished, any disclosure regarding the Issuer without the prior review and written consent of the Issuer, in the Issuer's sole discretion.

7. The Lender acknowledges that no credit rating has been sought or obtained with respect to the Obligation.

8. The Lender acknowledges that no official statement has been prepared for the Obligation, and that the Issuer will not be entering into a continuing disclosure agreement to provide ongoing disclosure to the public with respect to the Obligation, although the City acknowledges that they will provide specific annual information to the Lender that is identified within the Loan Agreement. The Lender has been offered copies of or had full access to all documents relating to the Obligation and all records, reports, financial statements and other information concerning the City or the District and pertinent to the source of payment for the Loan/Note as deemed material by the Lender, which the Lender as a reasonable investor, has requested and to which the Lender, as a reasonable investor, would attach significance in making an investment decision.

9. The Lender is able to bear the economic risk of an investment in the Obligation, including a complete loss of such investment.

10. The Lender understands that the Issuer and Piper Jaffray & Co. and their respective counsel will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

11. The Authorized Representative is a duly authorized officer of the Lender with the authority to sign this Certificate on behalf of the Lender, and this Certificate has been duly authorized, executed and delivered.

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Obligation.

By: _____
Authorized Representative