CITY OF LINCOLN
2026 REGULAR MEETING - CITY COUNCIL / LINCOLN REDEVELOPMENT SUCCESSOR AGENCY / LINCOLN PUBLIC FINANCING AUTHORITY
April 14, 2026

AS A COURTESY, PLEASE TURN OFF ALL CELL PHONES & ELECTRONIC DEVICES DURING THE MEETING

-COUNCIL MEETING AGENDA-

6:00 PM

Mayor Richard Pearl
Mayor Pro Tem Whitney Eklund **Councilmember Holly Andreatta**
Councilmember Ben Brown **Councilmember John Reedy**

City Hall (Extremely Limited Seating Capacity)
3rd Floor Council Chambers
600 Sixth Street
Lincoln, CA 95648

or attend via

ZOOM
register by using this link:
https://us06web.zoom.us/webinar/register/WN_BuE0s3EcQD-zsbFvqlr9eQ

or participate by calling US: +1 (669) 900-6833
use ID #867 6709 0429
and use *9 to raise hand to speak

EXECUTIVE TEAM

Sean Scully, City Manager	Douglas White, Special Counsel
Nita Wracker, Asst. City Manager / Finance Director	Matt Alves, Police Chief
Jennifer Brown, Chief Innovation & Tech. Officer	Vin Cay, City Engineer
Erin Frye, Econ. Dev. & Communication Specialist	Kathryn Hunt, Library Services Director
Hope Ithurburn, City Clerk	Matthew Medill, Public Works Director
Veronica Rodriguez, Human Resources Director	Anthony Mejia, Fire Chief

MISSION STATEMENT: To provide the highest level of service responsive to our community's expectations and to enhance the quality of life and economic vitality.

THE FOLLOWING INFORMATION IS PROVIDED TO ASSIST WITH PUBLIC PARTICIPATION:

Americans with Disabilities Act (ADA): In compliance with the ADA, if you need special assistance to participate in this meeting or other services in conjunction with this meeting, please contact the City Clerk's Office at (916) 434-2490. The meeting room is wheelchair accessible and disabled parking is available. Notification at least 48 hours prior to the meeting or time when services are needed will assist City staff in assuring reasonable arrangements can be made to provide accessibility to the meeting or service.

Agenda Availability: The main posting location of the City Council Agenda pursuant to the Brown Act, Government Code § 54954.2(a) is on the public kiosk outside the entrance of City Hall, 600 6th Street, Lincoln, California. City Council Agenda Packets are available for review at the City Clerk's Office, 600 6th Street, Lincoln, California, and "Live and Archived" meetings, minutes and videos are available on the City's website at www.Lincolnca.gov. City Council Meetings are televised live 6:00PM on Cable channel 18.

Public Input: Persons wishing to address the City Council are asked to voluntarily complete and submit a speaker card to City staff. Speaker cards are available near the entrance of the meeting location. Persons wishing to address the City Council on an item appearing on this agenda will be called upon at the appropriate time during the item's consideration. Persons wishing to address the City Council on an item not appearing on the agenda will be called upon during "Public Comment on Non-Agenda Items." In either case, please stand to be recognized by the Mayor when your name is called. Please note: comments from the audience without coming to the podium may be disregarded or ruled out of order. All speakers' time will be limited to three (3) minutes, unless extended by the Mayor. All comments or questions should be addressed to the Mayor and in most cases, the City Council is prohibited from discussing or taking action on any item not appearing on the posted agenda, but may engage in brief discussion, provide direction to City staff, or schedule items for future meetings.

Special Meeting Public Input: Only issues listed on a special meeting agenda may be addressed pursuant to the Brown Act's regulation of Special Meetings.

Consent Agenda: All matters on the Consent Agenda are considered routine business and will be enacted by one motion. There will be no separate discussion of these items unless a member of the City Council requests a specific item be removed from the Consent Agenda for separate action. Any items removed will be considered after the remainder of the Consent Agenda.

Judicial Review: Pursuant to applicable laws and regulations, including without limitation, California Government Code § 65009 and/or California Public Resources Code § 21177, if you wish to challenge in court any of the decisions made by the City Council, including any action regarding planning, zoning or environmental decisions, you may be limited to raising only those issues you or someone else raised at the public hearing(s) described in this notice/agenda, or in written correspondence delivered to the City at, or prior to, the public hearing.

1. CLOSED SESSION - 5:00pm

1.A **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

Pursuant to Government Code §54956.9

Name of Case: (City of Lincoln v. The Gathering Inn, et al., Placer Superior Court Case No. S-CV-0053711)

1.B **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to Gov. Code Section, §54956.9(d)(2):

One (1) Potential Case

2. CALL TO ORDER

3. ROLL CALL

4. PUBLIC COMMENT (CLOSED SESSION AGENDA ITEMS ONLY)

GENERAL SESSION - 6:00pm

INSPIRATION OR INVOCATION

5. CALL TO ORDER

6. ROLL CALL

7. REPORT FROM CLOSED SESSION (if any)

8. PLEDGE OF ALLEGIANCE

9. CONFLICT OF INTEREST

10. AGENDA MODIFICATIONS

11. PRESENTATIONS

12. PUBLIC COMMENT ON NON-AGENDA ITEMS WITHIN THE SUBJECT MATTER JURISDICTION OF THE COUNCIL ***All speakers' time will be limited to three (3) minutes, unless extended by the Mayor. All comments or questions should be addressed to the Mayor and in most cases, the City Council is prohibited from discussing or taking action on any item not appearing on the posted agenda, but may engage in brief discussion, provide direction to City staff, or schedule items for future meetings.***

13. CONSENT

13.A Approval of Meeting Minutes of March 24, 2026 Regular City Council Meeting. (Hope Ithurburn)

13.B Adopt a Resolution Authorizing the Acceptance of a Donation from the Lincoln Public Safety Foundation of a 2024 Suzuki DRZ400 Dual Purpose Motorcycle and Four (4) Automated External Defibrillators for Use by the Lincoln Police Department. (Brett Schneider)

13.C Adopt a Resolution Authorizing the City Manager to Execute a Contract with Francisco & Associates (F&A) for District Engineering Services. (Angela Frost)

14. PUBLIC HEARINGS

14.A Waive Full Reading and Introduce by Title Only an Ordinance of the City of Lincoln Amending Certain Sections of Lincoln Municipal Code Chapter 3.24 - Contracts and Purchasing and Chapter 3.26 - Public Projects Subject to the Public Contract Code and Further Finding the Ordinance is Exempt From Environmental Review Under the California Environmental Quality Act (CEQA). (Nita Wracker)

15. GENERAL BUSINESS

15.A Adopt a Resolution Accepting a Fiscal Impact Analysis of Community Facility District (CFD) 2018-2 and Authorizing a Maximum Tax within the CFD Project Area. (Nita

Wracker)

15.B Adopt a Resolution Authorizing the Issuance of the City of Lincoln Community Facilities District No. 2005-1 Special Tax (Sorrento Village) Special Tax Refunding Bonds, Series 2026. (Nita Wracker)

16. CITY MANAGER REPORTS

17. COUNCIL INITIATED BUSINESS

18. COMMITTEE REPORTS

19. INFORMATION ITEMS

20. ADJOURNMENT

NOTE: *Materials related to an item on this Agenda submitted to the Council/Redevelopment Successor Agency after distribution of the agenda packet are available for public inspection in the City Clerk's office at 600 Sixth Street, Lincoln, CA during normal business hours. Such documents are also available on the City of Lincoln's website at https://www.lincolnca.gov/ subject to staff's availability to post the documents before the meeting.*

In compliance with the American with Disabilities Act, the City will provide special assistance for disabled members of the public. The meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need a disability-related modification or accommodation to participate in the meeting, please contact the City Clerk's Office at (916) 434-2490. As a courtesy, please make every effort to inform the Clerk of your needs at least 24 hours prior to the meeting so the City may make reasonable arrangements to ensure accessibility to this meeting.

Pursuant to applicable laws and regulations, including without limitation, California Government Code Section 65009 and/or California Public Resources Code Section 21177, if you wish to challenge in court any of the above decisions (including any action regarding planning, zoning and/or environmental decisions), you may be limited to raising only those issues you or someone else raised at the public hearing(s) described in this notice/agenda, or in written correspondence delivered to the City at, or prior to, the public hearing.

Levine Act Provisions -- The Levine Act requires a party (or the party's agent(s)) to a proceeding before the City of Lincoln that involves any action or consideration to their contract, license, permit, or other entitlement for use, to disclose any campaign contribution made to City elected or appointed officer totaling more than $500 within the 12 months before the City decision. This includes contributions to Councilmembers, Planning Commissioners and members of other City boards and commissions.

STAFF REPORT

Item Number 13.A

SUBJECT: Approval of Meeting Minutes of March 24, 2026 Regular City Council Meeting. (Hope Ithurburn)

SUBMITTED BY: City Clerk

DEPARTMENT: City Clerk's Office

DATE: April 14, 2026

ATTACHMENTS:
1.DRAFT - MEETING MINUTES, 3.24.2026.docx

MINUTES
CITY OF LINCOLN CITY COUNCIL,
PUBLIC FINANCE AUTHORITY
and REDEVELOPMENT SUCCESSOR AGENCY
Regular Meeting
March 24, 2026

1. **CLOSED SESSION MEETING – 4:30pm**

1.A **CONFERENCE WITH LABOR NEGOTIATORS:**

Pursuant to Government Code Section §54957.6 City Designated Representative: Veronica Rodriguez Employee Organization: Classified, Local 39 Employee Group

1.B **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to Gov. Code Section, §54956.9(d)(2): Two (2) Potential Cases

2. **CALL TO ORDER -**The meeting was called to order by Mayor Pearl at 4:31pm at City Hall, 600 6th Street, Lincoln, CA and offered virtually on Zoom with a Live Stream on the City of Lincoln YouTube Channel and WAVE Channel 18.

3. **ROLL CALL** Councilmembers present:

Mayor Richard Pearl
Holly Andreatta
Ben Brown
Whitney Eklund *arrived at 4:37pm
John Reedy *arrived at 4:43pm

4. **PUBLIC COMMENT ON CLOSED SESSION**
There was no public comment.

GENERAL SESSION – 6:00pm
The meeting was conducted in person at City Hall, 600 6th Street, Lincoln, CA, and virtually on Zoom with a Live Stream on the City of Lincoln YouTube Channel and WAVE Channel 18.

5. **CALL TO ORDER** by Mayor Pearl at 6:02pm.

6. **ROLL CALL:** Councilmembers present:

Mayor Richard Pearl
Holly Andreatta
Ben Brown
Whitney Eklund
John Reedy

7. **REPORT FROM CLOSED SESSION (if applicable) –** by vote of 5-0, Council authorized a settlement with Hartford Insurance Company in the amount of $40,000 related to former landfill site. Council provided direction to staff regarding all other Closed Session matters.

8. **PLEDGE OF ALLEGIANCE** – led by Linda Derosier.

9. **AGENDA MODIFICATIONS**
Staff noted the following modifications:

12.E – Agenda title was amended as follows: Adopt a Resolution Approving Liberty at Lincoln

Village 1 Improvement Plans, Liberty at Lincoln Village 1A and 1B Final Maps, Authorizing the Execution of the Subdivision Improvement Agreements for Liberty at Lincoln Village 1A and 1B, And Authorizing the Recording of Final Map and the Subdivision Improvement Agreements for Village 1A and 1B.
12.I – Due to an administrative error, the Memorandum of Understanding was not attached to the agenda packet; copies were disseminated to Council and available to the public.

10. PRESENTATIONS

10.A Presentation of the Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR)

Nita Wracker, Assistant City Manager introduced Justin Williams of Muncpas who presented to Council.

The following provided public comment:
Sela Greenhouse, Lincoln resident (via Zoom)
Byron Chapman, Lincoln resident

11. PUBLIC COMMENT ON NON-AGENDA ITEMS WITHIN THE SUBJECT MATTER JURISDICTION OF THE COUNCIL

The following provided public comment:

Stan Nader, Lincoln resident
Linda Derosier, Lincoln resident and Friends of the Lincoln Public Library
Eric Johnson, Lincoln resident/Planning Commissioner
Fran Neves, Lincoln resident (via Zoom)

12. CONSENT

Mayor Pearl asked if any members of the City Council or staff would like to pull any items from the consent agenda – Item 12.I was pulled.

12.A **Approval of Meeting Minutes** of March 16, 2026, Special City Council Meeting.

12.B **Approval of Meeting Minutes** of March 10, 2026, Regular City Council Meeting.

12.C Adopt **Resolution 2026-032** Appointing Assistant City Manager Nita Wracker (or designee) as the Real Property Negotiator Relative to the Sale of a Vacant Parcel located at the Southwest Intersection of Joiner Parkway and 1st Street in Lincoln.

12.D Adopt **Resolution 2026-033** Approving Auburn Ravine Center Parcel Map.

12.E *MODIFIED AGENDA TITLE - Adopt **Resolution 2026-034** and **Resolution 2026-035** Approving Liberty at Lincoln Village 1 Improvement Plans, Liberty at Lincoln Village 1A and 1B Final Map, Authorizing the Execution of the Subdivision Improvement Agreement for Liberty at Lincoln Village 1A and 1B, and Authorizing the Recording of the Final Map and the Subdivision Improvement Agreements for Village 1A and 1B.

12.F Adopt **Resolution 2026-036** Approving Liberty at Lincoln Village 2 Improvement Plans, Liberty at Lincoln Village 2 Final Map, Authorizing the Execution of the Subdivision Improvement Agreement for Liberty at Lincoln Village 2, and Authorizing the Recording of the Final Map and the Subdivision Improvement Agreement.

12.G Adopt **Resolution 2026-037** Approving the Liberty at Lincoln Village 3B Final Map.

12.H Adopt **Resolution 2026-038** Approving the Liberty at Lincoln Village 4B Final Map.

Mayor Pearl opened public comment.

The following provided public comment:

Sela Greenhouse, Lincoln resident (via Zoom)

Seeing no further public comment, Mayor Pearl called for a motion of approval. Councilmember Andreatta motioned to approve (including modifications as noted for Item 12.E), motion was seconded by Councilmember Brown. Passed by the following voice vote:

Ayes:	Andreatta, Brown, Eklund, Pearl, Reedy
Noes:	None
Absent:	None
Abstain:	None

12.I Adopt **Resolution 2026-039** Authorizing the City Manager to Enter into a Memorandum of Understanding with the Friends of the Lincoln Public Library to Issue a Restricted Award of Funds Available from the City's Carnegie Corporation of New York Gift to Support Library Projects and Services.

Kathryn Hunt, Library Director presented to Council.

Mayor Pearl opened public comment.

Seeing no public comment, Mayor Pearl called for a motion of approval. Councilmember Reedy motioned to approve, motion was seconded by Councilmember Brown. Passed by the following voice vote:

Ayes:	Andreatta, Brown, Eklund, Pearl, Reedy
Noes:	None
Absent:	None
Abstain:	None

13. PUBLIC HEARINGS

13.A Adopt **Resolution 2026-040** Approving the Tentative Parcel Map with Project Specific and Typical Conditions of Approval for the Proposed Leavell North Project.

Staff requested this item be presented following General Business.

Tom Cruickshank, Associate Planner presented to Council; a brief discussion followed.

Project Applicant Tony Frayji, Frayji Design Group provided comments to Council.

Mayor Pearl opened the public hearing with the following providing public comment:

Sela Greenhouse, Lincoln resident (via Zoom)

Seeing no additional public comment, Mayor Pearl called for a motion of approval for the item. Councilmember Andreatta motioned to approve, motion was seconded by Councilmember Reedy. Passed by the following voice vote:

Ayes: Andreatta, Brown, Eklund, Pearl, Reedy
Noes: None
Absent: None
Abstain: None

14. GENERAL BUSINESS

14.A Train Town Discussion

City Manager Sean Scully presented to Council, a brief discussion followed.

14.B Adopt **Resolution 2026-041** Approving the Successor Memorandum of Understanding between the International Association of Fire Fighters Local 522-Lincoln Professional Firefighters Association and the City of Lincoln and Related Salary Schedules.

Human Resources Director Veronica Rodriguez presented to Council with a brief discussion following. Mayor Pearl opened public comment.

Seeing no public comment, Mayor Pearl called for a motion of approval for the item. Councilmember Brown motioned to approve, motion was seconded by Councilmember Andreatta. Passed by the following voice vote:

Ayes: Andreatta, Brown, Eklund, Pearl, Reedy
Noes: None
Absent: None
Abstain: None

14.C Adopt **Resolution 2026-042** Authorizing the City Manager to Enter into a Legal Services Agreement with White Brenner, LLC.

Special Counsel Douglas White and Nubia Goldstein left Chambers during the discussion and vote.

City Manager Sean Scully presented to Council with a brief discussion following. Mayor Pearl opened public comment.

The following provided public comment:

Byron Chapman, Lincoln resident
Sela Greenhouse, Lincoln resident (via Zoom)

Seeing no further public comment, Mayor Pearl called for a motion of approval for the item. Councilmember Reedy motioned to approve, motion was seconded by Councilmember Andreatta. Passed by the following voice vote:

Ayes:	Andreatta, Brown, Eklund, Pearl, Reedy
Noes:	None
Absent:	None
Abstain:	None

15. CITY MANAGER REPORTS
Douglas White, Interim City Attorney expressed gratitude to Council. City Manager Scully reported on the upcoming Council Strategic Planning Session, providing a tentative date; announced that as a result of the recent Community Development Department reorganization, Nita Wracker has been appointed as the Community Development Director and will no longer serve in the role of Director of Finance; with a newly established Deputy Director of Community Development position to be created. Scully also provided an update on the county tax renegotiations.

16. COUNCIL INITIATED BUSINESS
City Manager Scully responded to Councilmember Andreatta's question regarding the possibility of establishing downtown as an entertainment zone and the opening of the Skate Park. Scully responded to Mayor Pro Tem Eklund's inquiries regarding the Twelve Bridges traffic stoplight and the City's Emergency Operations Plan. Councilmember Brown inquired as to the discussion of the changing of air traffic patterns.

17. COMMITTEE REPORTS
Councilmember Brown reported on an upcoming Placer County Transportation Planning Agency (PCTPA) board meeting and Placer County Flood Control District board meeting. Councilmember Reedy reported on a recently attended Pioneer Community Energy board meeting, Economic Development Committee (EDC) meeting, and Western Placer Waste Management Authority (WPWMA) board meeting. Mayor Pearl reported on a recently attended Airport Committee meeting. Mayor Pro Tem Eklund commented on the recent Airport Committee meeting.

18. INFORMATION ITEMS
None.

19. ADJOURNMENT

The meeting was adjourned at 7:48 pm to the Regular City Council meeting on April 14th, 2026 at 6:00pm in the Council Chambers, 600 6th Street, Lincoln.

Respectfully submitted by Hope Ithurburn, City Clerk

_____
Hope Ithurburn, City Clerk

STAFF REPORT

Item Number 13.B

SUBJECT: Adopt a Resolution Authorizing the Acceptance of a Donation from the Lincoln Public Safety Foundation of a 2024 Suzuki DRZ400 Dual Purpose Motorcycle and Four (4) Automated External Defibrillators for Use by the Lincoln Police Department. (Brett Schneider)

SUBMITTED BY: Brett Schneider

DEPARTMENT: Police

DATE: April 14, 2026

STAFF RECOMMENDATION:
Staff recommends City Council adopt a Resolution to accept a donation of a 2024 Suzuki DRZ400 Dual Purpose Motorcycle and 4 Automated External Defibrillators, donated by the Lincoln Public Safety Foundation for Lincoln Police Department use.

BACKGROUND/INTRODUCTION:
The Lincoln Public Safety Foundation recently received a $5,000 grant from the Lincoln Hills Foundation to purchase Automated External Defibrillators (AEDs) for the Lincoln Police Department. Combined with additional funds from the Lincoln Public Safety Foundation, this allowed for the purchase of four Physio-Control LIFEPAK 1000 AEDs, which will be deployed in patrol vehicles. These units expand the department's current inventory and help ensure that most, if not all, patrol vehicles are equipped to provide life-saving defibrillation during cardiac emergencies.

In addition, the Lincoln Public Safety Foundation has purchased a 2024 Suzuki DR-Z400 dual-purpose motorcycle for donation to the Police Department. This bike will enhance the department's ability to access open spaces, off-highway areas, and walking trails, allowing officers to better support education, enforcement, and emergency response in areas not easily reached by traditional patrol vehicles or larger motorcycles.

Equipment such as this is already in use by the Police Department and has been used on multiple occasions. Most recently two officers assigned to the Dual Purpose Motorcycles located a missing at risk adult who was located far back on a walking trail. The Lincoln Public Safety Foundation, a registered 501(c)(3) non-profit entity, raised funds and purchased the Dual Purpose Motorcycle and the AED's and desires to donate the item to the Lincoln Police Department.

The Police Department has not budgeted, nor do we have available funds to purchase these

items this fiscal year.

FINDINGS/ANALYSIS:
Accepting these donations will allow Lincoln Police Officers to provide rapid defibrillation when needed, thus enhancing our ability to provide medical care to those who require it. Adding the additional Dual Purpose Motorcycle will allow for increased training by staff and the ability to deploy more trained officers to incidents and events requiring access to areas not able to be reached by standard patrol vehicles. The value of these donations are listed at $5341.05 for the AED's and $6610.49 for the Dual Purpose Motorcycle.

FISCAL IMPACT:
The cost to maintain the AED's will be minimal and will be covered by existing budget for medical supplies. The cost to maintain the motorcycle will be covered through existing budget and is expected to be minimal based on known expenses for our current similar motorcycles.

ATTACHMENTS:
RESOLUTION_LPSF_Donation.docx

RESOLUTION NO. 2026 – XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LINCOLN AUTHORIZING THE ACCEPTANCE OF A 2024 SUZUKI DRZ400 DUAL PURPOSE MOTORCYCLE AND 4 AUTOMATED EXTERNAL DEFIBRILLATORS DONATED BY THE LINCOLN PUBLIC SAFETY FOUNDATION FOR POLICE DEPARMENT USE.

WHEREAS, the Lincoln Public Safety Foundation is a registered 501(c)(3) organization (Tax ID 92-3337189); and

WHEREAS, the Lincoln Public Safety Foundation's mission is to bridge the gap between limited budgets and the critical needs of Lincoln's first responders; and

WHEREAS, the Lincoln Public Safety Foundation raised funds and purchased a Suzuki Dual Purpose Motorcycle and 4 AED's; and

WHEREAS, the purchase price of the Suzuki Dual Purpose Motorcycle was $6610.49 and the 4 AED's were $5341.05; and

WHEREAS, the Lincoln Public Safety Foundation desires to donate the Suzuki Dual Purpose Motorcycle and 4 AED's to the Police Department for official use.

NOW THEREFORE BE IT RESOLVED:

Section 1. The City Council of the City of Lincoln accepts the donation of a 2024 Suzuki DRZ400 Dual Purpose Motorcycle and 4 Automated External Defibrillators, donated by the Lincoln Public Safety Foundation for police department use.

PASSED AND ADOPTED this 14th day of April, 2026 by the following vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:
ABSTAIN: Councilmembers:

_____
Richard Pearl, Mayor

ATTEST:

_____
Hope Ithurburn, City Clerk

STAFF REPORT

Item Number 13.C

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute a Contract with Francisco & Associates (F&A) for District Engineering Services. (Angela Frost)

SUBMITTED BY: Angela Frost

DEPARTMENT: Public Works

DATE: April 14, 2026

STAFF RECOMMENDATION:

Staff recommend the City Council adopt a resolution authorizing the City Manager to execute a Professional Services Contract with Francisco & Associates (F&A) for District Engineering Services associated with Landscape and Lighting Assessment District No. 1, Benefit Assessment District No. 1, and various Community Facilities Districts within the City of Lincoln, for a five-year term ending June 30, 2031. This agreement includes an option to extend the contract for one additional five-year term, subject to renegotiation and City Council approval prior to expiration.

The total contract amount shall not exceed $800,352, inclusive of an annual three percent (3%) escalation and contingency amount applied each year.

BACKGROUND/INTRODUCTION:

The City requires specialized services from a qualified engineering firm to provide assessment engineering and special tax consulting services for Landscape and Lighting District (LLAD) No. 1, Benefit Assessment District (BAD) No. 1, and various Community Facilities Districts (CFDs). This focused work includes annual administration of the City's seven (7) existing public services special financing districts, and includes administration and staff support, preparation of required documentation, coordination with legal counsel, and management of the overall process with City staff involvement. Francisco & Associates has been the incumbent provider of said services since 2015; however, their contract expired on January 14, 2026.

A list and brief explanation of the City's existing assessment districts and community facilities districts currently being proposed for this contract is attached for reference, see Attachment C Summary of Assessment and Community Facility Districts.

Assessment of the Landscape and Lighting District (LLAD) No. 1 and Benefit Assessment District (BAD) No. 1 are typically initiated in the springtime with full submittal to the County in early July. The Community Facility Districts tax process is administered in the fall.

FINDINGS/ANALYSIS:

The City's existing contract for District Engineering Services expired on January 14, 2026. Therefore, City staff initiated a formal Request for Proposals (RFP) for District Engineering Services on February 13, 2026 with a submittal deadline of March 2, 2026. A notice to bidders was placed in the Lincoln News Messenger, on PlanetBids.com, and posted on the City's website.

A total of three (3) proposals were received from the following submitters – Francisco & Associates, NBS, and SCI Consulting Group.

Proposals were evaluated based on each consultant's understanding of the project and ability to provide innovative solutions for the City of Lincoln, familiarity with applicable laws and procedures, qualifications of assigned staff, relevant experience, and the proposed methodology and schedule for compliance with the RFP. Proposals submitted in response to the RFP were evaluated by a panel comprised of staff from the Public Works and Engineering Departments. Based on the evaluation results, the panel unanimously recommended Francisco & Associates.

Francisco & Associates demonstrated a strong and comprehensive understanding of the City's existing assessment and financing districts, supported by their experience as the current service provider. Their proposal demonstrated a highly qualified team, a clear ability to ensure a seamless transition, and included thoughtful recommendations that identified opportunities for program improvement.

The contract includes:
An annual 3% escalation on accepted prices with first implementation in Calendar Year 2, beginning January 1, 2027.
A starting contingency of $50,000 that receives an annual 3% escalator every year, beginning in Year 2 and effective on January 1, 2027. This may be used toward Prop 218 services or any additional work requested by the City Council.
The option for one additional five-year contract extension subject to renegotiation and City Council approval prior to expiration.

Consequently, staff recommend the City Council adopt a resolution authorizing the City Manager to execute a Professional Services Contract with Francisco & Associates for District Engineering Services for a total amount not to exceed $800,352, over a five-year term.

FISCAL IMPACT:

The proposed contract with Francisco & Associates for District Engineering Services will have a total fiscal impact of $800,352 over a five-year period. The anticipated costs for each year can be found in Attachment E.

There is sufficient funding within the current approved two-year budget to support these services. The Landscape and Lighting Assessment District Fund (2700) and Benefit Assessment District Fund (2770) have adequate appropriations to cover services through spring of FY 2025–2026.

The various Community Facilities District Funds (2750, 2760, 2780, 2850, and 2860) will each contribute their proportionate share to cover costs associated with this contract in FY 2026–

2027 and in subsequent budget cycles. Costs incurred for each District will be paid solely from that District's respective fund. Detailed revenues and expenditures for each fund will be documented in the annual report prepared by F&A.

Current Fiscal Year (2025-2026)

Spring 2026 Services/Costs

LLAD Assessment & Administration = $34,950
BAD Assessment & Administration = $6,625
Administration Support/Contingency = $25,000

Current Available Funding
LLAD No. 1 / Staff Support & Contingency (Fund 2700)
Current balance available= $76,991

BAD No. 1 (Fund 2770)
Current balance available = $7,891

Fiscal Year 2026-2027

The approved FY 2026-2027 budget should be sufficient to cover all proposed charges with the exception of CFD 2018-2. There will be a minor budget augmentation needed in that fund line to cover an anticipated deficient amount of $3,163.47. This budget augmentation will be executed within the next fiscal year to reflect the updated charges required for administration of that CFD.

ATTACHMENTS:
Attachment_A_District_Engineering_Services_Resolution_AF.doc

Attachment B Contract for Services.pdf

Attachment C Summary of Districts.docx

Attachment D District Engineering RFP.pdf

Attachment E Projected Annual Costs â€“ District Engineering Services (Five-Year Term).docx

RESOLUTION NO. 2026 - XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LINCOLN AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH FRANCISCO & ASSOCIATES FOR DISTRICT ENGINEERING SERVICES FOR A FIVE-YEAR TERM, ENDING APRIL 15, 2031. THE AGREEMENT INCLUDES AN OPTION TO EXTEND THE CONTRACT FOR ONE ADDITIONAL FIVE-YEAR TERM, SUBJECT TO RENEGOTIATION AND CITY COUNCIL APPROVAL PRIOR TO EXPIRATION. THE TOTAL CONTRACT AMOUNT SHALL NOT EXCEED $800,352, INCLUSIVE OF AN ANNUAL THREE PERCENT (3%) ESCALATION AND CONTINGENCY AMOUNT APPLIED EACH YEAR.

WHEREAS, the City requires a District Engineering Services Consultant to provide special assessment and tax district administration services for the Landscape and Lighting District No. 1, Benefit Assessment District No. 1, and for various Community Facilities Districts (CFD); and

WHEREAS, the City issued a Request for Proposal for Services for District Engineering Services on February 13, 2026 and received 3 proposals; and

WHEREAS, Francisco & Associates has been selected as the Consultant most qualified to provide this service and will also have the ability to assist with the formation and administration of future Community Facilities Districts and assist with any annexations needed; and

WHEREAS, the cost to have Francisco & Associates provide district engineering services is estimated to be $800,352 (contingency and escalation included) for a five-year period ending June 30, 2031, with an option to extend the contract for one additional five-year term, subject to renegotiation and City Council approval prior to expiration.; and

WHEREAS, the funds to pay for District Engineering Services are available through the Lighting and Landscaping Assessment District No. 1, Benefit Assessment District No. 1, various Community Facilities Districts (2004-1, 2004-2, 2010-1, 2018-1, 2018-2 and 2019-1) and future community facilities districts that may be formed during the term of this contract.

NOW THEREFORE BE IT RESOLVED, City Council does hereby find it is in the best interest of the city to enter into a professional services contract with Francisco & Associates for District Engineering Services for a five-year term, ending June 30, 2031. The agreement includes an option to extend the contract for one additional five-year term, subject to renegotiation and city council approval prior to expiration. The total contract amount shall not exceed $800,352, inclusive of an annual three percent (3%) escalation and contingency amount applied each year.

PASSED AND ADOPTED this 14th day of April, 2026 by the following vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:

ABSTAIN: Councilmembers:

_____
Richard Pearl, Mayor

ATTEST:

_____
Hope Ithurburn, City Clerk

CONTRACT FOR SERVICES

THIS CONTRACT is made on April 14, 2026, by and between the **CITY OF LINCOLN** ("City"), and **FRANCISCO & ASSOCIATES, INC**. ("Consultant/Contractor").

WITNESSETH:

WHEREAS, the City proposes/desires a contract with FRANCISCO & ASSOCIATES, INC. for District Engineering Services for Landscaping and Lighting District (LLAD) No.1; Benefit Assssment District (BAD) No. 1; Community Facilities Districts (CFDs) No. 2004-1, 2004-2, 2010-1, 2018-1, and 2018-2; and the formation of and annexation into Community Facilities Districts and various Community Facilities Districts (CFDs) under an on-call agreement effective July 1, 2026.

WHEREAS, the Consultant/Contractor has presented a proposal for such services to the City, dated March 2, 2026, attached hereto and incorporated herein as **Exhibit A**, and is duly licensed, qualified and experienced to perform those services;

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. **SCOPE OF SERVICES:**

A. Consultant/Contractor shall do all work, attend all meetings, produce all reports and carry out all activities necessary for the completion of the services described in **Exhibit A** ("Scope of Work"). This Contract and its exhibits shall be known as the "Contract Documents." Terms set forth in any Contract Document shall be deemed to be incorporated in all Contract Documents as if set forth in full therein. In the event of conflict between terms contained in these Contract Documents, the more specific term shall control. If any portion of the Contract Documents shall be in conflict with any other portion, provisions contained in the Contract shall govern over conflicting provisions contained in the exhibits to the Contract.

B. Consultant/Contractor enters into this Contract as an independent contractor and not as an employee of the City. The Consultant/Contractor shall have no power or authority by this Contract to bind the City in any respect. Nothing in this Contract shall be construed to be inconsistent with this relationship or status. All employees, agents, contractors or subcontractors hired or retained by the Consultant/Contractor are employees, agents, contractors or subcontractors of the Consultant/Contractor and not of the City. The City shall not be obligated in any way to pay any wage claims or other claims made against Consultant/Contractor by any such employees, agents, contractors or subcontractors, or any other person resulting from performance of this Contract.

C. The Consultant/Contractor agrees it has satisfied itself by its own investigation and research regarding the conditions affecting the work to be done and labor and materials needed, and that its decision to execute this Contract is based on such independent investigation and research.

2. **TERM OF CONTRACT:**

A. The services of Consultant/Contractor are to commence upon execution of this Contract by the City, and shall be undertaken and completed in accordance with the Schedule of Performance, attached hereto and incorporated herein by this reference as **Exhibit B**.

B. Consultant/Contractor's failure to complete work in accordance with the Schedule

of Performance may result in delayed compensation as described in Section 3.

C. The City Manager or his or her designee may, by written instrument signed by the Parties, extend the duration of this Contract for an additional five-year term at the discretion of the City.

3. COMPENSATION:

A. The Consultant/Contractor shall be paid at the completion of services for the actual fees, costs and expenses for all time and materials required and expended, but in no event shall total compensation exceed **Eight Hundred Thousand Three Hundred Fifty Two ($800,352.00)** without City's prior written approval.

B. Said amount shall be paid upon submittal of a(n) as work is performed billing showing completion of the tasks. Consultant/Contractor shall furnish City with invoices for all expenses as well as for all materials authorized by this Contract. The invoice(s) shall be submitted with the final billing. If Consultant/Contractor's performance is not in conformity with the Schedule of Performance, payments may be delayed or denied, unless the Consultant/Contractor's failure to perform in conformity with the Schedule of Performance is a documented result of the City's failure to conform to the Schedule of Performance, or if the Schedule of Performance is extended pursuant to Section 5.

C. If the work is halted at the request of the City, compensation shall be based upon the proportion that the work performed bears to the total work required by this Contract, subject to Section 4.

4. TERMINATION:

A. This Contract may be terminated by either party, provided that the other party is given not less than thirty (30) calendar days' written notice (delivered by certified mail, return receipt requested) of intent to terminate.

B. The City may temporarily suspend this Contract, at no additional cost to City, provided that the Consultant/Contractor is given written notice (delivered by certified mail, return receipt requested) of temporary suspension. If City gives such notice of temporary suspension, Consultant/Contractor shall immediately suspend its activities under this Contract.

C. Notwithstanding any provisions of this Contract, Consultant/Contractor shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of this Contract by Consultant/Contractor, and the City may withhold any payments due to Consultant/Contractor until such time as the exact amount of damages, if any, due the City from Consultant/Contractor is determined.

D. In the event of termination, the Consultant/Contractor shall be compensated as provided for in this Contract, except as provided in Section 4C. Upon termination, the City shall be entitled to all work, including, but not limited to, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date in accordance with Section 7 hereof.

5. AMENDMENTS, CHANGES OR MODIFICATIONS:

Amendments, changes or modifications in the terms of this Contract may be made at any time by mutual written agreement between the parties hereto and shall be signed by the persons authorized to bind the parties hereto.

6. EXTENSIONS OF TIME:

Consultant/Contractor may, for good cause, request extensions of time to perform the services required hereunder. Such extensions shall be authorized in advance by the City in writing and shall be incorporated in written amendments to this Contract or the attached Scope of Work in the manner provided in Section 5.

7. PROPERTY OF CITY:

A. It is mutually agreed that all materials prepared by the Consultant/Contractor under this Contract shall become the property of the City, and the Consultant/Contractor shall have no property right therein whatsoever. Immediately upon termination, the City shall be entitled to, and the Consultant/Contractor shall deliver to the City, all data, drawings, specifications, reports, estimates, summaries and other such materials as may have been prepared or accumulated to date by the Consultant/Contractor in performing this Contract which is not Consultant/Contractor's privileged information, as defined by law, or Consultant/Contractor's personnel information, along with all other property belonging exclusively to the City which is in the Consultant/Contractor's possession.

B. Additionally, it is agreed that the parties intend this to be a contract for services and each considers the products and results of the services to be rendered by Consultant/Contractor hereunder (the "Work") to be a work made for hire. Consultant/Contractor acknowledges and agrees that the Work (and all rights therein, including, without limitation, copyright) belongs to and shall be the sole and exclusive property of the City.

8. **COMPLIANCE WITH ALL LAWS; PREVAILING WAGES**:

A. Consultant/Contractor shall comply with all applicable laws, ordinances, and codes of federal, state and local governments, as applicable, and shall commit no trespass on any public or private property in performing any of the work authorized by this Contract. If necessary, it shall be City's responsibility to obtain all rights of way and easements to enable Consultant/Contractor to perform its services hereunder. Consultant/Contractor shall assist City in providing the same.

B. Some or all of the work herein may be a "public work" within the meaning of Labor Code section 1720, subject to the payment of prevailing wages under Labor Code sections 1720 et seq. Accordingly, Consultant/Contractor shall cause all such work, as applicable, to be performed as a "public work" in compliance with California prevailing wage laws, including the payment of prevailing wages, as applicable. In the event it is determined that the Consultant/Contractor is required to pay prevailing wages for the work performed under this Agreement, but failed to do so, the Consultant/Contractor shall pay all applicable penalties, costs, fees, wages, and wage differential. To the extent the project is subject to the requirement of payment of prevailing wages pursuant to California Labor Code sections 1720 et seq, then the project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. Copies of the prevailing rate of per diem wages are on file at the City's offices, which shall be made available to any interested party on request. Consultant/Contractor shall cause a copy of the determination of the director of the prevailing rate of per diem wages to be posted at each job site, as well as all related notices required by applicable law

and regulation. In the event that the work performed requires payment of prevailing wages, contractor shall be required to be registered with Department of Industrial Relations as a Public Works Contractor at all times during performance of the contract. Contractor shall also be required to submit Certified Payroll reports to the City of Lincoln as a condition of any payment under this contract.

9. WARRANTIES AND RESPONSIBILITIES - CONSULTANT/CONTRACTOR:

A. Consultant/Contractor agrees, represents and warrants to City that it has all licenses, permits, qualifications and approvals of whatever nature which are legally required for Consultant/Contractor to practice its profession and to properly provide the services set forth in **Exhibit A** in a manner which is consistent with the generally accepted standards of Consultant/Contractor's profession. Consultant/Contractor represents and warrants to City that Consultant/Contractor shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Contract any licenses, permits and approvals which are legally required for Consultant/Contractor to practice its profession at the time the services are performed.

B. Consultant/Contractor agrees and represents that the work performed under this Contract shall be in accordance with applicable federal, state and local law in accordance with Section 17A hereof.

C. Consultant/Contractor shall designate a project manager who at all times shall represent the Consultant/Contractor before the City on all matters relating to this Contract. In the event that City, in its sole discretion, at any time during the term of this Contract, desires the removal of any person or persons assigned by Consultant/Contractor, including but not limited to the project manager, to perform services pursuant to this Contract, Consultant/Contractor shall remove any such person immediately upon receiving notice from City of the desire of City for the removal of such person or persons.

D. Except as set forth in **Exhibit D,** Consultant/Contractor shall, at its sole cost and expense, furnish all facilities, equipment, and other materials which may be required for furnishing services pursuant to this Agreement. City shall furnish to Consultant/Contractor only the facilities, equipment, and other materials listed in **Exhibit D** according to the terms and conditions set forth in **Exhibit D.**

E. Consultant/Contractor shall provide corrective services without charge to the City for services which fail to meet the above professional and legal standards and which are reported to Consultant/Contractor in writing within sixty (60) days of discovery. Should Consultant/Contractor fail or refuse to perform promptly its obligations, the City may render or undertake performance thereof and the Consultant/Contractor shall be liable for any expenses thereby incurred.

10. SUBCONTRACTING:

None of the services covered by this Contract shall be subcontracted without the prior written consent of the City, which will not be unreasonably withheld. Consultant/Contractor shall be as fully responsible to the City for the negligent acts and omissions of its contractors and subcontractors, and of persons either directly or indirectly employed by them, as it is for the negligent acts and omissions of persons directly employed by Consultant/Contractor.

11. ASSIGNABILITY:

Consultant/Contractor shall not assign or transfer any interest in this Contract whether by assignment or novation, without the prior written consent of the City which will not be unreasonably withheld. However, claims for money due or to become due to Consultant/Contractor from the City under this Contract may be assigned to a financial institution or to a trustee in bankruptcy, without such approval. Notice of any assignment or transfer whether voluntary or involuntary shall be furnished promptly to the City.

12. INTEREST IN CONTRACT:

Consultant/Contractor covenants that neither it, nor any of its employees, agents, contractors, subcontractors have any interest, nor shall they acquire any interest, direct or indirect, in the subject of the Contract, nor any other interest which would conflict in any manner or degree with the performance of its services hereunder. Consultant/Contractor shall make all disclosures required by the City's conflict of interest code in accordance with the category designated by the City, unless the City Manager determines in writing that Consultant/Contractor's duties are more limited in scope than is warranted by the category designated by the City code and that a narrower disclosure category should apply. Consultant/Contractor also agrees to make disclosure in compliance with the City conflict of interest code if, at any time after the execution of this Contract, City determines and notifies Consultant/Contractor in writing that Consultant/Contractor's duties under this Contract warrant greater disclosure by Consultant/Contractor than was originally contemplated. Consultant/Contractor shall make disclosures in the time, place and manner set forth in the conflict of interest code and as directed by the City.

13. MATERIALS CONFIDENTIAL:

All of the materials prepared or assembled by Consultant/Contractor pursuant to performance of this Contract are confidential and Consultant/Contractor agrees that they shall not be made available to any individual or organization without the prior written approval of the City, except by court order.

14. LIABILITY OF CONSULTANT/CONTRACTOR-NEGLIGENCE:

Consultant/Contractor shall be responsible for performing the work under this Contract in a manner which is consistent with the generally-accepted standards of the Consultant/Contractor's profession and shall be liable for its own negligence and the negligent acts of its employees, agents, contractors and subcontractors. The City shall have no right of control over the manner in which the work is to be done but only as to its outcome, and shall not be charged with the responsibility of preventing risk to Consultant/Contractor or its employees, agents, contractors or subcontractors.

15. INDEMNITY AND LITIGATION COSTS:

To the greatest extent allowed by law and within the construct of Civil Code § 2782, Consultant/Contractor shall indemnify, defend, and hold harmless the City, its officers, officials, agents, employees and volunteers (the "indemnified parties") from and against any and all claims, damages, demands, liability, costs, losses and expenses, including court costs and reasonable attorneys' fees, arising in any manner out of its performance of this Contract or by reason of negligent acts or omissions, recklessness, or willful misconduct incident to the performance of this Contract on the part of Consultant/Contractor except such loss or damage which was caused by the active negligence, sole negligence, or willful misconduct of the City. Without limiting the foregoing indemnity obligation, Consultant/Contractor further shall indemnify, defend and hold harmless the indemnified parties from and against any and all damages, liability, costs, losses, expenses,

contributions and penalties, including court costs and reasonable attorneys' fees, arising from Consultant/Contractor's misclassification of itself or its employees' status as an independent contractor. The provisions of this paragraph shall survive termination or suspension of this Contract.

16. CONSULTANT/CONTRACTOR TO PROVIDE INSURANCE:

A. Consultant/Contractor shall not commence any work before obtaining, and shall maintain in force at all times during the duration and performance of this Contract the policies of insurance specified in this Section. Such insurance must have the approval of the City as to limit, form, and amount, and shall be placed with insurers with a current A.M. Best's rating of no less than A:VII (or in the case of Worker's Compensation insurance, with the State Compensation Insurance Fund of California).

B. Prior to execution of this Contract and prior to commencement of any work, the Consultant/Contractor shall furnish the City with certificates of insurance and copies of original endorsements providing evidence of coverage for all policies required by the Contract. The endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. The Consultant/Contractor agrees to furnish one copy of each required policy to the City, and additional copies as requested in writing, certified by an authorized representative of the insurer. The failure of Consultant/Contractor or of any of its contractors or subcontractors to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of this Contract. Approval of the insurance by the City shall not relieve or decrease any liability of Consultant/Contractor.

C. In addition to any other remedy the City may have, if Consultant/Contractor fails to maintain the insurance coverage as required in this Section, the City may obtain such insurance coverage as is not being maintained, in form and amount substantially the same as is required herein, and the City may deduct the cost of such insurance from any amounts due or which may become due Consultant/Contractor under this Contract.

D. No policy required by this Contract shall be endorsed to suspended, voided, canceled, terminated by either party, or reduced in coverage or in limits unless the Consultant/Contractor has provided thirty (30) days' prior written notice by certified mail, return receipt requested, to the City.

E. Any deductibles, aggregate limits, pending claims or lawsuits which may diminish the aggregate limits, or self-insured retentions, must be declared to, and approved by, the City.

F. Aggregate Limits/Impairment

i. If any of the insurance coverages required by this section contain annual aggregate limits, the Consultant/Contractor must give the City notice of any pending claim or lawsuit which may diminish the aggregate. The Consultant/Contractor must take steps to restore the impaired aggregates or provide replacement insurance protection. The City has the option to specify the minimum acceptable aggregate limit for each line of coverage required. No substantial reductions in scope of coverage which may affect City's protection are allowed without City's prior written consent.

G. The requirement as to types, limits, and the City's approval of insurance coverage to be maintained by Consultant/Contractor are not intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by Consultant/Contractor under the Contract.

H. The Consultant/Contractor and its contractors and subcontractors shall, at their expense, maintain in effect at all times during the performance of work under the Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policy satisfactory to the City. The maintenance by Consultant/Contractor and its contractors and subcontractors of the following coverage and limits of insurance is a material element of this Contract. The failure of Consultant/Contractor or of any of its contractors or subcontractors to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of this Contract.

I. Worker's Compensation and Employer's Liability Insurance.

i. Worker's Compensation Insurance to protect the Consultant/Contractor, its contractors and subcontractors from all claims under Worker's Compensation and Employer's Liability Acts, including Longshoremen's and Harbor Worker's Act ("Acts"), if applicable. Such coverage shall be maintained, in type and amount, in strict compliance with all applicable state and federal statutes and regulations. The Consultant/Contractor shall execute a certificate of compliance with Labor Code Section 3700, on the form provided in the Contract Documents.

ii. Consultant/Contractor shall provide a Waiver of Subrogation endorsement in favor of the City, its officers, officials, employees, agents and volunteers for losses arising from work performed by the Consultant/Contractor

J. Commercial General Liability Insurance

i. The insurance shall be provided on form CG0001, or its equivalent, and shall include coverage for claims for bodily injury or property damage arising out of premises/operations, products/completed operations, contractual liability, and subconsultant's work and personal and advertising injury resulting from actions, failures to act, or operations of the insured, or by its employees or agents, or by anyone directly or indirectly employed by the insured. The amount of insurance coverage shall not be less than **$1,000,000.00** per occurrence and **$2,000,000.00** general and products/completed operations aggregates.

ii. The commercial general liability insurance shall also include the following:

a) Endorsement equivalent to CG 2010 1185 naming the City, its officers, officials, employees, agents, and volunteers as additional insureds. The endorsement shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers.

b) Endorsement stating insurance provided to the City shall be primary as respects the City, its officers, officials, employees and any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be in excess of the Consultant's insurance and shall not contribute with it, to the payment or satisfaction of any defense expenses, loss, or judgment.

c) Provision or endorsement stating that the Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

d) Provision or endorsement stating that any failure to comply with reporting or other provisions of the policies including breaches of representations shall not affect coverage provided to the City, its officers, officials, employees, or volunteers.

e) Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to the liability assumed by the Consultant/Contractor under the Contract, including, without limitation, set forth in Section 15, Indemnity and Litigation Costs.

K. Commercial Automobile Liability Insurance.

i. The commercial automobile liability insurance shall include, but shall not be limited to, protection against claims for death, bodily or personal injury, or property damage for owned, non-owned, and hired automobiles resulting from actions, failures to act, or operations of the insured, or by its employees or agents, or by anyone directly or indirectly employed by the insured. The amount of insurance coverage shall not be less than **$1,000,000** per occurrence.

ii. The commercial automobile liability insurance shall include the same endorsements as required for Commercial General Liability Insurance (16.J.ii above.)

L. Professional Liability.

The Consultant/Contractor and its contractors and subcontractors shall secure and maintain in full force, during the term of this Contract and for five years thereafter, professional liability insurance policies appropriate to the respective professions and the work to be performed as specified in this Contract. The limits of such professional liability insurance coverage shall not be less than **$1,000,000.00** per claim.

17. MISCELLANEOUS PROVISIONS:

A. Compliance With Laws. Consultant/Contractor shall keep itself fully informed of, shall observe and comply with, and shall cause any and all persons, firms or corporations employed by it or under its control to observe and comply with, applicable federal, state, county and municipal laws, ordinances, regulations, orders and decrees which in any manner affect those engaged or employed on the work described by this Contract or the materials used or which in any way affect the conduct of the work, including laws relating to prevailing wages pursuant to Labor Code section 1771 et seq.

B. Non-Discrimination. Consultant/Contractor shall not engage in unlawful employment discrimination. Such unlawful employment discrimination includes, but is not limited to, employment discrimination based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, citizenship, or sexual orientation. Consultant/Contractor shall comply with Section 122(a) of the State and Local Fiscal Assistance Act of 1972.

C. Inspection of Records. Consultant/Contractor shall maintain and make available for inspection by the City and its auditors accurate records of all of its costs, disbursements and receipts with respect to any work under this Contract. Such inspections may be made during regular office hours at any time until six (6) months after the final payments under this Contract are made to the Consultant/Contractor.

D. Entirety of Agreement. This Contract constitutes the entire agreement between the parties relative to the services specified herein and no modification hereof shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Contract. There are no understandings, agreements, conditions, representations, warranties or promises, with respect to this Contract, except those contained in or referred to in the writing.

E. Notices. All notices that are required to be given by one party to the other under this Contract shall be in writing and shall be deemed to have been given if delivered personally or enclosed in a properly addressed envelope and deposited in a United States Post Office for delivery by registered or certified mail addressed to the parties at the following addresses:

CITY:	City of Lincoln Attn: City Manager 600 Sixth Street Lincoln, CA 95648
CONSULTANT/CONTRACTOR:	Francisco & Associates, Inc. 5963 La Place Court, Suite 110 Carlsbad, CA 92008

F. Governing Law. This Contract shall be interpreted and governed by the laws of the State of California.

G. Venue. Any action arising out of this Contract shall be brought in Placer County, California, regardless of where else venue may lie.

H. Attorneys' Fees. In any action brought by either party to enforce the terms of this Contract, each party shall be bear responsibility for its attorney's fees and all costs regardless of whether one party is determined to be the prevailing party.

I. Counterparts. The parties may execute this Contract in two or more counterparts, which shall, in the aggregate, be signed by all the parties, each counterpart shall be deemed an original instrument as against any party who has signed it.

J. Severability. If any term, provision, covenant, or condition of this Contract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the Contract shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

CONSULTANT/CONTRACTOR
Francisco & Associates, Inc.

Eduardo R. Espinoza, P.E.,
Managing Partner

April 1, 2026
Dated

EdE@franciscoandassociates.com
Email address

CITY OF LINCOLN,
a municipal corporation

Sean Scully, City Manager

Dated

APPROVED AS TO FORM:

Douglas White, Interim City Attorney

Dated

ATTEST:

Hope Ithurburn, City Clerk

Dated

City Accountability:

Department responsible for contract: Public Works Department
Staff responsible for contract:
Matthew J. Medill, P.E., Public Works Director | Christian Punsal, Senior Analyst

ATTACHMENTS:

- ✓ Contract for Services (signed by Consultant/Contractor)
- ✓ Current Insurance Certificate (applicable to the contract & naming City as additional insured)
- ✓ Detailed Scope of Work & Specifications, including hourly rates, etc. (Exhibit A)
- ✓ Amount: $800,352.00 & Account/Fund: Professional Services – Various | TBD
- ✓ Copies of Proposals

EXHIBIT A

SCOPE OF WORK

Francisco & Associates, Inc. (FAI) shall provide various services for each Financing District that may include, but are not limited to: preparation of the Annual District Engineer's Reports for both Annual Maintenance and Annexation Proceedings, drafting of City Council Staff Reports and Resolutions, Initiating Proceedings, Declaring Intent to Levy, Approving Engineer's Reports and Setting Public Hearings, Amending and/or Approving the Final Engineer's Reports and Ordering the Levy and Collection of Assessments and Taxes. FAI will also submit final levies to the Placer County Assessor's Office in accordance with filing deadlines established by the County for annual levy including providing a Final Engineer's Report and an "Applied" Report confirming assessments and taxes to be placed for the tax roll to the City of Lincoln. FAI will provide continuous administrative support throughout the year to both the City of Lincoln and Placer County Assessor's Office in the administration of the City's levies. FAI shall also provide on-call expert guidance on assessment and special tax restrictions, and advisement on expenditure analysis.

District Engineering Services entail a large magnitude of services that can include, but are not limited to: formation and administration of; bonded infrastructure assessment districts and community facilities districts, formation and administration of maintenance assessment districts and community facilities districts, annexation of future developments into existing financing districts and assistance with increasing existing assessments pursuant to the requirements of Proposition 218.

FAI Services will involve all maintenance-related financing districts and Community Facilities District No. 2019-1 since it overlaps with territory in CFD Nos. 2018-1 and 2018-2. Having Francisco & Associates administer this district will minimize the duplication of effort involved with City staff and the developer related to gathering data and addressing questions. Therefore, under this initial contract it will include all of, the administrative, and engineering work for the LLAD No. 1, BAD No. 1, and CFD Nos. 2004-1, 2004-2, 2010-1, 2018-1, 2018-2 and 2019-1. If there is a need to form additional bonded and/or maintenance-related districts, including the formation of, and annexation into, various Community Facilities Districs (CFD) under an on-call agreement effective July 1, 2026, City staff will negotiate a fee with one of the two approved consultants. All additional consulting fees associated withthe formation of new financing districts or the annexation into existing financing districts will be funded by the property owner who is developing their property.

The following is a listing of the City's existing assessment districts and community facilities districts currently under this contract:

- LLAD No. 1
- BAD No. 1
- CFD No. 2004-1
- CFD No. 2004-2
- CFD No. 2010-1
- CFD No. 2018-1
- CFD No. 2018-2

Lighting and Landscaping Assessment District (LLAD) No. 1
To insure the proper flow of funds for the ongoing construction, operation, maintenance and servicing of specific improvements within the boundaries of the City of Lincoln, the City Council, through the Landscaping and Lighting Act of 1972, previously approved the formation of the LLAD No. 1 that includes an Original Zone of Benefit and thirty-two (32) Zones of Benefit. Services and improvements provided within these zones include, but are not limited to; maintenance of parks, open space, landscaping and lighting improvements, traffic signals, and community related facilities. These services are financed through the LLAD assessment. The Landscaping and Lighting Act of 1972 requires an Engineer's Report be prepared annually to assess the current level services, required maintenance, anticipated improvements, and project the necessary budget for the upcoming fiscal year. Staff is involved in this annual process, however, District Engineering services are needed to assist with the preparation of the annual Engineer's Report, and the levy and collection of assessments for all zones of benefit within the District.

Benefit Assessment District (BAD) No. 1
In June 2005, the City Council adopted a resolution to form the BAD No. 1 to help recover costs associated with the operation and maintenance of storm drainage (detention basins), flood control improvements, and associated improvements within the public rights-of-way and public areas of the developments within the City. There are currently active zones within the BAD: Zone 1 (Lincoln Crossing), Zone 2 (Sorrento), Zone 3 (Cresleigh Grove), Zone 4 (Dissolved), and Zone 5 (Lincoln Highlands).

Each year, the City has a written report prepared and filed with the City Clerk, which will be performed by Francisco & Associates, Inc. This report provides a general description of the services provided and how the services will be financed through the revenue collected from the assessments. The methodology of assessment collection is included along with the total number of parcels within the zones.

Community Facilities District (CFD) 2004-1 (Storm Water Retention Basin Maintenance)
The City Council approved a resolution in 2004 to form the Community Facilities District (CFD) No. 2004-1 for Storm Water Retention Basin Maintenance. This CFD was created to provide a financing mechanism to fund the pro-rata portion of the annual cost to operate and maintain the Regional Storm Water Retention Basin (RSWRB) which services the parcels directly within the CFD. This CFD includes portions of Del Webb, Twelve Bridges, Sterling Pointe and Three D South Developments. The City is responsible for the administration of the levy and collection of the special taxes, fees, and all other costs incurred for the work performed in this District. FAI will assist in the preparation of this report and the levy and collection of taxes within the District.

Community Facilities District (CFD) 2004-2 (Auburn Ravine Improvement/McBean Park Open Space/Rodeo Grounds Open Space Preserve Maintenance District)
City Council approved another resolution in 2004 to form the Community Facilities District No. 2004-2 for Auburn Ravine Improvements/McBean Park, Open Space, Rodeo Grounds, and the Open Space Preserve Maintenance District. This CFD was created to provide a financing mechanism to fund the annual cost to mitigate storm water runoff which services parcels within the CFD. The City is responsible for the administration of the levy and collection of the special taxes, fees, and all other costs incurred for the work performed in this District. FAI will assist in the preparation of this report

and the levy and collection of taxes within the District.

Community Facilities District (CFD) 2010-1 (Police and fire Services)
The City Council approved a resolution in 2010 to form the Community Facilities District 2010-1 for Police and Fire Services. This CFD was created specifically for the Lincoln Highlands area. The CFD tax collected from this area would assist the services of Police and Fire. The City is responsible for the administration of the levy and collection of the special taxes, fees, and all other costs incurred for the work performed in this District. FAI will assist in the preparation of this report and the levy and collection of taxes within the District.

Community Facilities District (CFD) 2018-1 (City Maintenance Services)
The City Council approved a resolution in 2018 to form the Community Facilities District 2018-1 for City Maintenance Services. The CFD was formed for the Twelve Bridges Village 11 development and was created to provide a financing mechanism to fund the maintenance of City infrastructure such as landscaping, parks, open space, street lighting, and storm water quality and drainage facilities. This specific tax is separated into two components, "Citywide Services" and "Localized Services." Citywide Service improvements to be funded under this tax include costs associated with Community Parks, Regional Parks, Major Roadway Street Lighting and Traffic Signals, Stormwater Facilities, Major Roadway Landscaping, and Open Space areas. Localized Services funded under this tax include: Neighborhood Parks, Neighborhood Landscaping, Local Street Maintenance, Local Street Lighting, and Storm water Improvements. The CFD is comprised of seven (7) developments for the FY 19-20 tax levy and each development was assigned their own special tax zone. FAI will assist in the required annual tax calculations, preparation of the special tax reports, and coordination with the County for the annual levy and collection of special taxes.

Community Facilities District (CFD) 2018-2 (City Public Services)
The City Council approved a resolution in 2018 to form the Community Facilities District 2018-2 for Public Services. The CFD tax will be levied annually to fund additional public services resulting from increased demand from new development. These services include police, fire, and lighting and maintenance of parks, parkways, streets, roads, and open space. Police and Fire services are the primary purpose of this CFD. FAI will assist in the required annual tax calculations, preparation of the special tax reports, and coordination with the County for the annual levy and collection of special taxes.

Additional Work / Prop 218
FAI shall continue to provide the City with engineering support in the administration of the City's special tax and assessment levies. FAI shall also provide on-call expert guidance on assessment restrictions, laws, and advise on expenditure analysis. FAI will ensure the City is compliant with Prop 218. Any work performed on Prop 218 efforts will be approved through a task order or contract amendment by the City Manager. Staff has ensured Prop 218 work is included in the Scope of Work and accounted for in the cost table.

FAI shall provide services for the annual administration of the City's Landscape and Lighting District Number One, Benefit Assessment District Number One, Community Facilities District No's 2004-1, 2004-2, 2010-1, 2018-1, and 2018-2, as well as the formation of and annexation into Community Facilities Districts (CFDs) under an on-call agreement effective July 1, 2026.

For each Assessment District (the Landscape and Lighting Assessment District Number One, the Benefit Assessment District Number One), District administration services will include, but not be limited to:

- Apportion the special assessment of each parcel within each particular Benefit Zone consistent with the Method of Apportionment established for each Benefit Zone and for the overall District.
- Preparation of the Annual Update documents including but not limited to District Engineer's Reports (to be stamped and signed by Consultant's registered engineer) for both Annual Maintenance and Annexation Proceedings, drafting staff reports and resolutions, noticing, attendance of public hearings and presentations as needed, presentation scripts, preparation or amendment of boundary maps, preparation of Improvement Diagrams (showing the locations of each type of infrastructure maintained by each zone), etc. Consulting Firm will also submit final levies to the Placer County Assessor's Office in accordance with filing deadlines established by the Streets and Highway's Code for annual levy including providing a Final Engineer's Report and an "Applied" Report confirming assessments placed on the tax roll to the City of Lincoln.
- Create the tax roll application of parcel's annual special assessment in a format acceptable to the Auditor/Controller-Recorder.
- Perform adjustments and corrections for rejected parcels by resubmitting levies as necessary.
- Provide a toll-free communications platform (phone, email or website) for use by the City, other interested parties, and all property owners, and be available to answer questions regarding the districts and ongoing collection assessments. Offer interpretative services to Spanish speaking property owners.
- The City will initiate proceedings for the districts at the first City Council meeting in April, and the Consultant Firm will submit the annual property tax roll to the Auditor's Office by June 30th.
- An electronic copy of the assessor's tax roll will be made available to the selected consultant through the City of Lincoln upon selection and contract execution.

Apportionment of Infrastructure Assessment Districts.

For each of the Community Facilities Districts's (2004-1, 2004-2, and 2010-1, 2018-1, 2018-2, and newly formed CFDs), District administration services will include, but not be limited to:

- Apportion the special taxes of each parcel within each particular CFD consistent with the Rate and Method of Apportionment established for each CFD.
- Preparation of the Staff Report/Resolutions Ordering the Levy and Collection of Assessments, review and modifications to Method of Apportionment, preparation of public noticing, preparation and/or amendments to District Boundary Maps. Consulting Firm will also submit final levies to the Placer County Assessor's Office in accordance with filing deadlines.
- Create the tax roll application of parcel's annual special taxes in a format acceptable to the Auditor/Controller-Recorder.
- Perform adjustments and corrections for rejected parcels by resubmitting levies as necessary.
- Provide a toll-free communications platform (phone, email or website) for use by the City, other interested parties, and all property owners, and be available to answer questions regarding the districts and ongoing collection assessments. Offer interpretative services to Spanish speaking property owners.
- An electronic copy of the Special Tax roll will be made available to the selected consultant through the City of Lincoln upon selection and contract execution.

Community Facilities District (CFD) Formation or annexation (On-Call Agreement Effective

July 1, 2026):

- Provide the City with a formation process and annexation process to minimize the City's effort.
- Consultant should create all documents for the formation or annexation for the City and legal team to review and approve.
- Consultant shall provide all the documents necessary for recordation with the County.
- Consultant shall perform all CFD formation and annexation duties with minimal assistance from staff.

- The district engineering services needed for future CFD formations will be utilized as needed.

Additional Engineering Services:

Provide additional services as needed to assist with the ongoing administration of the Districts. This is to be billed on a time and materials basis.

District Engineering Services Descriptions	Year 1 Effective April 14, 2026	Year 2 Effective January 1, 2027	Year 3 Effective January 1, 2028	Year 4 Effective January 1, 2029	Year 5 Effective January 1, 2030	5-Year Total
Landscape and Lighting District No. 1 Admin Fee	$34,950	$35,998.50	$37,078	$38,190.81	$39,337	$185,554
Benefit Assessment District Admin Fee	$6,625	$6,823.75	$7,028	$7,239.32	$7,456	$35,173
CFD 2004-1 Admin Fee	$3,550	$3,656.50	$3,766	$3,879.18	$3,996	$18,847
CFD 2004-2 Admin Fee	$2,150	$2,214.50	$2,281	$2,349.36	$2,420	$11,415
CFD 2010-1 Admin Fee	$2,150	$2,214.50	$2,281	$2,349.36	$2,420	$11,415
CFD 2018-1 Admin Fee* $1,175 per Tax Zone plus $1.20 per taxable parcel	$34,800	$35,844.00	$36,919	$38,026.90	$39,168	$184,758
CFD 2018-2 Admin Fee* $1,175 per Tax Zone plus $1.20 per taxable parcel	$16,525	$17,020.75	$17,531	$18,057.31	$18,599	$87,733
Administration Support/Contingency	$50,000	$51,500.00	$53,045	$54,636.35	$56,275	$265,457
Totals:	**$150,750**	**$155,273**	**$159,931**	**$164,729**	**$169,670**	**$800,352**

*Based on conservative estimates for number of Tax Zones and Taxable Parcels. The actual fee amount will depend on the final number of Tax Zones and Taxable Parcels placed on the property tax roll each year.

EXHIBIT B

SCHEDULE OF PERFORMANCE

All work shall be completed by June 30, 2031. This Agreement may be extended for one additional five-year term, subject to renegotiation and approval by the City Council prior to the Agreement's expiration.

EXHIBIT C

CERTIFICATE OF COMPLIANCE WITH LABOR CODE § 3700
Labor Code § 1861

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

CONSULTANT/CONTRACTOR

By:_____
Title: Managing Partner

Eduardo R. Espinoza, P.E.
Print Name

April 1, 2026
Date

EXHIBIT D

FACILITIES, EQUIPMENT, OTHER MATERIALS

Consultant/Contractor shall be responsible for providing all necessary facilities, equipment and personnel to undertake the necessary task(s) outlined in **Exhibit A.**

Attachment C

Summary of Assessment and Community Facility Districts

Landscape and Lighting District No. 1 (LLAD)
The City of Lincoln formed Landscape and Lighting District No. 1 in 1982 with the adoption of Resolution 82-071. The LLAD provides maintenance funds for parks, landscape areas, in-tract streetlights, parkway lighting and maintenance, open space management/maintenance and administration costs associated with the coordination and management of District services, operations and incidental expenses. The District has an Original Zone of Benefit and 32 additional Benefit Zones.

Benefit Assessment District No.1 (BAD)
Benefit Assessment District No. 1 was formed to provide funding for the maintenance of storm drain facilities required in new subdivisions as they were constructed within the City of Lincoln.

There are 4 Areas of Benefit and they are listed as:

- Zone 1 Lincoln Crossing Phases II, IIIA and IIIB
- Zone 2 Aiken Ranch/Sorrento
- Zone 3 Cresleigh Grove
- Zone 5 Lincoln Highlands

CFD No. 2004-1 (Storm Water Retention Basin Maintenance)
CFD No. 2004-1 was formed to provide for the operation and maintenance costs associated with a Storm Water Retention Basin (including capital replacement).

- There are approximately 8 different subdivisions around the City of Lincoln that participate in the CFD.

CFD No. 2004-2 (Auburn Ravine Improvement/McBean Park Open Space/Rodeo Grounds/Open Space Preserve Maintenance District)
CFD No. 2004-2 was formed to provide for the operation and maintenance costs associated with a mitigating storm water runoff that occurs within Auburn Ravine, and also includes for assuring gates, fencing and signage at the areas are maintained, trash removal, coordination of Biological Inspections of the Preserve Areas).

- There is 1 subdivision within the City of Lincoln that participates in the CFD.

CFD No. 2010-1 (Public Safety Services)
CFD No. 2010-1 was formed to provide for the increased level of police and fire services required with new development.

- There is 1 subdivision within the City of Lincoln that participates in the CFD.

CFD No. 2018-1 (Citywide Maintenance Services)
CFD No. 2018-1 was formed to provide maintenance funding for operations and maintenance services throughout the City for open space, parks, landscaping, detention and stormwater quality facility, drainage, street lighting, water costs, street maintenance, administration costs, etc.

- There are currently 7 subdivisions within the City that participate in the CFD.

CFD No. 2018-2 (Public Services)

CFD No. 2018-2 was formed to provide funding for public safety services, facilities improvements, library services, and Citywide services.

- There is 1 subdivision within the City that participates in this CFD. Additional annexations will occur.

REQUEST FOR PROPOSALS

TO PROVIDE

DISTRICT ENGINEERING SERVICES

FOR

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO.1
BENEFIT ASSESSMENT DISTRICT NO.1 AND VARIOUS COMMUNITY FACILITIES DISTRICTS

FOR THE
CITY OF LINCOLN
PUBLIC WORKS DEPARTMENT

Release Date: February 13, 2026
Questions Due: February 18, 2026
Submittal Deadline: 3:00 P.M. March 2, 2026

I. DESCRIPTION OF SERVICES

The City of Lincoln is accepting proposals from qualified engineering/financial consulting firms to provide special assessment district administration services for the Landscape and Lighting District No. 1, Benefit Assessment District No. 1, and the Community Facility Districts, as well as the formation of future Community Facility Districts or annexation into existing Community Facility Districts. To be considered for these services, your firm must meet the qualifications and satisfy the requirements as stated in this Request for Proposals (RFP).

Requested services for each District may include, but are not limited to: preparation of the Annual District Engineer's Reports for both Annual Maintenance and Annexation Proceedings, drafting of City Council Staff Reports and Resolutions, initiating proceedings, declaring Intent to Levy, approving Engineer's Reports and setting Public Hearings, amending and/or approving the final Engineer's Reports and Ordering the Levy and Collection of Assessments. Consulting Firm will also submit final levies to the Placer County Assessor's Office in accordance with filing deadlines established by the Streets and Highway's Code for annual levy including providing a Final Engineer's Report and an "Applied" Report confirming assessments placed on the tax roll to the City of Lincoln. Consulting Firm will provide continuous administrative support throughout the year to both the City of Lincoln and Placer County Assessor's Office in the administration of the District's tax levy. Consultant shall also provide on-call expert guidance on assessment restrictions, and advisement on expenditure analysis.

II. BACKGROUND

Landscape and Lighting District No. 1 (LLAD)
The City of Lincoln formed Landscape and Lighting District No. 1 in 1982 with the adoption of Resolution 82-071. The LLAD provides maintenance funds for parks, landscape areas, in-tract streetlights, parkway lighting and maintenance, open space management/maintenance and administration costs associated with the coordination and management of District services, operations and incidental expenses. The District has an Original Zone of Benefit and 32 additional Benefit Zones.

It is unlikely that additional subdivisions will be annexed into this district.

There are approximately 10,048 parcels included in the Original Zone of Benefit and the 32 Benefit Zones for a total of $3,848,224.96 estimated in assessment revenue.

Benefit Assessment District No.1 (BAD)
Benefit Assessment District No. 1 was formed to provide funding for the maintenance of storm drain facilities required in new subdivisions as they were constructed within the City of Lincoln.

There are 4 Areas of Benefit and they are listed as:

- Zone 1 Lincoln Crossing Phases II, IIIA and IIIB
- Zone 2 Aiken Ranch/Sorrento
- Zone 3 Cresleigh Grove
- Zone 5 Lincoln Highlands

The City does not anticipate additional annexations into this District.

There are approximately 2,855 parcels included for a total of roughly $93,105.44 in revenue**.**

Various Infrastructure Assessment Districts
There are several existing infrastructure Assessment Districts that require apportionment after subdivisions occur. This item is also included for advisement that new infrastructure assessment districts may be included in future development in the City and should be considered in the RFP.

Existing & Upcoming Community Facility Districts
The City currently has five Community Facilities Districts (CFD's) for maintenance and one CFD for Public Safety Services described below:

CFD No. 2004-1 (Storm Water Retention Basin Maintenance)
CFD No. 2004-1 was formed to provide for the operation and maintenance costs associated with a Storm Water Retention Basin (including capital replacement).

- There are approximately 8 different subdivisions around the City of Lincoln that participate in the CFD.
- The City does not anticipate additional annexations into this district.
- There are approximately 3,145 parcels for a total of $268,081.20 in revenue.

CFD No. 2004-2 (Auburn Ravine Improvement/McBean Park Open Space/Rodeo Grounds/Open Space Preserve Maintenance District)
CFD No. 2004-2 was formed to provide for the operation and maintenance costs associated with a mitigating storm water runoff that occurs within Auburn Ravine, and also includes for assuring gates, fencing and signage at the areas are maintained, trash removal, coordination of Biological Inspections of the Preserve Areas).

- There is 1 subdivision within the City of Lincoln that participates in the CFD.
- The City does not anticipate additional annexations into this district.
- There are approximately 223 parcels for a total of $47,695.24 in revenue.

CFD No. 2010-1 (Public Safety Services)
CFD No. 2010-1 was formed to provide for the increased level of police and fire services required with new development.

- There is 1 subdivision within the City of Lincoln that participates in the CFD.
- There are approximately 180 parcels for a total of roughly $45,313.20 in revenue.

CFD No. 2018-1 (Citywide Maintenance Services)
CFD No. 2018-1 was formed to provide maintenance funding for operations and maintenance services throughout the City for open space, parks, landscaping, detention and stormwater quality facility, drainage, street lighting, water costs, street maintenance, administration costs, etc.

- There are currently 7 subdivisions within the City that participate in the CFD.
- There are approximately 4,683 parcels in these subdivisions and over $4,448,483.54 in revenue. Additional annexations will occur.

CFD No. 2018-2 (Public Services)
CFD No. 2018-2 was formed to provide funding for public safety services, facilities improvements, library services, and Citywide services.

- There is 1 subdivision within the City that participates in this CFD. Additional annexations will occur.
- There are approximately 2,237 parcels in these subdivisions and over $1,051,585.66 in revenue.

Various Infrastructure CFDs
This item is included for advisement that there are various infrastructure CFDs and the formation of new infrastructure community facility districts may be required with future development in the City and should be considered in the RFP proposal.

III. SCOPE OF SERVICES

The City is seeking requests for proposals to provide consulting services for the annual administration of the City's Landscape and Lighting District No.1, Benefit Assessment District No.1, CFD No's 2004-1, 2004-2, 2010-1, 2018-1, and 2018-2, as well as the formation of and annexation into Community Facilities Districts.

For each Assessment District (the Landscape and Lighting Assessment District Number One, the Benefit Assessment District Number One), District administration services will include, but not be limited to:

- Apportion the special assessment of each parcel within each particular Benefit Zone consistent with the Method of Apportionment established for each Benefit Zone and for the overall District.
- Preparation of the Annual Update documents including but not limited to District Engineer's Reports (to be stamped and signed by Consultant's registered engineer) for both Annual Maintenance and Annexation Proceedings, drafting staff reports and resolutions, noticing, attendance of public hearings and presentations as needed, presentation scripts, preparation or amendment of boundary maps, preparation of Improvement Diagrams (showing the locations of each type of infrastructure maintained by each zone), etc. Consulting Firm will also submit final levies to the Placer County Assessor's Office in accordance with filing deadlines established by the Streets and Highway's Code for annual levy including providing a Final Engineer's Report and an "Applied" Report confirming assessments placed on the tax roll to the City of Lincoln.
- Create the tax roll application of parcel's annual special assessment in a format acceptable to the Auditor/Controller-Recorder.
- Perform adjustments and corrections for rejected parcels by resubmitting levies as necessary.
- Provide a toll-free communications platform (phone, email or website) for use by the City, other interested parties, and all property owners, and be available to answer questions regarding the districts and ongoing collection assessments. Offer interpretative services to Spanish speaking property owners.
- The City will initiate proceedings for the districts at the first City Council meeting in April, and the Consultant Firm will submit the annual property tax roll to the Auditor's Office by June 30th.
- An electronic copy of the assessor's tax roll will be made available to the selected consultant through the City of Lincoln upon selection and contract execution.

Apportionment of Infrastructure Assessment Districts.

For each of the CFD's (2004-1, 2004-2, and 2010-1, 2018-1, 2018-2, and newly formed CFDs), District administration services will include, but not be limited to:

- Apportion the special taxes of each parcel within each particular CFD consistent with the Rate and Method of Apportionment established for each CFD.
- Preparation of the Staff Report/Resolutions Ordering the Levy and Collection of Assessments, review and modifications to Method of Apportionment, preparation of public noticing, preparation and/or amendments to District Boundary Maps. Consulting Firm will also submit final levies to the Placer County Assessor's Office in accordance with filing deadlines.
- Create the tax roll application of parcel's annual special taxes in a format acceptable to the Auditor/Controller-Recorder.
- Perform adjustments and corrections for rejected parcels by resubmitting levies as necessary.
- Provide a toll-free communications platform (phone, email or website) for use by the City, other interested parties, and all property owners, and be available to

answer questions regarding the districts and ongoing collection assessments. Offer interpretative services to Spanish speaking property owners.
- An electronic copy of the Special Tax roll will be made available to the selected consultant through the City of Lincoln upon selection and contract execution.

Community Facilities District (CFD) Formation or annexation:
- Provide the City with a formation process and annexation process to minimize the City's effort.
- Consultant should create all documents for the formation or annexation for the City and legal team to review and approve.
- Consultant shall provide all the documents necessary for recordation with the County.
- Consultant shall perform all CFD formation and annexation duties with minimal assistance from staff.

The district engineering services needed for future CFD formations will be utilized as needed.

Additional Engineering Services:
Provide additional services as needed to assist with the ongoing administration of the Districts. This is to be billed on a time and materials basis.

IV. CONTRACT TIME

The City of Lincoln intends to award a five-year contract with an option to extend the contract for an additional five-year term at the discretion of the City.

V. AGREEMENT

The selected Consultant must execute a Professional Services Agreement (See Attachment B, Sample Professional Services Agreement).

All Proposers are directed to particularly review all indemnification, Hold Harmless and Insurance requirements set forth in this agreement.

Progress payments will be made monthly on completed work based on approved and accepted invoices that include signed timecards of special inspector(s), unit prices or as otherwise agreed. City will make payment to Consultant, less any retained amounts, within 30 days of receipt by the City of a correct and complete invoice.

No work is authorized and no payments will be made prior to execution of a Professional Services Agreement.

VI. INSURANCE REQUIREMENTS

The Consultant shall possess and maintain insurance in accordance with contract requirements (See Attachment B, Sample Professional Services Agreement), including commercial general liability insurance, automobile liability and professional liability to cover any claims arising out of the performance of this contract.

Original certificates of insurance evidencing the required coverage must be submitted on or before execution of the contract.

VII. GENERAL REQUIREMENTS

The successful proposer will be required to work closely with the designated Project Manager for the City of Lincoln Development Engineering Division and Public Works Director/Department Analyst. Similarly, the successful proposer will be expected to identify an individual who will serve as the key contact person and to specify other staff that will perform key roles and various tasks. Any substitutions of staff during the course of the contract must be agreed upon by the Project Management Team in writing, in advance of such substitution.

Required Contents of Proposal
Submit an electronic copy of the proposal on the PlanetBids Vendor Portal. Proposals should be concise and specific to this RFP, shall include 1) a cover letter, 2) the cost proposal and 3) full resumes and sample documents (specifically described below) included in appendices. Proposals must be in the following format:

1. **Consultant Identification and Qualifications:**
   Provide the legal name of the firm, the firm's mailing and physical address, the names and contact information (phone number and email address) of the legally responsible principal and the primary contact person (Project Manager) for this project. Provide a brief summary of the firm's (or team's) qualifications specific to this project.

2. **Statement of Project Understanding:** Describe an understanding of the process and steps to occur to complete the requirements of the Districts after the contract is awarded.

3. **Proposed Schedule:** Prepare a schedule for the estimated time to complete annual requirements of the Districts, formation of Districts, or Annexations to Districts.

4. **Qualification of the Firm/Team:** Include a background of the firm/team, number of professionals (by discipline) and support staff, major focus of practice, range of services and references. Where the collaborative approach is proposed, this narrative must also include all sub-consultants involved.

5. **Examples of Comparable Services:** Briefly describe three (3) comparable contracts that best exhibit the firm's experience in each of the required services. Include the contract name, location, scope of services, approximate value of the annual administration, key project staff involved and description of their role. Include the client contact person, title, organization, address, current telephone number and E-mail address.

6. **Resumes of Key Staff:** List staff members and their titles, of those in key roles for this project. Provide a brief bio of each key staff member, include background and involvement with contracts of similar scope, requirements, and deliverables. Also include lead staff in each discipline required for this professional service.

7. **Authority to Bind:**
   Include a statement that the Proposer acknowledges all the terms and conditions of the RFP and that the Proposal is valid for a period of ninety (90) days from the

Proposal submittal date. It must be signed by a firm principal authorized to bind the organization.

8. <u>Conflict of Interest/Collusion Statement/Levine Act Disclosure Statement</u>

a. Disclose any financial, business or other relationship with the City that may have an impact upon the outcome of this contract or the related construction project.
b. The Proposer shall state they have made no agreement, written or verbal, and have no connection with any other proposer submitting an independent proposal for this project.
c. The Proposer shall also name and disclose:
    a. all current clients which may have a financial interest in the outcome of this contract or the related construction contract.
    b. any financial interest or relationship with any construction company qualified to submit a bid for the related construction project.
d. California Government Code Section 84308 (the "Levine Act") prohibits any officer of the City of Lincoln (defined as an elected or appointed officer, alternate, and any candidate for elected office) from participating in any consideration or action related to a proceeding if they receive political contribution(s) from a party or its agent(s) totaling more than $500 within the previous 12 months, while a proceeding is pending, and for 12 months following the date of a final decision in a proceeding concerning a license, permit, other entitlement for use, franchise, or contract (collectively, “proposal or application”).

City officers are listed here:
Members of the City Council: https://www.lincolnca.gov/en/our-government/council.aspx

Boards and Commission Members: https://www.lincolnca.gov/en/our-government/boards-commissions-and-committees.aspx

Parties and their agent(s) are responsible for reviewing and disclosing their applicable contributions to City officers on the record of a proceeding.

9. <u>Exceptions</u>

List any exceptions to any portion of this RFP including the sample contract attached. The City will consider the exception(s) and may or may not reject the RFP as non-responsive.

10. <u>Estimated Fee for Services</u>: In a separate document (entitled COST PROPOSAL FOR DISTRICT ENGINEERING SERVICES), provide costs of engineering, administrative and financial services included in the proposal which shall include the billing rates of all project personnel and any other costs that the proposer expects to bill to complete the project requirements. Break down the costs by type of district work (i.e. LLAD annual update, CFD formation, CFD annexation, etc.). Include annual escalation or inflation.

VIII. SUBMISSION OF THE PROPOSAL

Submit an electronic copy of the proposal on the PlanetBids Vendor Portal.

PROPOSALS MUST BE RECEIVED at the time and date stated on the cover sheet of this proposal. Proposals received after this time or at any other location will be deemed unresponsive and rejected.

IX. CONSULTANT SELECTION PROCESS AND CRITERIA

The City will evaluate and rank the proposals using the following scoring:

Project Understanding & Unique Ideas to Assist Lincoln	25 Points
Familiarity with Laws and Procedures	20 Points
Quality of Staff	20 Points
Relevant Experience	25 Points
Proposed Methodology & Schedule & Compliance with RFP	10 Points
Total Points Possible	**100 Points**

At the discretion of the City, one or more of the top ranked teams may be interviewed based upon the relative ranking by total score. Interviews will be for the purpose of meeting the project team, discussion of the scope of work, and review of the factors considered in the preparation of the proposal. The teams may also be requested to provide further clarification of submitted materials and/or submit additional materials for consideration.

After the interviews and review of any additional requested materials, the City will begin negotiations with the prime consultant of the top ranked team. Any contract tendered will be in the form of Attachment B - Sample Professional Services Agreement.

All proposals may become public information subsequent to the award of a contract. The Proposer may describe any sensitive or potentially proprietary information in general terms.

The Proposal should reflect the most favorable terms available to the City, as the City may make award on the Proposal alone without interviews or any further contact with the Proposer.

X. TIMELINE

The City of Lincoln has designated the following activities and dates as key to the project schedule:

1.	RFP available for download	February 13, 2026
2.	RFP advertised in Local Newspaper	February 13, 2026
3.	Questions Due	February 18, 2026
4.	Responses to Questions	February 20, 2026
5.	Proposal Due by 3 PM	March 2, 2026
6.	City Council Award of Contract	March 24, 2026

****The City of Lincoln reserves the right to change the schedule.**

XI. DOCUMENTS AND QUESTIONS

The full content of the RFP is available through PlanetBids https://vendors.planetbids.com/portal/48920/bo/bo-search.

Direct any questions regarding this RFP to Christian Punsal, Senior Analyst by Email at Christian.Punsal@lincolnca.gov. All questions and requests for clarification must be

received no later than 5 pm on the date noted in the Timeline above. Responses may be provided via an Addendum. Do not contact any other City staff or consultants to the City.

Addenda to this RFP will be posted onto PlanetBids and can be downloaded for free of charge from the following location: https://vendors.planetbids.com/portal/48920/bo/bo-search

Failure of the proposer to be aware of addenda or failure to return signed addenda with the Proposal in a timely manner as a complete responsive proposal may be cause for rejection at the sole discretion of the City. Verbal conversations with any person will not modify any term or obligation of this RFP.

XII. RESPONSIVENESS OF PROPOSALS All proposals must be in writing and fully responsive to this RFP. Non-responsive proposals or proposals found to be irregular or not in conformance with the requirements and instructions contained herein will not be considered or evaluated. Other conditions which may lead to the selection committee's decision not to evaluate a proposal include obvious lack of experience, expertise or adequate resources to perform the required work, and/or failure to perform or meet financial obligations on previous contracts. The City reserves the right to reject any and all proposals for any reason whatsoever.

XIII. Waivers. The City may waive informalities or irregularities in proposals received where such is merely a matter of form and not substance, and the correction or waiver of which is not prejudicial to other proposals.

ATTACHMENTS:

A. Additional Information
B. Sample Professional Services Agreement

ATTACHMENT A

CONTRACT FOR SERVICES

The firm selected to produce and execute the recommended scope of services in this RFP will be required to execute a Contract for Services with the City.

CONFLICT OF INTEREST

Consultant warrants and covenants that no official or employee of the City, nor any business entity in which an official of the City has an interest, has been employed or retained to solicit or assist in the procuring of the resulting contract, nor that any such person will be employed in the performance of such contract without immediate divulgence of such fact to the City.

ASSIGNMENT

Any contract resulting from this bid and any amendments or supplements thereto shall not be assignable by the successful bidder either voluntarily or by operation of law, without the written approval of the City, and shall not become an asset in any bankruptcy, receivership or guardianship proceedings.

COSTS INCURRED IN RESPONDING

This Request for Proposals does not commit the City to pay any costs incurred by any individual, firm, partnership or corporation in the submission of the proposals or to make necessary studies or designs for the preparation thereof, or to procure or contract for any articles or services.

INSURANCE REQUIREMENTS

The successful proposer shall provide a Certificate of Insurance naming the City of Lincoln as additional insured for the following:

A. Worker's Compensation

B. General Liability and Property Damage with a combined limit of $2,000,000.00

C. Automobile Liability Insurance in an amount not less than $1,000,000.00

D. The policy shall not be cancelable without thirty (30) days advance written notice to the City, and shall be in a form and by a surety approved by the City.

E. In the event the policy is canceled prior to the completion of the project and the Consultant does not furnish a new Certificate of Insurance prior to cancellation, the City may obtain the required insurance and deduct the premium(s) from contract monies due to the Consultant.

F. If the policy is a claims' made policy, the policy shall contain language providing coverage up to six (6) months following the completion of the contract in order to provide insurance coverage for the hold harmless provisions herein.

G. As used above, the term "Consultant" includes the Consultant, and its officers, agents or employees.

INDEMNIFICATION

A. Consultant agrees to save harmless and to indemnify the City from every claim or demand which may be made for any injury or death, or damage to property caused by Consultant in the performance of this contract.

B. Such duty shall be irrespective of the date upon which the claim or demand is asserted.

C. If any judgment is rendered against the City for any injury, death or damage caused by consultant in the performance of this contract, Consultant shall, at his own expense, satisfy and discharge any judgment.

D. None of the foregoing paragraphs shall be applicable if the injury, death or damage is caused solely by the City negligence.

E. Consultant agrees that it shall immediately notify City and Consultant's insurance carriers of any incident occurring during performance of this contract which may result in a claim of liability.

F. As used above, the term "City" means the City of Lincoln, or its officers, agents or employees.

G. As used above, the term "Consultant" includes Consultant and Consultant's officers, agents or employees.

ATTACHMENT B

CONTRACT FOR SERVICES

THIS CONTRACT is made on _____, by and between the CITY OF LINCOLN ("City"), and _____ ("Consultant/Contractor").

WITNESSETH:

WHEREAS, the City proposes/desires a contract with _____ to_____

WHEREAS, the Consultant/Contractor has presented a proposal for such services to the City, dated _____, attached hereto and incorporated herein as Exhibit A, and is duly licensed, qualified and experienced to perform those services;

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. **SCOPE OF SERVICES:**

A. Consultant/Contractor shall do all work, attend all meetings, produce all reports and carry out all activities necessary for the completion of the services described in **Exhibit A** ("Scope of Work"). This Contract and its exhibits shall be known as the "Contract Documents." Terms set forth in any Contract Document shall be deemed to be incorporated in all Contract Documents as if set forth in full therein. In the event of conflict between terms contained in these Contract Documents, the more specific term shall control. If any portion of the Contract Documents shall be in conflict with any other portion, provisions contained in the Contract shall govern over conflicting provisions contained in the exhibits to the Contract.

B. Consultant/Contractor enters into this Contract as an independent contractor and not as an employee of the City. The Consultant/Contractor shall have no power or authority by this Contract to bind the City in any respect. Nothing in this Contract shall be construed to be inconsistent with this relationship or status. All employees, agents, contractors or subcontractors hired or retained by the Consultant/Contractor are employees, agents, contractors or subcontractors of the Consultant/Contractor and not of the City. The City shall not be obligated in any way to pay any wage claims or other claims made against Consultant/Contractor by any such employees, agents, contractors or subcontractors, or any other person resulting from performance of this Contract.

C. The Consultant/Contractor agrees it has satisfied itself by its own investigation and research regarding the conditions affecting the work to be done and labor and materials needed, and that its decision to execute this Contract is based on such independent investigation and research.

2. TERM OF CONTRACT:

A. The services of Consultant/Contractor are to commence upon execution of this Contract by the City, and shall be undertaken and completed in accordance with the Schedule of Performance, attached hereto and incorporated herein by this reference as **Exhibit B**.

B. Consultant/Contractor's failure to complete work in accordance with the Schedule
of Performance may result in delayed compensation as described in Section 3.

C. The City Manager or his or her designee may, by written instrument signed by the Parties, extend the duration of this Contract for _____.

3. COMPENSATION:

A. The Consultant/Contractor shall be paid at the completion of services/monthly for the actual fees, costs and expenses _____, without City's prior written approval.

B. Said amount shall be paid upon submittal of a final/monthly billing. Consultant/Contractor shall furnish City with invoices for all expenses as well as for all materials authorized by this Contract. The invoice(s) shall be submitted with the final/monthly billing. If Consultant/Contractor's performance is not in conformity with the Schedule of Performance, payments may be delayed or denied, unless the Consultant/Contractor's failure to perform in conformity with the Schedule of Performance is a documented result of the City's failure to conform to the Schedule of Performance, or if the Schedule of Performance is extended pursuant to Section 5.

C. If the work is halted at the request of the City, compensation shall be based upon the proportion that the work performed bears to the total work required by this Contract, subject to Section 4.

4. TERMINATION:

A. This Contract may be terminated by either party, provided that the other party is given not less than _ calendar days' written notice (delivered by certified mail, return receipt requested) of intent to terminate.

B. The City may temporarily suspend this Contract, at no additional cost to City, provided that the Consultant/Contractor is given written notice (delivered by certified mail, return receipt requested) of temporary suspension. If City gives such notice of temporary suspension, Consultant/Contractor shall immediately suspend its activities under this Contract.

C. Notwithstanding any provisions of this Contract, Consultant/Contractor shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of this Contract by Consultant/Contractor, and the City may withhold any

payments due to Consultant/Contractor until such time as the exact amount of damages, if any, due the City from Consultant/Contractor is determined.

D. In the event of termination, the Consultant/Contractor shall be compensated as provided for in this Contract, except as provided in Section 4C. Upon termination, the City shall be entitled to all work, including, but not limited to, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date in accordance with Section 7 hereof.

5. AMENDMENTS, CHANGES OR MODIFICATIONS:

Amendments, changes or modifications in the terms of this Contract may be made at any time by mutual written agreement between the parties hereto and shall be signed by the persons authorized to bind the parties hereto.

6. EXTENSIONS OF TIME:

Consultant/Contractor may, for good cause, request extensions of time to perform the services required hereunder. Such extensions shall be authorized in advance by the City in writing and shall be incorporated in written amendments to this Contract or the attached Scope of Work in the manner provided in Section 5.

7. PROPERTY OF CITY:

A. It is mutually agreed that all materials prepared by the Consultant/Contractor under this Contract shall become the property of the City, and the Consultant/Contractor shall have no property right therein whatsoever. Immediately upon termination, the City shall be entitled to, and the Consultant/Contractor shall deliver to the City, all data, drawings, specifications, reports, estimates, summaries and other such materials as may have been prepared or accumulated to date by the Consultant/Contractor in performing this Contract which is not Consultant/Contractor's privileged information, as defined by law, or Consultant/Contractor's personnel information, along with all other property belonging exclusively to the City which is in the Consultant/Contractor's possession.

B. Additionally, it is agreed that the parties intend this to be a contract for services and each considers the products and results of the services to be rendered by Consultant/Contractor hereunder (the "Work") to be a work made for hire. Consultant/Contractor acknowledges and agrees that the Work (and all rights therein, including, without limitation, copyright) belongs to and shall be the sole and exclusive property of the City.

8. **COMPLIANCE WITH ALL LAWS; PREVAILING WAGES**:

A. Consultant/Contractor shall comply with all applicable laws, ordinances,

and codes of federal, state and local governments, as applicable, and shall commit no trespass on any public or private property in performing any of the work authorized by this Contract. If necessary, it shall be City's responsibility to obtain all rights of way and easements to enable Consultant/Contractor to perform its services hereunder. Consultant/Contractor shall assist City in providing the same.

B. Some or all of the work herein may be a "public work" within the meaning of Labor Code section 1720, subject to the payment of prevailing wages under Labor Code sections 1720 et seq. Accordingly, Consultant/Contractor shall cause all such work, as applicable, to be performed as a "public work" in compliance with California prevailing wage laws, including the payment of prevailing wages, as applicable. In the event it is determined that the Consultant/Contractor is required to pay prevailing wages for the work performed under this Agreement, but failed to do so, the Consultant/Contractor shall pay all applicable penalties, costs, fees, wages, and wage differential. To the extent the project is subject to the requirement of payment of prevailing wages pursuant to California Labor Code sections 1720 et seq, then the project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. Copies of the prevailing rate of per diem wages are on file at the City's offices, which shall be made available to any interested party on request. Consultant/Contractor shall cause a copy of the determination of the director of the prevailing rate of per diem wages to be posted at each job site, as well as all related notices required by applicable law and regulation. In the event that the work performed requires payment of prevailing wages, contractor shall be required to be registered with Department of Industrial Relations as a Public Works Contractor at all times during performance of the contract. Contractor shall also be required to submit Certified Payroll reports to the City of Lincoln as a condition of any payment under this contract.

9. WARRANTIES AND RESPONSIBILITIES - CONSULTANT/CONTRACTOR:

A. Consultant/Contractor agrees, represents and warrants to City that it has all licenses, permits, qualifications and approvals of whatever nature which are legally required for Consultant/Contractor to practice its profession and to properly provide the services set forth in **Exhibit A** in a manner which is consistent with the generally accepted standards of Consultant/Contractor's profession. Consultant/Contractor represents and warrants to City that Consultant/Contractor shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Contract any licenses, permits and approvals which are legally required for Consultant/Contractor to practice its profession at the time the services are performed.

B. Consultant/Contractor agrees and represents that the work performed under this Contract shall be in accordance with applicable federal, state and local law in accordance with
Section 17A hereof.

C. Consultant/Contractor shall designate a project manager who at all times shall represent the Consultant/Contractor before the City on all matters relating to this

Contract. In the event that City, in its sole discretion, at any time during the term of this Contract, desires the removal of any person or persons assigned by Consultant/Contractor, including but not limited to the project manager, to perform services pursuant to this Contract, Consultant/Contractor shall remove any such person immediately upon receiving notice from City of the desire of City for the removal of such person or persons.

D. Except as set forth in **Exhibit D,** Consultant/Contractor shall, at its sole cost and expense, furnish all facilities, equipment, and other materials which may be required for furnishing services pursuant to this Agreement. City shall furnish to Consultant/Contractor only the facilities, equipment, and other materials listed in **Exhibit D** according to the terms and conditions set forth in **Exhibit D.**

E. (Consultant/Contractor shall provide corrective services without charge to the City for services which fail to meet the above professional and legal standards and which are reported to Consultant/Contractor in writing within sixty (60) days of discovery. Should Consultant/Contractor fail or refuse to perform promptly its obligations, the City may render or undertake performance thereof and the Consultant/Contractor shall be liable for any expenses thereby incurred.)

10. SUBCONTRACTING:

None of the services covered by this Contract shall be subcontracted without the prior written consent of the City, which will not be unreasonably withheld. Consultant/Contractor shall be as fully responsible to the City for the negligent acts and omissions of its contractors and subcontractors, and of persons either directly or indirectly employed by them, as it is for the negligent acts and omissions of persons directly employed by Consultant/Contractor.

11. ASSIGNABILITY:

Consultant/Contractor shall not assign or transfer any interest in this Contract whether by assignment or novation, without the prior written consent of the City which will not be unreasonably withheld. However, claims for money due or to become due to Consultant/Contractor from the City under this Contract may be assigned to a financial institution or to a trustee in bankruptcy, without such approval. Notice of any assignment or transfer whether voluntary or involuntary shall be furnished promptly to the City.

12. INTEREST IN CONTRACT:

Consultant/Contractor covenants that neither it, nor any of its employees, agents, contractors, subcontractors have any interest, nor shall they acquire any interest, direct or indirect, in the subject of the Contract, nor any other interest which would conflict in any manner or degree with the performance of its services hereunder. Consultant/Contractor shall make all disclosures required by the City's conflict of interest code in accordance with the category designated by the City, unless the City Manager determines in writing that Consultant/Contractor's duties are more limited in scope than is warranted by the

category designated by the City code and that a narrower disclosure category should apply. Consultant/Contractor also agrees to make disclosure in compliance with the City conflict of interest code if, at any time after the execution of this Contract, City determines and notifies Consultant/Contractor in writing that Consultant/Contractor's duties under this Contract warrant greater disclosure by Consultant/Contractor than was originally contemplated. Consultant/Contractor shall make disclosures in the time, place and manner set forth in the conflict of interest code and as directed by the City.

13. MATERIALS CONFIDENTIAL:

All of the materials prepared or assembled by Consultant/Contractor pursuant to performance of this Contract are confidential and Consultant/Contractor agrees that they shall not be made available to any individual or organization without the prior written approval of the City, except by court order.

14. LIABILITY OF CONSULTANT/CONTRACTOR-NEGLIGENCE:

Consultant/Contractor shall be responsible for performing the work under this Contract in a manner which is consistent with the generally-accepted standards of the Consultant/Contractor's profession and shall be liable for its own negligence and the negligent acts of its employees, agents, contractors and subcontractors. The City shall have no right of control over the manner in which the work is to be done but only as to its outcome, and shall not be charged with the responsibility of preventing risk to Consultant/Contractor or its employees, agents, contractors or subcontractors.

15. INDEMNITY AND LITIGATION COSTS:

To the greatest extent allowed by law and within the construct of Civil Code § 2782, Consultant/Contractor shall indemnify, defend, and hold harmless the City, its officers, officials, agents, employees and volunteers (the "indemnified parties") from and against any and all claims, damages, demands, liability, costs, losses and expenses, including court costs and reasonable attorneys' fees, arising in any manner out of its performance of this Contract or by reason of negligent acts or omissions, recklessness, or willful misconduct incident to the performance of this Contract on the part of Consultant/Contractor [except such loss or damage which was caused by the active negligence, sole negligence, or willful misconduct of the City]. Without limiting the foregoing indemnity obligation, Consultant/Contractor further shall indemnify, defend and hold harmless the indemnified parties from and against any and all damages, liability, costs, losses, expenses, contributions and penalties, including court costs and reasonable attorneys' fees, arising from Consultant/Contractor's misclassification of itself or its employees' status as an independent contractor. The provisions of this paragraph shall survive termination or suspension of this Contract.

16. CONSULTANT/CONTRACTOR TO PROVIDE INSURANCE:

A. Consultant/Contractor shall not commence any work before obtaining, and shall maintain in force at all times during the duration and performance of this Contract

the policies of insurance specified in this Section. Such insurance must have the approval of the City as to limit, form, and amount, and shall be placed with insurers with a current A.M. Best's rating of no less than A:VII (or in the case of Worker's Compensation insurance, with the State Compensation Insurance Fund of California).

B. Prior to execution of this Contract and prior to commencement of any work, the Consultant/Contractor shall furnish the City with certificates of insurance and copies of original endorsements providing evidence of coverage for all policies required by the Contract. The endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. The Consultant/Contractor agrees to furnish one copy of each required policy to the City, and additional copies as requested in writing, certified by an authorized representative of the insurer. The failure of Consultant/Contractor or of any of its contractors or subcontractors to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of this Contract. Approval of the insurance by the City shall not relieve or decrease any liability of Consultant/Contractor.

C. In addition to any other remedy the City may have, if Consultant/Contractor fails to maintain the insurance coverage as required in this Section, the City may obtain such insurance coverage as is not being maintained, in form and amount substantially the same as is required herein, and the City may deduct the cost of such insurance from any amounts due or which may become due Consultant/Contractor under this Contract.

D. No policy required by this Contract shall be endorsed to suspended, voided, canceled, terminated by either party, or reduced in coverage or in limits unless the Consultant/Contractor has provided thirty (30) days' prior written notice by certified mail, return receipt requested, to the City.

E. Any deductibles, aggregate limits, pending claims or lawsuits which may diminish the aggregate limits, or self-insured retentions, must be declared to, and approved by, the City.

F. Aggregate Limits/Impairment

i. If any of the insurance coverages required by this section contain annual aggregate limits, the Consultant/Contractor must give the City notice of any pending claim or lawsuit which may diminish the aggregate. The Consultant/Contractor must take steps to restore the impaired aggregates or provide replacement insurance protection. The City has the option to specify the minimum acceptable aggregate limit for each line of coverage required. No substantial reductions in scope of coverage which may affect City's protection are allowed without City's prior written consent.

G. The requirement as to types, limits, and the City's approval of insurance coverage to be maintained by Consultant/Contractor are not intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by Consultant/Contractor under the Contract.

H. The Consultant/Contractor and its contractors and subcontractors shall, at their expense, maintain in effect at all times during the performance of work under the Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policy satisfactory to the City. The maintenance by Consultant/Contractor and its contractors and subcontractors of the following coverage and limits of insurance is a material element of this Contract. The failure of Consultant/Contractor or of any of its contractors or subcontractors to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of this Contract.

I. Worker's Compensation and Employer's Liability Insurance.

i. Worker's Compensation Insurance to protect the Consultant/Contractor, its contractors and subcontractors from all claims under Worker's Compensation and Employer's Liability Acts, including Longshoremen's and Harbor Worker's Act ("Acts"), if applicable. Such coverage shall be maintained, in type and amount, in strict compliance with all applicable state and federal statutes and regulations. The Consultant/Contractor shall execute a certificate of compliance with Labor Code Section 3700, on the form provided in the Contract Documents.

ii. Consultant/Contractor shall provide a Waiver of Subrogation endorsement in favor of the City, its officers, officials, employees, agents and volunteers for losses arising from work performed by the Consultant/Contractor

J. Commercial General Liability Insurance

i. The insurance shall be provided on form CG0001, or its equivalent, and shall include coverage for claims for bodily injury or property damage arising out of premises/operations, products/completed operations, contractual liability, and subconsultant's work and personal and advertising injury resulting from actions, failures to act, or operations of the insured, or by its employees or agents, or by anyone directly or indirectly employed by the insured. The amount of insurance coverage shall not be less than [$1,000,000.00] per occurrence and [$2,000,000.00] general and products/completed operations aggregates.

ii. The commercial general liability insurance shall also include the following:

a) Endorsement equivalent to CG 2010 1185 naming the City, its officers, officials, employees, agents, and volunteers as additional insureds. The endorsement shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers.

b) Endorsement stating insurance provided to the City shall be primary as respects the City, its officers, officials, employees and any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be

in excess of the Consultant's insurance and shall not contribute with it, to the payment or satisfaction of any defense expenses, loss, or judgment.

c) Provision or endorsement stating that the Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

d) Provision or endorsement stating that any failure to comply with reporting or other provisions of the policies including breaches of representations shall not affect coverage provided to the City, its officers, officials, employees, or volunteers.

e) Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to the liability assumed by the Consultant/Contractor under the Contract, including, without limitation, set forth in Section 15, Indemnity and Litigation Costs.

K. Commercial Automobile Liability Insurance.

i. The commercial automobile liability insurance shall include, but shall not be limited to, protection against claims for death, bodily or personal injury, or property damage for owned, non-owned, and hired automobiles resulting from actions, failures to act, or operations of the insured, or by its employees or agents, or by anyone directly or indirectly employed by the insured. The amount of insurance coverage shall not be less than [$1,000,000] per occurrence.

ii. The commercial automobile liability insurance shall include the same endorsements as required for Commercial General Liability Insurance (16.J.ii above.)

L. Professional Liability.

Commented [GS1]: Per Kristine, if only doing construction this section can be deleted; professional liability insurance is for designers, architects or actual engineering work

The Consultant/Contractor and its contractors and subcontractors shall secure and maintain in full force, during the term of this Contract and for five years thereafter, professional liability insurance policies appropriate to the respective professions and the work to be performed as specified in this Contract. The limits of such professional liability insurance coverage shall not be less than [$1,000,000] per claim.

17. MISCELLANEOUS PROVISIONS:

A. Compliance With Laws. Consultant/Contractor shall keep itself fully informed of, shall observe and comply with, and shall cause any and all persons, firms or corporations employed by it or under its control to observe and comply with, applicable federal, state, county and municipal laws, ordinances, regulations, orders and decrees which in any manner affect those engaged or employed on the work described by this Contract or the materials used or which in any way affect the conduct of the work,

including laws relating to prevailing wages pursuant to Labor Code section 1771 et seq.

B. Non-Discrimination. Consultant/Contractor shall not engage in unlawful employment discrimination. Such unlawful employment discrimination includes, but is not limited to, employment discrimination based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, citizenship, or sexual orientation. Consultant/Contractor shall comply with Section 122(a) of the State and Local Fiscal Assistance Act of 1972.

C. Inspection of Records. Consultant/Contractor shall maintain and make available for inspection by the City and its auditors accurate records of all of its costs, disbursements and receipts with respect to any work under this Contract. Such inspections may be made during regular office hours at any time until six (6) months after the final payments under this Contract are made to the Consultant/Contractor.

D. Entirety of Agreement. This Contract constitutes the entire agreement between the parties relative to the services specified herein and no modification hereof shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Contract. There are no understandings, agreements, conditions, representations, warranties or promises, with respect to this Contract, except those contained in or referred to in the writing.

E. Notices. All notices that are required to be given by one party to the other under this Contract shall be in writing and shall be deemed to have been given if delivered personally or enclosed in a properly addressed envelope and deposited in a United States Post Office for delivery by registered or certified mail addressed to the parties at the following addresses:

CITY: City of Lincoln
Attn: City Manager
600 Sixth Street
Lincoln, CA 95648

CONSULTANT/CONTRACTOR: _____

F. Governing Law. This Contract shall be interpreted and governed by the laws of the State of California.

G. Venue. Any action arising out of this Contract shall be brought in Placer County, California, regardless of where else venue may lie.

H. Attorneys' Fees. In any action brought by either party to enforce the terms of this Contract, each party shall be bear responsibility for its attorney's fees and all costs regardless of whether one party is determined to be the prevailing party.

I. Counterparts. The parties may execute this Contract in two or more counterparts, which shall, in the aggregate, be signed by all the parties, each counterpart

shall be deemed an original instrument as against any party who has signed it.

J. Severability. If any term, provision, covenant, or condition of this Contract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the Contract shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

CONSULTANT/CONTRACTOR

_____

_____
(Authorized Signature)

_____
Print Name

_____
Email address

CITY OF LINCOLN,
a municipal corporation

_____

_____
Dated

APPROVED AS TO FORM:

_____
Kristine Mollenkopf, City Attorney

_____
Dated

ATTEST:

_____
Hope Ithurburn, City Clerk

_____
Dated

City Accountability:

Department responsible for contract: _____
Staff responsible for contract: _____

ATTACHMENTS:

- ☐ Contract for Services (signed by Consultant/Contractor)
- ☐ Current Insurance Certificate (applicable to the contract & naming City as additional insured)
- ☐ Detailed Scope of Work & Specifications, including hourly rates, etc.
- ☐ Amount_____ & Account/Fund _____
- ☐ Current City Business License (required if working in Lincoln)
- ☐ Copies of Quotes

EXHIBIT A

SCOPE OF WORK

EXHIBIT B

SCHEDULE OF PERFORMANCE

EXHIBIT C

CERTIFICATE OF COMPLIANCE WITH LABOR CODE § 3700
Labor Code § 1861

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

CONSULTANT/CONTRACTOR

By:_____

___
Title

_____
Print Name

_____
Date

EXHIBIT D

FACILITIES, EQUIPMENT, OTHER MATERIALS

Consultant/Contractor shall be responsible for providing all necessary facilities, equipment and personnel to undertake the necessary task(s) outlined in **Exhibit A.**

Attachment E

Projected Annual Costs – District Engineering Services (Five-Year Term)

	Year 1	Year 2	Year 3	Year 4	Year 5	
District Engineering Services Descriptions	**Effective April 15, 2026**	**Effective January 1, 2027**	**Effective January 1, 2028**	**Effective January 1, 2029**	**Effective January 1, 2030**	**5-Year Total**
Landscape and Lighting District No. 1 Admin Fee	$34,950	$35,998.50	$37,078	$38,190.81	$39,337	$185,554
Benefit Assessment District Admin Fee	$6,625	$6,823.75	$7,028	$7,239.32	$7,456	$35,173
CFD 2004-1 Admin Fee	$3,550	$3,656.50	$3,766	$3,879.18	$3,996	$18,847
CFD 2004-2 Admin Fee	$2,150	$2,214.50	$2,281	$2,349.36	$2,420	$11,415
CFD 2010-1 Admin Fee	$2,150	$2,214.50	$2,281	$2,349.36	$2,420	$11,415
CFD 2018-1 Admin Fee* $1,175 per Tax Zone plus $1.20 per taxable parcel	$34,800	$35,844.00	$36,919	$38,026.90	$39,168	$184,758
CFD 2018-2 Admin Fee* $1,175 per Tax Zone plus $1.20 per taxable parcel	$16,525	$17,020.75	$17,531	$18,057.31	$18,599	$87,733
Administration Support/Contingency	$50,000	$51,500.00	$53,045	$54,636.35	$56,275	$265,457
Totals (Annual/Grand Sum):	**$150,750**	**$155,273**	**$159,931**	**$164,729**	**$169,670**	**$800,352**

*Based on conservative estimates for number of Tax Zones and Taxable Parcels.
The actual fee amount will depend on the final number of Tax Zones and Taxable Parcels placed on the property tax roll each year.

STAFF REPORT

Item Number 14.A

SUBJECT: Waive Full Reading and Introduce by Title Only an Ordinance of the City of Lincoln Amending Certain Sections of Lincoln Municipal Code Chapter 3.24 - Contracts and Purchasing and Chapter 3.26 - Public Projects Subject to the Public Contract Code and Further Finding the Ordinance is Exempt From Environmental Review Under the California Environmental Quality Act (CEQA). (Nita Wracker)

SUBMITTED BY: Nita Wracker

DEPARTMENT: Finance

DATE: April 14, 2026

STAFF RECOMMENDATION:
Staff recommends the City Council of the City of Lincoln conduct a public hearing, waive the full reading and introduce by title only, an ordinance of the City of Lincoln amending certain sections of the Lincoln Municipal Code Chapter 3.24 – Contracts and Purchasing and Chapter 3.26 – Public Projects Subject to the Public Contract Code, and further finding the Ordinance is exempt from environmental review under the California Environmental Quality Act (CEQA).

BACKGROUND/INTRODUCTION:
Chapter 3.24 – Contracts and Purchasing was originally enacted in 1988 (Ordinance 515B) and has been amended in 1993 (Ordinance 599B), 2001 (Ordinance 711B), 2019 (Ordinance 983B), 2020 (Ordinance 1012B) and it was repealed in re-enacted in 2022 (Ordinance 1049B). Chapter 3.26 – Public Projects Subject to the Public Contract Code was originally enacted in 1988 (Ordinance 515B), and has been amended in 1993 (Ordinance 596B), 2001 (Ordinance 711B), 2019 (Ordinance 983B), and it was repealed in re-enacted in 2022 (Ordinance 1049B).

FINDINGS/ANALYSIS:
From time to time, it is a good practice to review and revise the Chapters 3.24 - Contracts and Purchasing as Chapter 3.26 - Public Project Subject to the Public Contract Code to update purchasing limits and processes in line with federal standards and government code. The City complies with Office of Management and Budget (OMB) 2 CFR 200 et seq. and Federal Acquisition Regulation (FAR) 48 CFR, Government Code sections 1090, 54202, 54203, 65402, 65401, Section 22000 et seq. of the Public Contract Code, 20101 of the California Public Contract Code. Revisions have been made to bring authorization thresholds closer to those allowed by Federal Acquisition Regulation, to provide clean up and edits to certain sections, and to ensure the city remains compliant with changes in laws and regulations.

ATTACHMENTS:
Purchase code 3.24 3.26 Clean version.docx

Purchase_code_3.24_3.26_redline_revisions.rfc.docx

Purchasing_Code_updates_-_Ordinance__Introduction.doc

CHAPTER 3.24 CONTRACTS AND PURCHASING

Article I. General

3.24.010 Purpose and intent.

The ordinance codified in this chapter is enacted pursuant to the provisions of Government Code Sections 54202 and 54203 to establish policies and procedures governing purchases of goods and procurement of services.

It is the city's policy to establish efficient policies for the purchase of goods, procurement of services, and construction of public works at the lowest possible cost commensurate with the quality needed; to exercise effective and efficient financial control over such transactions; to clearly define authority for the purchasing and contracting function; and to assure the quality of purchases, services, and public works.

3.24.015 Applicability.

The provisions of this chapter, as well as any applicable state or federal laws, shall apply to (1) the purchase of equipment, supplies, products or materials ("goods"), (2) the procurement of services, (3) the procurement of professional services; and (4) public works projects, funded by the City of Lincoln.

3.24.200 Standards of conduct and general requirements.

The provisions of this chapter, as well as any applicable state or federal laws, shall apply to all purchases funded by the City of Lincoln.

A. Fair Competition. City employees must discharge their duties impartially to assure fair and open competition for city business by responsible vendors. In addition, they shall conduct themselves in a manner that will create confidence in the integrity of the city's purchasing operations. City employees will treat all vendors equally and fairly.

B. Conflicts of Interest. No city council member, employee, officer, or agent of the city may participate in the selection, award, or administration of a contract if he or she has a real or apparent conflict of interest. A conflict of interest includes any circumstances under which the city council member, employee, officer, or agent, or any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of those parties, has a financial interest in or a tangible personal benefit from a vendor considered for a contract. No officer, employee, or agent of the city may solicit or accept gratuities, favors, or anything of monetary value from vendors or parties to subcontracts. Disciplinary actions, up to and including termination for cause, will apply to any violation of these conflict of interest standards, in accordance with city policy, and/or, as applicable, a collective bargaining agreement, employment contract, or contract for services.

C. Economical Approach. All procurements must be undertaken in a manner that will avoid acquisition of unnecessary or duplicative items, which may include consideration of consolidating or breaking out procurements, lease alternatives, and other appropriate analysis to determine the most economical approach, subject to the limits of applicable law, including prohibitions against bid-splitting.

D. Oversight. Each department must maintain oversight over its procurements to ensure that vendors perform in accordance with the terms, conditions, and specifications of the contracts or purchase orders.

E. Dispute Resolution. Any and all protests, disputes, claims, and the like, arising from a procurement will be addressed promptly in accordance with good administrative practice and sound business judgment, and in compliance with all applicable legal or contractual requirements.

F. Specifications. All procurement solicitations should incorporate a clear and accurate description of the technical requirements or functions of the goods or services to be procured. However, such descriptions should not be drafted to unduly restrict competition among qualified vendors.

G. Business License. Pursuant to Municipal Code Chapter 5.04, Business Tax Certification, vendors are required to obtain a City of Lincoln business license if the vendor is conducting business in the city whether or not they are located in the city limits. This requirement may be waived by the city manager or designee when determined to not be applicable to the type of business being conducted by the vendor.

H. Legal Compliance and Interpretation. All city procurements subject to state or federal laws will be made in compliance with currently applicable state or federal laws and regulations. To the extent there is any conflict or inconsistency between such state or federal law or regulation, the more restrictive requirements will apply.

3.24.250 Exempt contracts.

Except as set forth below, and notwithstanding any other provision of law, the following purchases or contracts shall not be subject to this chapter:

A. Annual Membership Dues. Membership dues for professional and civic organizations to which the city is a member, including, without limitation, the League of California Cities, the Chamber of Commerce, and such similar professional and civic organizations that may charge an annual or other membership fee. Such contracts may be entered into and/or membership fees paid at the direction of the city manager, without prior city council approval, provided there is adequate funding allocated in the city budget.

B. Public Works Contracts. Contracts for public projects (public works) governed by the California Public Contracts Code, except that the provisions in this Chapter 3.26 of the Lincoln Municipal Code shall apply to such contracts.

C. Any contract or purchase that is otherwise authorized to be made without competitive procurement under applicable provisions of the California Public Contract Code, Government Code, or other applicable federal or state laws.

D. When, upon the majority vote of all of the members of the City Council, it is determined that it is in the best interests of the City to suspend formal bidding procedures for any purchase or contract.

E. Provided there is adequate funding allocated in the city budget the following purchase are specifically exempt from the purchasing and contracting procedures set forth in this chapter: advertisement and notice, courier/delivery/messenger, insurance claims and premiums, medical payments, court fees, payments to other governmental units, petty cash replenishment, property rentals, subscriptions, trade circulars or books, travel expense/advance.

F. Pursuant to Public Contracting Code § 10335.5(c), the following contracted services are exempt from advertising and public bidding requirements, unless otherwise required by specific grant obligations which fund such services:

1. Contracts solely for the purpose of obtaining expert witnesses for litigation;

2. Contracts for legal defense, legal advice, or legal services;

3. Contracts that can only be performed by a public entity as defined in subdivision (b) of Section 605 of the Unemployment Insurance Code.

Contracts designated as exempt shall be subject to review and verification of exempt status by the City Attorney. Exempt contracts for temporary, short term, or emergency services may be approved and execute by the City Manager. Exempt contracts for long-term services or non-emergency services exceeding $50,000 shall be approved by the City Council.

Nothing in this section shall be interpreted to exempt the City from compliance with any competitive procurement requirement imposed by applicable federal or state law. Where such laws require competitive procedures, those requirements shall control.

3.24.030 Definitions.

The following terms, whenever used in this chapter, shall be construed as follows:

"Best value" means the best value to the city based on all factors, including: cost, contractor's ability, capacity or skill; ability to perform within the time required; character, integrity, reputation, judgment, experience and efficiency; quality of contractor's performance on previous purchases or contracts, if applicable; and the ability of the contractor to provide future maintenance, repair, parts and services, if necessary.

"Bid" means a written offer, more formal than a quote, to furnish supplies, equipment, material, services or the construction of public works, in conformity with the specifications, delivery terms, and conditions required, at a guaranteed maximum cost.

"Bid bond" means financial security provided to guarantee that a bidder will enter into a contract with the city if a bid is awarded. It may be in the form of cash, cashier's check, certified check, or surety bond, in an amount not less than ten percent of the aggregate amount of the bid.

"Goods" means supplies, equipment, and materials, including any and all articles, things or personal property furnished to or used by the city department or agency.

“Informal Competitive Process” shall include collecting a minimum of three (3) written quotes from qualified vendors.

"Professional services" means work performed by architectural, landscape architectural, engineering, environmental, land surveying, construction project management, and specialized professional services such as financial, economic, accounting, legal, (or administrative matters) lobbying firms, and by other specially trained persons. The selection of persons or firms to provide such professional services shall be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required. Price may be considered after making a determination based upon professional qualifications.

"Public works project" means any of the following: (1) construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility; or (2) painting or repainting of any publicly owned, leased, or operated facility. A "public works project" does not include maintenance work. For purposes of this policy, "maintenance work" includes all of the following: (1) routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes; (2) minor repainting; (3) resurfacing of streets and highways at less than one inch; (4) landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems; or (5) work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, power plants, and electrical transmission lines of 230,000 volts and higher. (See Public Contract Code Section 22002).

"Purchase order (PO)" means a document memorializing a purchase or service transaction with a vendor and/or authorizing the payment of funds for a purchase or service.

"Quote" means a verbal or written promise from a vendor/contractor guaranteeing to provide certain goods, supplies, or services for a fixed price.

“Qualified Vendors” means vendors previously identified through an RFQ process. Qualified Vendors may also be identified as “on-call vendors”. Additionally, Qualified Vendors may be identified through online research, previous city contract work, referrals from other departments or public agencies. "Request for proposal" and "RFP" mean a solicitation for a competitive proposal that states the technical requirements for the services desired.

"Request for qualifications" and "RFQ" means a request seeking a written presentation of the professional qualifications and experience of a proposed contractor.

"Services" means the furnishing of labor, time or effort (sometimes parts are included) to perform or complete a designated task. Some examples of services include janitorial, landscaping, pest control, and refuse disposal. The emphasis is on physical, rather than professional/intellectual capabilities. Services do not include public works projects, utility services, insurance services, professional services, services rendered by city officers or employees, or another governmental agency, or contractual services which are in their nature unique or not subject to competition.

"Vendor" means a supplier of goods, services or professional services.

3.24.040 Purchasing officer.

The city manager, or designee, shall be the city's purchasing officer, and generally supervises the purchasing and contracting functions described in this chapter. The purchasing officer, or designee, is responsible for the overall administration of the policies codified in this chapter.

3.24.600 Authorization limits and competitive bid requirements.

The following authorization limits shall apply to All purchases except Public Works Projects, which are covered by the Public Contract Code section 20161, et seq.

A. Micro-Purchases —$15,000 or Less.

1. Authority. A department manager, or designee, is authorized to purchase goods or services for an amount up to $15,000 if adequate funds have been appropriated by the city council in the budget.

2. Micro-purchases (as defined by 2 CFR § 200.67 & FAR 48 CFR Subpart 2.1) shall be completed using simplified acquisition procedures. Micro-purchases may be completed without soliciting competitive price or rate quotations, purchase card or Cal-cards may be used for micro-purchases. The current micro-purchase threshold is $15,000 and may be periodically adjusted for inflation by Federal Acquisition Regulation (FAR). Should an adjustment by FAR occur, the micro-purchase shall automatically be adjusted by the City without consideration of amendments to this chapter.

B. Open Market Purchases - $15,000 and up to $50,000.

1. Authority. A department head, or designee, is authorized to purchase goods or services for an amount up to $50,000 if adequate funds have been appropriated by the city council in the budget.

2. Open Market Purchases may be completed using the informal solicitation process for purchases of $15,000 and up to $50,000. Informal Solicitation Processes includes acquiring oral or written competitive price or rate quotations. A minimum of three oral or written quotes is preferred however, in some situations, it may not be possible to obtain three quotes. The vendor offering the best value shall be selected. If the lowest price quote is not selected, the department shall document in the file the basis for the selection of the vendor. The purchase officer, or designee, may waive the requirement for bid solicitation, if waiving the requirement is in the best interest of the city. The reason for the waiver of any purchasing requirement must be documented and retained by the department.

C. Purchases —$50,000 and up to $100,000.

1. Authority. The city manager, or designee, is authorized to purchase goods or services for an amount up to $100,000, if adequate funds have been appropriated by the city council in the budget.

2. Informal competitive process. —For purchases of $50,000 and up to $100,000, the department must complete an informal competitive process, in the manner set forth in this chapter, informal requests for proposals. A contract will be fully executed with signatures by the selected vendor and the contract administrator. The contract will be in a standardized format approved by the city attorney, unless an exception is made by the city attorney, and will be attested by the city clerk. City council may waive this process if they find by resolution that it is in the best interest of the city to do so or in the case of an emergency purchase.

D. Purchases exceeding $100,000.

1. Authority. Purchases exceeding $100,000 must be approved by the city council. City council appropriation of funds is required prior to or concurrently with city council approval.

2. Formal Bids—Competitive Sealed Bids. For purchases of more than $100,000, the department must seek competitive sealed bids, in the manner set forth under in this chapter, formal bids—competitive sealed bid process. A contract for goods will be fully executed with signatures by the selected vendor and the manager, or designee. The contract will be in a standardized format approved by the city attorney, unless an exception is made by the city attorney, and will be attested by the city clerk. City council may waive the formal bidding requirement if they find by resolution that it is in the best interest of the city to do so or in the case of an emergency purchase.

E. Professional Services

1. The department using a professional may award a contract for services in accordance with the purchasing authorizations and limitations of this policy.

2. Authority. If adequate funds have been appropriated by the city council in the budget, department heads are authorized to procure professional services for an amount up to $50,000, and the city manager, or designee, is authorized to procure professional services for an amount up to $100,000. Professional services in excess of $100,000 require city council approval. Amendments to contracts which result in the total annual contract amount to exceed the authority of the city manager or designee shall require city council approval.

3. No Competitive Bid Process. For the procurement of professional services by a department head in an amount of $50,000 or less, no competitive bid process or request for proposals is required, but the department shall endeavor to procure services at the lowest cost commensurate with the quality needed. The department shall retain evidence of the organizations that were considered and the reason for choosing the selected organization. The city's terms and conditions shall be forwarded to selected vendor(s) for review and approval.

4. Informal Request for proposals. For procurement of professional services more than $50,000 and up to $100,000 by a department head, the department must perform an informal Request for proposals, in the manner set forth in this chapter. A contract for services will be fully executed with signatures by the selected vendor and the manager or designee. The contract for services will be in a standardized format approved by the city attorney, unless an exception is made by the city attorney, and will be attested by the city clerk. Any waiver of requirements included in this section shall be approved by the city council by resolution.

5. Authority. Purchases exceeding $100,000 must be approved by the city council. City council appropriation of funds is required prior to or concurrently with city council approval.

6. Formal Bids—Competitive Sealed Bids. For purchases of more than $100,000, the department must seek competitive sealed bids, in the manner set forth under in this chapter, formal bids—

competitive sealed bid process. A contract for goods will be fully executed with signatures by the selected vendor and the manager, or designee. The contract will be in a standardized format approved by the city attorney, unless an exception is made by the city attorney, and will be attested by the city clerk. City council may waive the formal bidding requirement if they find by resolution that it is in the best interest of the city to do so or in the case of an emergency purchase.

F. Third Party Deposit Contracts.

1. Notwithstanding the above limits, the city manager, or designee, is authorized to execute a contract for professional services without city council approval if a third party, including but limited to a developer or utility company has deposited funds sufficient to cover the full amount of the contract with the city (as verified by the director of finance or designee and community development director or designee), and such funds are held in a deposit account that restricts the use of the funds to pay for city-managed professional services contracts. Any contract entered into pursuant to this paragraph shall be entered into in accordance with state law, city ordinances and adopted city policies, as applicable, including the same competitive process as would be required for a city-funded contract for professional services. The selection of a contractor to provide professional services shall be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required. Selection based upon price alone is prohibited; however, price is a factor that may be considered.

3.24.800 Formal bids—Competitive sealed bid process shall be used for purchases of more than $100,000, the limit for public works projects has been set forth in Chapter 3.26 Public Projects Bidding Procedures.

The formal bid (competitive sealed bid) process, shall proceed as described below:

A. Invitation and Notice. A bid invitation and the public notice inviting bids shall be issued and shall state the project to be done, including a general description of the work to be bid, where bidding forms and project documents, including final plans and specifications may be obtained, whether there will be a mandatory pre-bid conference, site visit, etc. Public notice of the invitation for bids shall be given at least fifteen (15) calendar days prior to the date set for the opening of bids. Such notice may include a publication in a newspaper of general circulation within ten (10) days prior to bid opening. The public notice and all invitations to bid shall state the place, date and time of bid opening and shall state the date and time by which the bids are due and that the bids should be submitted to the City Clerk or designee.

B. Bid Opening. Bids shall be opened publicly in the presence of one or more witnesses at the noticed place and not earlier than the time designated in the invitation for bids. The tabulation of all bids received shall be open to public inspection after the bid opening.

C. Bid Evaluation and Acceptance. Bids received at or prior to the time set for bid opening shall be unconditionally accepted without alteration or correction, except as authorized in this policy. Bids shall be evaluated to determine the lowest responsive and responsible bidder. The process includes a determination of: (1) which bidder is the lowest monetary bidder; (2) whether the lowest monetary bidder submitted a responsive bid; and (3) whether or not the lowest monetary bidder is responsible.

1. To be responsive, the bid must conform to the material terms of the bid package. The requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. The invitation for bids shall set forth the evaluation criteria to be used. No criteria

may be used in bid evaluations that are not set forth in the invitation for bids. City may waive any informality, irregularity, immaterial defects or technicalities in any response.

D. Correction or Withdrawal of Bids. Subject to any provisions of federal or state granting authorities to the contrary, correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such bid mistakes, shall be in accordance with this section. Mistakes discovered before bid opening may be modified or withdrawn by written notice received in the office designated in the invitation for bids prior to the time set for bid opening. After bid opening, no corrections to bid or provisions shall be permitted but, in lieu of bid correction, a low bidder alleging a material mistake of fact may be permitted to withdraw its bid if: (a) the mistake is clearly evident on the face of the bid document, or (b) the bidder submits evidence that clearly and convincingly demonstrates that a mistake was made. All decisions to permit the correction or withdrawal of bids shall be supported by a written determination made by the city.

E. In addition to price, the lowest bidder must be a responsible bidder, meaning that the bidder must demonstrate the attributes of trustworthiness, quality, fitness, capacity and experience to satisfactorily perform the contract. Factors to be considered may include performance history, reliable financial information, bonding and insurance capacity, public works experience, personnel, litigation history, the ability, capacity, and skill to perform the contract, experience to perform the contract, the bidder must have the facilities and financial resources necessary to perform the contract within the time specified, without delay or interference; and, the bidder must have a record of satisfactory performance of prior contracts and a record of compliance with laws and ordinances applicable to the contract.

1. If a responsive bidder who otherwise would have been awarded a contract is found to not be responsible, a written determination of non-responsibility, setting forth the basis of the finding, shall be prepared by the city manager, or designee. The unreasonable failure of a bidder to supply promptly information in connection with an inquiry with respect to responsibility may be grounds for a determination of the bidder not being responsible. A copy of the determination shall be sent promptly to the non-responsible bidder and shall be made part of the contract file.

F. Award. The contract shall be awarded to the lowest responsive and responsible bidder. The process of selecting the lowest bidder includes a determination of which bidder is the lowest monetary bidder, whether or not the lowest monetary bidder submitted a responsive bid, and whether or not the lowest monetary bidder is also a responsible bidder.

G. Cancellation of Invitations. An invitation for bids may be cancelled, or any or all bids or proposals may be rejected in whole or in part as may be specified in the solicitation. Each solicitation issued by the city shall state that the solicitation may be cancelled and that any bid or proposal may be rejected in whole or in part at the city's discretion with or without a showing of good cause.

H. Bonds.

1. The city may require a bid bond with any bid, or a performance bond before entering into a contract, in such amount as it finds reasonably necessary to protect the best interests of the city. The form and amount of any bond shall be described in the notice inviting bids.

3.24.801 Informal Requests for proposal—Competitive process shall be used for purchases of more than $50,000 and up to $100,000.

The informal request for proposal process is as follows:

A. Should a Qualified Vendors list be available for the service or products to be procured, a notice requesting proposals ("RFP") may be issued to qualified vendors and include a general description of the services or products to be procured, shall state the form of proposal and specifications and the time and place for the delivery of proposals. Electronic notice of the informal RFP shall be given at least ten calendar days prior to the date set for the delivery of proposals.

B. If a Qualified Vendors list is not available, qualified vendors may be identified through online research, previous city contract work, referral from other departments or public agencies.

C. Evaluation Factors. The RFP shall identify all evaluation factors that will be used by the city, and the relative importance of the evaluation factors, including price.

D. Interviews with Responsible Vendors and Revisions to Proposals. The city may conduct interviews and negotiations with vendors whose proposals are responsive to the RFP, for the purpose of gaining full understanding of the proposal contents. Vendors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals. Such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of the identity of competing vendors, or any information derived from proposals submitted by competing vendors.

E. Award. Award shall be made to the responsible vendor whose proposal is determined in writing to be the most advantageous to the city, taking into consideration the evaluation factors, including price, set forth in the RFP. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

3.24.910 Request for proposal—Competitive sealed proposal process shall be used for the procurement of general or professional services in an amount more than $100,000, excepting legal services.

The request for proposal competitive sealed proposal process ("RFP" process) is as follows:

A. Request for Proposals and Notice. A notice requesting proposals ("RFP") shall be issued and shall include a general description of the services to be procured, shall state where proposal forms and specifications may be obtained and the time and place for the delivery of proposals. Public notice of the RFP shall be given at least ten calendar days prior to the date set for the delivery of proposals.

B. Evaluation Factors. The RFP shall identify all evaluation factors that will be used by the city, and the relative importance of the evaluation factors, including price.

C. Interviews with Responsible Vendors and Revisions to Proposals. The city may conduct interviews and negotiations with vendors whose proposals are responsive to the RFP, for the purpose of gaining full understanding of the proposal contents. Vendors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals. Such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of the identity of competing vendors, or any information derived from proposals submitted by competing vendors.

D. Award. Award shall be made to the responsible vendor whose proposal is determined in writing to be the most advantageous to the city, taking into consideration the evaluation factors, including price, set forth in the RFP. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

E. Determination of Non-responsibility; Cancellation of Invitations; Bonds. The provisions set forth under Section 3.24.080.E., formal bids—competitive sealed bid process, relating to determination of non-responsibility, cancellation of invitations, and bonds (except labor and materials bonds), shall apply to the RFP process.

F. Requests for Qualifications. A request for qualifications ("RFQ") is a document used to gather information from multiple companies to generate a pool of prospects. This short-list identifies candidates which meet the desired qualifications. An RFQ shall include a general description of the qualifications desired and the services to be procured, shall state where forms and further information may be obtained, and the time and place for the delivery of responses. Public notice of the RFQ shall be given at least ten calendar days prior to the date set for the delivery of responses.

3.24.100 Exceptions to formal and informal competitive process.

The solicitation and competitive processes identified in this chapter shall not apply in the following circumstances.

A. Sole or Limited Source (No Competitive Advantage by Soliciting Bids). A contract may be awarded without competition when the city determines in writing, after conducting a good faith review of available sources, that there is only one source for the required goods, service, or construction item. In addition, in limited and unique circumstances, competitive bidding and/or the RFP process is not required when it would be impossible, or not in the public interest. This exception may apply when the purchase is for: (1) a specialized technology product or service, (2) an addition to, or repair or maintenance of, existing equipment which can be more efficiently added to, repaired or maintained by a particular company or manufacturer, or (3) equipment which must be compatible with existing equipment, by reason of the training of the personnel or an inventory of existing replacement parts kept by the city. In the case of contracts of $100,000 or less, this determination shall be made by the city manager and, in the case of contracts in the amount of more than $100,000, this determination shall be made by the city council. The city manager or designee shall conduct negotiations, as appropriate, as to price, delivery, and terms. A statement of the basis for the sole source determination shall be provided to the city clerk along with the fully-executed contract.

C. Cooperative Purchasing/Procurement. The city is authorized to enter into cooperative purchasing/procurement arrangements with other governmental entities (i.e., joint power authorities) without separate competitive bidding by the city if a governmental agency has solicited bids and awarded a contract for the goods or services which the city desires to obtain, and participation in such a purchase is agreeable to the bidder awarded the contract and the city manager finds that participation in such group purchasing agreement is for the benefit of the city.

D. Piggyback Purchasing. Piggyback contracting occurs when one entity assigns the contractual rights it has in a contract to another. The city is authorized, without prior competitive bidding, to contract for the purchase of goods or procurement of services with vendors who have been awarded contracts by government agencies (such as other cities, counties, etc.), for the purchase of goods or services under the competitive processes applicable to the government agency, within the past three years. In the case of contracts of $100,000 or less, this determination shall be made by the city manager and, in the case of contracts in the amount of more than $100,000, this determination shall be made by the city council. A contract directly between the city and the vendor is required for the purchase of goods or the procurement of services rendered through a piggyback purchasing arrangement, unless otherwise approved by the city attorney.

3.24.110 Emergency Purchases.

Notwithstanding any other provisions of this chapter, the city may make emergency purchases of supplies, services, constructions items, etc. when there exists a threat to public health, welfare, or safety; provided that such emergency purchases shall be made with such competition as is practicable under the circumstances. A statement of the basis for the sole source determination shall be provided to the city clerk along with the fully executed contract. In the case of contracts or purchases less than $100,000, this determination shall be made by the city manager, and in the case of contacts or purchases in the amount of $100,000 or more, this determination shall be made retroactively by the city council.

3.24.115 Federal, State or Grant funded projects.

Any procurement made pursuant to a federal, state or grant award or subject to reimbursement, in whole or in part, must comply with the requirement stated in the funded award and the applicable federal procurement

requirements, including 2 CFR § 200 and or 48 CFR § 31. In the event of any conflict between federal, state, or grant requirements, the most stringent requirement must be used.

3.24.120 Recycled Products.

Under existing state law enforced through CalRecycle, the city is required to purchase paper products and printing and writing papers that contain recycled content (at least 30 percent, by fiber weight, postconsumer fiber) when it is available at no greater cost than non-recycled products and if the fitness and quality are equal to non-recycled products. If possible and feasible, it is recommended to also select paper products that are recyclable. This practice applies to all paper products, including but not limited to printing paper, office paper, and janitorial paper products (toilet paper, paper towels, toilet seat covers, etc.). The city shall attempt to procure the highest postconsumer content practicable for other items including construction, landscaping, parks and recreation, transportation, vehicles, miscellaneous, and other non-paper office products.

3.24.125 General requirements.

The following general policies shall apply.

A. Procurement of goods or services shall be made by written contract, purchase order or purchase request form unless purchased utilizing a city purchase card/Cal Card or unless otherwise directed by the purchasing officer. Contracts shall be in a form approved by the city attorney, unless an exception is made by the city attorney.

B. Insurance. A vendor of services or professional services is required to provide insurance certificates and endorsements. Generally, the types of insurance, amount of coverage, and policy endorsements shall be consistent with the recommendations of NCCSIF third party insurance administrators. The city attorney may waive or reduce the insurance requirements.

C. Structuring and Splitting. The structuring or splitting of the purchases or projects for the purpose of evading the provisions of this chapter is prohibited.

D. City Attorney Contract Review. The city attorney shall approve all contracts in excess of $10,000, including amendments to contracts, as to form and legality prior to the execution of the contract by the authorized city official. City attorney approval on change orders to public works projects is not required, but may be requested, at the discretion of the city manager or department head responsible for the public works project.

E. Multi-Year Contracts. Unless otherwise approved by the city council, a contract may be entered into for any period of time deemed to be in the best interest of the city; provided that the term of the contract and renewal provisions are included in the contract.

1. Contracts may contain auto-renewal provisions, as approved by the city attorney. Funds must be appropriated prior to contract execution for the first fiscal year's obligation. The contract must allow the city to cancel the agreement without penalty if the city council does not appropriate funds after the first year of the contract.

2. Notwithstanding contract extensions, prior to a contract renewal beyond the initial term, departments must conduct new bid, solicitation for quotes, or RFP process for the goods, services or professional services, excluding legal services and financial software. The city manager may authorize an exception to this re-bid requirement for good cause, which shall be documented and maintained by the department.

F. Encumbrance of Funds. Except in cases of emergency, or by order of the city council, purchase orders shall not be issued, unless there exists an unencumbered appropriation within the department's budget.

G. Recordkeeping. Each department is responsible for maintaining its own purchasing and contracting records, including RFP and bidding documentation, pursuant to the city's current record retention

policy. Original wet signature or digitally signed contracts, along with a paper or electronic copy of RFP and bidding documentation, must be provided to the city clerk for safekeeping/recordkeeping purposes.

3.24.130 Disposition of surplus supplies, materials and equipment.

A. All city departments shall submit to the purchasing officer or designee, at such times and in such form as prescribed, reports showing all supplies, materials and equipment which are no longer needed, or which have become obsolete or worn out. The purchasing officer or designee shall have authority to sell all supplies, materials and equipment which cannot be used, or which have become unsuitable for city use, or to exchange the same for, or trade in the same on, new supplies, materials and equipment. The purchasing officer, or designee, has the authority to declare item(s) with a market value of less than $10,000 surplus. For items valued in excess of $10,000 as such sales shall be made by solicitation of informal bids/written offers for purchase. If there are no bids, the property may be sold at private sale, donated to charity, or disposed of in the manner most economically beneficial to the city.

B. The amount received for any property sold pursuant to this chapter shall be deposited in the general fund or other fund so designated by the purchasing officer.

C. Except as provided by state code, the purchasing officer shall determine the disposition of unclaimed or abandoned property in the possession of the police department.

D. Notwithstanding the foregoing, the public safety chief may allow the sale of a police officer's duty handgun to said officer at the time of his or her honorable retirement from city service, at the full replacement price of the handgun. The public safety chief shall determine an officer's standing with the city at the time of the officer's separation and will not permit the sale upon circumstances other than honorable retirement. No portion of this section shall supersede the officer's need to meet all legal requirements to possess a firearm. All transfer documents pertaining to the sale will be completed through a dealer in possession of a Federal Firearms License and all sale and transfer costs shall be paid by the retiring officer.

Notwithstanding the foregoing, the library may sell or trade surplus and donated library materials. For this purpose, "Library Materials: shall include, but not be limited to, books, magazines, newspapers, maps, audiocassettes, audio discs (CDs), videocassettes, video discs (DVDs), and video games. Funds from the sale of library materials shall be deposited in the library's miscellaneous revenue account and be used to purchase new library materials.

E. Prohibited Transactions - In accordance with Government Code section 1090, all members of the City Council, any other elected City officials, and the City Manager are prohibited from purchasing surplus City real or personal property. Staff members generally are eligible to buy surplus City real or personal property noticed for sale on the same terms and conditions as those offered to members of the public, except that any City employee who actively participated in determining an item's price, surplus status, or conditions of sale is prohibited from purchasing such items because the employee is deemed by law to have a prohibited interest in the sale. The City Manager, in consultation with legal counsel, will determine if an employee has a prohibited interest in an item of surplus property.

Article II. Acquisition and Disposition of Interests in Real Property

3.24.280 Leases of real property.

A. City-Owned Real Property. The city council shall be the authorizing authority for all leases and licenses of city-owned property. If consideration for a lease or license is in excess of $1,000 per year, the property shall be leased or licensed by means of competitive proposals unless the city council finds that an award without competitive proposals is in the best interests of the city. If competitive proposals are solicited for leases or licenses of city-owned property, the city shall have discretion to determine the proposal process and to determine the proposal which best meets the needs of the city, which may not necessarily be the highest priced proposal.

B. City Lease of Private Property.

1. Leases of private property by the city with a total lease amount of $100,000 or more shall be authorized by the council.

2. Leases of private property by the city with a total lease amount less than $100,000 may be authorized by the city manager.

3.24.290 Acquisition of real property.

The acquisition of real property, whether by negotiation, dedication, or eminent domain, shall be in accordance with state law.

3.24.300 Disposition of real property.

A. Procedures for the disposition of real property shall be in accordance with state law. In accordance with Section 65402(a) of the California Government Code, the council hereby determines that the provisions of that section shall not apply to:

1. The disposition of the remainder of a larger parcel which was acquired and used in part for street purposes;

2. Acquisitions, dispositions, or abandonments for street widening; or

3. Alignment projects, provided such dispositions for street purposes, acquisitions, dispositions, or abandonments for street widening or alignment projects are of a minor nature.

B. The report of the planning commission regarding the conformance of a capital improvement project with the general plan made pursuant to Section 65401 of the California Government Code shall also constitute the report required by Section 65402(a) of the California Government Code regarding each acquisition or disposition of real estate, street abandonment or vacation, or public building or structure included in that capital improvement project.

C. The disposition of real property shall be by competitive proposals unless the city council determines that disposition without competitive proposals is in the best interests of the city. If competitive proposals are solicited for the disposition of city-owned property, the city shall have discretion to determine the proposal process and to determine the proposal which best meets the needs of the city, which may not necessarily be the highest priced proposal.

CHAPTER 3.26 PUBLIC PROJECTS SUBJECT TO THE PUBLIC CONTRACT CODE

3.26.010 Uniform Public Construction Cost Accounting Act.

The city elects to be subject to the Uniform Public Construction Cost Accounting Act as set forth in Section 22000 et seq. of the Public Contract Code ("Act"), and the uniform construction cost accounting procedures. "Public project" shall have the meaning provided in Section 22002(c) of the Act, as that section may be amended from time to time. A public project shall not include maintenance work as provided in Section 22002(d) of the Act.

3.26.200 Prequalification of bidders.

This section is enacted pursuant to Section 20101 of the California Public Contract Code, which enables the city to establish a system for prequalification of prospective bidders on public works construction and maintenance projects. In addition, pursuant to the city's general police powers under California Constitution Article 11, Section 7, the city desires to apply this process to the award of public works maintenance contracts in order to ensure that bidders are qualified to perform city public works maintenance.

A. Prequalification of Bidders.

1. The city hereby establishes a system for prequalification of prospective bidders for public works construction and maintenance projects. The city may use the prequalification system identified in this section for any public works project.

2. The public works director is authorized to adopt and apply a uniform system of rating bidders for each project based on:

    a. The requirements of Section 20101 of the California Public Contract Code; and

    b. The model guidelines and standardized questionnaire created by the state of California Department of Industrial Relations, as modified at the city's discretion to address the needs of the particular project, or projects, to which they are to be applied.

    b. Notwithstanding the provisions of this section, the city may require prequalification of prospective bidders on any public works project or to engage in a program of prequalification of prospective bidders, on public works projects on a recurring basis as provided in Section 20101 of the California Public Contract Code.

3. If prequalification of prospective bidders is required for a particular project, the city shall determine which bidders are qualified to bid that project based upon the uniform system of rating bidders. If the city determines any bidder is not qualified to bid a project, a written or electronic notice will be provided that includes the basis for the determination and an identification of any supporting evidence therefor, and an opportunity for the bidder to appeal the determination. A copy of all prequalification determinations shall be filed with the city clerk at least ten days prior to the scheduled bid opening.

B. Appeals.

1. The appellant shall submit a written notice of appeal to the city clerk, along with a complete written description of all factual and legal bases for the appeal and accompanied by a fee in the amount established by resolution of the city council, no later than ten (10) days after the city has provided written notice of the determination. Should the appellant prevail in its appeal, the deposit shall be

returned to the appellant and the city shall bear the costs of the appeal. If the appellant does not prevail, the deposit shall be used to pay all costs associated with the appeal. If the deposit is insufficient to pay the entirety of the costs of the appeal, the appellant shall pay the remaining costs within thirty 30 days after the decision. Any failure by the appellant to timely pay any outstanding appeal costs, as required herein, shall be considered by the city in future prequalification proceedings.

2. Upon receipt of the request from the appellant, required deposit, and request for hearing, the hearing shall be conducted so that it is concluded no later than five (5) business days prior to the last date for the receipt of bids on the project or twenty (20) days following the city's receipt of the notice of appeal, whichever is sooner. The hearing shall be an informal process conducted by an arbitrator, who shall be an attorney experienced in public works and construction matters. The arbitrator may be selected by the mutual consent of the appellant and the city. If an agreement cannot be reached regarding the selection of the arbitrator, the appellant and the city shall each exchange a list of three arbitrators they would be willing to accept. In turn, beginning with the appellant, each party shall strike one name from the other party's list until only one name remains and that remaining person shall be the arbitrator. If the arbitrator selected is unavailable, the parties shall repeat the process until they succeed in selecting an available arbitrator.

3. At the hearing, the appellant and the city shall each be provided an opportunity to be represented by legal counsel and to present or rebut any evidence bearing upon the issues presented in the appeal. Each party shall bear his, her, its, or their own attorneys' fees, regardless of the outcome of the appeal.

4. The arbitrator shall consider relevant evidence presented during the hearing and provide a written decision on the appeal to the city, with a copy to the city clerk, and the appellant within one business day after the close of the hearing. The time identified in this section for providing the arbitrator's decision may be extended only by consent of the city and the appellant and such an extension shall not affect or require a delay in a scheduled time for opening of bids for any public works project. Failure by the arbitrator to render a timely decision shall be deemed a denial of the appeal.

5. The arbitrator's decision shall be final.

3.26.030 Public projects of $75,000 or less.

Public projects of $75,000 or less, or in such sum as may be authorized by California Public Contracts Code § 22032(a), may be performed by the employees of the city by force account, by negotiated contract or by purchase order.

3.26.400 Public projects of $220,000 or less.

Public projects of $220,000 or less, or in such sum as may be authorized by California Public Contracts Code § 22032(b), may be let to contract by informal procedures as set forth in Section 22034(a) of the Act to a list of qualified contractors.

1. The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and state the time and place for the submission of bids.

2. The city council may delegate the authority to award informal contracts to the public works director, purchasing officer or city manager.

3. If all bids received are in excess of $220,000, the city council by passage of a resolution by a four-fifths vote, award the contract, at $235,000, or less, or in such sum as may be authorized by California Public Contracts Code § 22034(d), to the lowest responsible bidder, if it determines the cost estimate of the city was reasonable.

3.26.050 Public projects of more than $220,000.

Public projects of more than $220,000, or in such sum as may be authorized by California Public Contracts Code § 22032(c), shall, except as otherwise provided in the Act, be let to contract by formal bidding procedure.

3.26.060 In Cases of Emergency.

In cases of emergency when repair or replacements are necessary, the governing body may proceed at once to replace or repair any facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. Notice for bids to let contracts will not be given § 22035(a).

3.26.070 Rejection of Bids.

In its discretion, the city may reject any bids present in accordance with Section 22038.

CHAPTER 3.24 CONTRACTS AND PURCHASING

Article I. General

3.24.010 Purpose and intent.

The ordinance codified in this chapter is enacted pursuant to the provisions of Government Code Sections 54202 and 54203 to establish policies and procedures governing purchases of goods and procurement of services.

It is the city's policy to establish efficient policies for the purchase of goods, procurement of services, and construction of public works at the lowest possible cost commensurate with the quality needed; to exercise effective and efficient financial control over such transactions; to clearly define authority for the purchasing and contracting function; and to assure the quality of purchases, services, and public works.

3.24.015 Applicability.

The provisions of this chapter, as well as any applicable state or federal laws, shall apply to (1) the purchase of equipment, supplies, products or materials ("goods"), (2) the procurement of services, (3) the procurement of professional services; and (4) public works projects, funded by the City of Lincoln.

3.24.200 Standards of conduct and general requirements.

The provisions of this chapter, as well as any applicable state or federal laws, shall apply to all purchases funded by the City of Lincoln.

A. Fair Competition. City employees must discharge their duties impartially to assure fair and open competition for city business by responsible vendors. In addition, they shall conduct themselves in a manner that will create confidence in the integrity of the city's purchasing operations. City employees will treat all vendors equally and fairly.

B. Conflicts of Interest. No city council member, employee, officer, or agent of the city may participate in the selection, award, or administration of a contract if he or she has a real or apparent conflict of interest. A conflict of interest includes any circumstances under which the city council member, employee, officer, or agent, or any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of those parties, has a financial interest in or a tangible personal benefit from a vendor considered for a contract. No officer, employee, or agent of the city may solicit or accept gratuities, favors, or anything of monetary value from vendors or parties to subcontracts. Disciplinary actions, up to and including termination for cause, will apply to any violation of these conflict of interest standards, in accordance with city policy, and/or, as applicable, a collective bargaining agreement, employment contract, or contract for services.

C. Economical Approach. All procurements must be undertaken in a manner that will avoid acquisition of unnecessary or duplicative items, which may include consideration of consolidating or breaking out procurements, lease alternatives, and other appropriate analysis to determine the most economical approach, subject to the limits of applicable law, including prohibitions against bid-splitting.

D. Oversight. Each department must maintain oversight over its procurements to ensure that vendors perform in accordance with the terms, conditions, and specifications of the contracts or purchase orders.

E. Dispute Resolution. Any and all protests, disputes, claims, and the like, arising from a procurement will be addressed promptly in accordance with good administrative practice and sound business judgment, and in compliance with all applicable legal or contractual requirements.

F. Specifications. All procurement solicitations should incorporate a clear and accurate description of the technical requirements or functions of the goods or services to be procured. However, such descriptions should not be drafted to unduly restrict competition among qualified vendors.

G. Business License. Pursuant to Municipal Code Chapter 5.04, Business Tax Certification, vendors are required to obtain a City of Lincoln business license if the vendor is conducting business in the city whether or not they are located in the city limits. This requirement may be waived by the city manager or designee when determined to not be applicable to the type of business being conducted by the vendor.

H. Legal Compliance and Interpretation. All city procurements subject to state or federal laws will be made in compliance with currently applicable state or federal laws and regulations. To the extent there is any conflict or inconsistency between such state or federal law or regulation, the more restrictive requirements will apply.

3.24.250 Exempt contracts.

Except as set forth below, and notwithstanding any other provision of law, the following purchases or contracts shall not be subject to this chapter:

A. Annual Membership Dues. Membership dues for professional and civic organizations to which the city is a member, including, without limitation, the League of California Cities, the Chamber of Commerce, and such similar professional and civic organizations that may charge an annual or other membership fee. Such contracts may be entered into and/or membership fees paid at the direction of the city manager, without prior city council approval, provided there is adequate funding allocated in the city budget.

B. Public Works Contracts. Contracts for public projects (public works) governed by the California Public Contracts Code, except that the provisions in this Chapter 3.26 of the Lincoln Municipal Code shall apply to such contracts.

C. Any contract or purchase that is otherwise authorized to be made without competitive procurement under applicable provisions of the California Public Contract Code, Government Code, or other applicable federal or state laws.

D. When, upon the majority vote of all of the members of the City Council, it is determined that it is in the best interests of the City to suspend formal bidding procedures for any purchase or contract.

E. Provided there is adequate funding allocated in the city budget the following purchase are specifically exempt from the purchasing and contracting procedures set forth in this chapter: advertisement and notice, courier/delivery/messenger, insurance claims and premiums, medical payments, court fees, payments to other governmental units, petty cash replenishment, property rentals, subscriptions, trade circulars or books, travel expense/advance.

F. Pursuant to Public Contracting Code § 10335.5(c), the following contracted services are exempt from advertising and public bidding requirements, unless otherwise required by specific grant obligations which fund such services:

1. Contracts solely for the purpose of obtaining expert witnesses for litigation;

2. Contracts for legal defense, legal advice, or legal services;

3. Contracts that can only be performed by a public entity as defined in subdivision (b) of Section 605 of the Unemployment Insurance Code.

Contracts designated as exempt shall be subject to review and verification of exempt status by the City Attorney. Exempt contracts for temporary, short term, or emergency services may be approved and execute by the City Manager. Exempt contracts for long-term services or non-emergency services exceeding $50,000 shall be approved by the City Council.

Nothing in this section shall be interpreted to exempt the City from compliance with any competitive procurement requirement imposed by applicable federal or state law. Where such laws require competitive procedures, those requirements shall control.

3.24.030 Definitions.

The following terms, whenever used in this chapter, shall be construed as follows:

"Best value" means the best value to the city based on all factors, including: cost, contractor's ability, capacity or skill; ability to perform within the time required; character, integrity, reputation, judgment, experience and efficiency; quality of contractor's performance on previous purchases or contracts, if applicable; and the ability of the contractor to provide future maintenance, repair, parts and services, if necessary.

"Bid" means a written offer, more formal than a quote, to furnish supplies, equipment, material, services or the construction of public works, in conformity with the specifications, delivery terms, and conditions required, at a guaranteed maximum cost.

"Bid bond" means financial security provided to guarantee that a bidder will enter into a contract with the city if a bid is awarded. It may be in the form of cash, cashier's check, certified check, or surety bond, in an amount not less than ten percent of the aggregate amount of the bid.

"Goods" means supplies, equipment, and materials, including any and all articles, things or personal property furnished to or used by the city department or agency.

“Informal Competitive Process” shall include collecting a minimum of three (3) written quotes from qualified vendors.

"Professional services" means work performed by architectural, landscape architectural, engineering, environmental, land surveying, construction project management, and specialized professional services such as financial, economic, accounting, legal, (or administrative matters) lobbying firms, and by other specially trained persons. The selection of persons or firms to provide such professional services shall be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required. Price may be considered after making a determination based upon professional qualifications.

"Public works project" means any of the following: (1) construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility; or (2) painting or repainting of any publicly owned, leased, or operated facility. A "public works project" does not include maintenance work. For purposes of this policy, "maintenance work" includes all of the following: (1) routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes; (2) minor repainting; (3) resurfacing of streets and highways at less than one inch; (4) landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems; or (5) work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, power plants, and electrical transmission lines of 230,000 volts and higher. (See Public Contract Code Section 22002).

"Purchase order (PO)" means a document memorializing a purchase or service transaction with a vendor and/or authorizing the payment of funds for a purchase or service.

"Quote" means a verbal or written promise from a vendor/contractor guaranteeing to provide certain goods, supplies, or services for a fixed price.

“Qualified Vendors” means vendors previously identified through an RFQ process. Qualified Vendors may also be identified as “on-call vendors”. Additionally, Qualified Vendors may be identified through online research, previous city contract work, referrals from other departments or public agencies. "Request for proposal" and "RFP" mean a solicitation for a competitive proposal that states the technical requirements for the services desired.

"Request for qualifications" and "RFQ" means a request seeking a written presentation of the professional qualifications and experience of a proposed contractor.

"Services" means the furnishing of labor, time or effort (sometimes parts are included) to perform or complete a designated task. Some examples of services include janitorial, landscaping, pest control, and refuse disposal. The emphasis is on physical, rather than professional/intellectual capabilities. Services do not include public works projects, utility services, insurance services, professional services, services rendered by city officers or employees, or another governmental agency, or contractual services which are in their nature unique or not subject to competition.

"Vendor" means a supplier of goods, services or professional services.

3.24.040 Purchasing officer.

The city manager, or designee, shall be the city's purchasing officer, and generally supervises the purchasing and contracting functions described in this chapter. The purchasing officer, or designee, is responsible for the overall administration of the policies codified in this chapter.

3.24.600 Authorization limits and competitive bid requirements.

The following authorization limits shall apply to All purchases except Public Works Projects, which are covered by the Public Contract Code section 20161, et seq.

A. Micro-Purchases —$15,000 or Less.

1. Authority. A department manager, or designee, is authorized to purchase goods or services for an amount up to $15,000 if adequate funds have been appropriated by the city council in the budget.

2. Micro-purchases (as defined by 2 CFR § 200.67 & FAR 48 CFR Subpart 2.1) shall be completed using simplified acquisition procedures. Micro-purchases may be completed without soliciting competitive price or rate quotations, purchase card or Cal-cards may be used for micro-purchases. The current micro-purchase threshold is $15,000 and may be periodically adjusted for inflation by Federal Acquisition Regulation (FAR). Should an adjustment by FAR occur, the micro-purchase shall automatically be adjusted by the City without consideration of amendments to this chapter.

B. Open Market Purchases - $15,000 and up to $50,000.

1. Authority. A department head, or designee, is authorized to purchase goods or services for an amount up to $50,000 if adequate funds have been appropriated by the city council in the budget.

2. Open Market Purchases may be completed using the informal solicitation process for purchases of $15,000 and up to $50,000. Informal Solicitation Processes includes acquiring oral or written competitive price or rate quotations. A minimum of three oral or written quotes is preferred however, in some situations, it may not be possible to obtain three quotes. The vendor offering the best value shall be selected. If the lowest price quote is not selected, the department shall document in the file the basis for the selection of the vendor. The purchase officer, or designee, may waive the requirement for bid solicitation, if waiving the requirement is in the best interest of the city. The reason for the waiver of any purchasing requirement must be documented and retained by the department.

C. Purchases —$50,000 and up to $100,000.

1. Authority. The city manager, or designee, is authorized to purchase goods or services for an amount up to $100,000, if adequate funds have been appropriated by the city council in the budget.

2. Informal competitive process. —For purchases of $50,000 and up to $100,000, the department must complete an informal competitive process, in the manner set forth in this chapter, informal requests for proposals. A contract will be fully executed with signatures by the selected vendor and the contract administrator. The contract will be in a standardized format approved by the city attorney, unless an exception is made by the city attorney, and will be attested by the city clerk. City council may waive this process if they find by resolution that it is in the best interest of the city to do so or in the case of an emergency purchase.

D. Purchases exceeding $100,000.

1. Authority. Purchases exceeding $100,000 must be approved by the city council. City council appropriation of funds is required prior to or concurrently with city council approval.

2. Formal Bids—Competitive Sealed Bids. For purchases of more than $100,000, the department must seek competitive sealed bids, in the manner set forth under in this chapter, formal bids—competitive sealed bid process. A contract for goods will be fully executed with signatures by the selected vendor and the manager, or designee. The contract will be in a standardized format approved by the city attorney, unless an exception is made by the city attorney, and will be attested by the city clerk. City council may waive the formal bidding requirement if they find by resolution that it is in the best interest of the city to do so or in the case of an emergency purchase.

E. Professional Services

1. The department using a professional may award a contract for services in accordance with the purchasing authorizations and limitations of this policy.

2. Authority. If adequate funds have been appropriated by the city council in the budget, department heads are authorized to procure professional services for an amount up to $50,000, and the city manager, or designee, is authorized to procure professional services for an amount up to $100,000. Professional services in excess of $100,000 require city council approval. Amendments to contracts which result in the total contract amount to exceed the authority of the city manager or designee shall require city council approval.

3. No Competitive Bid Process. For the procurement of professional services by a department head in an amount of $50,000 or less, no competitive bid process or request for proposals is required, but the department shall endeavor to procure services at the lowest cost commensurate with the quality needed. The department shall retain evidence of the organizations that were considered and the reason for choosing the selected organization. The city's terms and conditions shall be forwarded to selected vendor(s) for review and approval.

4. Informal Request for proposals. For procurement of professional services more than $50,000 and up to $100,000 by a department head, the department must perform an informal Request for proposals, in the manner set forth in this chapter. A contract for services will be fully executed with signatures by the selected vendor and the manager or designee. The contract for services will be in a standardized format approved by the city attorney, unless an exception is made by the city attorney, and will be attested by the city clerk. Any waiver of requirements included in this section shall be approved by the city council by resolution.

5. Authority. Purchases exceeding $100,000 must be approved by the city council. City council appropriation of funds is required prior to or concurrently with city council approval.

6. Formal Bids—Competitive Sealed Bids. For purchases of more than $100,000, the department must seek competitive sealed bids, in the manner set forth under in this chapter, formal bids—

competitive sealed bid process. A contract for goods will be fully executed with signatures by the selected vendor and the manager, or designee. The contract will be in a standardized format approved by the city attorney, unless an exception is made by the city attorney, and will be attested by the city clerk. City council may waive the formal bidding requirement if they find by resolution that it is in the best interest of the city to do so or in the case of an emergency purchase.

F. Third Party Deposit Contracts.

1. Notwithstanding the above limits, the city manager, or designee, is authorized to execute a contract for professional services without city council approval if a third party, including but limited to a developer or utility company has deposited funds sufficient to cover the full amount of the contract with the city (as verified by the director of finance or designee and community development director or designee), and such funds are held in a deposit account that restricts the use of the funds to pay for city-managed professional services contracts. Any contract entered into pursuant to this paragraph shall be entered into in accordance with state law, city ordinances and adopted city policies, as applicable, including the same competitive process as would be required for a city-funded contract for professional services. The selection of a contractor to provide professional services shall be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required. Selection based upon price alone is prohibited; however, price is a factor that may be considered.

3.24.800 Formal bids—Competitive sealed bid process shall be used for purchases of more than $100,000, the limit for public works projects has been set forth in Chapter 3.26 Public Projects Bidding Procedures.

The formal bid (competitive sealed bid) process, shall proceed as described below:

A. Invitation and Notice. A bid invitation and the public notice inviting bids shall be issued and shall state the project to be done, including a general description of the work to be bid, where bidding forms and project documents, including final plans and specifications may be obtained, whether there will be a mandatory pre-bid conference, site visit, etc. Public notice of the invitation for bids shall be given at least fifteen (15) calendar days prior to the date set for the opening of bids. Such notice may include a publication in a newspaper of general circulation within ten (10) days prior to bid opening. The public notice and all invitations to bid shall state the place, date and time of bid opening and shall state the date and time by which the bids are due and that the bids should be submitted to the City Clerk or designee.

B. Bid Opening. Bids shall be opened publicly in the presence of one or more witnesses at the noticed place and not earlier than the time designated in the invitation for bids. The tabulation of all bids received shall be open to public inspection after the bid opening.

C. Bid Evaluation and Acceptance. Bids received at or prior to the time set for bid opening shall be unconditionally accepted without alteration or correction, except as authorized in this policy. Bids shall be evaluated to determine the lowest responsive and responsible bidder. The process includes a determination of: (1) which bidder is the lowest monetary bidder; (2) whether the lowest monetary bidder submitted a responsive bid; and (3) whether or not the lowest monetary bidder is responsible.

1. To be responsive, the bid must conform to the material terms of the bid package. The requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. The invitation for bids shall set forth the evaluation criteria to be used. No criteria

may be used in bid evaluations that are not set forth in the invitation for bids. City may waive any informality, irregularity, immaterial defects or technicalities in any response.

D. Correction or Withdrawal of Bids. Subject to any provisions of federal or state granting authorities to the contrary, correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such bid mistakes, shall be in accordance with this section. Mistakes discovered before bid opening may be modified or withdrawn by written notice received in the office designated in the invitation for bids prior to the time set for bid opening. After bid opening, no corrections to bid or provisions shall be permitted but, in lieu of bid correction, a low bidder alleging a material mistake of fact may be permitted to withdraw its bid if: (a) the mistake is clearly evident on the face of the bid document, or (b) the bidder submits evidence that clearly and convincingly demonstrates that a mistake was made. All decisions to permit the correction or withdrawal of bids shall be supported by a written determination made by the city.

E. In addition to price, the lowest bidder must be a responsible bidder, meaning that the bidder must demonstrate the attributes of trustworthiness, quality, fitness, capacity and experience to satisfactorily perform the contract. Factors to be considered may include performance history, reliable financial information, bonding and insurance capacity, public works experience, personnel, litigation history, the ability, capacity, and skill to perform the contract, experience to perform the contract, the bidder must have the facilities and financial resources necessary to perform the contract within the time specified, without delay or interference; and, the bidder must have a record of satisfactory performance of prior contracts and a record of compliance with laws and ordinances applicable to the contract.

1. If a responsive bidder who otherwise would have been awarded a contract is found to not be responsible, a written determination of non-responsibility, setting forth the basis of the finding, shall be prepared by the city manager, or designee. The unreasonable failure of a bidder to supply promptly information in connection with an inquiry with respect to responsibility may be grounds for a determination of the bidder not being responsible. A copy of the determination shall be sent promptly to the non-responsible bidder and shall be made part of the contract file.

F. Award. The contract shall be awarded to the lowest responsive and responsible bidder. The process of selecting the lowest bidder includes a determination of which bidder is the lowest monetary bidder, whether or not the lowest monetary bidder submitted a responsive bid, and whether or not the lowest monetary bidder is also a responsible bidder.

G. Cancellation of Invitations. An invitation for bids may be cancelled, or any or all bids or proposals may be rejected in whole or in part as may be specified in the solicitation. Each solicitation issued by the city shall state that the solicitation may be cancelled and that any bid or proposal may be rejected in whole or in part at the city's discretion with or without a showing of good cause.

H. Bonds.

1. The city may require a bid bond with any bid, or a performance bond before entering into a contract, in such amount as it finds reasonably necessary to protect the best interests of the city. The form and amount of any bond shall be described in the notice inviting bids.

3.24.801 Informal Requests for proposal—Competitive process shall be used for purchases of more than $50,000 and up to $100,000.

The informal request for proposal process is as follows:

A. Should a Qualified Vendors list be available for the service or products to be procured, a notice requesting proposals ("RFP") may be issued to qualified vendors and include a general description of the services or products to be procured, shall state the form of proposal and specifications and the time and place for the delivery of proposals. Electronic notice of the informal RFP shall be given at least ten calendar days prior to the date set for the delivery of proposals.

B. If a Qualified Vendors list is not available, qualified vendors may be identified through online research, previous city contract work, referral from other departments or public agencies.

C. Evaluation Factors. The RFP shall identify all evaluation factors that will be used by the city, and the relative importance of the evaluation factors, including price.

D. Interviews with Responsible Vendors and Revisions to Proposals. The city may conduct interviews and negotiations with vendors whose proposals are responsive to the RFP, for the purpose of gaining full understanding of the proposal contents. Vendors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals. Such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of the identity of competing vendors, or any information derived from proposals submitted by competing vendors.

E. Award. Award shall be made to the responsible vendor whose proposal is determined in writing to be the most advantageous to the city, taking into consideration the evaluation factors, including price, set forth in the RFP. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

3.24.910 Request for proposal—Competitive sealed proposal process shall be used for the procurement of general or professional services in an amount more than $100,000, excepting legal services.

The request for proposal competitive sealed proposal process ("RFP" process) is as follows:

A. Request for Proposals and Notice. A notice requesting proposals ("RFP") shall be issued and shall include a general description of the services to be procured, shall state where proposal forms and specifications may be obtained and the time and place for the delivery of proposals. Public notice of the RFP shall be given at least ten calendar days prior to the date set for the delivery of proposals.

B. Evaluation Factors. The RFP shall identify all evaluation factors that will be used by the city, and the relative importance of the evaluation factors, including price.

C. Interviews with Responsible Vendors and Revisions to Proposals. The city may conduct interviews and negotiations with vendors whose proposals are responsive to the RFP, for the purpose of gaining full understanding of the proposal contents. Vendors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals. Such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of the identity of competing vendors, or any information derived from proposals submitted by competing vendors.

D. Award. Award shall be made to the responsible vendor whose proposal is determined in writing to be the most advantageous to the city, taking into consideration the evaluation factors, including price, set forth in the RFP. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

E. Determination of Non-responsibility; Cancellation of Invitations; Bonds. The provisions set forth under Section 3.24.080.E., formal bids—competitive sealed bid process, relating to determination of non-responsibility, cancellation of invitations, and bonds (except labor and materials bonds), shall apply to the RFP process.

F. Requests for Qualifications. A request for qualifications ("RFQ") is a document used to gather information from multiple companies to generate a pool of prospects. This short-list identifies candidates which meet the desired qualifications. An RFQ shall include a general description of the qualifications desired and the services to be procured, shall state where forms and further information may be obtained, and the time and place for the delivery of responses. Public notice of the RFQ shall be given at least ten calendar days prior to the date set for the delivery of responses.

3.24.100 Exceptions to formal and informal competitive process.

The solicitation and competitive processes identified in this chapter shall not apply in the following circumstances.

A. Sole or Limited Source (No Competitive Advantage by Soliciting Bids). A contract may be awarded without competition when the city determines in writing, after conducting a good faith review of available sources, that there is only one source for the required goods, service, or construction item. In addition, in limited and unique circumstances, competitive bidding and/or the RFP process is not required when it would be impossible, or not in the public interest. This exception may apply when the purchase is for: (1) a specialized technology product or service, (2) an addition to, or repair or maintenance of, existing equipment which can be more efficiently added to, repaired or maintained by a particular company or manufacturer, or (3) equipment which must be compatible with existing equipment, by reason of the training of the personnel or an inventory of existing replacement parts kept by the city. In the case of contracts of $100,000 or less, this determination shall be made by the city manager and, in the case of contracts in the amount of more than $100,000, this determination shall be made by the city council. The city manager or designee shall conduct negotiations, as appropriate, as to price, delivery, and terms. A statement of the basis for the sole source determination shall be provided to the city clerk along with the fully-executed contract.

C. Cooperative Purchasing/Procurement. The city is authorized to enter into cooperative purchasing/procurement arrangements with other governmental entities (i.e., joint power authorities) without separate competitive bidding by the city if a governmental agency has solicited bids and awarded a contract for the goods or services which the city desires to obtain, and participation in such a purchase is agreeable to the bidder awarded the contract and the city manager finds that participation in such group purchasing agreement is for the benefit of the city.

D. Piggyback Purchasing. Piggyback contracting occurs when one entity assigns the contractual rights it has in a contract to another. The city is authorized, without prior competitive bidding, to contract for the purchase of goods or procurement of services with vendors who have been awarded contracts by government agencies (such as other cities, counties, etc.), for the purchase of goods or services under the competitive processes applicable to the government agency, within the past three years. In the case of contracts of $100,000 or less, this determination shall be made by the city manager and, in the case of contracts in the amount of more than $100,000, this determination shall be made by the city council. A contract directly between the city and the vendor is required for the purchase of goods or the procurement of services rendered through a piggyback purchasing arrangement, unless otherwise approved by the city attorney.

3.24.110 Emergency Purchases.

Notwithstanding any other provisions of this chapter, the city may make emergency purchases of supplies, services, constructions items, etc. when there exists a threat to public health, welfare, or safety; provided that such emergency purchases shall be made with such competition as is practicable under the circumstances. A statement of the basis for the sole source determination shall be provided to the city clerk along with the fully executed contract. In the case of contracts or purchases less than $100,000, this determination shall be made by the city manager, and in the case of contacts or purchases in the amount of $100,000 or more, this determination shall be made retroactively by the city council.

3.24.115 Federal, State or Grant funded projects.

Any procurement made pursuant to a federal, state or grant award or subject to reimbursement, in whole or in part, must comply with the requirement stated in the funded award and the applicable federal procurement

requirements, including 2 CFR § 200 and or 48 CFR § 31. In the event of any conflict between federal, state, or grant requirements, the most stringent requirement must be used.

3.24.120 Recycled Products.

Under existing state law enforced through CalRecycle, the city is required to purchase paper products and printing and writing papers that contain recycled content (at least 30 percent, by fiber weight, postconsumer fiber) when it is available at no greater cost than non-recycled products and if the fitness and quality are equal to non-recycled products. If possible and feasible, it is recommended to also select paper products that are recyclable. This practice applies to all paper products, including but not limited to printing paper, office paper, and janitorial paper products (toilet paper, paper towels, toilet seat covers, etc.). The city shall attempt to procure the highest postconsumer content practicable for other items including construction, landscaping, parks and recreation, transportation, vehicles, miscellaneous, and other non-paper office products.

3.24.125 General requirements.

The following general policies shall apply.

A. Procurement of goods or services shall be made by written contract, purchase order or purchase request form unless purchased utilizing a city purchase card/Cal Card or unless otherwise directed by the purchasing officer. Contracts shall be in a form approved by the city attorney, unless an exception is made by the city attorney.

B. Insurance. A vendor of services or professional services is required to provide insurance certificates and endorsements. Generally, the types of insurance, amount of coverage, and policy endorsements shall be consistent with the recommendations of NCCSIF third party insurance administrators. The city attorney may waive or reduce the insurance requirements.

C. Structuring and Splitting. The structuring or splitting of the purchases or projects for the purpose of evading the provisions of this chapter is prohibited.

D. City Attorney Contract Review. The city attorney shall approve all contracts in excess of $10,000, including amendments to contracts, as to form and legality prior to the execution of the contract by the authorized city official. City attorney approval on change orders to public works projects is not required, but may be requested, at the discretion of the city manager or department head responsible for the public works project.

E. Multi-Year Contracts. Unless otherwise approved by the city council, a contract may be entered into for any period of time deemed to be in the best interest of the city; provided that the term of the contract and renewal provisions are included in the contract.

1. Contracts may contain auto-renewal provisions, as approved by the city attorney. Funds must be appropriated prior to contract execution for the first fiscal year's obligation. The contract must allow the city to cancel the agreement without penalty if the city council does not appropriate funds after the first year of the contract.

2. Notwithstanding contract extensions, prior to a contract renewal beyond the initial term, departments must conduct new bid, solicitation for quotes, or RFP process for the goods, services or professional services, excluding legal services and financial software. The city manager may authorize an exception to this re-bid requirement for good cause, which shall be documented and maintained by the department.

F. Encumbrance of Funds. Except in cases of emergency, or by order of the city council, purchase orders shall not be issued, unless there exists an unencumbered appropriation within the department's budget.

G. Recordkeeping. Each department is responsible for maintaining its own purchasing and contracting records, including RFP and bidding documentation, pursuant to the city's current record retention

policy. Original wet signature or digitally signed contracts, along with a paper or electronic copy of RFP and bidding documentation, must be provided to the city clerk for safekeeping/recordkeeping purposes.

3.24.130 Disposition of surplus supplies, materials and equipment.

A. All city departments shall submit to the purchasing officer or designee, at such times and in such form as prescribed, reports showing all supplies, materials and equipment which are no longer needed, or which have become obsolete or worn out. The purchasing officer or designee shall have authority to sell all supplies, materials and equipment which cannot be used, or which have become unsuitable for city use, or to exchange the same for, or trade in the same on, new supplies, materials and equipment. The purchasing officer, or designee, has the authority to declare item(s) with a market value of less than $10,000 surplus. For items valued in excess of $10,000 as such sales shall be made by solicitation of informal bids/written offers for purchase. If there are no bids, the property may be sold at private sale, donated to charity, or disposed of in the manner most economically beneficial to the city.

B. The amount received for any property sold pursuant to this chapter shall be deposited in the general fund or other fund so designated by the purchasing officer.

C. Except as provided by state code, the purchasing officer shall determine the disposition of unclaimed or abandoned property in the possession of the police department.

D. Notwithstanding the foregoing, the public safety chief may allow the sale of a police officer's duty handgun to said officer at the time of his or her honorable retirement from city service, at the full replacement price of the handgun. The public safety chief shall determine an officer's standing with the city at the time of the officer's separation and will not permit the sale upon circumstances other than honorable retirement. No portion of this section shall supersede the officer's need to meet all legal requirements to possess a firearm. All transfer documents pertaining to the sale will be completed through a dealer in possession of a Federal Firearms License and all sale and transfer costs shall be paid by the retiring officer.

   Notwithstanding the foregoing, the library may sell or trade surplus and donated library materials. For this purpose, "Library Materials: shall include, but not be limited to, books, magazines, newspapers, maps, audiocassettes, audio discs (CDs), videocassettes, video discs (DVDs), and video games. Funds from the sale of library materials shall be deposited in the library's miscellaneous revenue account and be used to purchase new library materials.

E. Prohibited Transactions - In accordance with Government Code section 1090, all members of the City Council, any other elected City officials, and the City Manager are prohibited from purchasing surplus City real or personal property. Staff members generally are eligible to buy surplus City real or personal property noticed for sale on the same terms and conditions as those offered to members of the public, except that any City employee who actively participated in determining an item's price, surplus status, or conditions of sale is prohibited from purchasing such items because the employee is deemed by law to have a prohibited interest in the sale. The City Manager, in consultation with legal counsel, will determine if an employee has a prohibited interest in an item of surplus property.

Article II. Acquisition and Disposition of Interests in Real Property

3.24.280 Leases of real property.

A. City-Owned Real Property. The city council shall be the authorizing authority for all leases and licenses of city-owned property. If consideration for a lease or license is in excess of $1,000 per year, the property shall be leased or licensed by means of competitive proposals unless the city council finds that an award without competitive proposals is in the best interests of the city. If competitive proposals are solicited for leases or licenses of city-owned property, the city shall have discretion to determine the proposal process and to determine the proposal which best meets the needs of the city, which may not necessarily be the highest priced proposal.

B. City Lease of Private Property.

1. Leases of private property by the city with a total lease amount of $100,000 or more shall be authorized by the council.

2. Leases of private property by the city with a total lease amount less than $100,000 may be authorized by the city manager.

3.24.290 Acquisition of real property.

The acquisition of real property, whether by negotiation, dedication, or eminent domain, shall be in accordance with state law.

3.24.300 Disposition of real property.

A. Procedures for the disposition of real property shall be in accordance with state law. In accordance with Section 65402(a) of the California Government Code, the council hereby determines that the provisions of that section shall not apply to:

1. The disposition of the remainder of a larger parcel which was acquired and used in part for street purposes;

2. Acquisitions, dispositions, or abandonments for street widening; or

3. Alignment projects, provided such dispositions for street purposes, acquisitions, dispositions, or abandonments for street widening or alignment projects are of a minor nature.

B. The report of the planning commission regarding the conformance of a capital improvement project with the general plan made pursuant to Section 65401 of the California Government Code shall also constitute the report required by Section 65402(a) of the California Government Code regarding each acquisition or disposition of real estate, street abandonment or vacation, or public building or structure included in that capital improvement project.

C. The disposition of real property shall be by competitive proposals unless the city council determines that disposition without competitive proposals is in the best interests of the city. If competitive proposals are solicited for the disposition of city-owned property, the city shall have discretion to determine the proposal process and to determine the proposal which best meets the needs of the city, which may not necessarily be the highest priced proposal.

CHAPTER 3.26 PUBLIC PROJECTS SUBJECT TO THE PUBLIC CONTRACT CODE

3.26.010 Uniform Public Construction Cost Accounting Act.

The city elects to be subject to the Uniform Public Construction Cost Accounting Act as set forth in Section 22000 et seq. of the Public Contract Code ("Act"), and the uniform construction cost accounting procedures. "Public project" shall have the meaning provided in Section 22002(c) of the Act, as that section may be amended from time to time. A public project shall not include maintenance work as provided in Section 22002(d) of the Act.

3.26.200 Prequalification of bidders.

This section is enacted pursuant to Section 20101 of the California Public Contract Code, which enables the city to establish a system for prequalification of prospective bidders on public works construction and maintenance projects. In addition, pursuant to the city's general police powers under California Constitution Article 11, Section 7, the city desires to apply this process to the award of public works maintenance contracts in order to ensure that bidders are qualified to perform city public works maintenance.

A. Prequalification of Bidders.

1. The city hereby establishes a system for prequalification of prospective bidders for public works construction and maintenance projects. The city may use the prequalification system identified in this section for any public works project.

2. The public works director is authorized to adopt and apply a uniform system of rating bidders for each project based on:

    a. The requirements of Section 20101 of the California Public Contract Code; and

    b. The model guidelines and standardized questionnaire created by the state of California Department of Industrial Relations, as modified at the city's discretion to address the needs of the particular project, or projects, to which they are to be applied.

    b. Notwithstanding the provisions of this section, the city may require prequalification of prospective bidders on any public works project or to engage in a program of prequalification of prospective bidders, on public works projects on a recurring basis as provided in Section 20101 of the California Public Contract Code.

3. If prequalification of prospective bidders is required for a particular project, the city shall determine which bidders are qualified to bid that project based upon the uniform system of rating bidders. If the city determines any bidder is not qualified to bid a project, a written or electronic notice will be provided that includes the basis for the determination and an identification of any supporting evidence therefor, and an opportunity for the bidder to appeal the determination. A copy of all prequalification determinations shall be filed with the city clerk at least ten days prior to the scheduled bid opening.

B. Appeals.

1. The appellant shall submit a written notice of appeal to the city clerk, along with a complete written description of all factual and legal bases for the appeal and accompanied by a fee in the amount established by resolution of the city council, no later than ten (10) days after the city has provided written notice of the determination. Should the appellant prevail in its appeal, the deposit shall be

returned to the appellant and the city shall bear the costs of the appeal. If the appellant does not prevail, the deposit shall be used to pay all costs associated with the appeal. If the deposit is insufficient to pay the entirety of the costs of the appeal, the appellant shall pay the remaining costs within thirty 30 days after the decision. Any failure by the appellant to timely pay any outstanding appeal costs, as required herein, shall be considered by the city in future prequalification proceedings.

2. Upon receipt of the request from the appellant, required deposit, and request for hearing, the hearing shall be conducted so that it is concluded no later than five (5) business days prior to the last date for the receipt of bids on the project or twenty (20) days following the city's receipt of the notice of appeal, whichever is sooner. The hearing shall be an informal process conducted by an arbitrator, who shall be an attorney experienced in public works and construction matters. The arbitrator may be selected by the mutual consent of the appellant and the city. If an agreement cannot be reached regarding the selection of the arbitrator, the appellant and the city shall each exchange a list of three arbitrators they would be willing to accept. In turn, beginning with the appellant, each party shall strike one name from the other party's list until only one name remains and that remaining person shall be the arbitrator. If the arbitrator selected is unavailable, the parties shall repeat the process until they succeed in selecting an available arbitrator.

3. At the hearing, the appellant and the city shall each be provided an opportunity to be represented by legal counsel and to present or rebut any evidence bearing upon the issues presented in the appeal. Each party shall bear his, her, its, or their own attorneys' fees, regardless of the outcome of the appeal.

4. The arbitrator shall consider relevant evidence presented during the hearing and provide a written decision on the appeal to the city, with a copy to the city clerk, and the appellant within one business day after the close of the hearing. The time identified in this section for providing the arbitrator's decision may be extended only by consent of the city and the appellant and such an extension shall not affect or require a delay in a scheduled time for opening of bids for any public works project. Failure by the arbitrator to render a timely decision shall be deemed a denial of the appeal.

5. The arbitrator's decision shall be final.

3.26.030 Public projects of $75,000 or less.

Public projects of $75,000 or less, or in such sum as may be authorized by California Public Contracts Code § 22032(a), may be performed by the employees of the city by force account, by negotiated contract or by purchase order.

3.26.400 Public projects of $220,000 or less.

Public projects of $220,000 or less, or in such sum as may be authorized by California Public Contracts Code § 22032(b), may be let to contract by informal procedures as set forth in Section 22034(a) of the Act to a list of qualified contractors.

1. The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and state the time and place for the submission of bids.

2. The city council may delegate the authority to award informal contracts to the public works director, purchasing officer or city manager.

3. If all bids received are in excess of $220,000, the city council by passage of a resolution by a four-fifths vote, award the contract, at $235,000, or less, or in such sum as may be authorized by California Public Contracts Code § 22034(d), to the lowest responsible bidder, if it determines the cost estimate of the city was reasonable.

3.26.050 Public projects of more than $220,000.

Public projects of more than $220,000, or in such sum as may be authorized by California Public Contracts Code § 22032(c), shall, except as otherwise provided in the Act, be let to contract by formal bidding procedure.

3.26.060 In Cases of Emergency.

In cases of emergency when repair or replacements are necessary, the governing body may proceed at once to replace or repair any facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. Notice for bids to let contracts will not be given § 22035(a).

3.26.070 Rejection of Bids.

In its discretion, the city may reject any bids present in accordance with Section 22038.

ORDINANCE XXXXB

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LINCOLN AMENDING CERTAIN SECTIONS OF CHAPTER 3.24 – CONTRACTS AND PURCHASING AND CHAPTER 3.26 – PUBLIC PROJECTS SUBJECT TO THE PUBLIC CONTRACT CODE AND FINDING THE ORDINANCE IS EXEMPT FROM ENVIRONMENTAL REVIEW UNDER CEQA

WHEREAS, Lincoln Municipal Code Chapter 3.24 – Contracts and Purchasing was originally enacted in 1988 (Ordinance 515B) and has been amended in 1993 (Ordinance 599B), 2001 (Ordinance 711B), 2019 (Ordinance 983B), 2020 (Ordinance 1012B) and it was repealed in re-enacted in 2022 (Ordinance 1049B). Chapter 3.26 – Public Projects Subject to the Public Contract Code was originally enacted in 1988 (Ordinance 515B), and has been amended in 1993 (Ordinance 596B), 2001 (Ordinance 711B), 2019 (Ordinance 983B), and it was repealed in re-enacted in 2022 (Ordinance 1049B); and

WHEREAS, it is a good practice to review and revise the Chapters 3.24 - Contracts and Purchasing as Chapter 3.26 - Public Project Subject to the Public Contract Code to update purchasing limits and processes in line with federal standards and government code; and

WHEREAS, the City complies with Office of Management and Budget (OMB) 2 CFR 200 et seq. and Federal Acquisition Regulation (FAR) 48 CFR, Government Code sections 1090, 54202, 54203, 65402, 65401, Section 22000 et seq. of the Public Contract Code, 20101 of the California Public Contract Code; and

WHEREAS, revisions have been made to bring authorization thresholds closer to those allowed by Federal Acquisition Regulation, to provide clean up and edits to certain sections, and to ensure the city remains compliant with changes in laws and regulations.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF LINCOLN does ordain as follows:

Section 1. **Incorporation of Recitals.** The City Council hereby incorporates by reference the recitals set forth above.

Section 2. CEQA Analysis. This Ordinance is not subject to the California Environmental Quality Act ("CEQA"), as codified at Public Resources Code §§ 21000, et seq., and as further governed by 14 California Code of Regulations §§ 15000, et seq., because it is not a project as contemplated by 14 C.C.R. § 15378. Even if this Ordinance were subject to CEQA, the City Council finds this Ordinance exempt from the requirements of CEQA pursuant to 14 C.C.R. § 15061(b)(3), because there is no possibility it will have a significant effect on the environment.

Section 3. Severability. If any section, sub-section, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the

decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Ordinance. City Council hereby declares that it would have adopted the Ordinance and each section, sub-section, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, sub-sections, sentences, clauses, phrases or portions to be declared invalid or unconstitutional.

Section 4. Publication. Within fifteen days of passage of this Ordinance, the City Clerk shall cause the full text of the Ordinance, with the names of those City Councilmembers voting for and against the Ordinance, to be published in the Lincoln News Messenger. In lieu of publishing the full text of the Ordinance, the City Clerk, if so directed by the City Attorney and within fifteen days, shall cause a summary of the Ordinance, prepared by the City Attorney and with the names of the City Councilmembers voting for and against the Ordinance, to be published in the Lincoln News Messenger, and shall post in the office of the City Clerk a certified copy of the City Councilmembers voting for and against the Ordinance. The publication of a summary of the Ordinance in lieu of the full text of the Ordinance is authorized only where the requirements of Government Code § 36933(c)(1) are met.

Section 5. Amendment. Lincoln Municipal Code Chapter 3.24 is hereby amended per the attached.

Section 6. Amendment. Lincoln Municipal Code Chapter 3.26 is hereby amended per the attached.

INTRODUCED at a regular meeting of the City Council of the City of Lincoln held on 14th day of April, 2026, by the following vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:
ABSTAIN: Councilmembers:

_____
Richard Pearl, Mayor

ATTEST:

_____
Hope Ithurburn, City Clerk

STAFF REPORT

Item Number 15.A

SUBJECT: Adopt a Resolution Accepting a Fiscal Impact Analysis of Community Facility District (CFD) 2018-2 and Authorizing a Maximum Tax within the CFD Project Area. (Nita Wracker)

SUBMITTED BY: Nita Wracker

DEPARTMENT: Finance

DATE: April 14, 2026

STAFF RECOMMENDATION:

Staff recommends that the City Council adopt a resolution approving updates to the Community Facilities District (CFD) No. 2018-2 special tax methodology to establish a uniform maximum special tax rate across tax zones, informed by the findings of the Fiscal Impact Analysis.

BACKGROUND/INTRODUCTION:

The City established CFD No. 2018-2 to fund municipal services required to serve new development within designated growth areas. As development within the district has progressed, maximum special tax rates have been established on a project-by-project basis, resulting in variation in tax rates across tax zones.

In recent years, the City has experienced continued growth within existing CFD areas as well as in areas anticipated for annexation, including, but not limited to, Village 1, Village 5A, and various Twelve Bridges planning areas. In light of this growth, the City is reevaluating its approach to ensure that special tax rates are applied more consistently and equitably across the district.

To support this effort, the City retained Economic & Planning Systems, Inc. (EPS) to prepare a Fiscal Impact Analysis (FIA) evaluating the fiscal performance of development within, and anticipated to be annexed into, CFD No. 2018-2 (collectively referred to as the “CFD Project Area”). TA Memorandum of their analysis is attached. Unlike prior analyses, which were conducted on a project-specific basis, this analysis evaluates development across the CFD Project Area as a whole, including both completed projects and those currently in the development pipeline.

The analysis, which is based on the City’s FY 25-26 budget, assesses whether revenues generated by development within the CFD Project Area, including property tax, sales tax, and

other General Fund revenues, are sufficient to offset the cost of providing municipal services to new residents and employees. Historically, the fiscal analyses used to inform maximum special tax rates for individual projects or zones excluded sales tax revenues. Consistent with direction from City staff, this analysis incorporates sales tax revenues into the fiscal framework to better reflect the full range of revenues generated by development and to evaluate how this inclusion may influence the determination of maximum special tax rates within CFD No. 2018-2.

The results of this analysis are intended to inform the City's consideration of updates to the CFD No. 2018-2 special tax structure, including the establishment of a more uniform maximum special tax levy across tax zones.

FINDINGS/ANALYSIS:

The Fiscal Impact Analysis evaluates both constructed and entitled residential and nonresidential development within the CFD Project Area, consisting of approximately 17,107 residential units, of which approximately 2,300 units have already been built within CFD 2018-2, and 2.1 million square feet of nonresidential development. The assumed nonresidential square footage is limited to the amount supportable by projected resident spending, with an approximately 10 percent adjustment to reflect pass-by traffic capture from Highway 65.

The analysis estimates General Fund revenues generated by this development through sources such as property tax, sales tax, and other discretionary revenues, and compares these revenues to the cost of providing municipal services, including public safety, parks, and general government services.

A key component of the analysis is the incorporation of sales tax revenues into the fiscal framework, which historically had not been considered in establishing maximum special tax rates for projects within CFD No. 2018-2. Although the City previously elected to omit sales tax revenue from prior fiscal analyses, inclusion of this revenue source is standard practice in preparing fiscal impact analyses. The analysis evaluates both taxable sales generated by new commercial development and estimated taxable spending by residents and employees associated with the Project Area.

In estimating public safety costs, which represent a significant share of total expenditures, the analysis utilizes a case study approach. Prior to the formation of CFD No. 2018-2, City Council direction indicated that fiscal impact analyses utilize staffing ratios of 0.85 officers and 0.66 firefighters per 1,000 residents. Although these City Council-directed staffing ratios were higher than the existing level of service in 2018, they still fall below the City's staffing level targets as identified in the City's General Plan. As such, the cases studies in the updated fiscal analysis reflect staffing ratios of 1.0 officers (for Police) and 0.8 firefighters (for Fire) per 1,000 residents to align with the City's desired service levels. The higher targeted staffing levels will continue to assist the City in addressing acknowledged service level deficiencies, including limitations in fire service capabilities such as the lack of Advanced Life Support (ALS) response.

Excluding existing or potential revenues generated by CFD No. 2018-2 special tax levies, development within the CFD Project Area is estimated to generate approximately $19.4 million in annual General Fund revenues while requiring approximately $27.2 million in annual General Fund expenditures, resulting in a net fiscal deficit of approximately ($7.8 million)

annually at buildout. On a per-unit basis, this equates to an estimated annual deficit of approximately ($492) per low- and medium-density unit, ($347) per high-density unit, and ($310) per multifamily unit.

Based on these findings, the City is considering an update to the CFD No. 2018-2 special tax methodology to establish a more uniform maximum special tax levy across tax zones. Under the proposed approach, a consistent maximum special tax rate would be applied to both existing and future development within the CFD. For existing tax zones, maximum special tax rates that are lower than the proposed uniform rate would be retained, while those with higher maximum rates would be reduced to the proposed level. This approach is intended to promote equity across development projects while ensuring that special tax rates remain aligned with the City's cost of providing municipal services.

FISCAL IMPACT:

First, upon annexation into CFD No. 2018-2 at the recommended special tax rates, new development is expected to fully offset the City's cost of providing services to project residents and employees.

Second, for any existing development that has already been annexed into CFD No. 2018-2 at a rate higher than the current recommended special tax rates, implementation of a uniform maximum special tax rate across CFD No. 2018-2 tax zones would result in a reduction in special tax revenues relative to existing maximum tax rates.

Under existing conditions, the City currently receives approximately **$1,079,400** annually from CFD No. 2018-2. If the proposed uniform maximum special tax rate were applied to the same set of existing units, annual revenues would be approximately **$788,400**, representing a reduction of approximately **($291,000)** per year.

Under buildout conditions of currently entitled development within existing tax zones, annual revenues are projected to total approximately **$2,105,300** under existing maximum special tax rates. Under the proposed uniform rate, annual revenues at buildout would be approximately **$1,672,200**, representing a reduction of approximately **($433,100)** per year.

These reductions reflect the lowering of maximum special tax rates in certain existing tax zones to establish a uniform maximum tax rate across the district. While this approach reduces potential special tax revenues, it provides several operational and policy benefits. Specifically, it streamlines the entitlement process for new development projects in the City by reducing the need to prepare project-specific fiscal impact analyses for each new development, improves predictability for developers through a consistent and transparent tax framework, and establishes more accurate and equitable tax rates for homeowners that better reflect the City's evolving fiscal conditions and growth patterns.

ATTACHMENTS:
242081 CFD 2018-2 Special Tax Update Memo.pdf

CFD_2018-2_Resolution.docx

Memorandum

To: Nita Wracker, City of Lincoln

From: Jamie Gomes and Miles Cressy, Economic & Planning Systems

Subject: CFD 2018-2 Special Tax Update Memo

Date: 03/19/2026

Introduction

The City of Lincoln (City) retained Economic & Planning Systems, Inc. (EPS) to prepare a fiscal impact analysis (FIA) to inform a potential update to the Community Facilities District (CFD) No. 2018-2 special tax structure. The City is currently evaluating whether to implement a more uniform approach to levying special taxes across development projects within CFD 2018-2 beginning in Fiscal Year (FY) 2026-27. As part of this effort, the City seeks to better understand the fiscal performance of development within, and anticipated to be annexed into, the CFD and how revenues generated by these projects compare to the cost of providing municipal services.

The analysis evaluates the fiscal impacts associated with residential and nonresidential development located within CFD No. 2018-2, as well as development anticipated to be annexed into the CFD (collectively referred to herein as the CFD Project Area). The development program includes both completed projects and projects currently in the development pipeline. Historically, the City has evaluated the fiscal impacts of new development on a project-specific basis; however, this analysis expands the evaluation to consider the fiscal performance of development across the CFD Project Area as a whole. The purpose of the analysis is to assess whether revenues generated by development within the CFD Project Area are sufficient to offset the cost of providing municipal services to new residents and employees and to inform the City's consideration of potential updates to the CFD No. 2018-2 special tax structure.

Consistent with discussions with City staff, the analysis also evaluates how incorporating sales tax revenues into the fiscal framework may influence the determination of maximum special tax rates within CFD 2018-2. The technical analysis, including data, assumptions, and detailed calculations underlying the fiscal impact model, is provided in the appendices to this memorandum.

The technical analysis, including data, assumptions, and detailed calculations underlying the analysis, is provided in **Appendices A** through **D**.

Project Overview

While maximum special tax rates have already been established for existing projects and tax zones within CFD No. 2018-2, the City has historically not incorporated sales tax revenues into the fiscal analysis used to inform those rates. In light of recent and anticipated growth, the City is reevaluating this practice to better reflect the revenues generated by development and to help ensure that special tax rates applied to homeowners are equitable across projects within the district. The purpose of this analysis is to inform the City's consideration of a revised special tax methodology for CFD No. 2018-2.

The fiscal impact analysis evaluates development within the CFD Project Area, which includes both existing projects within the district and projects associated with the City's new growth area plans, which are expected to be annexed into CFD No. 2018-2, including, but not limited to, Village 1, Village 5A, and various Twelve Bridges planning areas. EPS coordinated with City staff and the City's special tax consultant to confirm the development program included in the analysis, which reflects a mix of residential and nonresidential uses.

The analysis estimates revenues generated by this development through sources such as property tax, sales tax, and other General Fund revenues. The sales tax analysis considers both taxable sales occurring within new commercial development and estimated taxable spending by residents and employees associated with the projects. These revenue estimates are then compared with the estimated costs of providing citywide municipal services, including general government, public safety, and other municipal functions, to evaluate the net fiscal impact of development within CFD No. 2018-2 and support the City's consideration of potential updates to the district's special tax structure.

Overview of Results

In the absence of CFD No. 2018-2 special taxes, buildout of development in the CFD Project Area is estimated to result in an annual net fiscal deficit to the City's General Fund of approximately ($7,814,600). The analysis estimates that, at buildout, this development will generate approximately $19.4 million in annual General Fund revenues while requiring approximately $27.2 million in annual General Fund service costs, as summarized in **Table 1**. **Table 2** provides a detailed summary of the General Fund revenues and expenditures associated with this development at buildout.

Table 1. Summary of Annual Surplus/Deficits (2025$)

Item	Annual Fiscal Impacts at Buildout
General Fund	
Annual Revenues [1]	$19,385,900
Annual Expenditures [1]	$27,200,500
General Fund Annual Surplus/(Deficit)	**($7,814,600)**
Total Effective Dwelling Units	
Annual Surplus/(Deficit) per EDU	($491.80)
Low / Medium Density	($491.80)
High Density	($347.35)
Multi-Family	($309.52)

Source: EPS.

[1] Values rounded to the nearest $100.

Table 2. Estimated Annual Revenues and Expenditures (2025$)

Item	Annual Fiscal Impact at Buildout	Percentage of Total
GENERAL FUND		
Annual Revenues [1]		
Property Taxes	$9,975,800	51%
Property Tax In Lieu of VLF	$3,906,600	20%
Real Property Transfer Tax	$760,600	4%
Sales Tax	$3,411,400	18%
Sales Tax - Public Safety	$176,500	1%
Hotel/Motel Tax	$348,000	2%
Business License Tax	$65,000	0%
Franchise Fees	$742,000	4%
Total Annual General Fund Revenues	**$19,385,900**	**100%**
Annual Expenditures [2]		
City Attorney	$252,900	1%
City Council/Treasurer	$305,800	1%
City Manager	$509,000	2%
Community Development	$0	0%
Finance	$265,600	1%
Fire	$8,983,400	33%
Library	$902,100	3%
Police	$12,341,300	45%
Public Works	$2,076,700	8%
Recreation	$1,563,700	6%
Total Annual General Fund Expenditures	**$27,200,500**	**100%**
Annual General Fund Surplus/(Deficit)	**($7,814,600)**	

Source: City of Lincoln FY 2023-24 Amended Budget; EPS.

Note: Values are rounded to the nearest $100.

[1] See Table B-1 for details on revenue estimating procedures.
[2] See Table C-1 for details on expenditure estimating procedures.

Methodology and Assumptions

This section describes the methodology and key assumptions used to estimate the annual net fiscal impact of development currently within, and anticipated to be annexed into, CFD No. 2018-2 on the City's General Fund operating budget. It describes assumptions concerning municipal service delivery, land development, and General Fund budgeting. In addition, it details the methodology used to forecast the General Fund revenues and expenditures at buildout of the CFD Project Area.

Municipal Service Provision

This analysis evaluates whether development within the CFD Project Area is expected to generate sufficient revenues to offset the City's costs of providing municipal services. The services evaluated are limited to those funded through the City's General Fund (e.g., police, fire, parks, and general government).

The analysis does not evaluate activities funded through other City Governmental Funds or Proprietary Funds, nor does it include an evaluation of capital facilities or funding of capital facilities needed to serve new development. The analysis also excludes any services that may be funded privately, such as common area maintenance costs, which may be funded through a Homeowners' Association (HOA) or other private mechanism. The analysis also excludes publicly administered service and maintenance costs such as landscaping, lighting, drainage, or roadway that may be funded through other funding mechanisms, such as CFD No. 2018-1, which is applicable to new projects in the CFD Project Area.

General Assumptions

The analysis is based on the City's Budget for Fiscal Year (FY) 2025-26 and other general assumptions discussed herein. Each revenue item is estimated based on current State of California (State) legislation and current City practices. Therefore, the analysis reflects the current State-local fiscal relationship as it exists at the time the analysis was completed. Future changes by either State legislation or City practices may affect the revenues and expenditures estimated in this analysis. All costs and revenues are shown in constant 2025 dollars. General fiscal and demographic assumptions are detailed in **Table A-1** in **Appendix A**.

EPS consulted the City's budget documents to develop forecasting methodologies for specific revenues and expenditures affected by new development through buildout. This analysis also used information from the following sources: County Assessor and Auditor-Controller, State Department of Finance (DOF), State Board of Equalization (BOE), the U.S. Bureau of Labor Statistics (BLS), and subscription-based data sources (e.g., CoStar).

The actual fiscal impacts of new development will vary from those presented in this analysis if development plans or other assumptions (e.g., assessed valuations, sales tax revenue assumptions) change from those presented in this analysis.

General Fund Revenue- and Expenditure-Estimating Assumptions

This analysis considers only discretionary General Fund revenues that will be generated by development within the CFD Project Area. Offsetting revenues, which are General Fund revenues that are dedicated to offset the costs of specific General Fund department functions, are excluded from this analysis. Departmental costs funded by offsetting revenues or not affected by development are also excluded from this analysis (refer to **Table D-5** in **Appendix D**).

Development Assumptions

Listed below are brief summaries of land use and other development-related assumptions.

- **Land Use:** The CFD Project Area includes a total of 17,107 residential units, comprising both for-sale and rental product types, of which approximately 2,300 units have already been constructed within CFD 2018-2. The Project Area also includes approximately 2,118,200 square feet of nonresidential development, consisting of mixed-use, commercial, and office uses.[1]

  A summary of existing and projected residential units and nonresidential square footage by property type is provided below. A more detailed breakdown of the full inventory of development by plan is presented in **Table A-2** in **Appendix A**, while existing projects within CFD 2018-2 are shown in greater detail in **Table E-1** in **Appendix E**.

  <u>For-sale</u>

  - Rural Residential: 108 units
  - Country Estates: 707 units
  - Low Density: 6,716 units
  - Medium Density: 6,005 units
  - High Density: 1,142 units
  - Halfplex/Townhome: 22 units

  <u>Rental</u>

  - High Density - Detached: 121 units
  - Halfplex/Townhome: 121 units
  - High Density - Multifamily: 1,319 units
  - Mixed Use: 846 units

[1] This represents a subset of the maximum entitled nonresidential square footage, as described later in this section.

Nonresidential Sq. Ft.

- Mixed Use: 167,000 sq. ft.
- Commercial: 1,214,125 sq. ft.
- Office / Commercial: 737,100 sq. ft.

While adopted land use plans contemplate a greater amount of nonresidential development, the square footage assumed in this analysis is roughly proportional to the level supportable by projected spending from the Project Area's future residential population, with a modest upward adjustment (approximately 10 percent) to reflect the proximity of planned commercial areas to Highway 65 and their potential to capture pass-by traffic.

- **Residential and Employee Estimates:** The analysis assumes a persons-per-household value of 2.86 for all non-high-density residential uses in the City of Lincoln, as advised by City staff and consistent with previous fiscal impact analyses. Persons-per-household figures for high-density, halfplex/townhome, and mixed use residential uses are based on specified values outlined in project Specific Plans or developer-provided assumptions. Employee density assumptions of 500 square feet per employee for mixed use and commercial, and 350 square feet per employee for office uses based on typical industry-standard assumptions for each nonresidential land use category. In estimating certain annual revenues and expenditures (service demands) related to the CFD Project Area, EPS developed a "persons-served" population estimate to approximate the impacts of an employee in relative to a resident. EPS uses a factor of 0.5 employees plus all residents to derive the Project Area's persons-served population. **Table A-3** in **Appendix A** shows the estimated residents and persons served generated by the Project Area.

- **Project Area Assessed Value:** The estimated assessed valuation of new single-family residential development is based on recent comparable home values in the City and surrounding region, as reported by Zillow and The Gregory Group. Assessed values for multifamily residential development are derived using market rents from CoStar and Zillow to estimate gross annual income potential. From this, a 30 percent allowance for operating and maintenance expenses and a 4.3 percent vacancy rate (based on CoStar averages) are applied to calculate net operating income. A 5.25 percent capitalization rate, consistent with the 2024 CBRE Cap Rate Survey for Suburban West markets, is then used to estimate overall property value. Nonresidential assessed values are based on recent sale prices per square foot for comparable retail properties within Placer County, limited to assets constructed within the past five years.

  Approximately 860 units within the CFD Project Area are designated as active adult housing and may qualify for property tax transfer benefits under Proposition 19, which can result in lower assessed values. Based on prior EPS analyses, a 10 percent reduction has been applied to these active adult units. In addition, a conservative 10 percent downward adjustment has been applied to all estimated values to account for

variability in assessed values among approximately 2,300 existing units already on the City's assessment rolls and to provide a contingency for potential softening in market conditions relative to recent comparable sales data. Estimated buildout assessed values for new development in the Project Area are calculated in **Table D-2** in **Appendix D**.

- **Property Turnover Rates:** The analysis is based on the assumption that owner-occupied residential units assumed to turn over every 7 years and renter-occupied residential units to turn over every 15 years. Nonresidential uses are assumed to turn over once every 20 years.
- **Income of Households:** The average household income for new residential units is used to forecast household retail expenditures. As shown in **Table A-4** in **Appendix A**, this calculation was derived using the following assumptions and data inputs:
    - Owner-occupied households: Assumes that annual mortgage payments, plus property taxes and insurance are 30% of income. Mortgage payments assume a 20% down payment, 30-yr term, 6% fixed interest. Taxes and insurance are assumed to equal 2% of home value. Includes a $150/month estimate for HOA dues.
    - Renter-occupied households: Assumes that rent plus utilities constitute 30 percent of household income. Market rents derived from Zillow and CoStar data based on comparable property types. Utility estimates derived from Placer County Housing Authority 2024 Utility Allowance Schedule. Estimated 30 percent of income dedicated to mortgage payments, taxes, and insurance for single-family.

Revenue-Estimating Methodology

EPS used either a marginal-revenue case-study approach or an average-revenue approach to estimate development-related revenues.

The marginal-revenue case-study approach simulates actual revenue generation resulting from new development. For example, the case-study approach for estimating sales and use tax revenues forecasts market demand and taxable spending from new residents. Case studies used in this analysis are discussed in greater detail later in this section.

The average-revenue approach uses the City's FY 2025-26 budgeted General Fund revenue amounts on a citywide per-persons-served basis to forecast revenues derived from estimated residents and employees of the CFD Project Area.[2]

Revenue sources *not* expected to increase because of development are excluded from this analysis. These sources of revenue are not affected by development because they are

[2] A *per-persons-served* basis of estimating revenues is used to take into account that businesses (and their employees) have a fiscal impact on many City revenues but at a lower level than residential development's impact.

either one-time revenue sources not guaranteed to be available in the future or there is no direct relation between increased employment growth and increased revenue.

A listing of all included City revenue sources and the corresponding estimating procedure used to forecast future new development revenues is shown in **Table B-1** in **Appendix B**. A summary of estimated annual General Fund revenues generated by the new development is provided in **Table B-2**.

Property Tax

Estimated annual property tax revenue resulting from development in the Project is presented in **Table B-3** in **Appendix B**. To be consistent with the City's budget data, the estimated assessed values for new development land uses are assumed to remain static in 2025 dollar values—real growth in assessed value is not estimated.

The City's share of property tax revenue generated within the CFD Project Area is estimated based on the total assessed value of land uses in the Project Area and the average post–Education Revenue Augmentation Fund (ERAF) allocation of the 1 percent ad valorem property tax across all Tax Rate Areas (TRAs) within the Project Area. This allocation reflects the terms of existing property tax sharing agreements between the City and the County.

Property Tax in Lieu of Vehicle License Fees

A formula provided by the State Controller's Office was used to forecast Property Tax in Lieu of Vehicle License Fees (PTIL VLF), which are calculated by taking the percentage increase of the City's assessed value attributable to the projected development within the CFD Project Area and applying that percentage share to the City's current State allocation of PTIL VLF. To avoid double counting, assessed value associated with existing development already within CFD No. 2018-2 has been excluded from the calculation. This calculation is shown in **Table B-3** in **Appendix B**.

Real Property Transfer Tax

Real property transfer tax is based on the assessed value of the CFD Project Area's land uses and the anticipated turnover of residential and nonresidential properties over time. The analysis is based on the assumption that owner-occupied residential property will turn over 14 percent per year, renter-occupied residential property will turn over 7 percent per year, and nonresidential uses will turn over 5 percent per year. Real property transfer tax revenue projections are identified in **Table B-4** in **Appendix B**.

Sales Tax

Sales tax revenues are based on taxable sales generated in the City and the Bradley-Burns 1 percent local sales tax rate. T. Estimated sales tax revenues to the City are summarized in **Table B-5** in **Appendix B**.

EPS uses a combination of methodologies to account for taxable sales generated by development within the CFD Project Area:

- **Market Support Method**—This methodology measures taxable sales generated from new households and employees spending money within the City's boundaries.
- **Retail Space Method**—This methodology estimates direct taxable sales from new retail uses.

Market Support Method

New Households

This analysis estimates retail expenditures of future residents from new development by type of retail category and the share of expenditures estimated to be captured in the City (e.g., sales generated in the City's retail establishments). The amounts and types of expenditures made by residents generally depends on their household income. Data for this analysis are based on estimated resident incomes for those residing in new development, household spending patterns, and retail demand and supply market conditions in the City. Specifically, this analysis estimates retail expenditures of future residents by:

- Estimating total household income for new residents based on projected housing costs for both owner-occupied and renter-occupied units, assuming that 30 percent of household income is allocated to housing, as shown in **Table A-4** in **Appendix A**.
- Evaluating Consumer Expenditure Survey (CES) data from the U.S. BLS, which reports the proportion of income spent on various household goods and services by income group.

Estimated assessed values for owner- and renter-occupied units were estimated to range from nearly $2,000,000 per unit (Rural Residential) to $315,000 per unit (High Density – Multifamily), resulting in a weighted average of approximately $577,000 per unit across all existing and planned development. Based on these values, estimated annual household incomes are projected to range from approximately $514,000 to $106,000, with a weighted average of approximately $154,000.

Based on typical household expenditure patterns reported by the U.S. Bureau of Labor Statistics' Consumer Expenditure Survey (CES), households within the CFD Study Area are estimated to spend approximately $24,800 to $45,000 annually on taxable goods, representing approximately 14.3 percent to 23.4 percent of total household income.[3]

[3] Annual household expenditures on taxable goods are capped at $45,000 to reflect limitations in CES data, which reports a highest income category of "$200,000 or more". Because expenditure shares are not expected to increase linearly past this income level, this cap is applied as a conservative assumption.

EPS estimates approximately 50 percent of projected household expenditures will be captured by retail outlets in the City.

New Employees

Based on estimates gleaned from the 2012 International Council of Shopping Centers' Office-Worker Spending in a Digital Age report, CFD Project Area employees are estimated to spend an average of $10 in taxable retail expenditures per day for each of the 240 work days annually. This analysis estimates the City will capture approximately 95 percent of taxable expenditures from the Project Area's employees. EPS estimated this capture rate based on a qualitative appraisal of existing shopping opportunities near the Project Area. Of the amount estimated to be captured in the City, EPS estimates 100 percent of taxable expenditures will be captured by development in the Project Area.

Refer to **Table B-5A** in **Appendix B** for estimated annual taxable sales from market support for the new households and employees.

Direct Annual Taxable Sales from Retail Uses

A portion of the commercial land uses in the CFD Project Area is assumed to generate taxable retail sales beyond those supported by Project Area residents and employees (market support), reflecting spending by consumers from outside the Project Area. This assumption is consistent with the inclusion of an approximately 10 percent increment of retail space beyond resident-supported demand to account for the Project Area's proximity to Highway 65 and the resulting potential to capture pass-by traffic.

This analysis uses an annual taxable sales-per-square-foot assumption consistent with community-serving retail uses to estimate taxable sales from onsite retail. EPS derived annual *total* (taxable and nontaxable sales) retail sales-per-square-foot figures for major retail categories from several sources including: BizMiner data from 2016; RetailSails data from 2011; eMarketer data from 2017 and 2018; and annual 10-K reports (spanning from 2010 to 2017) for a sampling of retailers in each retail category and allocated these figures by retail center type. All *total* retail sales per square foot assumptions were escalated to 2025 dollars, allocated by retail center type (neighborhood-, community-, regional-serving centers), and converted to *taxable* sales per square foot based on information provided in Urban Land Institute's *Dollars and Cents of Shopping Centers: 2008*.

Refer to **Table D-4** in **Appendix D** for details regarding the assumptions and method for estimating taxable sales per square foot. Refer to **Table B-5B** in **Appendix B** for estimated annual taxable sales from onsite retail development of the Project Area.

Proposition 172 Sales Tax

The one-half cent sales tax imposed by Proposition 172 provides public safety services funding to cities and counties. This sales tax is collected on a countywide basis and allocated principally to the County, with a small portion of revenue allocated to

incorporated cities in the County. This revenue source is used to fund police and fire services in the City. Estimated revenue from the City's share of the County's half-cent sales tax for public safety is shown in **Table B-5**.

Given these assumptions and buildout of anticipated development, the analysis conservatively estimates per capita sales tax revenue (including Bradley Burns and Prop. 172) of approximately $82, compared to the City's projected $106 per capita in FY 2025–26.

Expenditure-Estimating Methodology

Expenditure estimates are based on the City's FY 2025-26 budget. This analysis estimates General Fund expenditures to serve new development in the CFD Project Area. General Fund department expenditures expected to be affected by new development are forecasted using an average-cost approach, which uses the City's FY 2025-26 budgeted expenditures on a citywide per-persons-served or per capita basis to forecast expenditures required to serve new development.

A listing of all City General Fund expenditures and the corresponding estimating procedure used to forecast future Project Area expenditures is shown in **Table C-1** in **Appendix C**. A summary of estimated annual expenditures required to serve the Project at buildout is provided in **Table C-2**.

Average-Cost Expenditures

Expenditures that are affected by residents and employees are projected using a *per-person-served* average cost multiplier. These expenditures include all departmental costs, with two exceptions: police and fire expenditures, which are determined using a case study approach explained below, and library and recreation expenditures, which are calculated using a per capita average cost multiplier, as these services are typically required only by residential developments.

For all departmental expenditures besides library and recreation, an adjustment of 75 percent is made to account for fixed costs not expected to grow with new development.

Case Study Expenditures

In 2018 as well as in this updated fiscal impact analysis, the estimated impact of new development on Police and Fire Department costs have been estimated using a case study methodology. And, beginning with the 2018 fiscal impact analysis, the case study methodology reflected desired rather than actual City staffing levels for these two functions. Based on City Council direction, the 2018 case studies for police and fire reflected staffing ratios of 0.85 police officers and 0.66 firefighters per 1,000 residents.

Although these City Council-directed staffing ratios were higher than the existing level of service in 2018, they still fall below the City's staffing level targets as identified in the City's General Plan. As such, the cases studies in this analysis reflect staffing ratios of 1.0

officers (for Police) and 0.8 firefighters (for Fire) per 1,000 residents to align with the City's desired service levels.

This method utilizes a detailed breakdown of expenditures by category, including General Fund, Fund 101, and Fund 102 expenditures, along with current staffing levels and weighting factors applied to various cost types to estimate the cost per officer or firefighter. The resulting per capita costs are then applied to the anticipated residential population to estimate the Project's impact on departmental costs.

Technical Appendices

The technical calculations used in this analysis are shown in **Appendices A** through **E** (**Tables A-1** through **E-2**):

- **Appendix A** indicates the proposed land uses and general assumptions used in this analysis.
- **Appendix B** identifies the projected revenues that will be generated by the Project Area for the City's General Fund.
- **Appendix C** details the estimated expenditures for the City to provide General Fund services to the Project Area.
- **Appendix D** shows the preliminary property tax allocation distribution as well as the projected assessed value of the Project Area, both of which serve as the basis for calculating property tax revenues. In addition, this appendix provides detail on how offsetting revenues are allocated by General Fund department functions.
- **Appendix E** presents revenues by tax zone for projects currently within CFD 2018-2, comparing existing revenues to projected revenues under the proposed revised special tax levy rates, for both existing conditions and full buildout.

Appendices

Appendix A: General Assumptions

Appendix B: Revenue-Estimating Tables

Appendix C: Expenditure-Estimating Tables

Appendix D: Supporting Tables for Revenue and Expenditure Analyses

Appendix E: Special Tax Levy Revenue Summaries – Existing and Buildout Conditions

Appendix A

General Assumptions

Table A-1. General Assumptions A-1

Table A-2. Land Use Summary at Buildout A-2

Table A-3. Estimated Persons Served A-3

Table A-4. Analysis Assumptions A-4

Table A-1
City of Lincoln
CFD 2018-2 Special Tax Update
General Assumptions

Item	Assumption
General Assumptions	
Base Fiscal Year [1]	FY 2025-26
General Demographic Characteristics	
City of Lincoln	
Population [2]	54,520
Employees [3]	10,700
City of Lincoln Persons Served [4]	**59,870**

Source: California Department of Finance (DOF); California Employment Development Department (EDD); EPS.

[1] Reflects the City of Lincoln Fiscal Year 2025-26 Budget, provided by City Staff. Revenues and expenditures are in 2025 dollars. This analysis does not reflect changes in value resulting from inflation or appreciation.
[2] DOF Table 2: E-5 City of Lincoln population estimate as of 1/1/2025.
[3] US Census Onthemap.ces.census.gov estimated a total of 9,448 jobs in Lincoln, CA in 2022. California EDD reports an annual average growth rate of 2.93% since 2021 for the Sacramento MSA. EPS escalated 2022 employment figure to arrive at 2025 employment estimate, adjusted by an additional 10% to account for self-employed workers, and rounded to the nearest hundred employees.
[4] Defined as total population plus half of total employees.

Table A-2
Lincoln Village 7
Fiscal Impact Analysis
New Growth Areas - Land Use Summary

Item	For-sale Residential Units						Rental Residential Units				Residential Unit Total	Nonresidential Sq. Ft.			Nonresidential Sq. Ft. Total
	Rural Residential	Country Estates	Low Density	Medium Density	High Density [1]	Halfplex / Townhome	High Density - Detached	Halfplex / Townhome	High Density - Multifamily	Mixed Use		Mixed Use	Commercial	Office / Commercial	
New Growth Area Plans															
Village 1	-	425	3,113	861	-	-	-	-	421	790	5,610	167,000	-	-	167,000
Village 5A	108	282	1,567	2,781	-	-	-	-	791	56	5,585	-	863,000	737,100	1,600,100
Village 7	-	-	1,181	1,529	575	-	-	-	-	-	3,285	-	-	-	-
Lincoln Meadows	-	-	148	-	-	-	-	-	-	-	148	-	-	-	-
Cresleigh Grove	-	-	-	83	-	-	-	-	-	-	83	-	-	-	-
Meadowlands	-	-	107	83	-	-	-	81	-	-	271	-	-	-	-
SUD-B NEQ	-	-	429	-	-	-	-	-	100	-	529	-	345,000	-	345,000
Twelve Bridges 3A/B	-	-	-	-	214	-	-	-	-	-	214	-	-	-	-
Twelve Bridges 4A/B	-	-	-	-	137	22	121	40	-	-	320	-	-	-	-
Twelve Bridges 25	-	-	49	-	-	-	-	-	-	-	49	-	-	-	-
Twelve Bridges 27 A/B	-	-	-	-	184	-	-	-	-	-	184	-	-	-	-
Independence	-	-	122	469	-	-	-	-	-	-	591	-	-	-	-
Magnolia Village	-	-	-	-	32	-	-	-	-	-	32	-	-	-	-
583 F St.	-	-	-	-	-	-	-	-	7	-	7	-	6,125	-	6,125
Joiner Ranch East	-	-	-	199	-	-	-	-	-	-	199	-	-	-	-
Total Units / Sq. Ft	**108**	**707**	**6,716**	**6,005**	**1,142**	**22**	**121**	**121**	**1,319**	**846**	**17,107**	**167,000**	**1,214,125**	**737,100**	**2,118,225**

Source: Village 1 Specific Plan Amendment - Amended Land Use Plan 9.15.2023; Land Use Summary Table for Village 5A - Richland Communities; Approved Village 7 Specific Plan Amendment 2.6.2024; Lincoln Meadows Tentative Subdivision Map Amendment 03.10.2020; Niemi Development Partners LLC (Meadowlands); SUD-B Northeast Quadrant Specific Plan & Property Tax Agreement - SUD-B/NEQ 03.08.2022; Twelve Bridges Village 3 Planning Commission Report 09.16.2020; Twelve Bridges Village 4A Planning Commission Report 07.21.2021; Twelve Bridges Village 4B Planning Commission Report 05.18.2022; Twelve Bridges 27A/B Design Review Site Plan 06.27.2022; EPS.

[1] May include single family detached.

Table A-3
City of Lincoln
CFD 2018-2 Special Tax Update
Estimated Service Population

Item	For-sale Residential Occupied Units [1]						Rental Residential Occupied Units [1]				Residential Total	Nonresidential Occupied Sq. Ft. [1]			Nonresidential Total	Residential and Nonresidential Total
	Rural Residential	Country Estates	Low Density	Medium Density	High Density	Halfplex / Townhome	High Density - Detached	Halfplex / Townhome	High Density - Multifamily	Mixed Use		Mixed Use	Commercial	Office / Commercial		
New Growth Area Plans																
Village 1	-	411	3,013	833	-	-	-	-	408	765	**5,430**	158,650	-	-	**158,650**	**-**
Village 5A	105	273	1,517	2,692	-	-	-	-	766	54	**5,406**	-	819,850	700,245	**1,520,095**	**-**
Village 7	-	-	1,143	1,480	557	-	-	-	-	-	**3,180**	-	-	-	**-**	**-**
Lincoln Meadows	-	-	143	-	-	-	-	-	-	-	**143**	-	-	-	**-**	**-**
Cresleigh Grove	-	-	-	80	-	-	-	-	-	-	**80**	-	-	-	**-**	**-**
Meadowlands	-	-	104	80	-	-	-	78	-	-	**262**	-	-	-	**-**	**-**
SUD-B NEQ	-	-	415	-	-	-	-	-	97	-	**512**	-	327,750	-	**327,750**	**-**
Twelve Bridges 3A/B	-	-	-	-	207	-	-	-	-	-	**207**	-	-	-	**-**	**-**
Twelve Bridges 4A/B	-	-	-	-	133	21	117	39	-	-	**310**	-	-	-	**-**	**-**
Twelve Bridges 25	-	-	47	-	-	-	-	-	-	-	**47**	-	-	-	**-**	**-**
Twelve Bridges 27 A/B	-	-	-	-	178	-	-	-	-	-	**178**	-	-	-	**-**	**-**
Independence	-	-	118	454	-	-	-	-	-	-	**572**	-	-	-	**-**	**-**
Magnolia Village	-	-	-	-	31	-	-	-	-	-	**31**	-	-	-	**-**	**-**
583 F St.	-	-	-	-	-	-	-	-	7	-	**7**	-	5,819	-	**5,819**	**-**
Joiner Ranch East	-	-	-	193	-	-	-	-	-	-	**193**	-	-	-	**-**	**-**
Total Occupied Units / Sq. Ft.	**105**	**684**	**6,501**	**5,813**	**1,105**	**21**	**117**	**117**	**1,277**	**819**	**16,560**	**158,650**	**1,153,419**	**700,245**	**2,012,314**	**-**
Resident and Employee Densities [2]	2.86	2.86	2.86	2.86	2.02	1.80	2.02	2.02	1.80	1.80	-	500	500	350	-	-
Total Residents/Employees Served	**299**	**1,957**	**18,593**	**16,625**	**2,233**	**38**	**237**	**237**	**2,298**	**1,474**	**43,991**	**317**	**2,307**	**2,001**	**4,625**	**48,616**
Persons Served [3]	**299**	**1,957**	**18,593**	**16,625**	**2,233**	**38**	**237**	**237**	**2,298**	**1,474**	**43,991**	**159**	**1,153**	**1,000**	**2,312**	**46,303**

Source: City of Lincoln; California Department of Finance; EPS

[1] Based on vacancy rates as defined in Table A-4.
[2] The analysis assumes a persons-per-household value of 2.86 for all non-high-density residential uses in the City of Lincoln, as advised by City staff and consistent with previous fiscal impact analyses. Persons-per-household figures for high-density, halfplex/townhome, and mixed use residential uses are based on specified values outlined in project Specific Plans or developer-provided assumptions. Employee density assumptions based on typical EPS assumptions for retail land uses.
[3] "Person Served" estimates are calculated as the sum of the total number of residents and 50% of the total number of employees.

Table A-4
City of Lincoln
CFD 2018-2 Special Tax Update
Land Use Assumptions

Item	Assessed Value (Rounded) [1]	Estimated Annual Income per Household [2]	Taxable HH Expenditures [3] as % of HH Income	Taxable HH Expenditures [3] Average Annual Exp. [4]	Annual Turnover Rate [5]	Vacancy Rate [6]
Owner-occupied Residential	*Per Unit*					
Rural Residential	$1,980,000	$514,000	14.3%	$45,000	14.3%	3.0%
Country Estates	$1,035,000	$269,000	14.3%	$38,600	14.3%	3.0%
Low Density [7]	$639,000	$167,000	22.1%	$36,900	14.3%	3.0%
Medium Density [7]	$549,000	$144,000	23.4%	$33,700	14.3%	3.0%
High Density	$477,000	$125,000	23.4%	$29,200	14.3%	3.0%
Halfplex / Townhome	$405,000	$107,000	23.4%	$25,000	14.3%	3.0%
Renter-occupied Residential						
High Density - Detached	$477,000	$148,000	23.4%	$34,600	6.7%	4.3%
Halfplex / Townhome	$405,000	$131,000	23.4%	$30,600	6.7%	4.3%
High Density - Multifamily	$315,000	$106,000	23.4%	$24,800	6.7%	4.3%
Mixed Use	$315,000	$106,000	23.4%	$24,800	6.7%	4.3%
Nonresidential	*Per Sq. Ft.*					
Mixed Use	$375	-	-	-	5.0%	5.0%
Commercial	$375	-	-	-	5.0%	5.0%
Office / Commercial	$375	-	-	-	5.0%	5.0%

Source: California Department of Finance; U.S. Bureau of Labor Statistics; CoStar; EPS.

[1] Assessed value estimates are based on anticipated sale prices by product type, using comparable sale data from Zillow and The Gregory Group. Non-residential assessed values are derived from market sale prices per square foot for comparable retail properties within Placer County. All comparable sales data restricted to properties constructed within the past five years.

[2] Market Rate household income assumptions:
Owner-occupied households: Assumes that annual mortgage payments, plus property taxes and insurance are 30% of income. Mortgage payments assume a 20% down payment, 30-yr term, 6% fixed interest. Taxes and insurance are assumed to equal 2% of home value. Includes a $150/month estimate for HOA dues.
Renter-occupied households: Assumes that rent plus utilities constitute 30 percent of household income. Market rents derived from Zillow and CoStar data based on comparable property types. Utility estimates derived from Placer County Housing Authority 2024 Utility Allowance Schedule.

[3] Taxable expenditures as a percentage of income derived from the 2022 BLS Consumer Expenditure Survey.

[4] Annual average taxable expenditure capped at $45,000.

[5] Based on EPS research, owner-occupied residential units assumed to turn over every 7 years and renter-occupied residential units to turn over every 15 years. Nonresidential uses are assumed to turn over once every 20 years.

[6] Estimated residential vacancy rates for occupied residences derived from Department of Finance Table E-5 for 01/01/25. Renter-occupied residential vacancy rates derived from CoStar data for multifamily properties within Placer County. Nonresidential vacancy rates derived from CoStar data for retail properties within Placer County.

[7] The Esplanade at Turkey Creek project includes 645 Low Density and 217 Medium Density active adult units as a part of the Village 1 Specific Plan. These units may apply under Proposition 19 and thus assessed values may be lower. Based on previous EPS analysis of active adult units, a 10% reduction in assessed values all active adult units has been applied. See Table D-2 for additional information.

Appendix B

Revenue-Estimating Tables

Table B-1. Revenue-Estimating Procedures B-1

Table B-2. Estimated Annual General Fund Revenues B-2

Table B-3. Estimated Annual Property Tax Revenues B-3

Table B-4. Real Property Transfer Tax Revenues B-4

Table B-5. Estimated Annual Sales and Use Tax Revenues B-5

Table B-5A. Estimated Annual Taxable Sales from Proposed Development, Market Support Method B-6

Table B-1
City of Lincoln
CFD 2018-2 Special Tax Update
Revenue-Estimating Procedures Based on City of Lincoln FY 2025-26 Amended Budget (2025$)

Item	Revenue Estimating Procedure	Case Study Reference	FY 2025-26 Budgeted Revenues	Offsetting Revenues	Not Impacted By New Development	Net Annual General Fund Revenues	Service Population	Revenue Multiplier
General Fund Revenues								
Property Taxes	Case Study	Table B-3	$10,739,686	$0	$0	$10,739,686	NA	-
Property Tax In Lieu of VLF	Case Study	Table B-3	$5,353,623	$0	$0	$5,353,623	NA	-
Real Property Transfer Tax	Case Study	Table B-4	$650,000	$0	$0	$650,000	NA	-
Sales Tax	Case Study	Table B-5	$5,478,117	$0	$0	$5,478,117	NA	-
Sales Tax - Public Safety	Case Study	Table B-5	$283,415	$0	$0	$283,415	NA	-
Hotel/Motel Tax	Persons Served Multiplier	-	$450,000	$0	$0	$450,000	59,870	$7.52
Business License Tax	Persons Served Multiplier	-	$84,000	$0	$0	$84,000	59,870	$1.40
Franchise Fees	Persons Served Multiplier	-	$960,000	$0	$0	$960,000	59,870	$16.03
Licenses and Permits	[2] [3]	-	$1,533,332	$1,533,332	$0	$0	NA	-
Intergovernmental	[2] [3]	-	$65,000	$65,000	$0	$0	NA	-
Service Charges	[2] [3]	-	$937,179	$853,179	$84,000	$0	NA	-
Leisure Services	[2]	-	$1,450,000	$1,450,000	$0	$0	NA	-
Use of Money/Property	[3]	-	$508,626	$0	$508,626	$0	NA	-
Fines and Forfeitures	[2]	-	$59,000	$59,000	$0	$0	NA	-
Other Revenue (Including Grant Revenue)	[3]	-	$398,041	$186,928	$211,113	$0	NA	-
Transfers In	[3]	-	$374,883	$0	$374,883	$0	NA	-
General Fund Operating Revenues			**$29,324,902**	**$4,147,439**	**$1,178,622**	**$23,998,841**		

Source: City of Lincoln FY 2025-26 Budget; EPS.

[1] Annual budget revenues are based on City of Lincoln FY 25-26 Budget, provided by City Staff on 10/7/25.
[2] This revenues source is not expected to be affected by the proposed development within the new growth areas and therefore no revenue multipliers are estimated in this analysis.
[3] This analysis assumes that all or part of these revenues are fully dedicated to specific General Fund departmental costs (offsetting revenues). Because these revenues are budget-neutral and are not discretionary, they are not included in estimating discretionary revenues.
[4] Per City guidance, this revenue source is not expected to be affected by the proposed development and has been omitted from this analysis.

Table B-2
City of Lincoln
CFD 2018-2 Special Tax Update
Estimated Annual Project Revenues at Buildout (2025$)

Item	Estimating Procedure	Source	Estimated Annual Revenues	
			Amount (Rounded)	Percentage of Total
Annual General Fund Revenues				
Property Taxes	Case Study	Table B-3	$9,975,800	51.5%
Property Tax In Lieu of VLF	Case Study	Table B-3	$3,906,600	20.2%
Real Property Transfer Tax	Case Study	Table B-4	$760,600	3.9%
Sales Tax	Case Study	Table B-5	$3,411,400	17.6%
Sales Tax - Public Safety	Case Study	Table B-5	$176,500	0.9%
Hotel/Motel Tax	Persons Served Multiplier	Table B-1	$348,000	1.8%
Business License Tax	Persons Served Multiplier	Table B-1	$65,000	0.3%
Franchise Fees	Persons Served Multiplier	Table B-1	$742,000	3.8%
Annual General Fund Revenues			**$19,385,900**	**100.0%**

Source: City of Lincoln FY 2025-26 Budget; EPS.

Note: Values are rounded to the nearest $100.

Table B-3
City of Lincoln
CFD 2018-2 Special Tax Update
Estimated Property Tax Revenues (2025$)

Item	Assumptions	Formula	Estimated Revenues
1% Property Tax			
Total Assessed Value of Project [1]		*a*	$10,617,400,575
Property Tax Revenue (1% of Assessed Value)	1.00%	*b = a * 1.00%*	$106,174,006
Estimated Property Tax Allocation			
City of Lincoln	9.40%	*c = b * 9.40%*	$9,975,801
Placer County	13.00%	*d = b * 13.00%*	$13,801,639
Other Agencies	77.61%	*e = b * 77.61%*	$82,396,566
Property Tax In Lieu of Motor Vehicle In-Lieu Fee Revenue (VLF)			
Total Citywide Assessed Value [2]		*f*	$12,809,447,691
Total Assessed Value of Project		*g = a*	$10,617,400,575
Total Assessed Value		*h = g + f*	**$23,426,848,266**
% of Project AV Already on County Roll [3]			$1,270,258,200
New Project AV (Not Yet on Roll)			$9,347,142,375
Percentage Change in AV		*i = g / f*	72.97%
Property Tax In Lieu of VLF [4]	$5,353,623	*j = i * $5,353,623*	$3,906,576

Source: City of Lincoln FY 2025-26 Budget; Placer County Auditor-Controller; EPS.

[1] For assumptions and calculation of assessed value, refer to Table D-2.
[2] Year 2025-26 Placer County Assessment Roll Values for City of Lincoln. Includes citywide secured, unsecured, and homeowner exemption.
[3] Refer to Table D-3.
[4] Property tax in lieu of VLF amount derived from the City of Lincoln FY 2025-26 Amended Budget. See Table B-1.

Table B-4
City of Lincoln
CFD 2018-2 Special Tax Update
Real Property Transfer Tax at Buildout (2025$)

Item	Source/ Assumption	Estimated Values
Assumptions		
Rate per $1,000 of AV [1]	$0.55	
Annual Turnover Rate		
Owner-Occupied Homes	14.3%	
Renter-Occupied Homes	6.7%	
Nonresidential	5.0%	
Estimate Property Transfer Tax		
Estimated Assessed Value [2]		
Owner-Occupied Homes	*a*	$9,034,369,200
Renter-Occupied Homes	*b*	$788,697,000
Nonresidential	*c*	$794,334,375
Total Estimated Assessed Value		**$10,617,400,575**
Estimated Property Turnover		
Owner-Occupied Homes	*c = a * 14.3%*	$1,290,624,171
Renter-Occupied Homes	*d = b * 6.7%*	$52,579,800
Nonresidential	*e = c * 5.0%*	$39,716,719
Subtotal Estimated Property Turnover		**$1,382,920,690**
Estimated Annual Property Transfer Tax	*c = $0.55 / 1,000 * b*	**$760,606**

Source: City of Lincoln; EPS.

[1] Based on California Revenue and Taxation Code, §§ 11911-11929, which authorizes cities and counties to levy a real estate transfer tax at a rate of $0.55 per $1,000 value.
[2] Assessed Values (AV) derived in Table D-2 note that assessed values are expressed in 2025$ and include no real AV growth.

Table B-5
City of Lincoln
CFD 2018-2 Special Tax Update
Estimated Taxable Sales and Use Tax Revenue (2025$)

Item	Assumptions	Formula	Estimated Revenue
Estimated Annual Taxable Sales (Rounded)			
Annual Taxable Sales from New Market Support	**Table B-5A**	*a*	$284,935,000
Net Annual Taxable Sales from Onsite Nonresidential Uses	**Table B-5B**	*b*	$56,203,000
Total Annual Taxable Sales			**$341,138,000**
Annual Sales Tax Revenue			
Bradley Burns Local Sales Tax Rate	1.0000%	*b = 1.0000% * a*	$3,411,380
Total Sales Tax Revenue			**$3,411,380**
City of Lincoln Prop. 172 Public Sales Tax Revenue [1]	**0.05174%**	*c = 0.0517% * a*	**$176,491**

Source: California State Board of Equalization; City of Lincoln; EPS.

[1] State Board of Equalization collects one-half cent sales tax revenue under Proposition 172. Based on estimated citywide taxable sales, the City receive approximately 0.05174% of the Prop 172 sales tax revenues (City FY 2025-26 Budget).

Table B-5A
City of Lincoln
CFD 2018-2 Special Tax Update
Estimated Annual Taxable Sales, Hybrid Market Support Method (2025$)

Item	Source/ Assumption	Estimated Values
Annual Taxable Sales from New Occupied Households		
Occupied Residential Units	*Table A-3*	
Owner-Occupied Residential Units		
Rural Residential		105
Country Estates		684
Low Density		6,501
Medium Density		5,813
High Density		1,105
Halfplex		21
Owner-Occupied Residential Subtotal		**14,230**
Renter-Occupied Residential Units		
High Density - Detached		117
Halfplex / Townhome		117
High Density - Multifamily		1,277
Mixed Use		819
Renter-Occupied Residential Subtotal		**2,330**
Taxable Retail Expenditures [1]	*Table A-4*	
Owner-Occupied Residential Units		
Rural Residential	*$45,000*	$4,704,000
Country Estates	*$38,600*	$26,417,000
Low Density	*$36,900*	$239,890,000
Medium Density	*$33,700*	$195,893,000
High Density	*$29,200*	$32,279,000
Halfplex	*$25,000*	$532,000
Owner-Occupied Residential Subtotal		**$499,715,000**
Renter-Occupied Residential Units		
High Density - Detached	*$34,600*	$4,053,000
Halfplex / Townhome	*$30,600*	$3,584,000
High Density - Multifamily	*$24,800*	$31,664,000
Mixed Use	*$24,800*	$20,309,000
Renter-Occupied Residential Subtotal		**$59,610,000**
Total Residential Taxable Retail Expenditures		**$559,325,000**
Taxable Sales from New Households		
Estimated Retail Capture in City of Lincoln [2]	*50%*	**$279,662,500**
Annual Taxable Sales from New Employees	*Table A-3*	
New Employees		4,625
Average Daily Taxable Sales per New Employee	*$10*	
Work Days per Year	*240*	
Total City Taxable Sales from New Employees	*50%*	**$5,550,000**
Taxable Sales from New Employees		
Estimated Retail Capture in City of Lincoln [2]	*95%*	**$5,272,500**
Total Annual City Taxable Sales from Market Support		**$284,935,000**
Taxable City Sales inside Project Area	*100%*	$284,935,000
Taxable City Sales outside Project Area	*0%*	$0

Source: BLS; Consumer Expenditure Survey; and EPS.

[1] See Table A-4. Rounded to the nearest $1,000.
[2] Estimated citywide retail capture rate is based on EPS analysis.

Table B-5B
City of Lincoln
CFD 2018-2 Special Tax Update
Estimated Annual Taxable Sales Generated from On-Site Nonresidential (2025$)

Item	Annual Taxable Sales per Sq. Ft. [1]	Proposed Development	
		Occupied Bldg Sq. Ft.	Total Annual Taxable Sales
Annual Taxable Sales from Onsite Nonresidential Development			
Nonresidential			
Mixed Use	*$260*	158,650	$41,249,000
Commercial	*$260*	1,153,419	$299,888,875
Office / Commercial	*$0*	700,245	$0
Total Nonresidential		**2,012,314**	**$341,137,875**
Less Total Annual Taxable Sales From Onsite Market Support (within the Project) [2]			$284,935,000
Subtotal Annual Taxable Sales from Onsite Nonres. Dev less Market Support			**$56,203,000**
Less Shift of Sales from Existing Retail Stores to the Project [3]			$0
Annual Taxable Sales Less Market Support			**$56,203,000**

Source: BizMiner 2016; ULI Dollars & Cents 2008; Bureau of Labor Statistics, "CPI-All Urban Consumers (Current Series) - West Urban"; RetailSails

[1] See Table D-4 for details on taxable retail sales.
[2] Derived in Table B-5A.
[3] Based on the planned size and location of retail uses and number of new dwelling units and employees in the project, this analysis estimates that there would be a neglible shift in taxable sales from other retail outlets in the City.

Appendix C:

Expenditure-Estimating Tables

Table C-1. Expenditure-Estimating Procedures C-1

Table C-2. Estimated Annual General Fund Expenditures C-2

Table C-3. Estimated Police and Fire per Capita Costs Based on City Staffing Standards (2025$) C-2

Table C-1
City of Lincoln
CFD 2018-2 Special Tax Update
Expenditure-Estimating Procedures Based on City of Lincoln FY 2023-24 Amended Budget (2025$)

Item	Estimating Procedure	FY 2023-24 Subtotal Expenditures	Less Offsetting Revenue [1]	FY 2023-24 Net City Expenditures	Population or Persons Served	Net Expenditure Multiplier	Adjustment Factor [2]	Adjusted Expenditure Multiplier
General Fund Expenditures								
City Attorney	Persons Served Multiplier	$440,467	$4,500	$435,967	59,870	$7.28	75%	$5.46
City Council/Treasurer	Persons Served Multiplier	$527,240	$0	$527,240	59,870	$8.81	75%	$6.60
City Manager	Persons Served Multiplier	$877,594	$0	$877,594	59,870	$14.66	75%	$10.99
Community Development [3]	Persons Served Multiplier	$482,377	$1,567,084	$0	59,870	$0.00	75%	$0.00
Finance	Persons Served Multiplier	$943,856	$486,000	$457,856	59,870	$7.65	75%	$5.74
Fire	Case Study	$8,526,358	$5,000	$8,521,358	NA	NA	NA	NA
Library	Per Capita Multiplier	$1,346,969	$229,000	$1,117,969	54,520	$20.51	100%	$20.51
Police	Case Study	$11,177,392	$422,927	$10,754,465	NA	NA	NA	NA
Public Works	Persons Served Multiplier	$3,580,150	$0	$3,580,150	59,870	$59.80	75%	$44.85
Recreation	Per Capita Multiplier	$3,370,872	$1,432,928	$1,937,944	54,520	$35.55	100%	$35.55
Total Annual General Fund Expenditures		**$31,273,275**	**$4,147,439**	**$28,210,543**				

Source: City of Lincoln FY 2025-26 Amended Budget; EPS.

[1] Represents departmental revenues identified for specific General Fund department functions in the City's fiscal budget.
[2] Adjustment factor recognizes some department costs are fixed.
[3] Offset revenues exceed subtotal expenditures, expenditure multiplier set to $0.

Table C-2
City of Lincoln
CFD 2018-2 Special Tax Update
Estimated Annual Project Expenditures at Buildout (2025$)

Item	Estimating Procedure	Source	Amount (Rounded)	Percentage of Total
General Fund				
City Attorney	Persons Served Multiplier	Table C-1	$252,900	0.9%
City Council/Treasurer	Persons Served Multiplier	Table C-1	$305,800	1.1%
City Manager	Persons Served Multiplier	Table C-1	$509,000	1.9%
Community Development	Persons Served Multiplier	Table C-1	$0	0.0%
Finance	Persons Served Multiplier	Table C-1	$265,600	1.0%
Fire	Case Study	Table C-1	$8,983,400	33.0%
Library	Per Capita Multiplier	Table C-1	$902,100	3.3%
Police	Case Study	Table C-1	$12,341,300	45.4%
Public Works	Persons Served Multiplier	Table C-1	$2,076,700	7.6%
Recreation	Per Capita Multiplier	Table C-1	$1,563,700	5.7%
Annual General Fund Expenditures			**$27,200,500**	**100.0%**

Source: City of Lincoln FY 2025-26 Amended Budget; EPS.

Note: Values are rounded to the nearest $100.

Table C-3
City of Lincoln
CFD 2018-2 Special Tax Update
Estimated Police and Fire per Capita Costs Based on City Staffing Standards (2025$)

Department/Item	Formula	Assumption	Police and Fire Project Costs
Buildout Resident Population			
Residential Population	*a*		43,991
Total	***b = a***		**43,991**
Police			
Service Standards (Officers per 1,000 residents)	*c*	1.00	
Average City of Lincoln Cost per Officer	*d*	$295,308	
Adjustment Factor [1]	*e*	95%	
Average Cost per Capita	*f = (d * e * c)/1,000*	$281	
Estimated Police Costs	***g = b * f***		**$12,341,333**
Fire			
Service Standards (Officers per 1,000 residents)	*h*	0.80	
Average City of Lincoln Cost per Officer	*i*	$268,696	
Adjustment Factor [1]	*j*	95%	
Average Cost per Capita (Standard Residential)	*k = (i * j * h)/1,000*	$204	
Estimated Fire Costs	***i = b * k***		**$8,983,371**

Source: City of Lincoln, EPS

[1] Adjustment factor reduces the average cost per officer and firefighter per capita to account for the fact that the small number of additional residents will not necessitate a demand in additional fixed costs.

Appendix D:

Supporting Tables for Revenue and Expenditure Analyses

Table D-1. Estimated Property Tax Allocations for Annexation Areas D-1

Table D-2. Project Area Assessed Valuation D-2

Table D-3. Estimated Average Annual Household Income D-3

Table D-4. Total and Taxable Retail Sales per Square Foot D-4

Table D-5. Offsetting Revenues Allocated by General Fund Department Function .. D-5

Table D-1
City of Lincoln
CFD 2018-2 Special Tax Update
Preliminary Property Tax Allocations - Summary

Item	City of Lincoln Post-ERAF Distribution of Tax Increment - Weighted Averages	Placer County Post-ERAF Distribution of Tax Increment - Weighted Averages	Other Agencies Post-ERAF Distribution of Tax Increment - Weighted Averages	Total Assessed Value
New Growth Area Plans				
Village 1	9.9271%	11.3078%	78.7651%	$3,292,732,200
Village 5A	8.8716%	13.3074%	77.8209%	$3,900,634,500
Village 7	8.7517%	13.1276%	78.1206%	$1,868,355,000
Lincoln Meadows	9.5505%	11.5609%	78.8886%	$94,572,000
Cresleigh Grove	7.2007%	13.7509%	79.0484%	$45,567,000
Meadowlands	12.1649%	16.0021%	71.8330%	$146,745,000
SUD-B	8.8803%	16.3333%	74.7864%	$435,006,000
Twelve Bridges	8.1188%	15.3868%	76.4944%	$369,333,000
Independence	14.3436%	16.3333%	69.3230%	$335,439,000
Magnolia Village	14.3436%	16.3332%	69.3232%	$15,264,000
583 F St.	14.3436%	16.3333%	69.3230%	$4,501,875
Joiner Ranch East	10.4484%	15.4742%	74.0774%	$109,251,000
Weighted Average	**9.3957%**	**12.9991%**	**74.52377%**	
Total				**$10,617,400,575**

Source: Placer County Auditor-Controller; City of Lincoln; EPS.

Table D-2
City of Lincoln
CFD 2018-2 Special Tax Update
Estimated Assessed Valuation at Buildout (2025$)

Item	Dwelling Units/Square Footage	Assessed Value per Unit/Bldg Sq. Ft.	Estimated Assessed Valuation at Buildout (2025$) [1]
Formula			
For-Sale Residential		*Per Unit*	
Rural Residential	108	$1,980,000	$213,840,000
Country Estates	707	$1,035,000	$731,745,000
Low Density	6,071	$639,000	$3,879,369,000
Low Density - Active Adult [2]	645	$575,100	$370,939,500
Medium Density	5,788	$549,000	$3,177,612,000
Medium Density - Active Adult [2]	217	$494,100	$107,219,700
High Density	1,142	$477,000	$544,734,000
Halfplex	22	$405,000	$8,910,000
Total For-Sale Residential	**14,700**		**$9,034,369,200**
Rental Residential			
High Density - Detached	121	$477,000	$57,717,000
Halfplex / Townhome	121	$405,000	$49,005,000
High Density - Multifamily	1,319	$315,000	$415,485,000
Mixed Use	846	$315,000	$266,490,000
Total Rental Residential	**2,407**		**$788,697,000**
Nonresidential		*Per Sq. Ft.*	
Mixed Use	167,000	$375	$62,625,000
Commercial	1,214,125	$375	$455,296,875
Office / Commercial	737,100	$375	$276,412,500
Total Nonresidential	**2,118,225**		**$794,334,375**
Total Assessed Value			**$10,617,400,575**

Source: Gregory Group; CoStar; EPS.

[1] Note that assessed values (AV)s are expressed in 2025$ and include no real AV growth.
[2] Assessed values for Active Adult units within the Esplanade at Turkey Creek project, part of the Village 1 Specific Plan Area, are reduced by 10% to reflect the impact of Proposition 19 on property assessments.

Table D-3
City of Lincoln
CFD 2018-2 Special Tax Update
Estimated Assessed Value of Properties Currently on the Assessor's Roll

Item	Dwelling Units/Square Footage	Assessed Value per Unit/Bldg Sq. Ft.	Estimated Assessed Valuation at Buildout (2025$)
Residential Units		*Per Unit*	
Low Density	600	$639,000	$383,400,000
Low Density - Active Adult [2]	645	$575,100	$370,939,500
Medium Density	200	$549,000	$109,800,000
Medium Density - Active Adult [2]	217	$494,100	$107,219,700
High Density	587	$477,000	$279,999,000
Multifamily	60	$315,000	$18,900,000
Total Assessed Value	**2,309**		**$1,270,258,200**

Source: Gregory Group; CoStar; EPS.

[1] Note that assessed values (AV)s are expressed in 2025$ and include no real AV growth.
[2] Assessed values for Active Adult units within the Esplanade at Turkey Creek project, part of the Village 1 Specific Plan Area, are reduced by 10% to reflect the impact of Proposition 19 on property assessments.

Table D-4
City of Lincoln
CFD 2018-2 Special Tax Update
Total and Taxable Retail Sales per Square Feet (2025$)

Item	Original Data [see Note]	Escalated Data (2025$) [1]	Retail Sales by Shopping Center Type: Neighborhood % [2]	Neighborhood Sales Value	Community % [2]	Community Sales Value	Highway Commercial % [2]	Highway Commercial Sales Value	Regional % [2]	Regional Sales Value
Total Retail Sales per Square Foot										
Motor Vehicle and Parts Dealers [3]	$250	$343	3%	$10	2%	$7	5%	$17	1%	$3
Home Furnishings and Appliance Stores	$525	$721	0%	$0	7%	$50	0%	$0	10%	$72
Bldg. Matrl. and Garden Equip. and Supplies	$356	$489	0%	$0	15%	$73	0%	$0	1%	$5
Food and Beverage Stores [4]	$598	$772	55%	$425	24%	$185	5%	$39	3%	$23
Gasoline Stations [5]	$1,321	$2,045	1%	$20	2%	$41	10%	$204	1%	$20
Clothing and Clothing Accessories Stores	$370	$508	2%	$10	5%	$25	0%	$0	20%	$102
General Merchandise Stores	$360	$494	5%	$25	24%	$119	0%	$0	20%	$99
Food Services and Drinking Places	$492	$676	8%	$54	10%	$68	60%	$405	20%	$135
Other Retail	$209	$287	12%	$34	6%	$17	20%	$57	18%	$52
Nonretail [6]	NA	NA	14%	NA	5%	NA	0%	NA	6%	NA
Total Retail Sales Per Square Foot			**100%**	**$580**	**100%**	**$590**	**100%**	**$720**	**100%**	**$510**
Taxable Retail Sales per Square Foot by Retail Center Type										
Percent Taxable by Shopping Center Type [7]				44%		54%		60%		98%
Taxable Sales per Square Foot (Rounded)				**$260**		**$320**		**$430**		**$500**

Note: Original data is based on an average of multiple sources and is presented in 2016$ unless noted otherwise in footnotes.

Source: BizMiner 2016; ULI Dollars & Cents 2008; State of California Board of Equalization (BOE) Publication 61; Bureau of Labor Statistics, "CPI-All Urban Consumers (Current Series) - West Urban"; RetailSails http://retailsails.files.wordpress.com/2011/09/rs_spsf.pdf; eMarketer pulled February 2019; respective annual 10-K reports; EPS.

[1] Sales per square foot are estimated based on data from BizMiner, RetailSails, eMarketer, and annual SEC 10-K reports. Some reported figures are from previous calendar or fiscal years and have been escalated to 2025$, except when noted otherwise.

Year	CPI	Adjustment to 2025$
2008	219.65	54.8%
2016	247.71	37.2%
2018	263.26	29.1%
2025 (Q1+Q2)	339.93	-

[2] Reflects percentage of total square footage by retail category by retail center type, estimated based on ULI's Dollars & Cents 2008
[3] Reflects motor vehicle parts only; excludes total retail sales per square foot for dealerships.
[4] Sales per square foot for Food and Beverage stores estimated based on the averages from BizMiner, RetailSales, eMarketer, and annual 10-K reports from 2018 (2018$), escalated to 2025$.
[5] Estimated using ULI's Dollars & Cents, 2008 (2008$), escalated to 2025$.
[6] Included to account for non-taxable retail space occupants, such as services.
[7] Based on BOE Publication 61, March 2018.

Table D-5
City of Lincoln
CFD 2018-2 Special Tax Update
Offsetting Revenues Allocated by General Fund Department Function

Offsetting Revenues	City Attorney	City Council/ Treasurer	City Manager	Community Devevelopment	Finance	Fire	Library	Police	Public Works	Recreation	Total
Licenses and Permits											
Development Permits	$0	$0	$0	$1,485,805	$0	$0	$0	$0	$0	$0	$1,485,805
Alarm Permits	$0	$0	$0	$0	$0	$0	$0	$47,527	$0	$0	$47,527
Total Offsetting Licenses and Permits	**$0**	**$0**	**$0**	**$1,485,805**	**$0**	**$0**	**$0**	**$47,527**	**$0**	**$0**	**$1,533,332**
Other Intergovernmental											
Mandated Cost Recovery Program	$0	$0	$0	$0	$65,000	$0	$0	$0	$0	$0	$65,000
Total Offsetting Intergovernmental	**$0**	**$0**	**$0**	**$0**	**$65,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$65,000**
Service Charges											
Golf Cart Fees	$0	$0	$0	$0	$0	$0	$0	$3,900	$0	$0	$3,900
Special Police Services	$0	$0	$0	$0	$0	$0	$0	$300,000	$0	$0	$300,000
Mutual Aid Reimb Equipment	$0	$0	$0	$0	$0	$5,000	$0	$0	$0	$0	$5,000
Building Plan Check	$0	$0	$0	$81,279	$0	$0	$0	$0	$0	$0	$81,279
Special Event Fees	$0	$0	$0	$0	$0	$0	$0	$0	$0	$25,000	$25,000
Administrative Fees - Pass Thru	$0	$0	$0	$0	$410,000	$0	$0	$0	$0	$0	$410,000
Public Safety Fee Village 1	$0	$0	$0	$0	$0	$0	$0	$28,000	$0	$0	$28,000
Total Offsetting Service Charges	**$0**	**$0**	**$0**	**$81,279**	**$410,000**	**$5,000**	**$0**	**$331,900**	**$0**	**$25,000**	**$853,179**
Leisure Services	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$155,000**	**$0**	**$0**	**$1,295,000**	**$1,450,000**
Fines & Forfeitures											
Parking Fines	$0	$0	$0	$0	$0	$0	$0	$3,500	$0	$0	$3,500
Code Enforcement Charges	$4,500	$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,500
Traffic/Vehicle Fines	$0	$0	$0	$0	$0	$0	$0	$40,000	$0	$0	$40,000
Police Forfeiture Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Penalties and Service Charges	$0	$0	$0	$0	$11,000	$0	$0	$0	$0	$0	$11,000
Total Offsetting Fines & Forfeitures	**$4,500**	**$0**	**$0**	**$0**	**$11,000**	**$0**	**$0**	**$43,500**	**$0**	**$0**	**$59,000**
Other and Grant Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$74,000**	**$0**	**$112,928**	**$186,928**
Total	**$4,500**	**$0**	**$0**	**$1,567,084**	**$486,000**	**$5,000**	**$155,000**	**$496,927**	**$0**	**$1,432,928**	**$4,147,439**

Source: City of Lincoln 2023-24 Amended Budget; City of Lincoln Finance Dept.; EPS.

Appendix E:

Special Tax Levy Summaries – Existing and Buildout Conditions

Table E-1. Special Tax Levy Summary - Existing Conditions E-1

Table E-2. Special Tax Levy Summary - Buildout Conditions E-2

Table E-1
City of Lincoln
CFD 2018-2 Special Tax Update
Special Tax Levy Summary - Existing Conditions

		Fiscal Year 2025-2026 Special Tax Levy Summary							Proposed Special Tax Levy Rates			
		Low and Medium Density		High Density		Multi-Family						
Tax Zone	Project	Applied Rate	No. of Units	Applied Rate	No. of Units	Applied Rate	No. of Units	**Total Revenues**	Low and Medium Density	High Density	Multi-Family	**Total Revenues**
1	Independence, Magnolia, 583 F St., Joiner Ranch East	$82.90	473	$52.64	39	N/A	0	**$41,265**	$82.90	$52.64	$309.52	**$41,265**
2	Cresleigh Grove	$170.56	83	N/A	0	N/A	0	**$14,156**	$170.56	$347.35	$309.52	**$14,156**
3	12 Bridges (25)	$764.11	49	N/A	0	N/A	0	**$37,441**	$491.80	$347.35	$309.52	**$24,098**
4	Meadowlands	$559.43	190	$341.12	81	N/A	0	**$133,922**	$491.80	$341.12	$309.52	**$121,072**
5	Turkey Creek Estates	$654.93	118	N/A	0	N/A	0	**$77,282**	$491.80	$347.35	$309.52	**$58,032**
6	Esplanade-Turkey Creek	$461.41	534	N/A	0	N/A	0	**$246,393**	$461.41	$347.35	$309.52	**$246,393**
7	Lincoln Meadows	$678.88	148	N/A	0	N/A	0	**$100,474**	$491.80	$347.35	$309.52	**$72,786**
8	12 Bridges (3,4,27)	N/A	0	$789.67	467	$497.48	60	**$398,625**	$491.80	$347.35	$309.52	**$180,785**
9	Hidden Hills	$510.17	4	N/A	0	N/A	0	**$2,041**	$491.80	$347.35	$309.52	**$1,967**
11	Peery Property	N/A	0	N/A	0	N/A	0	**$0**	$491.80	$347.35	$309.52	**$0**
12	Liberty at Lincoln	$441.90	63	N/A	0	N/A	0	**$27,840**	$441.90	$347.35	$309.52	**$27,840**
Total Revenues								**$1,079,439**				**$788,393**

Source: EPS; Francisco and Associates

Table E-2
City of Lincoln
CFD 2018-2 Special Tax Update
Special Tax Levy Summary - Buildout Conditions

		Existing Special Tax Levy Rates							Proposed Special Tax Levy Rates			
		Low and Medium Density		High Density		Multi-Family						
Tax Zone	Project	Applied Rate	No. of Units	Applied Rate	No. of Units	Applied Rate	No. of Units	**Total Revenues**	Low and Medium Density	High Density	Multi-Family	**Total Revenues**
1	Independence, Magnolia, 583 F St., Joiner Ranch East	$82.90	773	$52.64	78	N/A	0	**$68,188**	$82.90	$52.64	$309.52	**$68,188**
2	Cresleigh Grove	$170.56	83	N/A	0	N/A	0	**$14,156**	$170.56	$347.35	$309.52	**$14,156**
3	12 Bridges (25)	$764.11	49	N/A	0	N/A	0	**$37,441**	$491.80	$347.35	$309.52	**$24,098**
4	Meadowlands	$559.43	190	$341.12	81	N/A	0	**$133,922**	$491.80	$341.12	$309.52	**$121,072**
5	Turkey Creek Estates	$654.93	448	N/A	0	N/A	0	**$293,409**	$491.80	$347.35	$309.52	**$220,324**
6	Esplanade-Turkey Creek	$461.41	862	N/A	0	N/A	0	**$397,735**	$461.41	$347.35	$309.52	**$397,735**
7	Lincoln Meadows	$678.88	148	N/A	0	N/A	0	**$100,474**	$491.80	$347.35	$309.52	**$72,786**
8	12 Bridges (3,4,27)	N/A	0	$789.67	656	$497.48	62	**$548,867**	$491.80	$347.35	$309.52	**$247,053**
9	Hidden Hills	$510.17	233	N/A	0	N/A	0	**$118,870**	$491.80	$347.35	$309.52	**$114,588**
11	Peery Property	$463.97	132	N/A	0	N/A	0	**$61,244**	$463.97	$347.35	$309.52	**$61,244**
12	Liberty at Lincoln	$441.90	749	N/A	0	N/A	0	**$330,983**	$441.90	$347.35	$309.52	**$330,983**
Total Revenues								**$2,105,290**				**$1,672,228**

Source: EPS; Francisco and Associates

RESOLUTION 2026-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LINCOLN UPDATES TO THE COMMUNITY FACILITIES DISTRICT (CFD) NO. 2018-2 SPECIAL TAX METHODOLOGY TO ESTABLISH A UNIFORM MAXIMUM SPECIAL TAX RATE ACROSS TAX ZONES

WHEREAS, the City established CFD No. 2018-2 to fund municipal services required to serve new development within designated growth areas. As development within the district has progressed, maximum special tax rates have been established on a project-by-project basis, resulting in variation in tax rates across tax zones; and

WHEREAS, the City is reevaluating its approach to ensure that special tax rates are applied more consistently and equitably across the CFD; and

WHEREAS, Fiscal Impact Analysis evaluates both constructed and entitled residential and nonresidential development within the CFD Project Area. The analysis estimates General Fund revenues generated by development through sources such as property tax, sales tax, and other discretionary revenues, and compares these revenues to the cost of providing municipal services, including public safety, parks, and general government services; and

WHEREAS, based on the updated analysis, a new per-unit maximum tax amount has been identified. Based on these findings, the City is considering an update to the CFD No. 2018-2 special tax methodology to establish a more uniform maximum special tax levy across tax zones. Under the proposed approach, a consistent maximum special tax rate would be applied to both existing and future development within the CFD; and

WHEREAS, for existing tax zones, maximum special tax rates that are lower than the proposed uniform rate would be retained, while those with higher maximum rates would be reduced to the proposed level. This approach is intended to promote equity across development projects while ensuring that special tax rates remain aligned with the City's cost of providing municipal services.

NOW THEREFORE BE IT RESOLVED:

Section 1. The City Council accepts and adopts updates to the Community Facilities District (CFD) No. 2018-2 Special Tax Methodology to establish a uniform maximum special tax rate across all tax zones to be applied to both existing and future development win the CFD area.

a. For existing tax zones, maximum special tax rates that are lower than the new maximum uniform tax rate will be retained at the lower amount, while those with higher maximum rates would be reduced to the new maximum uniform tax rate for the property tax year beginning assessment year 2026-2027.

Section 2. The uniform maximum special tax rate shall be $491.80 for Low and Medium Density housing units, $347.35 for High Density housing units and $309.52 for Multi-family housing units.

a. All other parameters of CFD No. 2018-2 shall remain in effect.

PASSED AND ADOPTED this 14th day of April, 2026 by the following vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:
ABSTAIN: Councilmembers:

_____
Richard Pearl, Mayor

ATTEST:

_____
Hope Ithurburn, City Clerk

STAFF REPORT

Item Number 15.B

SUBJECT: Adopt a Resolution Authorizing the Issuance of the City of Lincoln Community Facilities District No. 2005-1 Special Tax (Sorrento Village) Special Tax Refunding Bonds, Series 2026. (Nita Wracker)

SUBMITTED BY: Nita Wracker

DEPARTMENT: Finance

DATE: April 14, 2026

STAFF RECOMMENDATION:

Staff Recommends the City Council adopt a resolution authorizing the issuance of the City of Lincoln Community Facilities District No. 2005-1 Special Tax Refunding Bonds, Series 2026 (the “2026 Bonds”).

BACKGROUND/INTRODUCTION:

Community Facilities District No. 2005-1 (Sorrento Project) (the “District”) was formed in 2005 under the Mello-Roos Community Facilities Act of 1982 for the purpose of financing public infrastructure improvements associated with the Sorrento development within the City of Lincoln.

The District encompasses a master-planned residential community consisting of approximately 497 single-family homes. Special taxes are levied annually on properties within the District to repay the bonds issued to finance infrastructure improvements.

The District has the following outstanding bonds:

- Special Tax Bonds, Series 2013
- Special Tax Bonds, Series 2014A
- Special Tax Bonds, Series Ref 2016

Under the District’s bond documents, additional bonds may only be issued for refunding purposes. The proposed 2026 Bonds are being issued solely to refinance the outstanding bonds to achieve debt service savings.

FINDINGS/ANALYSIS:

The purpose of the proposed refunding is to refinance the outstanding bonds at lower interest

The purpose of the proposed refunding is to refinance the outstanding bonds at lower interest rates to reduce debt service costs and special tax burdens on property owners within the District.

The refunding will:

- Reduce annual debt service payments
- Reduce total interest costs over time
- Maintain or reduce annual special tax levies
- Provide financial benefits to property owners within the District

Refunding bonds are commonly issued when interest rates decline and refinancing outstanding bonds produces measurable savings to taxpayers.

Refunded Bonds

The 2026 Bonds will be issued to refund all of the District's outstanding debt and to pay the cost of issuance. The 2026 Bonds will shorten the final maturity to **2043 from 2044**, matching the final year of the tax levy. Rather than funding the DSRF with cash, the bonds will use a **surety-backed DSRF**, eliminating the need for upfront reserve funding. Market conditions at the time of pricing may require the use of cash to fund all or a portion of the debt service reserve fund. In no scenario will the tax levy be extended.

The refunding will be accomplished through the establishment of escrow accounts for each refunded bond series. Proceeds from the 2026 Bonds will be deposited into the escrow accounts and invested in federal securities to pay the remaining debt service on the refunded bonds until their redemption dates.

Once the escrow funds are deposited and verified, the refunded bonds will be considered legally defeased and no longer outstanding obligations of the District.

Escrow and Verification

An independent verification agent will confirm that the escrow securities will generate sufficient funds to pay all remaining principal and interest on the refunded bonds through redemption. This is standard practice for municipal bond refundings.

The 2026 Bonds

The 2026 Refunding Bonds will be issued pursuant to the Mello-Roos Community Facilities Act of 1982 and will be secured by special taxes levied on taxable property within Community Facilities District No. 2005-1 (Sorrento Project). The Bonds will be payable solely from Net Special Taxes and certain funds held under the Bond Indenture. Special taxes are levied annually on taxable property within the District and are collected on the Placer County property tax roll in the same manner as ad valorem property taxes. The Bonds are limited obligations of the District and are not a debt of the City of Lincoln, the County of Placer, the State of California, or any of their political subdivisions. The Bonds are not secured by the City's General Fund or taxing power.

Debt Service Savings

The transaction is expected to achieve net present value savings that are around the City's

refunding policy threshold of 3% or greater of refunded bond principal. The compelling reason to issue refunding bonds if savings fall below the 3% threshold is that it reduces the tax burden on homeowners. Savings will be achieved through:

- Lower interest rates on the refunding bonds
- Restructuring of debt service payments
- Refinancing higher-interest maturities
- Using debt service reserve funds to paydown principal

The proposed refunding is expected to generate approximately $1,700,000 in total debt service savings over the life of the bonds, resulting in net present value savings of approximately $408,000, representing approximately 2.86% of the refunded bonds. These savings will reduce the annual debt service requirements of the District and are expected to lower the special tax levies required to repay the bonds.

Impact on Special Taxes

In addition to overall debt service savings, the refunding is estimated to generate **approximately $1,560 in total savings for the average homeowner over the remaining life of the bonds**, providing a direct financial benefit to property owners within the District. The refunding is expected to:

- Reduce annual debt service requirements
- Maintain or reduce annual special tax levies
- Reduce long-term interest costs paid by property owners

As required under Section 5852.1 of the California Government Code, the good faith estimates as provided by the Municipal Advisor and Underwriter are set forth below.

Principal Amount. The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be issued and sold is $12,520,000 (the "Estimated Principal Amount").

True Interest Cost. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 4.03%.

Finance Charge. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is $574,406.

Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the

Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is $13,053,935.

Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is 19,761,689, which excludes any reserves or capitalized interest funded or paid with proceeds of the Bonds (which may offset such total payment amount).

Approval of the resolution presented approves the preparation, form of, and/or authorizes the execution and delivery of the following documents:

- **Preliminary Official Statement**: The Preliminary Official Statement (the "POS") is the "offering document" for the Bonds. The POS describes the District, the Bonds, the proposed development within the District, and any other information that would be material to a prospective investor's decision on whether to purchase the Bonds.

- **Bond Indenture**: The Bond Indenture is a contract between the District and U.S. Bank Trust Company, National Association, as the appointed Trustee for the Bonds. This agreement contains terms of the Bonds, including, but not limited to, the payment and redemption provisions, the pledge of revenues to pay Bonds, rights and duties of the Trustee, remedies upon a default in the payment of the Bonds, and other related matters.

- **Continuing Disclosure Agreement**: Executed for the benefit of bondholders, the Continuing Disclosure Certificate obligates the District to file an annual report each Fiscal Year which includes, among other things, the most recent audited financial statements of the City and financial data relating to the District. The District is also required to report certain significant events to bondholders if they occur.

- **Bond Purchase Agreement**: Under the Bond Purchase Agreement, the District agrees to sell the Bonds to the underwriter, and the underwriter agrees to purchase the Bonds, subject to typical closing conditions. City staff, the City's Municipal Advisor, and Bond Counsel will sign off on the final pricing of the Bonds before the Bond Purchase Agreement is executed.

- **Escrow Agreements**: The Escrow Agreements are entered into by and between the District and the Trustee for the Refunded Bonds. The District will deposit Bond Proceeds with the Trustees for the Refunded Bonds which will be invested in government securities which will yield sufficient proceeds to pay the principal and interest on the Bonds maturing on September 1, 2026 and to redeem all of the remaining Refunded Bonds on September 1, 2026.

Bond Counsel and the City Attorney have reviewed the attached financing documents on behalf of the City. If this resolution is approved, City staff will continue working with the financing team to finalize all of the documents mentioned above.

ENVIRONMENTAL REVIEW:

The Sorrento development previously receive all approval required pursuant to the California Environmental Quality Act ("CEQA"), as codified at Public Resources Code § 21000, *et seq*.>.

FISCAL IMPACT:

The Bonds are paid from Special Taxes levied in the District. There is no fiscal impact on the City's General Fund. The City will, however, be required to provide administration for the District. City administration costs are funded as part of the annual Special Tax levy.

ATTACHMENTS:
CFD Resolution.docx

2. Bond Indenture - Lincoln CFD No. 2005-1 (Sorrento Project) 2026, 4937-1374-2223_4.docx

3. Preliminary Official Statement - Lincoln CFD No. 2005-1 (Sorrento Project) 2026, 4911-8123-4575_5.docx

4. Bond Purchase Agreement - City of Lincoln CFD 2005-1 (Sorrento Project) 2026 Refunding Bonds.docx

5.a. Escrow Agreement (2013 Bonds) - Lincoln CFD No. 2005-1 (Sorrento Project) 2026, 4903-2520-3343_3.docx

5.b. Escrow Agreement (2014A Bonds) - Lincoln CFD No. 2005-1 (Sorrento Project) 2026, 4938-6642-3696_3.docx

5.c. Escrow Agreement (2016 Bonds) - Lincoln CFD No. 2005-1 (Sorrento Project) 2026, 4933-9318-8752_3.docx

RESOLUTION NO. 2026-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LINCOLN, ACTING AS THE LEGISLATIVE BODY OF CITY OF CITY OF LINCOLN COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT), AUTHORIZING THE ISSUANCE OF ITS SPECIAL TAX REFUNDING BONDS SERIES 2026 AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City Council (the "City Council" or the "legislative body of the District") of the City of Lincoln (the "City") has previously undertaken proceedings to form and declared the necessity to issue bonds on behalf of City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) (the "District") pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the "Act"); and

WHEREAS, pursuant to proceedings taken and an election held on June 14, 2005 to authorize the issuance of bonds of the District, the levy of special taxes within the District and the establishment of an appropriations limit for the District, the District was authorized to issue bonds in one or more series, pursuant to the Act, in an aggregate principal amount not to exceed $16,000,000; and

WHEREAS, the District has previously issued its Special Tax Bonds, Series 2013 in the aggregate principal amount of $5,165,000, of which $1,030,000 is currently outstanding (the "2013 Bonds"); and

WHEREAS, the District has previously issued its Special Tax Bonds Series 2014A in the aggregate principal amount of $5,680,000, of which $5,440,000 is currently outstanding (the "2014A Bonds"); and

WHEREAS, the District has previously issued its Special Tax Bonds Series 2016 in the aggregate principal amount of $8,860,000, of which $7,800,000 is currently outstanding (the "2016 Bonds" and collectively, with the 2013 Bonds and the 2014A Bonds, the "Refunded Bonds"); and

WHEREAS, in order to benefit taxpayers within the District by lowering the annual special taxes to be levied for debt service, the City Council, acting as the legislative body of the District, now desires to refund the Refunded Bonds through the issuance of bonds in an aggregate principal amount not to exceed $14,270,000 designated as the "City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026" (the "2026 Bonds"); and

WHEREAS, in order to effect the issuance of the 2026 Bonds, the City Council, acting as the legislative body of the District, desires to approve the forms of and authorize the execution and delivery of: (i) a Bond Indenture (the "Indenture") with U.S. Bank Trust

Company, National Association, as Trustee; (ii) an Escrow Agreement (2013 Bonds) (the "2013 Escrow Agreement") with U.S. Bank Trust Company, National Association, as escrow agent; (iii) an Escrow Agreement (2014A Bonds) (the "2014A Escrow Agreement") with U.S. Bank Trust Company, National Association, as escrow agent; (iv) an Escrow Agreement (2016 Bonds) (the "2016 Escrow Agreement" and together with the 2013 Escrow Agreement and the 2014A Escrow Agreement, the "Escrow Agreements") with U.S. Bank Trust Company, National Association, as escrow agent; (v) a Preliminary Official Statement for the 2026 Bonds (the "Preliminary Official Statement"), which the Underwriter (as such term is defined herein) will use to market the 2026 Bonds; (vi) a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Underwriter; and (viii) a Continuing Disclosure Certificate of the District relating to the 2026 Bonds (the "Continuing Disclosure Certificate"), all in substantially the forms presented herewith, and to authorize such changes and additions thereto as the Authorized Officers (as such term is defined herein) deem necessary or desirable; and

WHEREAS, the City Council, acting in its capacity as the legislative body of the District, finds that the issuance of the 2026 Bonds will achieve debt service savings and will benefit taxpayers within the District, and has determined that it is prudent in the management of the District's fiscal affairs to issue the 2026 Bonds; and

WHEREAS, the legislative body of the District has determined, in consultation with its municipal advisor, in accordance with Government Code Section 53360.4, that a negotiated sale of the 2026 Bonds to Piper Sandler & Co., as underwriter (the "Underwriter") in accordance with the terms of the Bond Purchase Agreement approved as to form by the City Council herein will result in a lower overall cost to the District than a public sale, in that a negotiated sale will allow for the timing of the sale of the 2026 Bonds to be accomplished at a time of the District's choosing; and

WHEREAS, the aggregate assessed value of the real property in the District that is subject to the special tax to pay debt service on the 2026 Bonds is not less than three times the principal amount of the 2026 Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within the District, which fact is required as a precondition to the issuance of the 2026 Bonds.

NOW THEREFORE BE IT RESOLVED:

Section 1. Council, acting in its capacity as the legislative body of the District.

Section 2. The City Council, acting in its capacity as the legislative body of the District: (i) finds that the issuance of the 2026 Bonds as described in the Preliminary Official Statement will provide significant public benefits by reducing the total amount of special taxes to be levied for debt service within the District; and (ii) finds and determines that the issuance and sale of the 2026 Bonds are consistent with the District's financing policy with respect to community facilities district financings adopted pursuant to Government Code Section 53312.7 and currently in effect.

In satisfaction of the requirements contained in Government Code Section 53363.2, the City Council hereby determines that:

(a) it is anticipated that the purchase of the 2026 Bonds will occur on or about June 4, 2026 and that the refunding of the 2013 Bonds, the 2014A Bonds and the 2016 Bonds will occur on or about September 1, 2026, or as soon as practicable and permitted by the terms of the Refunded Bonds (subject to change at the discretion of any of the Authorized Officers); and

(b) the 2026 Bonds shall be dated their date of issuance, and be in the denominations, have the maturity dates (which do not exceed the latest maturity date of the Refunded Bonds being refunded), be payable at the place and be in the form specified in the Bond Purchase Agreement to be executed by the District in accordance with Section 6; and

(c) the 2026 Bonds will bear interest at the minimum rate of 0.05% per annum; and

(d) the Refunded Bonds shall be payable at the place specified in the Escrow Agreement to be executed by the District in accordance with Section 4; and

(e) the designated cost of issuing the 2026 Bonds, as defined by Government Code Section 53363.8, shall include all of the costs specified in Government Code Section 53363.8(a), (b)(2) and (c).

Section 3. If the District is able to realize at least 3% aggregate net present value savings by refunding the Refunded Bonds, the issuance of the 2026 Bonds in a principal amount not to exceed $14,270,000 is hereby authorized and approved pursuant to the Act. The 2026 Bonds shall mature on the dates and pay interest at the rates set forth in the Bond Purchase Agreement to be executed on behalf of the District and otherwise shall be substantially in the form set forth in the Indenture on file with the City Clerk of the City. All other provisions of the 2026 Bonds shall be governed by the terms and conditions set forth in the Indenture prepared by Bond Counsel to the District and executed by the Mayor, the City Manager, the Assistant City Manager and the Finance Director, on behalf of the legislative body of the District, or the written designee thereof (each, an "Authorized Officer"). The Indenture is hereby approved substantially in the form on file with the City Clerk of the City. Each Authorized Officer is hereby authorized and directed to execute and deliver the Indenture with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel to the District and approved by the officer executing the same, said execution being conclusive evidence of such approval. Capitalized terms that are used in this Resolution and not defined have the meaning ascribed to them in the form of the Indenture.

Section 4. The Escrow Agreements are hereby approved substantially in the forms on file with the City Clerk of the City. Each Authorized Officer is hereby authorized and directed to execute and deliver the Escrow Agreements with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel to the

District and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 5. The Preliminary Official Statement is hereby approved in substantially in the form on file with the City Clerk of the City, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the 2026 Bonds. The Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934 prior to its distribution and to execute and deliver to the Underwriter a final Official Statement substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve (the "Official Statement"). The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the 2026 Bonds and is directed to deliver copies of the Official Statement to the purchasers of the 2026 Bonds. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

Section 6. The Bond Purchase Agreement is hereby approved substantially in the form on file with the City Clerk of the City. Each Authorized Officer is hereby authorized and directed to execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel to the District and approved by the officer executing the same, said execution being conclusive evidence of such approval; provided, however, that: (i) the principal amount of the 2026 Bonds shall not exceed $14,270,000; (ii) the aggregate net present value savings realized by refunding the Refunded Bonds shall not be less than 3%; and (iii) the Underwriter's discount for the 2026 Bonds shall not exceed 1.0% of the principal amount thereof.

Section 7. The Continuing Disclosure Certificate is hereby approved substantially in the form on file with the City Clerk of the City. Each Authorized Officer is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel to the District and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 8. In accordance with Government Code Section 5852.1, there has been presented to this City Council in the Staff Report accompanying this Resolution certain good faith estimates provided to the City by its municipal advisor with respect to the 2026 Bonds. The City Council hereby finds that the requirements of Section 5852.1 have been satisfied.

Section 9. In accordance with the requirements of Government Code Section 53345.8, the City Council hereby determines that the aggregate assessed value of the real property in the District that is subject to the special tax to pay debt service on the 2026 Bonds is

not less than three times the principal amount of the 2026 Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within the District. This determination is based on the assessed value of the real property within the District as set forth in the fiscal year 2025-26 County Assessor's roll.

Section 10. The City Council hereby authorizes the Authorized Officers: (i) to solicit bids on a municipal bond insurance policy and/or reserve surety policy for the 2026 Bonds; (ii) to negotiate the terms of such policy or policies; (iii) to finalize, if appropriate, the form of such policy or policies with a municipal bond insurer; and (iv) if it is determined that the policy or policies will result in net savings for the District, to pay the insurance premium of such policy or policies from the proceeds of the issuance and sale of the 2026 Bonds. The City Council hereby authorizes such changes to the Indenture as are necessary to reflect the purchase of municipal bond insurance and/or a reserve surety.

Section 11. All actions heretofore taken by officers and agents of the City and the District with respect to the sale and issuance of the 2026 Bonds are hereby approved, confirmed and ratified, and the Authorized Officers and the other officers of the City and the District who are responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the 2026 Bonds in accordance with the provisions of this Resolution, including but not limited to obtaining a rating on the 2026 Bonds from a nationally recognized rating service and paying the fee therefor, the solicitation and acceptance of bond insurance and/or a reserve surety policy for the 2026 Bonds, the preparation of escrow or redemption instructions with respect to the Refunded Bonds, the approval of the investment of the moneys deposited under the 2013 Escrow Agreement, the 2014A Escrow Agreement and 2016 Escrow Agreement in federal securities, State and Local Government Securities or other investments as permitted under the Escrow Agreement and the fiscal agent agreement pursuant to which the Refunded Bonds were issued, the retention of a bidding agent with respect to such escrow investments, the retention of a verification agent to verify the sufficiency of the escrow deposit and the fulfillment of all other purposes of the 2026 Bonds as described in the Indenture.

Section 12. The City Council hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 13. This Resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk of the City shall certify the vote adopting this Resolution.
PASSED AND ADOPTED this 14th day of April, 2026, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

_____
Richard Pearl, Mayor

ATTEST:

_____
Hope Ithurburn, City Clerk

BOND INDENTURE

By and Between

CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)

and

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

Relating to

$_____
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)
SPECIAL TAX REFUNDING BONDS, SERIES 2026

Dated as of June 1, 2026

ARTICLE I

DEFINITIONS

Section 1.1. Definitions 2

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds 12
Section 2.2. Type and Nature of Bonds and Parity Bonds 12
Section 2.3. Equality of Bonds and Parity Bonds and Pledge of Net Taxes 13
Section 2.4. Description of Bonds; Interest Rates 14
Section 2.5. Place and Form of Payment 14
Section 2.6. Form of Bonds and Parity Bonds 15
Section 2.7. Execution and Authentication 16
Section 2.8. Bond Register 16
Section 2.9. Registration of Exchange or Transfer 16
Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds 17
Section 2.11. Validity of Bonds and Parity Bonds 17
Section 2.12. Book Entry System 17
Section 2.13. Initial Depository and Nominee 20

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1. Creation of Funds; Application of Proceeds 20
Section 3.2. Deposits to and Disbursements from Special Tax Fund 21
Section 3.3. Administrative Expenses Account of the Special Tax Fund 22
Section 3.4. Interest Account and Principal Account of the Special Tax Fund 22
Section 3.5. Redemption Account of the Special Tax Fund 23
Section 3.6. Reserve Account of the Special Tax Fund 24
Section 3.7. Rebate Fund 25
Section 3.8. Surplus Fund 27
Section 3.9. Costs of Issuance Fund 28
Section 3.10. Investments 28

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1. Redemption of Bonds 30
Section 4.2. Selection of Bonds and Parity Bonds for Redemption 30
Section 4.3. Notice of Redemption 30
Section 4.4. Partial Redemption of Bonds or Parity Bonds 32
Section 4.5. Effect of Notice and Availability of Redemption Money 32

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. Security 32
Section 5.2. Covenants 32

ARTICLE VI

AMENDMENTS TO INDENTURE

Section 6.1. Supplemental Indentures or Orders Not Requiring Bondowner Consent 36
Section 6.2. Supplemental Indentures or Orders Requiring Bondowner Consent 37
Section 6.3. Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds 38

ARTICLE VII

TRUSTEE

Section 7.1. Trustee 39
Section 7.2. Removal of Trustee 40
Section 7.3. Resignation of Trustee 40
Section 7.4. Liability of Trustee 40
Section 7.5. Merger or Consolidation 43

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default 43
Section 8.2. Remedies of Owners 44
Section 8.3. Application of Revenues and Other Funds After Default 45
Section 8.4. Power of Trustee to Control Proceedings 45
Section 8.5. Appointment of Receivers 46
Section 8.6. Non-Waiver 46
Section 8.7. Limitations on Rights and Remedies of Owners 46
Section 8.8. Termination of Proceedings 47

ARTICLE IX

DEFEASANCE AND PARITY BONDS

Section 9.1. Defeasance 47
Section 9.2. Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness 48

ARTICLE X

MISCELLANEOUS

Section 10.1. Cancellation of Bonds and Parity Bonds 50
Section 10.2. Execution of Documents and Proof of Ownership 50
Section 10.3. Unclaimed Moneys 51
Section 10.4. Provisions Constitute Contract 51

Section 10.5. Future Contracts 51
Section 10.6. Further Assurances 52
Section 10.7. Severability 52
Section 10.8. Notices 52
Section 10.9. Execution in Several Counterparts 52
Section 10.10. OFAC Compliance 52

EXHIBIT A FORM OF 2026 SPECIAL TAX REFUNDING BOND A-1

BOND INDENTURE

THIS BOND INDENTURE, dated as of June 1, 2026 (the "**Indenture**"), by and between CITY OF LINCOLN COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT) (the "**District**") and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the "**Trustee**"), governs the terms of the Bonds and any Parity Bonds issued in accordance herewith from time to time.

RECITALS

A. The City Council of the City of Lincoln (the "**legislative body of the District**" or the "**The City**"), as the legislative body of the District, has previously undertaken proceedings and declared the necessity for the District to issue bonds pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the "**Act**").

B. Based upon certain resolutions adopted by the legislative body of the District and an election held on June 14, 2005 authorizing the levy of a special tax within the District and the issuance of bonds by the District, the District was authorized to issue bonds in one or more series, pursuant to the Act, in an aggregate principal amount not to exceed $16,000,000.

C. The District also previously issued the $5,165,000 City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2013 (the "**2013 Bonds**") for the purpose of financing certain public facilities within the District.

D. The District also previously issued the $5,680,000 City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2014A (the "**2014A Bonds**") for the purpose of financing certain public facilities within the District.

E. The District previously issued the $8,860,000 City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2016 (the "**2016 Bonds**") for the purpose of financing certain public facilities within the District.

F. The legislative body of the District has determined to redeem the outstanding 2013 Bonds, 2014A Bonds and the 2016 Bonds (collectively, the "**Refunded Bonds**") through the issuance of its $_____ City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 (the "**Bonds**").

G. The District has determined that all requirements of the Act for the issuance of the Bonds have been satisfied.

In order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the promises and the mutual covenants contained herein and the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Bonds and any Parity Bonds (as such term is defined herein) which may be issued hereunder from time to time, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

"**Account**" means any account created pursuant to this Indenture.

"**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 the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys' fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District's compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and the District, and any other costs otherwise incurred by the City staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District hereunder.

"**Administrative Expenses Account**" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

"**Administrative Expenses Cap**" means an amount equal to [$40,000] for the first Bond Year, increasing by 2% per annum for each subsequent Bond Year, or such lesser amount as may be designated in written instructions from an Authorized Representative of the City.

"**Annual Debt Service**" means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

"**Authorized Representative of the City**" means the Mayor, the City Manager, the Assistant City Manager, the Finance Director, or any other officer or employee of the City authorized by the City Council or by an Authorized Officer to undertake the action referenced in this Indenture as required to be undertaken by an Authorized Officer, acting on behalf of the District.

"**Bond Counsel**" means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"**Bond Register**" means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

"**Bondowner**" or "**Owner**" means the person or persons in whose name or names any Bond or Parity Bond is registered on the Bond Register.

"**Bonds**" means the City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 issued under this Indenture.

"**Bond Year**" means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

"**Business Day**" means a day which is not a Saturday or Sunday or a day of the year on which banks or trust companies in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located is required or authorized by law, regulation or executive order to close or to remain closed, or a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is not operational.

"**Certificate of an Authorized Representative**" means a written certificate executed by an Authorized Representative of the City.

"**City**" means the City of Lincoln, County of Placer, California.

"**City Council**" means the City Council of the City.

"**Code**" means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

"**Continuing Disclosure Certificate**" means the Continuing Disclosure Agreement, dated as of the date of this Indenture, by and between the District and the Dissemination Agent named therein, as amended.

"**Costs of Issuance**" means the costs and expenses incurred in connection with the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the City.

"**Costs of Issuance Fund**" means the fund by that name established pursuant to Section 3.1.

"**Delivery Date**" means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

"**Depository**" means The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Bonds, or any other securities depository acting as Depository under Article II.

"**District**" means City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) established pursuant to the Act and the Resolution of Formation.

"**Escrow Agent**" means U.S. Bank Trust Company, National Association as escrow agent under the Escrow Agreements.

"**Escrow Agreement (2013 Bonds)**" means the Escrow Agreement (2013 Bonds) dated as of the date of this Indenture, by and between the Escrow Agent and the District.

""**Escrow Agreement (2014A Bonds)**" means the Escrow Agreement (2014A Bonds) dated as of the date of this Indenture, by and between the Escrow Agent and the District.

""**Escrow Agreement (2016 Bonds)**" means the Escrow Agreement (2016 Bonds) dated as of the date of this Indenture, by and between the Escrow Agent and the District.

"**Escrow Agreements**" means, collectively, the Escrow Agreement (2013 Bonds), the Escrow Agreement (2014A Bonds) and Escrow Agreement (2016 Bonds), dated as of the date of this Indenture, by and between the Escrow Agent and the District.

"**2013 Escrow Fund**" means the fund by that name established under the Escrow Agreement (2013 Bonds).

"**2014A Escrow Fund**" means the fund by that name established under the Escrow Agreement (2014A Bonds).

"**2016 Escrow Fund**" means the fund by that name established under the Escrow Agreement (2016 Bonds).

"**Event of Default**" means an event described in Section 8.1.

"**Federal Securities**" means any of the following, which shall in all circumstances be non-callable: (a) Treasuries; and (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated.

"**Fiscal Year**" means the period beginning on July 1 of each year and ending on June 30 of the following year.

"**Governmental Authority**" means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

"**Independent Financial Consultant**" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom: (a) is in fact independent and not under the domination of the District; (b) does not have any substantial interest, direct or indirect, in the District; and (c) is not connected with the District as a member, officer or employee of the District, but who may be regularly retained to make annual or other reports to the District.

"**Indenture**" means this Bond Indenture, together with any Supplemental Indenture approved pursuant to Article 6.

"**Insolvency Proceeding**" has the meaning given to such term in Section 11.1(b) hereof.

["**Insurance Policy**" means the insurance policy issued by the Insurer guaranteeing the scheduled payment principal of and interest on the Insured Bonds when due.]

["**Insured Bonds**" means the Bonds maturing on September 1, 20__ through 20__, inclusive.]

["**Insurer**" means Assured Guaranty Inc., a Maryland corporation, or any successor thereto or assignee thereof.]

"**Interest Account**" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

"**Interest Payment Date**" means September 1, 2026 and each March 1 and September 1 thereafter; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the following Business Day.

"**Maximum Annual Debt Service**" means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year: (a) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and (b) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

"**Moody's**" means Moody's Investors Service, Inc., and its successors and assigns.

"**Net Taxes**" means Special Taxes less amounts set aside to pay Administrative Expenses not to exceed the Administrative Expenses Cap.

"**Nominee**" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Article II.

"**Ordinance**" means Ordinance No. 788B adopted by the legislative body of the District on August 9, 2005, providing for the levying of the Special Tax.

"**Outstanding**" or "**Outstanding Bonds and Parity Bonds**" means all Bonds and Parity Bonds theretofore issued by the District, except: (a) Bonds and Parity Bonds cancelled or surrendered for cancellation in accordance with Section 10.1; (b) Bonds and Parity Bonds for the payment or redemption of which moneys shall have been deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture or any applicable Supplemental Indenture for Parity Bonds; and (c) Bonds and Parity Bonds that have been surrendered to the Trustee for transfer or exchange pursuant to Section 2.9 or for which a replacement has been issued pursuant to Section 2.10.

"**Parity Bonds**" means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

"**Participants**" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

"**Permitted Investments**" means:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence issued or guaranteed by any of the following federal agencies and provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) U.S. Export-Import Bank (Direct obligations or fully guaranteed certificates of beneficial ownership); (ii) Farmers Home Administration (Certificates of beneficial ownership); (iii) Federal Financing Bank; (iv) Federal Housing Administration Debentures; (v) General Services Administration Participation certificates; (vi) Government National Mortgage Association (guaranteed mortgage-backed bonds or guaranteed pass-through obligations); (vii) U.S. Maritime Administration (Guaranteed Title XI financing); and (viii) U.S. Department of Housing and Urban Development (Project Notes, Local Authority Bonds, New Communities Debentures – United States government guaranteed debentures and U.S. Public Housing Notes and Bonds – United States government guaranteed public housing notes and bonds);

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) Federal Home Loan Bank System (Senior debt obligations); (ii) Federal Home Loan Mortgage Corporation (Participation Certificates and Senior debt obligations); (iii) Federal National Mortgage Association (Mortgage-backed securities and senior debt obligations); (iv) Student Loan Marketing Association (Senior debt obligations); (v) Resolution Funding Corporation obligations; and (vi) Farm Credit System (Consolidated systemwide bonds and notes);

(d) Money market mutual funds that constitute "Government Funds" under Rule 2a-7 promulgated by the Securities and Exchange Commission and that are registered under the Federal Investment Company Act of 1940 the shares of which are registered under the Federal Securities Act of 1933, and having a rating in the highest investment category granted thereby from Standard & Poor's or Moody's, with a minimum of $500 million in assets under management, including funds for which the Trustee or its affiliates receive and retain a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(e) Certificates of deposit (including those placed by a third party pursuant to a separate agreement between the District and the Trustee) secured at all times by collateral described in clauses (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks of which the short-term obligations are rated A-1 or better and P1 or better by Moody's or Standard & Poor's, respectively, which may include the Trustee and its affiliates. The collateral must be held by a third party and the Trustee on behalf of the Owners of the Bonds must have a perfected first security interest in the collateral;

(f) Certificates of deposit (including those placed by a third party pursuant to a separate agreement between the District and the Trustee), demand deposits, savings accounts, deposit accounts, time deposits, other deposit products, trust funds, trust accounts, interest bearing deposits, overnight bank deposits, interest-bearing money market accounts, bankers acceptances or money

market deposits which are insured by Federal Deposit Insurance Corporation, including BIF and SAIF; or

(g) Investment agreements with domestic or foreign banks, insurance companies other than a life or property casualty insurance company, or corporations the long-term debt or claims paying ability of which or, in the case of a guaranteed corporation, the long-term debt of the guarantor, or, in the case of a monoline financial guaranty insurance company, claims paying ability or financial strength, of the guarantor is rated in at least the AA category by Standard & Poor's and Moody's; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds (if the funds invested pursuant to the investment agreement are from the Reserve Account);

(ii) the invested funds are available for withdrawal without penalty or premium, upon not more than seven (7) days' prior notice;

(iii) the investment agreement shall provide that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof;

(iv) the District and the Trustee receive the opinion of domestic counsel (which opinion shall be addressed to the District) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District;

(v) the investment agreement shall provide that if during its term: (1) the provider's rating by either Standard & Poor's or Moody's falls below AA- or Aa3, respectively, the provider shall, at its option, within ten (10) Business Days after the provider's receipt of a written request from the Trustee to satisfy the foregoing, either: (I) collateralize the investment agreement by delivering or transferring in accordance with the applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "**Holder of the Collateral**") collateral free and clear of any third-party liens or claims, the market value of which collateral is maintained at one hundred five percent (105%) of securities identified in clauses (a) and (b) of this definition; or (II) assign the investment agreement and all of its obligations thereunder to, or enter into a repurchase agreement or such other agreement with, a financial institution that is mutually acceptable to the provider and the District which is rated either in the first or second highest category by Standard & Poor's and Moody's; and (2) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below A- or A3, respectively, the provider must, at the direction of the District or the Trustee, within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the invested funds, in either case with no penalty or premium to the District or the Trustee;

(vi) the investment agreement shall provide and an opinion of counsel shall be rendered, in the event that collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this shall mean that the Holder of the Collateral is in possession of such collateral); and

(vii) the investment agreement shall provide that if during its term: (1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be paid to the District or the Trustee, as appropriate; and (2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be paid to the District or the Trustee, as appropriate;

(h) Commercial paper rated, at the time of purchase, Prime - 1 by Moody's and A-1 or better by Standard & Poor's having original maturity of not more than 180 days issued by a domestic corporation having assets in excess of $500 million;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's or Standard & Poor's in one of the two highest rating categories assigned by them;

(j) Federal funds or bankers acceptances with a maximum term of 270 days of any bank which has an unsecured, uninsured and unguaranteed obligation rating of Prime - 1 or A3 or better by Moody's and A-1 or better by Standard & Poor's;

(k) Repurchase agreements that satisfy the following criteria:

(i) Repurchase agreements must be between the District or the Trustee and a dealer bank or securities firm which is: (1) A primary dealer on the Federal Reserve reporting dealer list which is rated A or better by two of the following Standard & Poor's, Moody's, or Fitch Ratings; or (2) A domestic bank or a domestic branch of a foreign bank rated A or above by two of the following: Standard & Poor's, Moody's or Fitch Ratings; or (3) Corporations the long-term debt or claims paying ability of which, or in the case of a guaranteed corporation, the long-term debt of the guarantor, or, in the case of a monoline financial guaranty insurance company, claims paying ability or financial strength, is rated in at least the double A category by Standard & Poor's and Moody's; and

(ii) The written agreement must include the following: (1) Securities which are acceptable for transfer are: (I) direct obligations of the United States government; or (II) obligations of federal agencies backed by the full faith and credit of the United States of America (or the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; (2) The collateral must be delivered to the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities); and (3) (I) The securities must be valued weekly, marked-to-market at current market price plus accrued interest; (II) The value of the collateral must be at least equal to one hundred five percent (105%) of the amount of money transferred by the Trustee to the dealer, bank or security firm under the agreement plus accrued interest. If the value of the securities held as collateral is reduced below one hundred five percent (105%) of the value of the amount of money transferred by the Trustee, then additional acceptable securities and/or cash must be provided as collateral to bring the value of the collateral to one hundred five percent (105%); provided, however, that if the securities used as collateral are those of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, then the value of the collateral must be at least equal to one hundred five percent (105%) of the amount of money transferred by the Trustee; and (III) A legal opinion must be delivered to the District and the Trustee that the repurchase agreement meets the requirements of California law with respect to the investment of public funds; and (IV) Should the

provider's rating by either Standard & Poor's or Moody's be withdrawn or suspended or fall below A- or A3, respectively, the provider must, at the direction of the District or the Trustee (acting at the direction of the District), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the invested funds, in either case with no penalty or premium to the District or the Trustee;

(l) the Local Agency Investment Fund in the State Treasury of the State of California as permitted by the State Treasurer pursuant to Section 16429.1 of the California Government Code;

(m) forward delivery agreements or forward purchase and sale agreements with a domestic or foreign bank or corporation the long-term debt or claims paying ability of which, or in the case of a guaranteed corporation, the long-term debt of the guarantor, or, in the case of a monoline financial guaranty insurance company, claims paying ability or financial strength, of the guarantor is rated at least in the A category by Standard & Poor's and Moody's; provided that, by the terms of the agreement; the underlying investment property consists of those investments which are listed in (a), (b), (c) and (h) above; and

(n) the City's pooled investment fund invested pursuant to the City's investment policy.

"**Person**" means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

"**Prepayments**" means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the Rate and Method.

"**Principal Account**" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

"**Principal Office of the Trustee**" means the office of the Trustee located in San Francisco, California (currently One California Street, 26th Floor, San Francisco, CA 94111, Attention: Corporate Trust Department), or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued; provided, however, that for purposes of the surrender or presentation of Bonds for payment, transfer or exchange, the Principal Office of the Trustee shall be the designated corporate trust operations or agency office of the Trustee.

"**Project**" means those public facilities described in the Resolution of Formation which were acquired or constructed within and outside of the District with the proceeds of the Refunded Bonds, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

"**Rate and Method**" means the Rate and Method of Apportionment of Special Tax for the District approved by the qualified electors of the District on June 14, 2005.

"**Rating Agency**" means Moody's and Standard & Poor's, or both, as the context requires.

"**Rebate Account**" means the account by that name created and established in the Rebate Fund pursuant to Section 3.1.

"**Rebate Fund**" means the fund by that name established pursuant to Section 3.1 in which there are established the Accounts described in Section 3.1.

"**Rebate Regulations**" means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

"**Refunded Bonds**" means, collectively, the outstanding 2013 Bonds, the 2014A Bonds and the 2016 Bonds.

"**Record Date**" means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

"**Redemption Account**" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

"**Regulations**" means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

"**Representation Letter**" means the Blanket Representation Letter from the District to the Depository as described in Article II.

"**Reserve Account**" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1.

"**Reserve Credit Facility**" means (i) the Reserve Policy, or (ii) a policy of insurance, a surety bond, a letter of credit or other comparable credit facility, permitting draws thereunder in accordance with Section 3.6 hereof to the final date of maturity of the Bonds or Parity Bonds, so long as (a) the provider of any such policy of insurance, surety bond, letter of credit or other comparable credit facility is rated at the time of delivery to the Trustee not less than the rating on the Bonds from Standard & Poor's or another rating agency requested by the District to rate the Bonds, and (b) so long as the Reserve Policy remains in effect, the Insurer has consented to the delivery of such Reserve Credit Facility.

["**Reserve Policy**" means Municipal Bond Debt Service Reserve Insurance Policy No. _____ issued by the Insurer for deposit into the Reserve Account.]

"**Reserve Requirement**" means, as of the date of calculation: (a) with respect to the Bonds, an amount equal to the least of: (i) Maximum Annual Debt Service with respect to the Bonds; (ii) 125% of average Annual Debt Service on the then-Outstanding Bonds; or (iii) ten percent (10%) of the initial outstanding principal amount of the Bonds; provided that the Reserve Requirement shall never exceed the amount established pursuant to the foregoing calculation at the time of issuance of the Bonds; and (b) with respect to such Parity Bonds, an amount equal to the least of: (i) Maximum Annual Debt Service with respect to such Parity Bonds; (ii) 125% of average Annual Debt Service on such Parity Bonds; or (iii) ten percent (10%) of the initial outstanding principal amount of such Parity Bonds;

provided that the Reserve Requirement shall never exceed the amount established pursuant to the foregoing calculation at the time of issuance of such Parity Bonds.

"**Resolution of Formation**" means Resolutions No. 2005-147 and 2005-148 adopted by the City Council of the City on June 14, 2005, pursuant to which the City formed the District.

"**Responsible Officer**," means, when used with respect to the Trustee, any managing director, president, vice president, senior associate, associate or other officer of the Trustee within the Principal Office of the Trustee (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office specified in Section 10.8 because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

"**Sinking Fund Payment**" means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with any annual sinking fund payment schedule to retire any Parity Bonds that are designated as Term Bonds.

"**Six-Month Period**" means the period of time beginning on the Delivery Date of each issue of Bonds or Parity Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds and the Parity Bonds (and any obligations that refund an issue of the Bonds or Parity Bonds).

"**Special Tax Fund**" means the fund by that name created and established pursuant to Section 3.1.

"**Special Taxes**" means the taxes authorized to be levied by the District on property in accordance with the Ordinance, the Resolution of Formation, the Act, the Rate and Method, and the voter approval obtained at the June 14, 2005 special election, including any scheduled payments and any Prepayments thereof, and the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon.

"**Standard & Poor's**" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, and its successors and assigns.

"**Supplemental Indenture**" means any supplemental indenture amending or supplementing this Indenture.

"**Surplus Fund**" means the fund by that name created and established pursuant to Section 3.1.

"**Tax Certificate**" means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

"**Tax-Exempt**" means, with reference to a Permitted Investment, a Permitted Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

"**Term Bonds**" means any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

"**Treasuries**" means non-callable direct obligations of the United States of America, including United States Treasury Notes, Certificates and Bonds and State and Local Government Series.

"**Trustee**" means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, having a principal corporate trust office in San Francisco, California, and its successors or assigns, or any other bank, national banking association or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

"**Underwriter**" means Piper Sandler & Co., Incorporated, as the underwriter of the Bonds.

"**Verification Report**" has the meaning given for such term as provided in Section 9.1 hereof.

"**2013 Bonds**" means City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2013 issued on December 19, 2013 in the original aggregate principal amount of $5,165,000.

"**2014A Bonds**" means City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2014A issued on December 16, 2014 in the original aggregate principal amount of $5,680,000.

"**2016 Bonds**" means City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2016 issued on December 20, 2016 in the original aggregate principal amount of $8,860,000

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds. Under and pursuant to the Act, the Bonds in the aggregate principal amount of $_____ shall be issued for the purpose of refunding the outstanding Refunded Bonds, funding a reserve fund for the Bonds and paying Costs of Issuance. The Bonds and any Parity Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the Special Tax Fund (other than amounts in the Administrative Expenses Account of the Special Tax Fund). The aggregate principal amount of the Bonds and any Parity Bonds shall not exceed the total indebtedness presently authorized or subsequently authorized by the qualified electors of the District in accordance with the Act.

Section 2.2. Type and Nature of Bonds and Parity Bonds. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the Bonds or any Parity Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are neither general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of the Administrative Expenses Account), as more fully described herein. The District's

limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account) is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien or encumbrance upon any of the District's property, or upon any of its income, receipts or revenues except the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account) which are, under the terms of this Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon. Neither the members of the City Council of the City nor any persons executing the Bonds or any Parity Bonds are liable personally on the Bonds or any Parity Bonds by reason of their issuance.

Notwithstanding anything to the contrary contained in this Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds and any Parity Bonds, or for the performance of any covenants contained herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3. Equality of Bonds and Parity Bonds and Pledge of Net Taxes. Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be equally payable from and secured by a pledge and lien upon the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Reserve Account, which shall only secure the Bonds, and the Administrative Expenses Account), without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account), which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expenses Account therein) shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds; and, so long as any of the Bonds and any Parity Bonds or interest thereon remains Outstanding, amounts in the Special Tax Fund shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Costs of Issuance Fund or the Administrative Expenses Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude: (a) subject to the limitations contained hereunder, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption, and the payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California; or (b) the issuance, subject to the limitations contained herein, of Parity Bonds which shall be payable from Net Taxes.

Section 2.4. Description of Bonds; Interest Rates. The Bonds and any Parity Bonds shall be issued in fully registered form in denominations of $5,000 or any integral multiple thereof. The Bonds and any Parity Bonds shall be initially issued in the form of a single certificated fully registered bond for each maturity.

The Bonds shall be designated "City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026." The Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on each Interest Payment Date:

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

(I) Insured Bond.

The District and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a certificated Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Indenture.

Interest shall be payable on each Bond and Parity Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of such Bond or Parity Bond has been paid; provided, however, that if at the maturity date of any Bond or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds and Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.5. Place and Form of Payment. The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money

of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Trustee, or at the designated office of any successor Trustee. Interest on any Bond or Parity Bond shall be payable from the Interest Payment Date next preceding the date of authentication of such Bond or Parity Bond, unless: (a) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication; (b) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (c) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond or Parity Bond, in which event interest shall be payable from the dated date of such Bond or Parity Bond, as applicable; provided, however, that if at the time of authentication of such Bond or Parity Bond, interest is in default, interest on such Bond or Parity Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on such Bond or Parity Bond, interest on such Bond or Parity Bond shall be payable from its dated date. Interest on any Bond or Parity Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond or Parity Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Trustee mailed on the applicable Interest Payment Date by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of $1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated in writing by such Owner. Notwithstanding the foregoing, as long as the Depository is the Owner of all or part of the Bonds or Parity Bonds, said interest payments shall be made to the Depository in accordance with the procedures of such Depository, which as of the date of this Indenture are by wire transfer in immediately available funds.

Section 2.6. Form of Bonds and Parity Bonds. The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of authentication shall be substantially in the form set forth in Exhibit A, which form is hereby approved and adopted as the form of such Bonds and of the certificate of authentication. Each issue of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Until definitive Bonds or Parity Bonds, as applicable, are prepared, the District may cause to be executed and delivered in lieu of such definitive Bonds or Parity Bonds temporary bonds in typed, printed, lithographed or engraved form and in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds or Parity Bonds, except that they may be in any denominations authorized by the District. Until exchanged for definitive Bonds or Parity Bonds, as applicable, any temporary bond shall be entitled and subject to the same benefits and provisions of this Indenture as definitive Bonds and Parity Bonds. If the District issues temporary Bonds or Parity Bonds, it shall execute and furnish definitive Bonds or Parity Bonds, as applicable, without unnecessary delay and thereupon any temporary Bond or Parity Bond may be surrendered to the Trustee at its office, without expense to the Owner, in exchange for a definitive Bond or Parity Bond of the same issue, maturity, interest rate and principal amount in any authorized denomination. All temporary Bonds or Parity Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

Section 2.7. Execution and Authentication. The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Clerk of the City, or any duly appointed deputy City Clerk, in their capacity as officers of the City, and the seal of the City (or a facsimile thereof) may be impressed, imprinted, engraved or otherwise reproduced thereon, and attested by the signature of the City Clerk of the City. In case any one or more of the officers who shall have signed or sealed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed and sealed have been authenticated and delivered by the Trustee (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or Parity Bonds or to lost, stolen, destroyed or mutilated Bonds or Parity Bonds), such Bonds and Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds or Parity Bonds had not ceased to hold such office.

Only the Bonds that bear a certificate of authentication in the form set forth in Exhibit A shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee.

Section 2.8. Bond Register. The Trustee will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall upon reasonable prior written notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register, transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as herein provided.

The District and the Trustee may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner thereof for any and all purposes, and the District and the Trustee shall not be affected by any notice to the contrary. The District and the Trustee may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Trustee of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

Section 2.9. Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the Principal Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee and duly executed by the Bondowner or his or her duly authorized attorney.

The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Bonds or Parity Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds or Parity Bonds for other authorized denominations of the same maturity and issue. The Trustee shall not collect from the Owner any charge for any new Bond or Parity Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such

exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds shall be surrendered for registration of transfer or exchange, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee shall not be required to register transfers or make exchanges of: (a) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed; or (b) any Bonds or Parity Bonds chosen for redemption.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds. If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Trustee shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but only upon surrender to the Trustee of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Trustee shall be cancelled by the Trustee pursuant to Section 10.1. If any Bond or Parity Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and, if any indemnity satisfactory to the Trustee shall be given, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee shall determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Trustee shall not treat both the original Bond or Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Bonds or Parity Bonds.

Section 2.11. Validity of Bonds and Parity Bonds. The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District for the refunding of the Refunded Bonds, or by the invalidity, in whole or in part, of any contracts made by the District in connection therewith, and shall not be dependent upon the completion of the refunding of the Refunded Bonds or upon the performance by any Person of such Person's obligation with respect to the Project, and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State of California shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12. Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the Bonds and any Parity Bonds, the District may provide that such Bonds and Parity Bonds shall be initially issued as book entry bonds. If the District shall elect to deliver any Bonds or Parity Bonds in book entry form, then the District shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such Bonds or Parity Bonds in an authorized denomination corresponding to that total principal amount of the Bonds or Parity Bonds designated to mature on such date. Upon initial issuance, the ownership of each such Bond or Parity Bond shall be registered in the Bond Register in the name of the Nominee, as nominee of the Depository, and ownership of the Bonds or Parity Bonds, or any portion thereof may not thereafter be transferred except as provided in subsection (e).

With respect to book entry Bonds or Parity Bonds, the District and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book entry bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book entry bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book entry bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry bonds to be redeemed in the event that the District redeems the Bonds or Parity Bonds in part; (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on book entry bonds; or (v) any consent given or other action taken by the Depository as Bondowner. The District and the Trustee may treat and consider the person in whose name each book entry bond is registered in the Bond Register as the absolute Owner of such book entry bond for the purpose of payment of principal of, premium and interest on such Bond or Parity Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond or Parity Bond, for the purpose of registering transfers with respect to such Bond or Parity Bonds, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds or Parity Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds or Parity Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a Bond or Parity Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds or Parity Bonds. Upon delivery by the Depository to the District and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

(b) Delivery of Representation Letter. In order to qualify the book entry bonds for the Depository's book entry system, the District and the Trustee (if required by the Depository) shall execute and deliver to the Depository a Representation Letter. The execution and delivery of a Representation Letter shall not in any way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in such book entry bonds other than the Owners, as shown on the Bond Register. By executing a Representation Letter, the Trustee shall agree to take all action necessary at all times so that the Trustee will be in compliance with all representations of the Trustee in such Representation Letter. In addition to the execution and delivery of a Representation Letter, the District and the Trustee shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify book entry bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book entry bonds; or (ii) the District determines that continuation of the book entry system is not in the best interest of the beneficial owners of the Bonds, the Parity Bonds or the District, then the District will discontinue the book entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each of the maturity dates of such book entry bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e). If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds or Parity Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds or Parity Bonds shall designate, in accordance with the provisions of this Indenture.

(d) Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding Bonds or Parity Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such Bonds or Parity Bonds and all notices with respect thereto shall be made and given, respectively to the Nominee, as provided in the Representation Letter or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of Bonds to Substitute Depository.

(1) The Bonds shall be initially issued as provided in Section 2.1. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

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

(ii) to any Substitute Depository, upon: (I) the resignation of the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository; or (II) a determination by the District that the Depository (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon: (I) the resignation of the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository; or (II) a determination by the District that the Depository or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(2) In the case of any transfer pursuant to clauses (i) or (ii) of subsection (1), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the District to the Trustee designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be issued for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to clause (iii) of subsection (1), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the District to the Trustee, new Bonds, which the District shall prepare or cause to be prepared, shall

be issued in such denominations and registered in the names of such persons as are requested in such written request of the District, subject to the limitations of Section 2.1; provided that the Trustee shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(3) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, the Depository or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Representation Letter. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the Outstanding principal amount of such Bonds shall be controlling.

(4) The District and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including the Depository or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Bonds.

Section 2.13. Initial Depository and Nominee. The initial Depository under this Article shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1. Creation of Funds; Application of Proceeds.

(a) There are hereby created and established and shall be maintained by the Trustee the following funds and accounts:

(1) The City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 Special Tax Fund (the "**Special Tax Fund**") (in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account, a Reserve Account and an Administrative Expenses Account).

(2) The City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 Rebate Fund (the "**Rebate Fund**") (in which there shall be established a Rebate Account and an Alternative Penalty Account).

(3) The City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 Costs of Issuance Fund (the "**Costs of Issuance Fund**").

(4) The City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 Surplus Fund (the "**Surplus Fund**").

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Trustee and the Trustee shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article 3 and shall disburse investment earnings thereon in accordance with the provisions of Section 3.10 hereof. The Trustee may, in its discretion, establish temporary funds or accounts in its books and records to facilitate such transfers.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the City, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) The proceeds of the sale of the Bonds received by the Trustee in the amount of $_____ (representing the initial aggregate principal amount of the Bonds of $_____, [plus/less] $_____ of [net] original issue, less $_____ of Underwriter's discount and less $_____ paid directly to the Insurer by the Underwriter for the premiums for the Insurance Policy and the Reserve Policy) shall be received on behalf of the District and deposited and transferred as follows:

(1) $_____ shall be transferred to the Costs of Issuance Fund to pay the Costs of Issuance of the Bonds;

(2) $_____ shall be transferred to the Escrow Agent for deposit in the 2013 Escrow Fund.

(3) $_____ shall be transferred to the Escrow Agent for deposit in the 2014A Escrow Fund.

(4) $_____ shall be transferred to the Escrow Agent for deposit in the 2016 Escrow Fund.

[The Trustee shall deposit in the Reserve Account the Reserve Policy to satisfy the Reserve Requirement as of the Closing Date of the Bonds and will be credited to the various accounts in the Reserve Account as provided in Section 3.6 hereof.]

The Trustee may, in its discretion, establish temporary funds, accounts or subaccounts in its books and records to facilitate such transfers.

Section 3.2. Deposits to and Disbursements from Special Tax Fund.

(a) Except for the portion of any Prepayment to be deposited in the Redemption Account as specified in a Certificate of an Authorized Representative, the Trustee shall, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

(1) the Administrative Expenses Account of the Special Tax Fund up to the Administrative Expenses Cap;

(2) the Interest Account of the Special Tax Fund;

(3) the Principal Account of the Special Tax Fund;

(4) the Redemption Account of the Special Tax Fund;

(5) the Reserve Account of the Special Tax Fund and any reserve account established in connection with the issuance of any Parity Bonds;

(6) the Administrative Expense Account of the Special Tax Fund to the extent that Administrative Expenses exceed or are expected to exceed the Administrative Expense Cap;

(7) the Rebate Fund; and

(8) the Surplus Fund.

(b) Upon the maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee have been paid in full, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

Section 3.3. Administrative Expenses Account of the Special Tax Fund. The Trustee shall transfer from the Special Tax Fund and deposit in the Administrative Expenses Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative of the City; provided, however, that, except as set forth in the following sentence, the total amount transferred in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account and any reserve account established in connection with the issuance of such Parity Bonds to the Reserve Requirement, all as determined by the District. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expenses Account to the extent necessary to collect delinquent Special Taxes, as directed in writing by an Authorized Representative of the City. Moneys in the Administrative Expenses Account of the Special Tax Fund may be invested in any Permitted Investments as directed in writing by an Authorized Representative of the City and shall be disbursed as directed in a Certificate of an Authorized Representative.

Section 3.4. Interest Account and Principal Account of the Special Tax Fund. The principal of (including any Sinking Fund Payment) and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon redemption under Sections 4.1(b), shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of (including any Sinking Fund Payment) and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by Section 3.3, at least one Business Day prior to each March 1 and September 1, the Trustee shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further,

that, if amounts in the Special Tax Fund (exclusive of the Reserve Account and any reserve account established in connection with any Parity Bonds) are inadequate to make the foregoing transfers, then any deficiency shall be made up by an immediate transfer from the Reserve Account and any reserve account established in connection with the issuance of any Parity Bonds:

(a) To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date that remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year shall equal the principal payment (including any Sinking Fund Payment) due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal (including any Sinking Fund Payment) of such Bonds and any Parity Bonds as the same become due at maturity.

Section 3.5. Redemption Account of the Special Tax Fund.

(a) After making the deposits to the Administrative Expenses Account, the Interest Account and the Principal Account of the Special Tax Fund pursuant to Sections 3.3 and 3.4, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (other than the Administrative Expenses Account therein) may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account and any reserve account established in connection with the issuance of such Parity Bonds will equal the Reserve Requirement, as determined by the District.

(b) Prepayments deposited to the Redemption Account shall be applied on the redemption date established pursuant to Section 4.1(b) for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments.

(c) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds, shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender (if required) of such Bonds or Parity Bonds and, in the case of an optional redemption or an extraordinary redemption from Prepayments, to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine, but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to Sections 4.1(b), as applicable, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any

accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Section 3.6. Reserve Account of the Special Tax Fund. There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. [The Reserve Requirement will initially be satisfied by the deposit of the Reserve Policy in the Reserve Account.] The amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due, and for the purpose of making any required transfer to the Rebate Fund pursuant to Section 3.7 upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Bonds and Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5, the Trustee shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds that the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expenses Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund, together with any other amounts transferred to replenish the Reserve Account, are inadequate to restore the Reserve Account to the Reserve Requirement, then the District shall include the amount necessary fully to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

(c) In connection with a redemption of Bonds pursuant to Section 4.1(b) or Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds in accordance with Section 9.1, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to Section 9.1(c) to partially defease Bonds, and the Trustee shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable,

in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement that are not transferred in accordance with the preceding provisions of this section shall be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and shall be transferred to the Interest Account of the Special Tax Fund.

Section 3.7. Rebate Fund.

(a) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund and shall establish a separate Rebate Account and Alternative Penalty Account therein. All money at any time deposited in the Rebate Account or the Alternative Penalty Account of the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. A separate subaccount of the Rebate Account and the Alternative Penalty Account shall be established for the Bonds and each issue of Parity Bonds the interest on which is excluded from gross income for federal income tax purposes. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds shall be governed by this Section 3.7 and the Tax Certificate for such issue, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and Parity Bonds will not be adversely affected if such requirements are not satisfied.

(1) Rebate Account. The following requirements shall be satisfied with respect to each subaccount of the Rebate Account:

(i) Annual Computation. Within 55 days of the end of each fifth Bond Year, the District shall calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage described in the Tax Certificate for each issue (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "**1½% Penalty**") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the "**Rebatable Arbitrage**"). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatable Arbitrage must be calculated as required by the Tax Certificate for each issue, upon the written direction of an Authorized Representative of the City, an amount shall be deposited to each subaccount of the Rebate Account by the Trustee from any funds so designated by the District if and to the extent required, so that the balance in the Rebate Account shall equal the amount of Rebatable Arbitrage so calculated by or on behalf of the District in accordance with subsection (a)(1)(i) with respect to the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable. In the event that immediately following any transfer required by the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit to the credit of the applicable subaccount of the Rebate Account exceeds the amount required to be on deposit therein, upon written instructions from an Authorized Representative of the City, the Trustee shall withdraw the excess from the appropriate subaccount of the Rebate Account and then credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed in writing by an Authorized Representative of the City, to the United States Treasury, out of amounts in each subaccount of the Rebate Account: (X) not later than 60 days after the end of: (A) the fifth Bond Year for the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable; and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year for the Bonds and each issue of Parity Bonds, as applicable; and (Y) not later than 60 days after the payment or redemption of all of the Bonds or an issue of Parity Bonds, as applicable, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time that any payment is required to be made from the Rebate Account, the amount in the Rebate Account is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a)(1) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared and signed by the District, or shall be made in such other manner as provided under the Code. The Trustee may rely conclusively upon the District's determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation or determination or to review the District's calculations hereunder.

(2) Alternative Penalty Account.

(i) Six-Month Computation. If the 1½% Penalty has been elected for the Bonds or an issue of Parity Bonds, within 85 days of each particular Six-Month Period, the District shall determine or cause to be determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The District shall obtain expert advice in making such determinations.

(ii) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, the Trustee, at the written direction of an Authorized Representative of the City, shall deposit an amount in the appropriate subaccounts of the Alternative Penalty Account from any source of funds held by the Trustee pursuant to this Indenture and designated by the District in such written directions or provided to it by the District, if and to the extent required, so that the balance in each subaccount of the Alternative Penalty Account equals the amount of 1½% Penalty due and payable to the United States Treasury determined as provided in subsection (a)(2)(i). In the event that immediately following any transfer provided for in the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit in a subaccount of the Alternative Penalty Account exceeds the amount required to be on deposit therein to make the payments required by subsection (a)(2)(iii), the Trustee, at the written direction of an Authorized Representative of the City, may withdraw the excess from the applicable subaccount of the Alternative Penalty Account and credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed in writing by an Authorized Representative of the City, to the United States Treasury, out of amounts in a subaccount of the Alternative Penalty Account, not later than 90 days after the close of each Six-Month Period the 1½% Penalty, if applicable and payable, computed with respect to the Bonds and any issue

of Parity Bonds in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time that any payment is required to be made from a subaccount of the Alternative Penalty Account, the amount in such subaccount is not sufficient to make such payment when such payment is due, the District shall calculate the amount of such deficiency and direct the Trustee, in writing, to deposit an amount equal to such deficiency into such subaccount of the Alternative Penalty Account from any funds held by the Trustee pursuant to this Indenture and designated by the District in such written directions prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a)(2) shall be made to the Internal Revenue Service, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, prepared and signed by the District, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Accounts of the Rebate Fund with respect to the Bonds or an issue of Parity Bonds after redemption and payment of such issue and after making the payments described in subsections (a)(1)(iii) or (a)(2)(iii) (whichever is applicable), may be withdrawn by the Trustee at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance and final payment of the Bonds and any Parity Bonds with respect to which an Account has been created in the Rebate Fund.

(d) Amendment Without Consent of Owners. This Section 3.7 may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District and the Trustee an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any issue of Parity Bonds issued on a tax-exempt basis, in addition to any opinions required by the Trustee under Section 6.3 hereof.

Section 3.8. Surplus Fund. After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6 and 3.7, as soon as practicable after each September 1, and in any event prior to each October 1, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative of the City directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(b). Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the City: (a) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (b) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (c) to the Administrative Expenses Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expenses Account of the Special Tax Fund are insufficient to pay Administrative Expenses; or (d) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably

expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the District in Permitted Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Permitted Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Section 3.9. Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the City, and any balance therein shall be transferred by the Trustee to the Interest Account as directed in writing by an Authorized Representative of the City or 90 days following the issuance of the Bonds, whichever is earlier. The Costs of Issuance Fund shall thereafter be closed.

Section 3.10. Investments. Moneys held in any of the funds, Accounts and subaccounts under this Indenture shall be invested at the written direction of the District in accordance with the limitations set forth below only in Permitted Investments which shall be deemed at all times to be a part of such funds, Accounts and subaccounts. Any loss resulting from such Permitted Investments shall be credited or charged to the fund, Account or subaccount from which such investment was made, and any investment earnings on a fund, Account or subaccount shall be applied as follows: (i) investment earnings on all amounts deposited in the Costs of Issuance Fund, the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) shall be deposited in those respective funds and Accounts; and (ii) investment earnings on all amounts deposited in the Reserve Account shall be deposited therein to be applied as set forth in Section 3.6. Moneys in the funds, Accounts and subaccounts held under this Indenture may be invested by the Trustee as directed in writing (filed by the District with the Trustee two (2) Business Days in advance of the making of the investment) from time to time, in Permitted Investments subject to the following restrictions:

(a) Moneys in the Costs of Issuance Fund and the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Permitted Investments which will by their terms mature, or in the case of an investment agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(b) Moneys in the Reserve Account of the Special Tax Fund may be invested only in Permitted Investments which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an investment agreement to the later of the final maturity of the Bonds or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with Section 3.6; and provided that no such Permitted Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds shall mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds, as applicable.

(c) Moneys in the Rebate Fund shall be invested only in Permitted Investments of the type described in clause (a) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to Section 3.7, or in Permitted Investments of the type described in clause (d) of the definition thereof.

(d) In the absence of written investment directions from the District, the Trustee shall hold such moneys uninvested.

The Trustee shall sell, or present for redemption, any Permitted Investment as directed in writing by the District whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such funds and Accounts or from such funds and Accounts. For the purpose of determining at any given time the balance in any such funds and Accounts, any such investments constituting a part of such funds and Accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the market value thereof at least semiannually on or before each Interest Payment Date. In making any valuations hereunder, the Trustee may utilize and conclusively rely on, without liability, such generally recognized pricing information services (including brokers and dealers in securities) as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything herein to the contrary, the Trustee shall not be liable for the selection of investments or for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the District to provide timely written investment direction. The Trustee may conclusively rely upon the District's written instructions as to both suitability and legality of the directed investments.

The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee for such investment, including account maintenance fees. The Trustee may sell, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and, subject to the provisions of Section 7.4, the Trustee shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including account maintenance fees. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories.

The District acknowledges that, to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. Upon the District's written election, such statements shall be delivered via the Trustee's online service and upon electing such service, paper statements shall be provided only upon request.

Ratings of Permitted Investments referred to herein shall be determined at the time of purchase of such Permitted Investments and without regard to rating subcategories. The Trustee shall have no responsibility to monitor ratings of Permitted Investments after the initial purchase of such Authorized

Investments or the responsibility to validate the ratings of Permitted Investments prior to the initial purchase.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1. Redemption of Bonds.

(a) Optional Redemption. The Bonds with stated maturities on or after September 1, 20__ are subject to redemption prior to their respective stated maturities, as a whole or in part, as directed by the District in a written request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to redemption, by lot within each maturity in integral multiples of $5,000, on September 1, 20__ or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

(b) Extraordinary Redemption. The Bonds are subject to extraordinary redemption as a whole, or in part by lot, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to Section 3.5(b), plus amounts transferred from the Reserve Account pursuant to Section 3.6, among maturities as directed in writing by the District, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

Redemption Date	***Redemption Price***
Any Interest Payment Date from (and including) September 1, 20__ through (and including) March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	___101
September 1, 20__ and any Interest Payment Date thereafter ___	100

The District shall notify the Trustee of any extraordinary redemption at least 45 days prior to the Interest Payment Date on which such redemption shall occur.

(c) The redemption provisions for Parity Bonds shall be set forth in a Supplemental Indenture.

Section 4.2. Selection of Bonds and Parity Bonds for Redemption. If less than all of the Bonds or Parity Bonds Outstanding are to be redeemed, the portion of any Bond or Parity Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or an integral multiple thereof; provided, however, that Bonds held by the Depository shall be subject to the procedures and requirements of the Depository. The Trustee shall promptly notify the District in writing of the Bonds or Parity Bonds, or portions thereof, selected for redemption.

Section 4.3. Notice of Redemption. When Bonds or Parity Bonds are due for redemption under Section 4.1 or the terms of a Supplemental Indenture, respectively, subject in the case of optional redemption to its receipt of timely notice from the District of its election to exercise optional redemption, the Trustee shall give notice, in the name of the District, of the redemption of such Bonds

or Parity Bonds; provided, however, that a notice of a redemption to be made from other than from Sinking Fund Payments shall be conditioned on there being on deposit on the redemption date sufficient money to pay the redemption price of the Bonds or Parity Bonds to be redeemed. Such notice of redemption shall: (a) specify the CUSIP numbers (if any) and the maturity date or dates of the Bonds or Parity Bonds selected for redemption; (b) state the date fixed for redemption and surrender of the Bonds or Parity Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds or Parity Bonds are to be redeemed; (e) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond that is to be redeemed; (f) state the date of issue of the Bonds or Parity Bonds as originally issued; (g) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the Trustee (the Trustee having no duty to state such additional descriptive information). Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Trustee shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond or Parity Bond or the original purchaser of any Bond or Parity Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as herein provided shall be conclusive as against all parties, and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption. Redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. In addition to providing any notice of redemption to the Bondowners, if the Bonds are held in book-entry form, each further notice of redemption shall be sent not later than the date that notice of redemption is mailed to the Bondowners by registered or certified mail or overnight delivery service to the Depository and by electronic notice to the Municipal Securities Rulemaking Board.

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

With respect to any notice of optional redemption or extraordinary redemption of Bonds or Parity Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds or Parity Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds or Parity Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 4.4. Partial Redemption of Bonds or Parity Bonds. Upon surrender by the Owner of a Bond, at the option of such Owner, for mandatory redemption at the Principal Office of the Trustee, payment of such mandatory redemption of the principal amount of a Bond will be paid to such Owner. Upon surrender of any Bond or Parity Bond to be redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations. Such mandatory redemption shall be valid upon payment of the amount thereby required to be paid to such Owner, and the District and the Trustee shall be released and discharged from all liability to the extent of such payment.

Section 4.5. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.3, and the amount necessary for the redemption having been made available to the Trustee for that purpose and being available to the Trustee therefor on the date fixed for such redemption:

(a) the Bonds and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture or in any Supplemental Indenture with respect to any Parity Bonds, anything in this Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding;

(b) upon presentation and surrender thereof at the Principal Office of the Trustee, the redemption price of such Bonds and Parity Bonds shall be paid to the Owners thereof;

(c) as of the redemption date, the Bonds or the Parity Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, shall cease to bear further interest; and

(d) as of the date fixed for redemption, no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. Security. The District shall preserve and protect the security pledged hereunder to the Bonds and any Parity Bonds against all claims and demands of all persons.

Section 5.2. Covenants. So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and this Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Chief Financial Officer of the City to deposit all Special Taxes with the Trustee immediately upon their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with this Indenture to the extent that Net Taxes and other amounts pledged hereunder are available therefor, and that the payments into the funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, this Indenture and any Supplemental Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in this Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing or incurring indebtedness that is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds.

(b) Levy of Special Tax. Beginning in Fiscal Year 2025-26 and continuing so long as any Bonds or Parity Bonds are Outstanding, the legislative body of the District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay: (i) the principal of and interest on the Bonds and any Parity Bonds when due; (ii) the Administrative Expenses; (iii) any amounts required to replenish the Reserve Account of the Special Tax Fund and any reserve account established in connection with the issuance of such Parity Bonds to the Reserve Requirement; and (iv) any amounts due to the Insurer not included in (i) through (iii) above. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it will commence judicial foreclosure proceedings on any parcel with four or more installments of delinquent Special Tax by December 1 following the close of the Fiscal Year in which the fourth delinquent installments of Special Tax was due and will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided, however, that the District shall not be required to undertake any such foreclosure proceedings if: (i) the amount of Special Taxes collected by the December 1 for the most recent Fiscal Year was equal to 95% or more of the total Special Tax levied in such Fiscal Year; and (ii) the amount on deposit in the Reserve Account and any reserve account established in connection with the issuance of such Parity Bonds as of December 1 was at least equal to the Reserve Requirement.

The District or the Trustee is expressly authorized to credit bid at any foreclosure sale, without any requirement that funds be placed in the Special Tax Fund or otherwise be set aside in the amount

so credit bid, in the amount specified in Section 53356.5 of the Act or such lesser amount as determined in the following paragraph or otherwise under Section 53356.6 of the Act. Notwithstanding anything to the contrary herein, in no event shall the Trustee be required to undertake foreclosure proceedings hereunder.

The District may permit, in its sole and absolute discretion, property with delinquent Special Tax payments to be sold for less than the amount specified in Section 53356.5 of the Act, if it determines that such sale is in the interest of the Bond owners. The Bond owners, by their acceptance of the Bonds, hereby consent to such sale for such lesser amounts (as such consent is described in Section 53356.6 of the Act), and release the District, its officers and its agents from any liability in connection therewith.

The District is hereby expressly authorized to use amounts in the Special Tax Fund to pay costs of foreclosure of delinquent Special Taxes.

The District may forgive all or any portion of the Special Taxes levied or to be levied on any parcel in the District, so long as the District determines that such forgiveness is not expected to adversely affect its obligation to pay principal of and interest on the Bonds hereunder.

The District covenants that it will deposit the net proceeds of any foreclosure to the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal of and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account and any reserve account established in connection with the issuance of any Parity Bonds, if any, up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund (other than the Administrative Expenses Account therein), or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee, the Owners of not less than 10% of the principal amount of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable

requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action and will refrain from taking any action or making any use of the proceeds of the Bonds or any Parity Bonds or of any other moneys or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be "private activity bonds" within the meaning of Section 141 of the Code;

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds and will not take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds;

(6) Miscellaneous. The District will take no action and will refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein;

(7) Other Tax-Exempt Issues. The District will not use proceeds of other tax-exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis; and

(8) Subsequent Opinions. If the District obtains a subsequent opinion of Bond Counsel other than Stradling Yocca Carlson & Rauth LLP ("**SYCR**"), where such opinion is required in connection with a change or amendment to this Indenture or the procedures set forth in the Tax Certificate, it will obtain an opinion substantially to the effect originally delivered by SYCR that interest on the Bonds and Parity Bonds which are the subject of such change or amendment is excluded from gross income for federal income tax purposes.

(g) Reduction of Maximum Special Taxes. The District hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community

facilities districts in Southern California have from time to time been at levels that required the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the District below the levels provided in this Section 5.2(g) would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the District.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below the levels specified in Section 5.2(g) above or to limit the power of the District to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District hereby covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

(j) Continuing Disclosures. The District covenants to comply with the terms of the Continuing Disclosure Agreement and with the terms of any continuing disclosure agreement executed by the District with respect to any Parity Bonds in order to assist the underwriter thereof in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission.

(k) Further Assurances. The District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided in this Indenture.

ARTICLE VI

AMENDMENTS TO INDENTURE

Section 6.1. Supplemental Indentures or Orders Not Requiring Bondowner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners, as evidenced by an opinion of Bond Counsel delivered pursuant to Section 6.3 hereunder;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of this Indenture;

(d) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding, as evidenced by an opinion of Bond Counsel delivered pursuant to Section 6.3 hereunder;

(e) subject to the provisions of Section 5.2(g), to modify, alter or amend the Rate and Method in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondowners, as evidenced by an opinion of Bond Counsel delivered pursuant to Section 6.3 hereunder.

Section 6.2. Supplemental Indentures or Orders Requiring Bondowner Consent. Exclusive of the Supplemental Indentures described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein shall permit, or be construed as permitting: (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture together with the written consent of the Insurer (so long as the Insurance Policy is in full force and effect and the Insurer is not in default thereunder). The Trustee shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the Principal Office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the

Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds that are owned by the District, or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination, except that in determining whether the Trustee shall be protected in relying upon any such demand, request, direction, consent or waiver of a Bondowner, only Bonds which a Responsible Officer of the Trustee actually knows to be owned or held by or for the account of the District, or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this Section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 6.3. Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds. After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of such Owner's Bond or Parity Bond for the purpose at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds or Parity Bonds. If the District shall so determine, new Bonds or Parity Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds shall be exchanged at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

In executing, or accepting the additional trusts created by any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Bond Counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture and complies with the terms hereof and that all conditions precedent set forth in this Indenture

applicable to the adoption of such Supplemental Indenture, if any, have been satisfied. In addition, in connection with the adoption of a Supplemental Indenture pursuant to Section 6.2, the Trustee shall be entitled to receive and to rely upon an opinion or advice of counsel in determining whether such Supplemental Indenture materially adversely affects the interests of Owners of any Bonds or Parity Bonds (which opinion may rely upon such certificates, reports or other statements as such opining counsel may deem necessary). The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

ARTICLE VII

TRUSTEE

Section 7.1. Trustee. U.S. Bank Trust Company, National Association , shall be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District hereunder. The District may, at any time, appoint a successor Trustee satisfying the requirements of Section 7.2 for the purpose of receiving all money that the District is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture.

The Trustee shall and is hereby authorized to mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5, interest payments to the Bondowners, to select Bonds and Parity Bonds for redemption and to maintain the Bond Register. The Trustee is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds and to provide for the authentication of Bonds and Parity Bonds and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Trustee shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is hereby authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of Section 10.1.

The District shall from time to time, subject to any agreement between the District and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all of its advances and expenditures, including, but not limited to, advances to and fees, costs and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder and indemnify and save the Trustee, its officers, directors, employees and agents, harmless from and against any losses, costs, claims, expenses, judgments, damages, suits and liabilities, including, without limitation, fees and expenses of its attorneys, not arising from its own negligence or willful misconduct, in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim (except claims asserted by the District) or liability in connection with the exercise or performance of any of its powers and duties hereunder or under any documents or transactions contemplated or executed in connection herewith. The foregoing obligation of the District to indemnify the Trustee shall survive the removal or resignation of the Trustee or the discharge of the Bonds.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. Upon an Event of Default, and only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it.

Section 7.2. Removal of Trustee. The District may at any time at its sole discretion, and shall at the direction of a majority of the Owners, remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a 30-day written notice of its decision to remove the Trustee. The District shall appoint a successor or successors thereto, provided that any such successor shall be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least $250,000,000, and subject to supervision or examination by federal or state authority. If any bank, national banking association or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address. The predecessor Trustee shall be and remain entitled to payment in full of the amounts owing to it hereunder.

Section 7.3. Resignation of Trustee. The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books at the Principal Office of the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in Section 7.2 by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondowner (on behalf of itself and all other Bondowners) may petition any court of competent jurisdiction, at the expense of the District, for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. The Trustee shall be paid in full for any fees and expense owing to it prior to or contemporaneously with the signing of any instrument or agreement to effect the transfer to a successor Trustee.

Section 7.4. Liability of Trustee. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture, the Bonds or any Parity Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth herein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee shall not be liable in connection with the performance of its duties hereunder,

except for its own negligence or willful misconduct. The Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder.

The Trustee shall be protected in relying and acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, statement, requisition, report, Bond, Parity Bond, electronic mail, or other evidence of indebtedness or other paper or document reasonably believed by it to be genuine and correct and to have been signed or presented by the proper party or parties, and shall not be obliged to make any investigation into the facts or matters stated therein. The Trustee may consult with counsel, who may be counsel to the District, 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 hereunder in good faith and in accordance therewith.

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

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

The Trustee shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers. The Trustee may refuse to perform any duty or exercise any right or power which would require it to expend its own funds or risk any liability if it shall reasonably believe that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.

The Trustee shall not be deemed to have knowledge of any default or Event of Default until a Responsible Officer shall have actual knowledge thereof or the Trustee shall have received written notice thereof at the Principal Office of the Trustee.

The Trustee shall not be considered in breach of or in default in its obligations hereunder or liable for any failure in or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, pandemics, quarantine restrictions, acts of civil or military authority, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

The Trustee shall not be liable for action taken or omitted to be taken by it in good faith pursuant to and in accordance with the direction of Owners of Bonds or Parity Bonds in aggregate principal amount of the requisite percentage or the District pursuant to and in accordance with any provision contained in this Indenture that permits such party so to direct the Trustee.

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

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("**Instructions**") given pursuant to this Indenture and delivered using Electronic Means. ("**Electronic Means**" shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("**Authorized Officers**") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's reasonable understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

All immunities, indemnifications and releases from liability granted herein to the Trustee will extend to the directors, employees, officers and agents thereof.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Owners pursuant to the provisions of this

Indenture unless such Owners shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities (including but not limited to attorneys' fees and expenses) which may be incurred therein or thereby.

The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys, agents, custodians or nominees appointed with due care and the Trustee shall not be liable for the acts or omissions of such attorneys, agents, custodians or nominees appointed with due care, and shall be entitled to rely on advice of counsel concerning all matters of trust and its rights and duties hereunder.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

The Trustee shall not be required to determine the suitability or legality of any investments, and may rely on the investment directions of the District as to both the suitability and legality of the directed investments.

Section 7.5. Merger or Consolidation. Any bank, corporation, association or company into which the Trustee may be merged or converted or with which it may be consolidated or any bank corporation, association or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, corporation, association or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default":

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) except as described in subsections (a) or (b), default by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds; provided, however, such default shall not constitute an Event of Default hereunder if the District shall commence to cure such default within said 30-day period and thereafter diligently and in good faith proceed to cure such default within a reasonable period of time not to exceed 90 days after such notice.

The Trustee agrees to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under subsections (a) or (b) above and within 30 days of a Responsible Officer's knowledge of an Event of Default under subsection (c) above.

Section 8.2. Remedies of Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce the Trustee's rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds and Parity Bonds; provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Owners of Bonds or Parity Bonds not making such request (the Trustee having no duty to make such determination or judgment).

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition

affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owner so affected.

In no event shall the principal of the Bonds or any Parity Bonds be accelerated.

Section 8.3. Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture relating to the Bonds and Parity Bonds shall be applied by the Trustee in the following order:

First, to the payment or reimbursement of the fees, costs, advances, charges, disbursements and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, upon presentation of the several Bonds and Parity Bonds, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event that such amounts shall be insufficient to pay the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing,

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Section 8.4. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding that any Owner of Bonds or Parity Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds and Parity Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the

true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Section 8.5. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds and Parity Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.6. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as herein provided, out of the Net Taxes and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon 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 conferred upon the Trustee or the Owners by the Act or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

Section 8.7. Limitations on Rights and Remedies of Owners. No Owner of any Bond or Parity Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless: (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request (including but not limited to attorneys' fees and costs); and (d) 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 hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds and Parity Bonds shall have any right in any manner whatever by their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.8. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

ARTICLE IX

DEFEASANCE AND PARITY BONDS

Section 9.1. Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under this Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District's general fund all money or securities held by it pursuant to this Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expenses Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, Federal Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expenses Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee.

Upon a defeasance, the Trustee, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds that have been defeased under this Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds and Parity Bonds, the Trustee shall pay over or deliver to the District any funds held by the Trustee at the time of a defeasance that are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Section 9.2. Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expenses Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds may be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect, and a certificate of the District to that effect shall have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding the fact that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding Bonds or Parity Bonds, including payment of all costs and the funding of all reserves incidental to or connected with such refunding;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that: (i) each maturity date shall fall on a September 1; (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number; and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in a reserve account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The Trustee shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the Delivery Date of such Parity Bonds by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date, which it shall not be liable hereunder for so accepting):

(1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel to the effect that: (i) the District has the right and power under the Act to execute and deliver this Indenture and the Supplemental Indentures relating to such Parity Bonds, and this Indenture and all such Supplemental Indentures have been duly and lawfully executed and delivered by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) this Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in this Indenture, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of this Indenture and all Supplemental Indentures thereto and entitled to the benefits of this Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and this Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of

interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture, including a statement that all requirements under this Section 9.2 have been complied with;

(5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

(6) such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

Notwithstanding satisfaction of the other conditions to the issuance of Parity Bonds set forth in this section, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Account is fully funded at the Reserve Requirement (including the proposed Parity Bonds) upon the issuance of such Parity Bonds, in either case unless otherwise permitted by the Insurer.

ARTICLE X

MISCELLANEOUS

Section 10.1. Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized herein and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued. The Trustee shall destroy such Bonds and Parity Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

Section 10.2. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee shall be affected by any notice to the contrary.

Nothing contained in this Indenture shall be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters herein stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond shall bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

Section 10.3. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds that remains unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Trustee to the District (without liability for interest), as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the expense of the District, shall cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District. Any money held by the Trustee pursuant to this paragraph shall be held uninvested and without liability for interest.

Section 10.4. Provisions Constitute Contract. The provisions of this Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Trustee, then the District, the Trustee and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds, this Indenture shall be irrepealable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

Section 10.5. Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge hereunder, or which is payable from the

general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged hereunder.

Section 10.6. Further Assurances. The District 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 Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in this Indenture.

Section 10.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 10.8. Notices. Any notices required to be given to the District with respect to the Bonds or this Indenture shall be mailed, first class, postage prepaid, or personally delivered to the City at 600 6th Street, Lincoln, California 95648, Attention: City Manager, all notices to the Trustee in its capacity as Trustee shall be mailed, first class, postage prepaid, or personally delivered to U.S. Bank Trust Company, National Association, One California Street, 26th Floor, San Francisco, CA 94111, Attention: Global Corporate Trust."

Section 10.9. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument. Each counterpart of this Indenture may be executed and delivered by electronic means, including by electronic transmission or delivery (including electronic images of handwritten signatures delivered in .pdf file or .jpeg file format, or by any electronic signature complying with the U.S. federal ESIGN Act of 2000, including Orbit, Adobe Sign, DocuSign, or any other similar platform), each of which shall be deemed to be original signatures for all purposes and shall be effective as delivery of a manually executed original counterpart.

Section 10.10. OFAC Compliance. The District covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers are the target or subject of any sanctions enforced by the United States Government, (including, the Office of Foreign Assets Control of the US Department of the Treasury, the United Nations Security Council, the European Union, HM Treasury or other relevant sanctions authority (collectively "**Sanctions**"). The District covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers will use any payments made pursuant to this Indenture: (a) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions; (b) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions; or (c) in any other manner that will result in a violation of Sanctions by any person.

IN WITNESS WHEREOF, the District has caused this Indenture to be signed by the City Manager of the City, acting as the legislative body of the District, and attested thereto by the Director of City Clerk Services of the City, and the Trustee, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

CITY OF LINCOLN COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)

By: _____
City Manager of the City of Lincoln, acting as the legislative body of City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project)

ATTEST:

_____
Director of City Clerk Services of the City of Lincoln, acting as the legislative body of City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project))

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

By: _____
Its: Authorized Officer

EXHIBIT A

FORM OF 2026 SPECIAL TAX REFUNDING BOND

R-1 $_____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS SUCH TERM IS DEFINED IN THE INDENTURE) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF PLACER

CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
SPECIAL TAX REFUNDING BONDS, SERIES 2026

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	September 1, 20__	_____, 2026	___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ MILLION _____ THOUSAND DOLLARS

CITY OF LINCOLN COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT) (the "District") which was formed by the City of Lincoln (the "City") and is situated in the County of Placer, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as such term is defined herein), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as such term is defined herein) next preceding the date of

authentication hereof, unless: (i) the date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date (as such term is defined herein) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on September 1, 2026 and each March 1 and September 1 thereafter (each, an "Interest Payment Date"), at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Trustee, initially U.S. Bank Trust Company, National Association, (the "Trustee"). Interest on this Bond shall be paid on each Interest Payment Date by check of the Trustee mailed by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Registered Owner hereof appearing on the registration books maintained by the Trustee as of the close of business on the fifteenth day of the month preceding the month in which the Interest Payment Date occurs (the "Record Date") at such Registered Owner's address as it appears on the registration books maintained by the Trustee.

Capitalized terms used herein and not defined shall have the meanings given them in the Indenture.

This Bond is one of a duly authorized issue of "City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026" (the "Bonds") issued in the aggregate principal amount of $_____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of refunding the District's outstanding Series 2013 Bonds, Series 2014A Bonds and Series 2016 Bonds, funding a reserve account and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the "Legislative Body") on _____, 2026 and a Bond Indenture dated as of June 1, 2026, by and between the District and the Trustee executed in connection therewith (the "Indenture"), and this reference incorporates the Indenture herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is executed under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the net annual special taxes authorized under the Act to be levied and collected within the District (the "Net Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Net Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Net Taxes and other amounts deposited to the Special Tax Fund (exclusive of the Reserve Account, which shall only secure the Bonds, and the Administrative Expenses Account

therein) established under the Indenture, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence and diligently pursue to completion foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The Bonds with stated maturities on or after September 1, 20__ are subject to redemption prior to their respective stated maturities, as a whole or in part, as directed by the District in a written request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to redemption, by lot within each maturity in integral multiples of $5,000, on September 1, 20__ or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are subject to extraordinary redemption as a whole, or in part by lot, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to the Indenture, plus amounts transferred from the Reserve Account pursuant to the Indenture, among maturities as directed in writing by the District, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

Redemption Date	***Redemption Price***
Any Interest Payment Date from (and including) September 1, 20__ through (and including) March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	___101
September 1, 20__ and any Interest Payment Date thereafter ___	100

The District shall notify the Trustee of any extraordinary prepayment at least 45 days prior to the Interest Payment Date on which such prepayment shall occur.

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the District and the Trustee may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized

in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Trustee shall not be required to register transfers or make exchanges of: (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed; or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OR OF THE DISTRICT FOR WHICH THE CITY OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE NET TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE NET TAXES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

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

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

IN WITNESS WHEREOF, the District has caused this Bond to be dated as of the Dated Date, to be signed by the facsimile signature of the Mayor of the City on behalf of the District, acting as the legislative body of the District, and attested by the facsimile signature of the City Clerk of the City.

By:_____
Mayor of the City of Lincoln, acting as the legislative body of City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project)

ATTEST:

_____
City Clerk of the City of Lincoln,
acting as the legislative body of
City of Lincoln Community Facilities
District No. 2005-1 (Sorrento Project)

[FORM OF TRUSTEE'S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-defined Indenture.

Dated: _____, 2026

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

By: _____
Its: Authorized Signatory

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth LLP, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

_____

City Clerk of the City of Lincoln,
acting as the legislative body of
City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project)

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Registration Books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

_____

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

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2026

NEW ISSUE — BOOK-ENTRY ONLY

Ratings: Insured Bonds: S&P "__"
Underlying/Uninsured Bonds: S&P "_"
See the caption "CONCLUDING INFORMATION—Ratings"

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See the caption "CONCLUDING INFORMATION—Tax Matters" with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

COUNTY OF PLACER **STATE OF CALIFORNIA**

$12,170,000*
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)
SPECIAL TAX REFUNDING BONDS, SERIES 2026

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

The City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 (the "**Bonds**") are being issued by City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) (the "**District**") 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 "**CFD Act**"), and a Bond Indenture, dated as of June 1, 2026 (the "**Indenture**"), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"), and will be secured as described herein. See the caption "SECURITY FOR THE BONDS."

The Bonds are being issued: (i) together with other available funds, to refund the outstanding City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2013 (the "**2013 Bonds**"); (ii) to refund the outstanding City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2014A (the "**2014A Bonds**"); (iii) to refund the outstanding City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2016 (the "**2016 Bonds**"); (iv) to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for deposit in the Reserve Account to fund the initial Reserve Requirement for the Bonds; and (iii) to pay costs of issuance of the Bonds, including the premium for an insurance policy insuring the Insured Bonds (defined below).

The Bonds will be secured by special tax liens on taxable property within the District and certain funds held by the Trustee under the Indenture. The City of Lincoln (the "**City**") has determined that it will not obligate itself to advance funds from its treasury to cover any delinquency on the Bonds. See the caption "SECURITY FOR THE BONDS."

The Bonds will be issued in book-entry form, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("**DTC**"), New York, New York. Interest on the Bonds will be payable on September 1, 2026 and each March 1 and September 1 thereafter. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases of Bonds will be in principal amounts of $5,000 or in any integral multiple of $5,000. Payments of principal and interest will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, which will remit such payments to the beneficial owners of the Bonds.

The Bonds are subject to optional redemption and extraordinary redemption from Special Tax prepayments prior to maturity as set forth herein. See the caption "THE BONDS—Redemption."

ALL OBLIGATIONS OF THE DISTRICT UNDER THE INDENTURE AND THE BONDS ARE SPECIAL OBLIGATIONS OF THE DISTRICT, PAYABLE SOLELY FROM THE NET TAXES AND THE FUNDS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES.

[The scheduled payment of principal of and interest on the Bonds maturing on September 1 of the years 20__ through 20__, inclusive (collectively, the "**Insured Bonds**"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by _____ (the "**Insurer**"). The Insurer will also issue a debt service reserve insurance policy concurrently with the issuance of the Bonds to be credited to the Reserve Account for the Bonds to satisfy the initial Reserve Requirement for the Bonds. See "BOND INSURANCE" herein.]

[INSURER'S LOGO]

See the caption "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered in addition to the other matters set forth herein when evaluating the investment quality of the Bonds. This cover page contains certain information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

(See inside cover)

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to approval as to their validity by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the City and the District by the City Attorney of the City of, and by Stradling Yocca Carlson & Rauth LLP , Newport Beach, California, Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Irvine, California, for the Insurer by its counsel and for the Trustee by its counsel. It is anticipated that the Bonds will be available for delivery in book-entry form through the facilities of DTC on or about _____, 2026.

[UNDERWRITER'S LOGO]

Dated: _____, 2026

---

* *Preliminary, subject to change*

**$12,170,000*
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)
SPECIAL TAX REFUNDING BONDS, SERIES 2026
MATURITY SCHEDULE**

Base CUSIP®†: _____

Maturity Date (September 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP®†*

* *Preliminary, subject to change*

† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 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. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.*

CITY OF LINCOLN
COUNTY OF PLACER, CALIFORNIA

CITY COUNCIL

Richard Pearl, *Mayor, District 4*
Whitney Eklund, *Mayor Pro Tem, District 5*
Holly Andreatta, *District 1*
Ben Brown, *District 2*
John Reedy, *District 3*

CITY ADMINISTRATORS

Sean Scully, *City Manager*
Nita Wracker, *Assistant City Manager/Finance Director*
Hope Ithurburn, *City Clerk*
Douglas White, *Interim City Attorney*

BOND AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
San Francisco, California

SPECIAL TAX CONSULTANT

NBS
Temecula, California

TRUSTEE AND ESCROW AGENT

U.S. Bank Trust Company, National Association
San Francisco, California

VERIFICATION AGENT

Causey Public Finance LLC
Denver, Colorado

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

The information set forth herein which has been obtained from parties other than the City and the District is believed to be reliable but is not guaranteed as to accuracy or completeness by the City or the District. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the City or the District since the date hereof.

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 applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information herein relating to the Bonds, the District and the City does not purport to be comprehensive or definitive. All references to the Bonds are qualified in their entirety by reference to the Indenture setting forth the terms and descriptions thereof. The summaries and references to any code, act, resolution or the Indenture, and to other statutes and documents in this Official Statement, do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each statute and document.

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

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," "intend" or similar words. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts set forth herein in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The City and the District disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Official Statement to reflect any changes in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

The City maintains a website and certain social media accounts; however, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

[_____ (the "**Insurer**") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the caption "BOND INSURANCE" and in Appendix G—"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."]

TABLE OF CONTENTS

Page

INTRODUCTION 1
- Summary 1
- Covenant to Foreclose 2
- No Parity Bonds Except for Refunding Purposes 2
- Bond Insurance 2
- Reserve Account 2
- Risk Factors 3

THE REFUNDING PLAN 3
- General 3
- Verification 5

THE BONDS 6
- Description of the Bonds 6
- Redemption 6
- Notice of Redemption 7
- Effect of Redemption 8
- Transfers and Exchanges 9
- Debt Service Schedule 9

SECURITY FOR THE BONDS 9
- Repayment of the Bonds 9
- Levy and Collection of Special Taxes 12
- Rate and Method of Apportionment of Special Taxes 13
- County Teeter Plan Not Applicable to the District 15
- Covenant to Foreclose 15
- No Parity Bonds Except for Refunding Purposes 17
- Priority of Lien 17
- No Obligation of the City Upon Delinquency 17
- Prepayment of Special Taxes 17

BOND INSURANCE 17

THE DISTRICT 18
- General 18
- Historical Assessed Values 18
- Major Property Ownership 19
- Special Tax Levy 19
- Delinquency History 19
- Direct and Overlapping Debt 20
- Estimated Average Effective Tax Rates 21
- Estimated Assessed Value-to-Lien Ratios 22

SPECIAL RISK FACTORS 22
- The Bonds are Limited Obligations of the District 22
- The Special Taxes are Not Personal Obligations of the Owners 23
- Potential Early Redemption of Bonds from Prepayments 23
- Risks of Real Estate Secured Investments Generally 23
- Concentration of Ownership 23
- Insufficiency of Special Taxes 24
- Billing of Special Taxes 25
- Non-Cash Payments of Special Taxes 25
- Bankruptcy and Foreclosure Delays 26
- FDIC/Federal Government Interests in Properties 27
- Direct and Overlapping Debt 28
- Disclosures to Future Purchasers 29
- Shapiro Decision 29
- Natural Disasters 30
- Property Insurance 31
- Land Values 31
- Hazardous Substances 31
- Cumulative Burden of Parity Taxes and Special Assessments 32
- California Constitution Article XIIIC and Article XIIID 32
- No Acceleration 33
- Limited Secondary Market 33
- Tax Cuts and Jobs Act 33
- Ballot Initiatives 34
- Limitations on Remedies 34
- Cybersecurity 34
- Loss of Tax Exemption 35
- Climate Change 35
- Risks Associated with Bond Insurance 35

CONCLUDING INFORMATION 36
- Underwriting 36
- Municipal Advisor 37
- Legal Opinion; Legal Matters 37
- Tax Matters 37
- No Litigation 39
- Ratings 39
- Continuing Disclosure 39
- Miscellaneous 40

APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE A-1
APPENDIX B—FORM OF BOND COUNSEL OPINION B-1
APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE C-1
APPENDIX D—INFORMATION CONCERNING DTC D-1
APPENDIX E—RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES E-1
APPENDIX F— GENERAL INFORMATION CONCERNING THE CITY OF LINCOLN AND THE COUNTY OF PLACER F-1
APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY G-1

$12,170,000*
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)
SPECIAL TAX REFUNDING BONDS, SERIES 2026
MATURITY SCHEDULE

INTRODUCTION

Summary

This Official Statement is provided to furnish certain information in connection with the issuance and sale by the City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) (the "**District**") of $12,170,000* aggregate principal amount of City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 (the "**Bonds**").

The Bonds will be issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 *et seq*. of the Government Code of the State of California (the "**CFD Act**"), and a Bond Indenture, dated as of June 1, 2026 (the "**Indenture**"), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"). Capitalized terms that are used in this Official Statement and not defined have the meanings which are ascribed thereto in Appendix A.

The Bonds are being issued, together with other available funds, to: (i) refund the outstanding City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2013 (the "**2013 Bonds**"); (ii) refund the outstanding City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2014A (the "**2014A Bonds**"); (iii) refund the outstanding City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2016 (the "**2016 Bonds**"); (iv) pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy (the "**Reserve Policy**") to be issued by _____ (the "**Insurer**") for deposit in the Reserve Account to fund the Reserve Requirement for the Bonds; and (v) to pay costs of issuance of the Bonds, including the premium for a Municipal Bond Insurance Policy (the "**Policy**") insuring the Bonds maturing on September 1 of the years 20__ through 20__, inclusive (collectively, the "**Insured Bonds**"), to be issued by the Insurer concurrently with the issuance of the Bonds. See the caption "THE REFUNDING PLAN."

The Bonds are limited obligations of the District payable from Net Taxes (as such term is defined under the caption "SECURITY FOR THE BONDS—Payment of the Bonds—General") which are derived from the levy of Special Taxes (the "**Special Taxes**") on certain taxable property within the District and from certain funds held by the Trustee under the Indenture. The District was formed on June 14, 2005 for the purpose of financing a portion of certain public improvements within the City of Lincoln (the "**City**"). In an election held on June 14, 2005, the qualified electors of the District voted to (i) approve the Rate and Method, and (ii) authorize the District to incur up to $16,000,000 of bonded indebtedness. As described under the captions "—No Parity Bonds Except for Refunding Purposes," the District may issue Additional Bonds for refunding purposes only.

The District encompasses all of a master-planned community known as "Sorrento," which consists of approximately 147.4 gross acres of property located within the City. The Sorrento community includes a total of 497 detached single-family homes, four of which have completely prepaid their Special Taxes. Therefore, only 493 homes remain subject to the lien of the Special Taxes which are security for the Bonds. See the caption "THE DISTRICT" for information related to the property within the District subject to the lien of the Special Taxes.

ALL OBLIGATIONS OF THE DISTRICT UNDER THE INDENTURE AND THE BONDS ARE SPECIAL OBLIGATIONS OF THE DISTRICT, PAYABLE SOLELY FROM THE NET TAXES AND THE FUNDS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR

* *Preliminary, subject to change*

THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE OF CALIFORNIA (THE "**STATE**") OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES.

Covenant to Foreclose

The District has covenanted in the Indenture to commence judicial foreclosure proceedings against parcels with four or more installments of delinquent Special Tax by the December 1 following the close of the Fiscal Year in which the fourth installment of such delinquent Special Tax was due and to diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided, however, that the District is not required to undertake any such foreclosure proceedings if: (i) the amount of Special Taxes collected by the October 1 for the most recent Fiscal Year was equal to 95% or more of the total Special Tax levied in such Fiscal Year; and (ii) the amount on deposit in the Reserve Account and any reserve account established in connection with the issuance of such Parity Bonds as of October 1 was at least equal to the Reserve Requirement. See the caption "SECURITY FOR THE BONDS—Covenant to Foreclose."

No Parity Bonds Except for Refunding Purposes

The District has covenanted in the Indenture that, except as described below, it will not issue any other obligations payable, as to principal or interest, from the Net Taxes which have, or purport to have, any lien upon the Net Taxes superior to or on a parity with the lien of the Bonds, other than Parity Bonds. Under the Indenture, the District may at any time after the issuance and delivery of the Bonds issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expenses Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding and the conditions precedent in the Indenture are satisfied, including the requirement that the issuance of such Parity Bonds will result in a reduction of Annual Debt Service on the Bonds and any Parity Bonds to be Outstanding following the issuance of such Parity Bonds.

Bond Insurance

[The scheduled payment of principal of and interest on the Insured Bonds (consisting of the Bonds maturing on September 1, 20__ through 20__, inclusive) when due will be guaranteed under the Policy to be issued by the Insurer concurrently with the delivery of the Bonds. See the caption "BOND INSURANCE."

The Bonds maturing on September 1 of the years 20__ through 20__, inclusive, are *not* insured under the Policy.]

Reserve Account

[A Reserve Account for the Bonds has been established pursuant to the Indenture. The Reserve Requirement for the Bonds, as of the date of issuance of the Bonds, equals $_____. The Reserve Requirement on the date the Bonds are issued will be satisfied at the time of issuance of the Bonds by the deposit of the Reserve Policy in the stated amount of the initial Reserve Requirement. Subject to the limitations set forth in the Indenture, the Trustee may draw upon the Reserve Policy to pay the principal of and interest on the Bonds when due in the event that the moneys in the Special Tax Fund are insufficient therefor. See the caption "SECURITY FOR THE BONDS—Repayment of the Bonds—Reserve Account of the Special Tax Fund."

In the event of a draw on the Reserve Policy or the failure by the Insurer to honor a draw request, the District has no obligation to replenish the Reserve Account with cash or to provide an alternate reserve policy.]

Risk Factors

See the caption "SPECIAL RISK FACTORS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds generally.

Brief descriptions of the Bonds, the security for the Bonds, the District, the City and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions in this Official Statement of the Bonds, the Indenture and other documents are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Bonds, the Indenture and such other documents.

THE REFUNDING PLAN

General

The Bonds are being issued in order to provide funds to defease and refund in full the 2013 Bonds, 2014A Bonds and the 2016 Bonds (the "**Refunded Bonds**"),which are described further in the tables below. The Refunded Bonds were issued to finance certain public infrastructure necessary for the development within the District, and the 2016 Bonds were also issued to refund certain special tax bonds issued for the District in 2009, which were issued to finance certain public infrastructure necessary for the development within the District.

2013 BONDS

Principal Payment Date (September 1)	*CUSIP®*[†] *(533042)*	*Principal Amount*	*Interest Rate*	*Redemption Price*	*Redemption Date*
2026	GJ0	$ 85,000	4.750%	100%	_____, 2026
2027	GK7	95,000	4.750	100%	_____, 2026
2028	GL5	110,000	5.000	100%	_____, 2026
2033[*]	GM3	740,000	5.250	100%	_____, 2026
TOTAL		$1,030,000			

[T] Term Bonds.

Under an Escrow Agreement (2013 Bonds), dated as of June 1, 2026 (the "**Escrow Agreement (2013)**"), by and between the District and U.S. Bank Trust Company, National Association, as escrow agent (the "**Escrow Agent**"), the District will deliver a portion of the proceeds of the Bonds which, together with moneys held in certain funds related to the 2013 Bonds, will be deposited by the Escrow Agent in the escrow fund established under the Escrow Agreement (the "**2013 Escrow Fund**"). From the moneys on deposit in the Escrow Fund, the Escrow Agent will pay on _____ (the "**2013 Bonds Redemption Date**") the principal of the outstanding 2013 Bonds maturing after the 2013 Bonds Redemption Date, plus interest with respect thereto accrued through the 2013 Bonds Redemption Date, without premium.

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2014A BONDS

Principal Payment Date (September 1)	*CUSIP®*† *(533042)*	*Principal Amount*	*Interest Rate*	*Redemption Price*	*Redemption Date*
2026	GX9	$ 60,000	3.500%	100%	_____, 2026
2027	GY7	65,000	3.625	100%	_____, 2026
2028	GZ4	75,000	3.750	100%	_____, 2026
2029	HA8	85,000	3.750	100%	_____, 2026
2034*	HB6	600,000	5.000	100%	_____, 2026
2039*	HC4	925,000	5.000	100%	_____, 2026
2043*	HD2	3,630,000	5.000	100%	_____, 2026
TOTAL		$5,440,000			

T Term Bonds.

Under an Escrow Agreement (2014A Bonds), dated as of June 1, 2026 (the "**Escrow Agreement (2014A)**"), by and between the District and the Escrow Agent, the District will deliver a portion of the proceeds of the Bonds which, together with moneys held in certain funds related to the 2014A Bonds, will be deposited by the Escrow Agent in the escrow fund established under the Escrow Agreement (the "**2014A Escrow Fund**"). From the moneys on deposit in the Escrow Fund, the Escrow Agent will pay on _____ (the "**2014A Bonds Redemption Date**") the principal of the outstanding 2014A Bonds maturing after the 2014A Bonds Redemption Date, plus interest with respect thereto accrued through the 2014A Bonds Redemption Date, without premium.

2016 BONDS

Principal Payment Date (September 1)	*CUSIP®*† *(533042)*	*Principal Amount*	*Interest Rate*	*Redemption Price*	*Redemption Date*
2026	HQ3	$ 185,000	4.000%	100%	September 1, 2026
2027	HR1	200,000	4.000	100%	September 1, 2026
2028	HS9	210,000	4.000	100%	September 1, 2026
2029	HT7	230,000	3.875	100%	September 1, 2026
2030	HU4	250,000	4.000	100%	September 1, 2026
2031	HV2	260,000	4.125	100%	September 1, 2026
2032	HW0	280,000	4.250	100%	September 1, 2026
2033	HX8	295,000	4.250	100%	September 1, 2026
2034	HY6	525,000	4.375	100%	September 1, 2026
2035	HZ3	560,000	4.375	100%	September 1, 2026
2036	KA6	605,000	4.375	100%	September 1, 2026
2040	JB4	2,530,000	4.500	100%	September 1, 2026
2044	JC2	1,670,000	4.625	100%	September 1, 2026
TOTAL		$7,800,000			

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[T] Term Bonds.

Under an Escrow Agreement (2016 Bonds), dated as of June 1, 2026 (the "**Escrow Agreement (2016)**" collectively, with the Escrow Agreement (2013) and Escrow Agreement (2014A) the "**Escrow Agreements**")), by and between the District and the Escrow Agent, the District will deliver a portion of the proceeds of the Bonds which, together with moneys held in certain funds related to the 2016 Bonds, will be deposited by the Escrow Agent in the escrow fund established under the Escrow Agreement (the "**2016 Escrow Fund**" and collectively with the 2013 Escrow Fund and the 2014A Escrow Fund the "**Escrow Funds**"). From the moneys on deposit in the 2016 Escrow Fund, the Escrow Agent will pay on September 1, 2026 (the "**2016 Bonds Redemption Date**") the principal of the outstanding 2016 Bonds maturing on and after the 2016 Bonds Redemption Date, plus interest with respect thereto accrued through the 2016 Bonds Redemption Date, without premium.

Verification

Sufficiency of the deposits in the Escrow Funds established under the Escrow Agreements for such purposes will be verified by Causey Public Finance LLC (the "**Verification Agent**"). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Agreements, the Refunded Bonds will be defeased pursuant to the provisions of the indenture under which they were issued as of the date of issuance of the Bonds.

Upon the issuance of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of the moneys deposited in the Escrow Fund to pay on the Redemption Date, the principal of the outstanding Refunded Bonds maturing after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium.

The amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the outstanding Refunded Bonds. Neither the funds deposited in the Escrow Fund, nor any interest thereon, will be available for the payments of principal of or interest on the Bonds.

TABLE 1
ESTIMATED SOURCES AND USES

The estimated sources and uses of funds with respect to the Bonds and amounts transferred by the District to the Escrow Agent are set forth in the following table:

Sources of Funds	
Principal Amount of Bonds	
[Plus/Less] [Net] Original [Premium/Discount]	
Plus Other Available Moneys[(1)]	
Total Sources	
Uses of Funds	
Transfer to Escrow Agent for Deposit in 2013 Escrow Fund	
Transfer to Escrow Agent for Deposit in 2014A Escrow Fund	
Transfer to Escrow Agent for Deposit in 2016 Escrow Fund	
Underwriter's Discount	
Costs of Issuance[(2)]	
Total Uses	

(1) Includes moneys on deposit in funds and accounts related to the Refunded Bonds.
(2) Includes legal fees, Municipal Advisor fees, printing fees, Trustee fees, Escrow Agent fees, Special Tax Consultant fees, Verification Agent fees, rating agency fees, premiums for the Policy and the Reserve Policy and other Costs of Issuance.

THE BONDS

Description of the Bonds

The Bonds will be issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), New York, New York. DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of $5,000 or any integral multiple thereof. The Bonds will be dated their date of delivery. The Bonds will bear interest at the rates per annum and will mature, subject to the redemption provisions set forth below, on the dates and in the principal amounts, all as set forth on the inside cover page of this Official Statement.

Interest on the Bonds is payable semiannually on September 1, 2026 and each March 1 and September 1 thereafter (each, an "**Interest Payment Date**") to the persons in whose names ownership of the Bonds is registered on the Bond Register at the close of business on the immediately preceding Record Date, except as provided in the Indenture. "**Record Date**" means, with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of such Bond, unless: (a) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (b) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (c) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond, in which event interest will be payable from the dated date of such Bond; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on such Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on such Bond, interest on such Bond will be payable from its dated date.

Interest on any Bond will be paid to the person whose name appears in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest will be paid by check of the Trustee mailed on the applicable Interest Payment Date by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of $1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment will be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated in writing by such Owner. Notwithstanding the foregoing, as long as DTC is the Owner of all or part of the Bonds, said interest payments will be made to DTC in accordance with the procedures of DTC, which as of the date of issuance of the Bonds are by wire transfer in immediately available funds.

The Bonds will mature on September 1 in the principal amounts and years as shown on the inside front cover page hereof and are subject to extraordinary redemption from Special Tax prepayments as described under the caption "—Redemption."

The Bonds will be issued in book-entry form, initially registered in the name of Cede & Co., as nominee of DTC. Payment of interest with respect to any Bond registered as of each Record Date in the name of Cede & Co. will be made by wire transfer of same-day funds to the account of Cede & Co. See Appendix D.

Redemption

Optional Redemption. The Bonds with stated maturities on or after September 1, 20__ are subject to redemption prior to their respective stated maturities, as a whole or in part, as directed by the District in a written request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to redemption, by lot within

each maturity in integral multiples of $5,000, on September 1, 20__ or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium

Extraordinary Redemption of the Bonds from Special Tax Prepayments. The Bonds are subject to extraordinary redemption as a whole, or in part by lot, on any Interest Payment Date, and will be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to the Indenture, plus amounts transferred from the Reserve Account pursuant to the Indenture, among maturities as directed in writing by the District, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

Redemption Date	***Redemption Price***
Any Interest Payment Date from (and including) September 1, 20__ through (and including) March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	___101
September 1, 20__ and any Interest Payment Date thereafter ___	100

The District will notify the Trustee of any extraordinary redemption at least 45 days prior to the Interest Payment Date on which such redemption shall occur.

See the caption "SPECIAL RISK FACTORS—Potential Early Redemption of Bonds from Prepayments."

Selection of Bonds for Redemption. If less than all of the Bonds Outstanding are to be redeemed, the portion of any Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple thereof; provided, however, that Bonds held by the Depository will be subject to the procedures and requirements of the Depository. The Trustee will promptly notify the District in writing of the Bonds, or portions thereof, selected for redemption.

Partial Redemption. Upon surrender by the Owner of a Bond, at the option of such Owner, for mandatory redemption at the Principal Office of the Trustee, payment of such mandatory redemption of the principal amount of a Bond will be paid to such Owner. Upon surrender of any Bond to be redeemed in part only, the District will execute and the Trustee will authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations. Such mandatory redemption will be valid upon payment of the amount thereby required to be paid to such Owner, and the District and the Trustee will be released and discharged from all liability to the extent of such payment.

Notice of Redemption

When Bonds are due for redemption under the Indenture, the Trustee will give notice, in the name of the District, of the redemption of such Bonds; provided, however, that a notice of a redemption to be made from other than from Sinking Fund Payments will be conditioned on there being on deposit on the redemption date sufficient money to pay the redemption price of the Bonds or Parity Bonds to be redeemed. Such notice of redemption will: (a) specify the CUSIP numbers (if any) and the maturity date or dates of the Bonds selected for redemption; (b) state the date fixed for redemption and surrender of the Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds are to be redeemed; (e) in the case of Bonds to be redeemed only in part, state the portion of such Bond that is to be redeemed; (f) state the date of issue of the Bonds as originally issued; (g) state the rate of interest borne by each Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds being redeemed as specified by the Trustee

(the Trustee having no duty to state such additional descriptive information). Such notice will further state that on the date fixed for redemption, there will become due and payable on each Bond or portion thereof called for redemption the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Trustee will mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond or the original purchaser of any Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive nor any defect in such notice will affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as provided in the Indenture will be conclusive as against all parties, and the Owner is not entitled to show that he or she failed to receive notice of such redemption. Redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds.

In addition to the foregoing notice, further notice will be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. In addition to providing any notice of redemption to the Bondowners, if the Bonds are held in book-entry form, each further notice of redemption will be sent not later than the date that notice of redemption is mailed to the Bondowners by registered or certified mail or overnight delivery service to the Depository and by electronic notice to the Municipal Securities Rulemaking Board.

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

With respect to any notice of extraordinary redemption of Bonds, such notice may state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Effect of Redemption

Notice of redemption having been duly given, as provided in the Indenture, and the amount necessary for the redemption having been made available to the Trustee for that purpose and being available to the Trustee therefor on the date fixed for such redemption:

(a) the Bonds, or portions thereof, designated for redemption will, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in the Indenture, anything in the Indenture or in the Bonds to the contrary notwithstanding;

(b) upon presentation and surrender thereof at the Principal Office of the Trustee, the redemption price of such Bonds will be paid to the Owners thereof;

(c) as of the redemption date, the Bonds, or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds, or portions thereof, will cease to bear further interest; and

(d) as of the date fixed for redemption, no Owner of any of the Bonds or portions thereof so designated for redemption will be entitled to any of the benefits of the Indenture, or to any other rights, except

with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

Transfers and Exchanges

So long as the Bonds remain in book-entry form, transfer and exchange of any of the Bonds will be accomplished in accordance with the provisions of such book-entry system. See Appendix D. In the event of termination of such book-entry system with respect to the Bonds, the Bonds may be transferred and exchanged in accordance with the terms of the Indenture. See Appendix B under the caption "GENERAL AUTHORIZATION AND BOND TERMS—Registration of Exchange or Transfer."

Debt Service Schedule

The following is the debt service schedule for the Bonds, assuming no redemptions prior to maturity.

TABLE 2
DEBT SERVICE SCHEDULE

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

Source: Underwriter.

SECURITY FOR THE BONDS

Repayment of the Bonds

General. Pursuant to the CFD Act and the Indenture, the Bonds and any Parity Bonds are equally payable from and secured by a pledge and lien upon the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Reserve Account, which will only secure the Bonds, and the Administrative Expenses Account), without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof will be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expenses Account), which have been set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expenses Account therein) constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds; and, so long as any of the Bonds and any Parity Bonds or interest thereon remains Outstanding, amounts in the Special Tax Fund may not be used for any other purpose, except as permitted by the Indenture. Notwithstanding any provision contained in the Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund will no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Cost of Issuance Fund or the

Administrative Expenses Account of the Special Tax Fund will be construed as a trust fund held for the benefit of the Owners.

Definitions. The following definitions are applicable to the above-described pledge.

"**Administrative Expenses**" means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys' fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as costs of issuance, any costs related to the District's compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and the District, and any other costs otherwise incurred by the City staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District under the Indenture.

"**Administrative Expenses Cap**" means an amount equal to $[40,000] for the first Bond Year, increasing by 2% per annum for each subsequent Bond Year, or such lesser amount as may be designated in written instructions from an Authorized Representative of the City.

"**Net Taxes**" means Special Taxes less amounts set aside to pay Administrative Expenses not to exceed the Administrative Expenses Cap.

"**Ordinance**" means Ordinance No. 788B adopted by the legislative body of the District on August 9, 2005, providing for the levying of the Special Tax.

"**Prepayments**" means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the Rate and Method.

"**Rate and Method**" means the Amended and Restated Rate and Method of Apportionment of Special Tax for the District approved by the qualified electors of the District on June 13, 2005, and set forth in Appendix E.

"**Resolution of Formation**" means Resolution No. 2005-146, adopted by the City on June 14, 2005.

"**Special Taxes**" means the special tax authorized to be levied and collected annually on all Taxable Property in the Community Facilities District under and pursuant to the Law at the special election held in the Community Facilities District on June 14, 2005.

Special Tax Fund. There has been established as a separate fund to be held by the Trustee called the "Special Tax Fund." Except for the portion of any Prepayment to be deposited in the Redemption Account as specified in a Certificate of an Authorized Representative, the Trustee will, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth below, in the following order of priority, to:

(1) the Administrative Expenses Account of the Special Tax Fund up to the Administrative Expenses Cap;
(2) the Interest Account of the Special Tax Fund;
(3) the Principal Account of the Special Tax Fund;
(4) the Redemption Account of the Special Tax Fund;
(5) the Reserve Account of the Special Tax Fund;
(6) the Administrative Expenses Account of the Special Tax Fund to the extent that Administrative Expenses exceed or are expected to exceed the Administrative Expenses Cap;
(7) the Rebate Fund; and

(8) the Surplus Fund.

Upon the maturity of all of the Bonds and, after all principal and interest then due on the Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee have been paid in full, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

Administrative Expenses Account. The Trustee will transfer from the Special Tax Fund and deposit in the Administrative Expenses Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative of the City; provided, however, that, except as set forth in the following sentence, the total amount transferred in a Bond Year may not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement, all as determined by the District. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expenses Account to the extent necessary to collect delinquent Special Taxes, as directed in writing by an Authorized Representative of the City. Moneys in the Administrative Expenses Account of the Special Tax Fund may be invested in any Permitted Investments as directed in writing by an Authorized Representative of the City and will be disbursed as directed in a Certificate of an Authorized Representative.

Interest Account and Principal Account. The principal of (including any Sinking Fund Payment) and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon optional or extraordinary redemption, will be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of (including any Sinking Fund Payment) and interest on the Bonds and any Parity Bonds will be made when due, after making a transfer to the Administrative Expenses Account as described above, at least one Business Day prior to each March 1 and September 1, the Trustee will make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency will be made up by an immediate transfer from the Reserve Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date is equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date that remains unpaid. Moneys in the Interest Account will be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year is equal to the principal payment (including any Sinking Fund Payment) due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account will be used for the payment of the principal (including any Sinking Fund Payment) of such Bonds and any Parity Bonds as the same become due at maturity.

Redemption Account. Prepayments deposited to the Redemption Account will be applied on the redemption date established pursuant to the Indenture for the use of such Prepayments to the payment of the principal of, premium (if any), and interest on the Bonds and any Parity Bonds to be redeemed with such Prepayments.

Moneys set aside in the Redemption Account will be used solely for the purpose of redeeming Bonds, and Parity Bonds, will be applied on or after the redemption date to the payment of principal of and premium, if

any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender (if required) of such Bonds or Parity Bonds and, in the case of an extraordinary redemption from Prepayments, to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner provided in the Indenture. Purchases of Outstanding Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine, but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture. Any accrued interest payable upon the purchase of Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Reserve Account of the Special Tax Fund. There will be maintained in the Reserve Account of the Special Tax Fund the Reserve Policy in an amount equal to the Reserve Requirement. The Reserve Policy will be drawn upon solely for the purpose of paying the principal of and interest on the Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor, and for the purpose of making any required transfer to the Rebate Fund pursuant to the Indenture upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of or interest on any Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee will draw upon the Reserve Policy for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

[The Insurer has made a commitment to issue, simultaneously with the initial issuance of the Bonds, the Reserve Policy in the amount equal to the Reserve Requirement for deposit in the Reserve Account, effective as of the date of issuance of the Bonds. Under the terms of the Reserve Policy, the Insurer will unconditionally and irrevocably guarantee to pay that portion of the scheduled payments of principal of and interest on the Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the District, to the extent set forth in the Reserve Policy and in the Indenture.]

"**Reserve Requirement**" means, as of the date of calculation: (a) with respect to the Bonds, an amount equal to the least of: (i) Maximum Annual Debt Service with respect to the Bonds; (ii) 125% of average Annual Debt Service on the then Outstanding Bonds; or (iii) ten percent (10%) of the initial outstanding principal amount of the Bonds; provided that the Reserve Requirement shall never exceed the amount established pursuant to the foregoing calculation at the time of issuance of the Bonds; and (b) with respect to such Parity Bonds, an amount equal to the least of: (i) Maximum Annual Debt Service with respect to such Parity Bonds; (ii) 125% of average Annual Debt Service on such Parity Bonds; or (iii) ten percent (10%) of the initial outstanding principal amount of such Parity Bonds; provided that the Reserve Requirement shall never exceed the amount established pursuant to the foregoing calculation at the time of issuance of such Parity Bonds.

[In the event of a draw on the Reserve Policy or the failure by the Insurer to honor a draw request, the District has no obligation to replenish the Reserve Account with cash or to provide an alternate reserve policy.]

Levy and Collection of Special Taxes

The Special Taxes are to be levied and collected by the Treasurer-Tax Collector of the County of Placer in the same manner and at the same time as *ad valorem* property taxes; provided, however, that the District may directly bill the Special Tax or collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

The District has made certain covenants in the Indenture for the purpose of ensuring that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would

impair the District's ability to collect sufficient Special Taxes to pay debt service on Bonds and Administrative Expenses when due, including the following:

(1) Beginning in Fiscal Year 2025-26 and continuing so long as any Bonds or Parity Bonds are Outstanding, the legislative body of the District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay: (i) the principal of and interest on the Bonds when due; (ii) the Administrative Expenses; (iii) any amounts required to replenish the Reserve Account of the Special Tax Fund and any reserve account established in connection with the issuance of such Parity Bonds to the Reserve Requirement; and (iv) any amounts due to the Insurer not included in (i) through (iii) above. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds are Outstanding.

(2) To the maximum extent that the law permits it to do so, the District will not initiate proceedings to reduce the maximum Special Tax rates for the District.

(3) In the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below the levels specified in the Indenture or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, the District will commence and pursue legal action in order to preserve its ability to comply with such covenants.

Although the Special Taxes constitute liens on taxable parcels within the District, such taxes do not constitute a personal indebtedness of the owners of such property within the District. Moreover, other liens for taxes and assessments already exist on the property located within the District and other such liens could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners therein. See Table 9 under the caption "THE DISTRICT" for a description of the direct and overlapping tax and assessment debt levied within the District. See also the captions "SPECIAL RISK FACTORS—Direct and Overlapping Debt" and "SPECIAL RISK FACTORS—Cumulative Burden of Parity Taxes and Special Assessments." There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if they are financially able to do so, all as more fully described under the caption "SPECIAL RISK FACTORS—The Special Taxes are Not Personal Obligations of the Owners."

Rate and Method of Apportionment of Special Taxes

General. The District is legally authorized and has covenanted to cause the levy of the Special Taxes 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 Special Taxes to be collected among the taxable parcels in 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 E. The meaning of the defined terms used in this section are as set forth in Appendix E. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire v.

Special Tax Liability. The District is authorized to levy the Special Taxes annually on each Parcel of land within the District, based upon the Special Tax Liability determined by the City, or its designee, through the application of the procedures described in the Rate and Method. All of the property within the District, unless otherwise exempted by the express provisions of the Rate and Method, shall be taxed to the extent and in the manner provided below.

"**Special Tax Liability**" means for any Fiscal Year is an amount sufficient to pay Debt Service for such Bond Year ending on September 1 of the next Fiscal Year, Administrative Expenses for such Fiscal Year, any

amount for direct payment for the cost of acquiring authorized facilities of the District, an amount necessary to replenish any reserve funds for the Bonds, and an amount determined by the CFD Administrator as necessary to make any other payments required to be made in the applicable Fiscal Year by the City or District under the Indenture of Trust for the Bonds.

Annual Tax Categories: On or about July 1 of each year, but in any event in sufficient time to include the levy of the special taxes on the County's secured tax roll, the CFD Administrator shall determine for each Parcel within the District whether it is Taxable Property, and, if so, whether such Parcel is a Developed Parcel, Final Map Lot, or Undeveloped Parcel. Each Developed Parcel shall be further assigned to a Category. Parcels subject to levy shall be determined based upon the latest equalized roll of the County Assessor for such Fiscal Year.

"Developed Parcel" means a Parcel for which a building permit for new construction was issued as of June 30 of the prior Fiscal Year. For purposes of the Fiscal Year 2025-26 Special Tax levy, all 493 parcels within the District are classified as Developed Parcels.

Apportionment of Special Tax Liability. The CFD Administrator shall then determine the Special Tax Liability for the Fiscal Year commencing such July 1, and levy special taxes as follows until the amount of the special taxes levied equals the Special Tax Liability:

Step 1: Levy special taxes on Developed Parcels as needed to satisfy the Special Tax Liability, pro rata up to 100% of the Developed Parcel Assigned Annual Special Tax, pursuant to Table 1, herein.

Step 2: If additional funds are needed after the first step has been calculated to satisfy the Special Tax Liability, in addition to the levy of the prior step, levy special taxes on all Parcels designated as Final Map Lots on a pro rata basis at up to 100% of the Final Map Lot Maximum Special Tax as needed.

Step 3: If additional funds are needed after the second step has been calculated to satisfy the Special Tax Liability, in addition to the levy of all prior steps, levy special taxes on all Parcels designated as Undeveloped Parcels on a pro rata basis at up to 100% of the Undeveloped Maximum Special Tax as needed.

Step 4: If additional funds are needed after the third step has been calculated to satisfy the Special Tax Liability, in addition to the levy of all prior steps, levy the Backup Special Tax on each Acre of each Final Map Lot and each Undeveloped Parcel ratably as needed to satisfy the Special Tax Requirement.

Under no circumstances will the special taxes levied against any Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Parcel or Parcels within the District by more than ten (10) percent of the special tax that would be levied in that Fiscal Year, if there were no delinquencies, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of the District.

Maximum Special Tax Rates for Developed Parcels. The Maximum Special Tax that may be levied in any Fiscal Year on any Developed Parcel shall be the amount determined by the application of the Assigned Annual Special Tax as shown in Table 1 the table below. Such amount shall increase each Fiscal Year by two percent (2.0%), compounded annually. The special tax on any Developed Parcel within the District shall not be levied after the earlier of (i) 40 years following the Fiscal Year in which the building permit for such Parcel is issued, or (ii) Fiscal Year 2055-2056. For purposes of the Fiscal Year 2025-26 Special Tax levy, all 493 parcels within the District are classified as Developed Parcels.

Developed Parcel Assigned Annual Special Tax
(Fiscal Year 2025-26)

Category	Developed	Assigned Annual Special Tax
1	Single Family Residential	$2,377.52 per dwelling unit
2	Multiple Family Residential	$594.38 per dwelling unit
3	Non-Residential	$14,859.47 per Acre*

* Prorated for any portion of an Acre.

Prepayments. The special taxes for any Developed Parcel may be prepaid, and permanently satisfied, (i) in total, (ii) in the case of a partial prepayment, in the ratio of 25%, 50% or 75% of the full prepayment amount, or (iii) in the amount determined for a mandatory prepayment. An owner of a Parcel of Taxable Property who desires to prepay and permanently satisfy all or part of the special tax obligation for a Parcel shall notify the CFD Administrator in writing of such intention. The CFD Administrator, shall calculate and determine the prepayment amount such that the sum of the maximum special tax of all remaining Parcels is sufficient to levy a minimum of 110% of the sum of Debt Service plus Administrative Expenses, in all future Fiscal Years, and such determination shall be final and conclusive.

See the Rate and Method attached hereto as Appendix E for more information regarding the prepayment of the Special Taxes.

County Teeter Plan Not Applicable to the District

Although the Placer County Board of Supervisors has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**") which allows each entity levying secured property taxes in the County to draw on the amount of property taxes levied rather than the amount actually collected, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code, the District is not included in the County Teeter Plan. Consequently, the District may not draw on the County Tax Loss Reserve Fund in the event of delinquencies in Special Tax payments within the District.

As further described under the caption "SPECIAL RISK FACTORS—Insufficiency of Special Taxes" and "SPECIAL RISK FACTORS—Bankruptcy and Foreclosure Delays," delinquencies in the payment of Special Taxes could have an adverse effect on the District's ability to make timely debt service payments on the Bonds and any Parity Bonds. Conversely, the District will benefit from Special Taxes generated by penalties and interest charged on delinquent Special Taxes.

See Table 5 under the caption "THE DISTRICT—Delinquency History" for historical delinquency information with respect to the District for the last five Fiscal Years.

Covenant to Foreclose

The net proceeds received following a judicial foreclosure sale of land within the District resulting from a landowner's failure to pay the Special Taxes when due are included within the Special Taxes from which principal of and interest on the Bonds and any Parity Bonds are paid under the Indenture.

Pursuant to Section 53356.1 of the CFD Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the City Council, as the legislative body of the District, may order that Special Taxes 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 CFD Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory.

However, the District has covenanted in the Indenture to commence judicial foreclosure proceedings against any parcel with four or more installments of delinquent Special Tax by the December 1 following the close of the Fiscal Year in which the fourth delinquent installment of Special Tax was due and to diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided, however, that the District is not required to undertake any such foreclosure proceedings if: (i) the amount of Special Taxes collected by the December 1 for the most recent Fiscal Year was equal to 95% or more of the total Special Tax levied in such Fiscal Year; and (ii) the amount on deposit in the Reserve Account and any reserve account established in connection with the issuance of such Parity Bonds as of December 1 was at least equal to the Reserve Requirement.

The City is authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel and costs and expenses of the City (including a charge for City staff time) in conducting foreclosure proceedings will be an Administrative Expense under the Indenture.

Notwithstanding any provision of the CFD Act or other law of the State to the contrary, in connection with any foreclosure related to delinquent Special Taxes:

(a) The District or the Trustee is expressly authorized to credit bid at any foreclosure sale, without any requirement that funds be placed in the Special Tax Fund or otherwise be set aside in the amount so credit bid, in the amount specified in Section 53356.5 of the CFD Act or such lesser amount as determined under clause (b) below or otherwise under Section 53356.6 of the CFD Act. Notwithstanding anything to the contrary in the Indenture, in no event will the Trustee be required to undertake foreclosure proceedings thereunder.

(b) The District may permit, in its sole and absolute discretion, property with delinquent Special Tax payments to be sold for less than the amount specified in Section 53356.5 of the CFD Act, if it determines that such sale is in the interest of the Bond owners. The Bond owners, by their acceptance of the Bonds, consent to such sale for such lesser amounts (as such consent is described in Section 53356.6 of the CFD Act), and release the District, its officers and its agents from any liability in connection therewith.

(c) The District is expressly authorized to use amounts in the Special Tax Fund to pay costs of foreclosure of delinquent Special Taxes.

(d) The District may forgive all or any portion of the Special Taxes levied or to be levied on any parcel in the District, so long as the District determines that such forgiveness is not expected to adversely affect its obligation to pay principal of and interest on the Bonds under the Indenture.

The District covenants that it will deposit the net proceeds of any foreclosure to the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal of and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account, if any, up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds and any Parity 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 and the District. See the caption "SPECIAL RISK FACTORS—Bankruptcy and Foreclosure Delays." 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 the caption "SPECIAL RISK FACTORS—Land Values." Although the CFD Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the CFD Act does not impose on the District or 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. However, the District does have the ability to use the foreclosure judgment to purchase property by credit bid at a foreclosure sale, in which case the District would have no obligation to pay such credit bid for 24 months. The CFD 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.

No Parity Bonds Except for Refunding Purposes

The District has covenanted in the Indenture that, except as described below, it will not issue any other obligations payable, as to principal or interest, from the Net Taxes which have, or purport to have, any lien upon the Net Taxes superior to or on a parity with the lien of the Bonds, other than Parity Bonds. Under the Indenture, the District may at any time after the issuance and delivery of the Bonds issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding and the conditions precedent in the Indenture are satisfied, including the requirement that the issuance of such Parity Bonds will result in a reduction of Annual Debt Service on the Bonds and any Parity Bonds to be Outstanding following the issuance of such Parity Bonds.

See Appendix A under the caption "DEFEASANCE AND PARITY BONDS—Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness" for a description of the conditions under which Parity Bonds may be issued.

Priority of Lien

The Special Taxes levied within the District, and each installment thereof and any interest and penalties thereon, constitute a lien against each of the respective parcels within the District until the same are paid. There are other liens for special taxes and the recurring lien for general property taxes on parcels within the District. See the captions "SPECIAL RISK FACTORS—Direct and Overlapping Debt."

No Obligation of the City Upon Delinquency

The City is under no obligation to transfer any funds of the City into the Special Tax Fund for the payment of the principal of or interest on the Bonds or any Parity Bonds if a delinquency occurs in the payment of any Special Taxes. See the caption "—Covenant to Foreclose" for a discussion of the District's obligation to foreclose Special Tax liens upon delinquencies.

Prepayment of Special Taxes

A property owner may prepay its Special Taxes and thereby cause a partial redemption of the Bonds and any Parity Bonds. See the captions "THE BONDS—Redemption—*Extraordinary Redemption of the Bonds from Special Tax Prepayments*" and "SPECIAL RISK FACTORS—Potential Early Redemption of Bonds from Prepayments."

BOND INSURANCE

[TO COME]

THE DISTRICT

General

The District is located in the southwestern portion of the City, approximately 18 miles northeast of downtown Sacramento. The District was formed on June 14, 2005 for the purpose of financing a portion of certain public improvements within the City. In an election held on June 14, 2005, the qualified electors of the District voted to (i) approve the Rate and Method, and (ii) authorize the District to incur up to $16,000,000 of bonded indebtedness. The Refunded Bonds were issued to finance certain public infrastructure necessary for the development within the District, and the 2016 Bonds were also issued to refund certain special tax bonds issued for the District in 2009, which were issued to finance certain public infrastructure necessary for the development within the District.

The District encompasses all of a master-planned community known as "Sorrento," which consists of approximately 147.4 gross acres of property located within the City. The Sorrento community includes a total of 497 detached single-family homes, four of which have completely prepaid their Special Taxes. Therefore, only 493 homes remain subject to the lien of the Special Taxes which are security for the Bonds.

Construction of homes within the Sorrento development began in 2009 and the final home within the District was conveyed to an individual homeowner in _____ 2017. At the time of original development, the Sorrento project was developed in ten different neighborhoods or "Villages." The first nine Villages are zoned "Low-Density Residential" and Village 10 is zoned "Medium-Density Residential." The 493 parcels within the District cover approximately 78.75 acres across the ten villages. Approximately 36.6 acres of property within the District were dedicated to the City and the California Department of Transportation for rights of way or public uses, approximately 20.75 acres of the property within the District along Ingram Slough (which is a drainage way bisecting the property from east to west) is improved as open space and landscaped corridors and approximately 7.4 acres is a public park at the center of the Sorrento development. The open space corridor contains the low flow channel in Ingram Slough and sufficient additional width to convey the calculated 100-year storm water flow. Within the open space, bike trails are connected with the adjoining Lincoln Crossing trail system and extend to the western boundary of the Sorrento development. The natural open space areas and trails are maintained by a landscape and lighting district, with a current annual assessment of $939 on property within the District.

Historical Assessed Values

The following table sets forth assessed values within the District for the current and prior five Fiscal Years.

TABLE 3
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
ASSESSED VALUE HISTORY

Fiscal Year	*Number of Units*	*Assessed Value*	*% Change*
2021-22	493	$236,534,827	N/A
2022-23	493	246,776,090	4.33%
2023-24	493	255,343,668	3.47
2024-25	493	260,096,164	1.86
2025-26	493	270,782,948	4.11

Source: NBS.

Major Property Ownership

No single individual owner of residential property owns more than two parcels or will be responsible for more than 0.50% of the Special Taxes levied within the District.

Special Tax Levy

The table below sets forth the Special Tax levy for Fiscal Year 2025-26 for each of the ten Villages within the District.

TABLE 4
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
VALUE-TO-LIEN ANALYSIS
FISCAL YEAR 2025-26 MAXIMUM SPECIAL TAX LEVY

Units	*Acres*	*Assessed Value* [1]	*Fiscal Year 2025/26 Maximum Special Tax*	*Percent of Maximum Special Tax*	*Overlapping CFD & Assessment Debt Lien* [2]	*Direct Debt Lien* [3] *	*Total Debt Lien**	*Estimated Value-to-Lien Ratio**
493	78.75	$ 270,782,948	$1,172,115	100.0%	$ 158,303	$12,170,000	$12,328,303	21.96

* *Preliminary, subject to change.*
(1) Per Placer County Assessor's roll data with a January 1, 2025, valuation date. Assessed value does not reflect any changes made to valuation after July 2025 as a result of assessment appeal, correction or any other changes.
(2) Includes existing non-District related debt associated with the Western Placer Unified School District Community Facilities District No. 1. Excludes the Western Placer Unified School District General Obligation Bonds identified in the Overlapping Debt Statement shown in Table 6.
(3) Represents the par amount of the Bonds.
Source: NBS.

Delinquency History

The table below summarizes the historical Special Tax levies and delinquencies for the District for the last five Fiscal Years.

TABLE 5
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
SPECIAL TAX DELINQUENCIES

		As of June 30 of Fiscal Year			*As of June 30, 2025*		
Fiscal Year	*Total Special Tax Levy*	*Number of Parcels Delinquent*	*Total Amount Delinquent*	*Percentage Delinquent*	*Number of Parcels Delinquent*	*Total Amount Delinquent*	*Percentage Delinquent*
2020-21	$ 905,040	2	$1,836	0.2%	0	$ 0	0.0%
2021-22	914,347	5	5,564	0.6	0	0	0.0
2022-23	969,918	2	3,935	0.4	1	1,967	0.2
2023-24	993,612	2	3,023	0.3	0	0	0.0
2024-25	1,010,285	3	6,148	0.6	3	6,148	0.6

Sources: Placer County Tax Collector's Office; NBS.

Direct and Overlapping Debt

Set forth below is the statement of direct and overlapping debt (the "**Debt Report**") for the District as of March 1, 2026. The table indicates that the assessed value of the property within the District is $270,782,948 for Fiscal Year 2025-26. The Debt Report has been derived from data assembled and reported to the District by California Municipal Statistics. None of the District, the City or the Underwriter has independently verified the information in the Debt Report, and such parties do not guarantee its completeness or accuracy.

TABLE 6
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
OVERLAPPING DEBT

2025-26 Local Secured Assessed Valuation: $270,782,948 (Land and Improvements)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	*% Applicable*	*Debt 3/1/26*
Sierra Joint Community College District School Facilities Improvement District No. 4	0.262%	$ 479,085
Western Placer Unified School District General Obligation Bonds	1.773	1,717,269
Western Placer Unified School District Community Facilities District No. 1	2.534	158,303
City of Lincoln Community Facilities District No. 2005-1	**100.000**	**14,270,000**[(1)]
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 16,624,657
COMBINED TOTAL DEBT		$ 19,624,817[(2)]

Ratios to 2025-26 Assessed Valuation:
Direct Debt ($14,270,000).....5.27%
Total Direct and Overlapping Tax and Assessment Debt..... 6.14%

(1) Excludes the Bonds. Represents the outstanding principal amount of the Refunded Bonds.
Source: California Municipal Statistics.

Estimated Average Effective Tax Rates

The following table provides a summary of the Fiscal Year 2025-26 estimated tax obligation for representative parcels located within the District.

TABLE 7
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
FISCAL YEAR 2025/26 SAMPLE TAX BILL

		Village 1	*Villages 2-10*
Property Value			
Assessed Value [1]		$486,099	$565,326
Homeowner's Exemption		(7,000)	(7,000)
Total Property Value		$479,099	$558,326
***Ad Valorem* Taxes**	***Rate***		
Property Tax-1% Rate	1.0000%	$ 4,791	$ 5,583
Sierra Coll SFID #4 B&I 2018 Series A	0.0022	10	12
Sierra Coll SFID #4 B&I 2018 Series B	0.0027	13	15
Sierra Coll SFID #4 B&I 2018 Series C	0.0004	2	2
W Placer Unif B&I 2014 Series 2015	0.0068	33	38
W Placer Unif B&I 2014 Series 2017B	0.0076	36	42
W Placer Unif B&I 2014 Series 2018C	0.0054	26	30
W Placer Unif B&I 2016 Series 2017A	0.0089	43	50
W Placer Unif B&I 2016 Series 2018B	0.0062	29	34
Total *Ad Valorem* Taxes	1.0402	$ 4,984	$ 5,808
Direct Charges			
City of Lincoln Sorrento CFD 05-1 MR [2]		$ 2,378	$ 2,378
W Placer Unif CFD#1 MR [3]	$0.4835 per sf	1,064	0
City of Lincoln LLD		939	939
City of Lincoln BAD#1		23	23
Placer Mosquito & Vector Control		21	21
Placer Mosquito & Vector Control Measure H Zone 7		15	15
Total Direct Charges		$ 4,439	$ 3,376
Total Taxes and Direct Charges		$ 9,423	$ 9,183
Percentage of Assessed Value		1.9385%	1.6244%

[1] Average assessed value, per Placer County Assessor's roll data with a January 1, 2025, valuation date. Assessed value does not reflect any changes made to valuation after July 2025 as a result of assessment appeal, correction or any other changes.
[2] Maximum Special Tax shown.
[3] Western Placer Unified School District Community Facilities District No. 1 is only levied in Village 1. Assumes 2,200 square foot home.

Source: Alliant Tax Research Inc.

Estimated Assessed Value-to-Lien Ratios

The table below sets forth the number of parcels within various ranges of estimated assessed value-to-lien ratios for the District based on the actual Fiscal Year 2025-26 Special Tax Levy, the Fiscal Year 2025-26 assessed valuation and the total outstanding principal amount of the Bonds. The value of the individual parcels is significant because, in the event of a delinquency in payment, the only remedy of the District is to foreclose on the delinquent parcel. A parcel with a lower value-to-lien ratio may be less likely to sell at foreclosure or provide sale proceeds adequate to pay all delinquent Special Tax installments.

TABLE 8
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
SUMMARY OF VALUE-TO-LIEN RATIOS
FISCAL YEAR 2025-26 MAXIMUM SPECIAL TAX LEVY

Value to Lien	*Number of Parcels* [1]	*Assessed Value*	*Fiscal Year 2025-26 Maximum Special Tax*	*Overlapping CFD & Assessment Debt Lien* [2]	*Direct Debt Lien* [3] *	*Total Debt Lien**
20:1 and above	346	$ 205,911,412	$ 822,620	$ 50,954	$ 8,541,217	$ 8,592,171
15:1 to 19.99:1	122	57,654,425	290,057	82,806	3,011,643	3,094,449
10:1 to 14.99:1	19	6,016,462	45,173	21,354	469,026	490,380
5:1 to 9.99:1[4]	5	1,084,500	11,888	3,186	123,428	126,617
3:1 to 4.99:1[4]	1	116,149	2,378	--	24,686	24,686
Less than 3:1	0	--	--	--	--	--
Totals	**493**	**$270,782,948**	**$ 1,172,115**	**$ 158,303**	**$ 12,170,000**	**$ 12,328,303**

* *Preliminary, subject to change.*
(1) Excludes four parcels that have completed prepaid their Special Tax obligation.
(2) Includes existing non-District related debt associated with the Western Placer Unified School District Community Facilities District No. 1. Excludes the Western Placer Unified School District General Obligation Bonds identified in the Overlapping Debt Statement shown in Table 6.
(3) Represents the par amount of the Bonds.
(4) Includes properties with base year value transfers pursuant to Proposition 19 and homes under original ownership.
Source: NBS.

SPECIAL RISK FACTORS

There are certain risks associated with the purchase of the Bonds and the following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of the risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the Bonds.

The Bonds are Limited Obligations of the District

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 or the District's property or upon any of the City's or the District's income, receipts or revenues, except the amounts pledged under the Indenture. Funds for the payment of the principal of and the interest on the Bonds are derived only from annual payments of Special Taxes. The amount of annual installments of Special Taxes that are collected could be insufficient to pay principal of and interest on the Bonds due to non-payment of such Special Taxes levied or due to insufficient proceeds received from a judicial foreclosure sale of land within the District following delinquency. The

District's legal obligations with respect to any delinquent Special Taxes are limited to: (1) payments from the Reserve Account to the extent of funds and instruments on deposit therein; and (2) the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes are delinquent. See the caption "SECURITY FOR THE BONDS—Covenant to Foreclose." The Bonds cannot be accelerated in the event of any default.

The obligation to pay Special Taxes does not constitute a personal obligation of the current or subsequent owners of the respective parcels which are subject to such liens. Enforcement of Special Tax payment obligations by the District is limited to judicial foreclosure in the Superior Court of California, County of Placer. There is no assurance that any current or subsequent owner of a parcel that is subject to a Special Tax lien will be able to pay the amounts due or that such owner will choose to pay such amounts even though financially able to do so.

The Special Taxes are Not Personal Obligations of the 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 parcel. 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 District has no recourse against the owner and its only remedy is to pursue judicial foreclosure on the delinquent parcel. See the caption "SECURITY FOR THE BONDS—Covenant to Foreclose."

Potential Early Redemption of Bonds from Prepayments

Property owners within the District are permitted to prepay their Special Taxes at any time, and many owners have previously done so. Any additional prepayments of Special Taxes which are made after the date of issuance of the Bonds will result in a redemption of Bonds on the first March 1 or September 1 which is more than 30 days following the receipt of the prepayment. See the caption "THE BONDS—Redemption—*Extraordinary Redemption of the Bonds from Special Tax Prepayments*." The resulting extraordinary redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds.

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 comparable residential property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, government rules (including, without limitation, zoning laws and laws relating to threatened and 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 individual homeowners will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See the caption "—Bankruptcy and Foreclosure Delays" for a discussion of certain limitations on the District's ability to pursue judicial proceedings with respect to delinquent parcels. Moreover, because assessed values do not necessarily indicate fair market values, decreases in fair market values may be even greater than decreases in assessed valuations, which could reduce the amount that can be raised to cover unpaid Special Taxes from a judicial foreclosure and sale of a delinquent parcel.

Concentration of Ownership

No single individual owner of residential property owns more than two parcels or will be responsible for more than 0.50% of the Special Taxes levied within the District. See the caption "THE DISTRICT." However, there may be subsequent transfers of ownership of the property within the District. Failure of the

owners of property to pay the annual Special Taxes when due could result in a default in payments of the principal of and interest on the Bonds when due. Such risk may be greater or its consequence more severe when ownership is concentrated and may be expected to decrease as ownership is diversified.

Insufficiency of Special Taxes

Although the maximum amount of Special Taxes that may be levied in the District exceeds debt service due on the Bonds, the Special Taxes that are actually collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation as permitted in the Rate and Method.

As discussed under the caption "SECURITY FOR THE BONDS—No Teeter Plan," the Teeter Plan is not available for community facilities districts such as the District. The collection of Special Taxes is therefore subject to the risk of delinquency, while the District is also generally entitled to collect penalties and interest on delinquent Special Taxes.

In the event of significant delinquencies in the District causing a default in payment of debt service on the Bonds and depletion of all amounts and instruments on deposit in the Reserve Account, there would not be sufficient Special Tax Revenues to pay the full amount of annual debt service on the Bonds until the delinquent Special Taxes were collected through foreclosure action or otherwise. See the caption "—Bankruptcy and Foreclosure Delays" for a discussion of potential delays in foreclosure actions.

The CFD Act provides that, if any property within the District which is 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 CFD Act provides that, if property which is 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 CFD Act have not been tested in the courts.

If for any reason property which is subject to the Special Tax becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government, or another public agency that asserts immunity from the Special Tax, subject to the limitation of the maximum Special Tax rates, the Special Taxes will be reallocated to the remaining properties within the District. This would result in the owners of such properties paying a greater amount of the Special Tax and could have an adverse effect on the timely payment of the Special Tax. Due to the problems of collecting taxes from public agencies, if a substantial portion of land within the District were 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. See the captions "—FDIC/Federal Government Interests in Properties" and "—Bankruptcy and Foreclosure" for a discussion of the policy of the Federal Deposit Insurance Corporation (the "**FDIC**") regarding the payment of special taxes and assessments and limitations on the District's ability to foreclose on the lien of the Special Taxes in certain circumstances.

The annual levy of Special Taxes is subject to the maximum tax rates authorized. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Bonds. Other funds that might be available include moneys and reserve fund surety policies or similar instruments deposited in the Reserve Account, funds derived from the payment of penalties on delinquent Special Taxes and funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent.

In addition, the District may not be able to levy the Special Tax up to the maximum authorized rates. Pursuant to Section 53321(d) of the Government Code of the State, the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within 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. Consequently, although the maximum Special Tax prescribed by the Rate and Method could be materially higher than the expected Special Tax levy in a given year, the Special Tax levy cannot be increased for residential property by more than 10% in such year.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular property and the amount of the levy of the Special Tax against such property. Thus, there will rarely, if ever, be a uniform relationship between the value of such property and the proportionate share of debt service on the Bonds, and certainly not a direct relationship.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts (although not in the District), taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and bonds issued by the community facilities district.

Under provisions of the CFD Act, the Special Taxes are to be billed to the properties within the District that were entered on the Assessment Roll of the County of Placer Assessor by January 1 of the previous Fiscal Year. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. The Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See the caption "SECURITY FOR THE BONDS—Covenant to Foreclose" for a discussion of the provisions that apply, and the procedures that the District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Non-Cash Payments of Special Taxes

Under the CFD Act, the City Council of the City, as the legislative body of the District, may reserve to itself the right and authority to allow the owner of any taxable parcel to tender a Bond in full or partial payment of any installment of the Special Taxes or the interest or penalties thereon. A Bond so tendered is to be accepted at par and credit is to be given for any interest accrued thereon to the date of the tender. Thus, if Bonds can be purchased in the secondary market at a discount, it may be to the advantage of an owner of a taxable parcel to pay the Special Taxes applicable thereto by tendering a Bond. Such a practice would decrease the cash flow available to the District to make payments with respect to other Bonds then outstanding; and, unless the practice was limited by the District, the Special Taxes paid in cash could be insufficient to pay the debt service due with respect to such other Bonds.

The District has covenanted in the Indenture that it will not adopt any policy pursuant to Section 53341.1 of the CFD Act permitting the tender of Bonds in full or partial payment of any Special Taxes unless the District has first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in The District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds when due.

Bankruptcy and Foreclosure Delays

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of delinquent unpaid Special Taxes pursuant to its covenant to pursue judicial foreclosure proceedings set forth in the Indenture (see the caption "SECURITY FOR THE BONDS—Covenant to Foreclose") may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights (including the Soldiers and Sailors Civil Relief Act of 1940, which is discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure could be delayed for many reasons, including crowded local court calendars or lengthy procedural delays.

Second, the United States Bankruptcy Code might prevent moneys on deposit in the Special Tax Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that any of such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Although a bankruptcy proceeding would not cause the lien of the Special Taxes to become extinguished, the amount and priority of any Special Tax lien could be reduced or 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 a bankruptcy court. In addition, the bankruptcy of a property owner could result in a stay of enforcement or other delay in procuring Superior Court foreclosure proceedings or adversely affect the ability or willingness of a property owner to pay the Special Taxes. If enough parcels were involved in bankruptcy proceedings, court delays would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds and the possibility of delinquent tax installments not being paid in full.

On July 30, 1992, the United States Court of Appeal, Ninth Circuit (the "**Ninth Circuit**"), issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries* ("***Glasply***"). In that case, the Ninth Circuit 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 included a provision which excepts from the United States 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 Ninth Circuit'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 CFD Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes (which are not *ad valorem* taxes) levied after the filing of a petition in bankruptcy. *Glasply* is controlling precedent on bankruptcy courts in the State. If the *Glasply*

precedent with respect to *ad valorem* taxes was applied to the levy of the Special Taxes, the amount of Special Taxes 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, including the Bonds, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

FDIC/Federal Government Interests in Properties

General. The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the FDIC, the Drug Enforcement Administration, the Internal Revenue Service (the "**IRS**") or other federal agencies such as the Federal National Mortgage Association ("**FNMA**") 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."

The foregoing is generally interpreted to mean that, unless the United States Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable State and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless the United States Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount that is sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* 597 F.2d 174 (9th Cir. 1979), the Ninth Circuit held that 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. For a discussion of risks associated with taxable parcels within the District becoming owned by the federal government, federal government entities or federal government sponsored entities, see the caption "—Insufficiency of Special Taxes."

The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties

specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent that 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 neither 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 that it purports to secure the payment of any such amounts. Special taxes imposed under the CFD Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from CFD Act special taxes. With respect to property in the State that is owned by the FDIC on January 9, 1997 and that was owned by the Resolution Trust Company (the "**RTC**") on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes imposed pursuant to the CFD Act if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes from being foreclosed at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Account and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Direct and Overlapping Debt

Neither the City nor the District have control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the property within the District which may be incurred in the future by other governmental agencies having jurisdiction over all or a portion of the property within the District. Other public agencies may issue additional indebtedness on property within the District at any time. Furthermore, nothing prevents the owners of property within the District from consenting to or petitioning for the issuance of additional debt by other governmental agencies which would be secured by taxes on a parity with the Special Taxes or assessments which would be subordinate to the Special Taxes. Such consent may occur without the knowledge of the City or the District. To the extent that such indebtedness is payable from assessments, other special taxes levied pursuant to the CFD Act or taxes, such assessments, special taxes and taxes will be secured by liens on the property within the District.

Accordingly, the debt on the property within the District could increase, without any corresponding increase in the value of the property therein. The imposition of such additional indebtedness could reduce the value-to-lien ratio of property in the District and the willingness and ability of the property owners within the District to pay the Special Taxes when due. See the caption "—Cumulative Burden of Parity Taxes and Special

Assessments." Moreover, in the event of a delinquency in the payment of Special Taxes, no assurance can be given that the proceeds of any foreclosure sale of property with delinquent Special Taxes would be sufficient to pay the delinquent Special Taxes. See the caption "—Land Values."

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value of the parcel is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy, and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The District has caused a notice of the Special Tax lien to be recorded in the Office of the Recorder of the County of Placer 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 CFD 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 that is subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. Section 1102.6b of the Civil Code of the State 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.

Shapiro Decision

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One (the "**Court**"), issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The case involved a Convention Center Facilities District (the "**CCFD**") established by the City of San Diego. The CCFD was a financing district established under the City of San Diego's charter (the "**Charter**") and was intended to function much like a community facilities district established under the provisions of the CFD Act. The CCFD was comprised of all of the real property in the entire City of San Diego. However, the special tax to be levied within the CCFD was to be levied only on properties improved with a hotel located within the CCFD.

At the election to authorize such special tax, the Charter proceeding limited the electorate 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 limited to owners and lessees of properties on which the special tax would be levied, and not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was based on Section 53326(c) of the CFD 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 will 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 did not comply with applicable requirements of Article XIIIA, Section 4, and Article XIIIC, Section 2, of the State Constitution, or with applicable provisions of the Charter, because the electors in such an election were not the registered voters residing within the District.

In the case of the CCFD, at the time of the election there were several hundred thousand registered voters within the CCFD (*viz.*, all of the registered voters in the City of San Diego). In the case of the District, there were no registered voters within the District at the time of the elections to authorize the Special Tax levy for the District. In the *Shapiro* decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the CFD Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court's holding does not apply to the special tax election in the District.

Moreover, Section 53341 of the CFD 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 CFD Act provides that any action to determine the validity of bonds issued pursuant to the CFD Act or the levy of special taxes authorized pursuant to the CFD Act be brought within 30 days of the voters approving the issuance of such bonds or the special tax. Voters approved the Special Tax and the issuance of bonds for the District in compliance with all applicable requirements of the CFD Act at the time of formation of the District in 2005. Therefore, under the provisions of Sections 53341 and 53359 of the CFD Act, the statute of limitations period to challenge the validity of the Special Tax for the District has expired.

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Northern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. [The property within the District is not located in an Alquist-Priolo Earthquake Study Zone and is not located within one-half mile of an active earthquake fault. Additionally, the District is not located in a flood plain area.]

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. Areas affected by wildfires are more prone to flooding and mudslides that can lead to the destruction of homes. Property damage due to wildfire could result in a significant decrease in the market value of property within the affected areas.

On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the "Governor's Order) which canceled penalties, costs and interest on overdue property taxes (including special taxes) within certain zip codes affected by the Palisades and Eaton Fires during calendar year 2025. This will likely cause a delay in the payment of special taxes by certain property owners in any community facilities districts affected by Governor's Order. Unless the majority of property owners within any such community facilities districts pay their special taxes voluntarily or have mortgage impound accounts, it is likely that the community facilities districts will need to draw upon a reserve fund to make debt service payments on outstanding bonds prior to the expiration of the Governor's Order and it is possible that outstanding bonds will experience a payment default. In the event of a major fire or other natural disaster affecting the District, a similar order affecting the District could impact the debt service payment for the Bonds.

The District is not located in an area which CalFire has classified as an area of concern and is not in an area classified by CalFire as a High or Very High Fire Hazard Severity Zone. However, there is a risk of residential property within the District being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the District. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Property Insurance

In recent years, homeowners in many areas in the State have experienced significant increases in premiums for property and homeowners' insurance policies as well as difficulty in obtaining such insurance from commercial insurance companies. The increases have been driven by, among other factors, the risk of wildfire damage to property in the State.

In addition, no assurances can be made that adequate homeowners' insurance coverage will be available in the future from reputable insurance companies, with premiums comparable to historical rates, or at all. The inability to obtain adequate insurance coverage could impact the ability of the homeowners' in the District to reconstruct their homes in the event of damage.

Land Values

The value of land within the District is an important factor in evaluating the investment quality of the Bonds. In the event that a property owner defaults in the payment of a Special Tax installment, the District's only remedy is to commence judicial foreclosure proceedings on such property. Prospective purchasers of the Bonds should not assume that the property within the District could be sold for the assessed value described herein at a foreclosure sale for delinquent Special Tax installments or for an amount adequate to pay delinquent Special Tax installments, because market values in a foreclosure sale may be less than assessed values. Reductions in property values within the District due to a downturn in the economy or the real estate market, events such as earthquakes, wildfires, droughts or floods, stricter land use regulations, threatened or endangered species or other events may adversely impact the security underlying the liens.

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 of Placer Assessor, generally not to exceed an increase of more than 2% per Fiscal Year as limited by Proposition 13, as amended by Proposition 8. Several counties in the State, including the County of Placer, have reassessed certain properties acquired in recent years at the peak of the real estate market. The District cannot predict whether the County of Placer will reduce assessed values within the District in future years. If the County of Placer did decide to broadly reassess recent home transactions in the County of Placer, it is possible that in future years the assessed values which are shown in this Official Statement could be adjusted downward from the values reflected on the current Assessor's Roll. No assurance can be given that current assessed values reflect market values or that a parcel could actually be sold for its assessed value.

The actual market value of the property is subject to future events such as a downturn in the economy, occurrences of certain acts of nature and the decisions of various governmental agencies as to land use, all of which could adversely impact the value of the land in the District, which is the security for the Bonds. As discussed herein, many factors could adversely affect property values within the District.

Hazardous Substances

A claim with regard to a hazardous substance on a parcel of land subject to any of the Special Taxes can result in a significant potential reduction in the value of the parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions 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 well known, but State laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the District be affected by a hazardous substance, is to reduce the marketability and value by the costs of remedying the condition because the prospective purchaser of such a parcel will, upon becoming the owner of

such parcel, become obligated to remedy the condition just as the seller of such a parcel is obligated to remedy the condition.

Hazardous substance liabilities may arise in the future with respect to any of the parcels within the District resulting from the existence, currently, 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. Additionally, such liabilities may arise from the method of handling such substance. These possibilities could significantly affect the value of a parcel.

While the District is not aware that the owner (or operator) of any of Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the District is not aware of them.

Cumulative Burden of Parity Taxes and Special Assessments

Property within the District is subject to taxes imposed by public agencies that also have jurisdiction over the land within The District. See the caption "THE DISTRICT"

The Special Taxes and any penalties thereon constitute a lien against the parcels of land on which they have been levied. Such lien is on a parity with all special taxes or 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.

Neither the City nor the District have control over the ability of other entities to issue indebtedness secured by *ad valorem* taxes, special taxes or assessments levied on all or a portion of the property within the District. In addition, the owners of the property within the District may, without the consent or knowledge of the City or the District, petition other public agencies to issue public indebtedness secured by *ad valorem* taxes, special taxes or assessments. The property within the District is subject to a number of overlapping tax and assessment liens, some of which secure outstanding indebtedness. See the caption "THE DISTRICT—Direct and Overlapping Debt."

California Constitution Article XIIIC and Article XIIID

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain, among other things, a number of provisions affecting the ability of the District to levy and collect both existing and future taxes, assessments, fees and charges.

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 CFD 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 CFD 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 CFD 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 Section 5854 of the Government Code of the State, 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 Proposition 218 has not conferred on the voters the power to repeal or reduce Special Taxes if such reduction would interfere with the timely retirement of the Bonds. The provisions of Proposition 218 relating to the exercise of the initiative power have not been interpreted by the courts and no assurance can be given as to the outcome of any such litigation.

It may be possible, however, for voters or the City Council of the City, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, the District has covenanted that it will not modify, alter or amend the Rate and Method in any manner that reduces the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment. The District has further covenanted that, in the event that an initiative is adopted which purports to reduce the maximum Special Taxes that may be levied, the District will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. See the caption "SECURITY FOR THE BONDS—Levy and Collection of Special Taxes." However, no assurance can be given as to the enforceability of the foregoing covenants.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at the current time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See the caption "—Limitations on Remedies."

No Acceleration

Under the Indenture, the Bonds are not subject to acceleration in the event of payment default. Similarly, there is no provision in the CFD Act or the Indenture for the acceleration of the Special Taxes in the event of a payment default by an owner of a parcel within the District or otherwise.

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 District has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Bond owners on a timely basis. See the caption "CONCLUDING INFORMATION—Continuing Disclosure." The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, 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.

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 Internal Revenue Code of 1986 (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 result in reductions in the market value of properties below current levels. However, the District cannot predict the effect that the Tax Act may have on the cost of home ownership or the ability or willingness of homeowners to pay Special Taxes or property taxes.

Ballot Initiatives

Proposition 218, which is discussed under the caption "—California Constitution Article XIIIC and Article XIIID," was adopted pursuant to a measure that qualified for the ballot pursuant to the State's Constitutional initiative process, and the State Legislature has in the past enacted legislation that has altered the spending limitation 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 initiative. From time to time, other initiative measures could be adopted by State voters or legislation enacted by the State Legislature. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the County of Placer or local districts to increase revenues or appropriations or affect the levy or collection of Special Taxes.

Limitations on Remedies

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest and premium, if any, on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and 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 creditors' rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay in the exercise of, or limitations on or modifications to, the rights of the Owners.

Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the captions "—Bankruptcy and Foreclosure Delays," and "—FDIC/Federal Government Interests in Properties."

Cybersecurity

The City, like many other public and private entities, rely on computer and other digital networks and systems to conduct their operations. The City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the efforts of the City to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation, the County tax collector for the levy and collection of Special Taxes and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the levy and collection of Special Taxes or the payment of debt service on the Bonds.

Loss of Tax Exemption

General. In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the District must comply with the applicable requirements of the Code, and may 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 interest on the Bonds thereunder. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such Bonds as a result of acts or omissions of the District in violation of this or other covenants in the Indenture. The Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture.

Federal Tax Law Changes. From time to time, there are legislative proposals in Congress and IRS rulemaking activities that could adversely affect the market value or marketability of the Bonds. It cannot be predicted whether future legislation, rules, regulations or other guidance may be proposed or enacted that would affect the federal tax treatment of interest received on the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding any pending or proposed legislation or regulations that would change the federal tax treatment of interest on the Bonds. Risks to the status of federal tax exemption affecting interest on the Bonds are also discussed under "CONCLUDING INFORMATION—Tax Matters" below.

Climate Change

Climate change caused by human activities may have adverse effects on the City. Climate change can also result in more variable weather patterns, which can lead to longer and more severe droughts as well as increased risk of flooding. Projections of the impacts of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. The City expects to continue to consider the effects of climate change in its own planning and to participate in regional planning initiatives. While the impacts of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. Particular potential impacts of climate change on the City include worsening air quality, increased flooding, and heatwaves

The future fiscal impact of climate change on the District and the property within the District and the residents of the District is difficult to predict, but it could be significant and it could have a material adverse effect on the receipt of Special Taxes if property values are affected. See the captions "—Natural Disasters" and "—Land Values."

Risks Associated with Bond Insurance

In the event that the District defaults in the payment of principal of or interest on the Insured Bonds when due, the Owners of the Insured Bonds will have a claim under the Policy for such payments. See the caption "BOND INSURANCE." In the event that the Insurer becomes obligated to make payments on the Insured Bonds, no assurance can be given that such event will not adversely affect the market for the Bonds. In the event that the Insurer is unable to make payments of principal of or interest on the Insured Bonds when due under the Policy, the Insured Bonds will be payable solely from Net Taxes and amounts that are held in certain funds and accounts established under the Indenture, as described under the caption "SECURITY FOR THE BONDS."

The long-term credit rating on the Insured Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated

upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Bonds. See the caption "CONCLUDING INFORMATION—Ratings."

None of the District, the City or the Underwriter has made an independent investigation of the claims-paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the District, the City or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Insured Bonds, potential investors should carefully consider the ability of the District to pay principal and interest on the Insured Bonds, assuming that the Policy is not available to pay principal and interest on the Insured Bonds, and the claims-paying ability of the Insurer through final maturity of the Insured Bonds.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer has certain notice, consent and other rights under the Indenture and will have the right to control all remedies in the event of a default under the Indenture as to the Insured Bonds. The Insurer is not required to obtain the consent of the Owners of the Insured Bonds with respect to the exercise of remedies. See Appendix A.

CONCLUDING INFORMATION

Underwriting

The Bonds are being purchased by Piper Sandler & Co. (the "**Underwriter**") pursuant to a Bond Purchase Agreement, dated the date hereof (the "**Purchase Agreement**"), by and between the Underwriter and the District. The Underwriter has agreed to purchase the Bonds at a price of $_____ (being the aggregate principal amount thereof, [plus/less [net] an original issue [premium/discount] of $_____ and less an Underwriter's discount of $_____). The Purchase Agreement 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 Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the City and/or the District and to persons and entities with relationships with the City and/or the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City and/or the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City and/or the District.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets,

securities and instruments. Such investment and securities activities may involve securities and instruments of the City and/or the District.

Municipal Advisor

PFM Financial Advisors LLC (the "**Municipal Advisor**"), served as municipal advisor with respect to the sale of the Bonds. The Municipal Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Bonds. The Municipal Advisor 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.

Legal Opinion; Legal Matters

The legality of the Bonds and certain other legal matters are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Bond Counsel will render an opinion with respect to the validity and enforceability of the Bonds and the Indenture, and a copy of the opinion will accompany each Bond. Such opinion will be subject to the various assumptions, exceptions and limitations stated therein. See Appendix B. Certain legal matters will be passed upon for the City and the District by the City Attorney, and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Irvine, California, for the Insurer by its counsel and for the Trustee by its counsel. Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, Underwriter's counsel and the Trustee is contingent upon the sale and delivery of the Bonds. Bond Counsel and Disclosure Counsel have from time to time represented the Underwriter in connection with various matters unrelated to the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Code, generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) on the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations.

In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State personal income tax.

In the opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result

of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. the District has covenanted to comply with all such requirements.

The Internal Revenue Service (the "**IRS**") has initiated an expanded program for the auditing of tax exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Bond Counsel's engagement with respect to the Bonds terminates upon their issuance and Bond Counsel disclaims any obligation to update the matters set forth in its opinion. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Should interest (and original issue discount) on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption or an increase in interest rates and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix B.

No Litigation

There is no action, suit, or proceeding pending or, to the best knowledge of the City or the District, threatened at the present time restraining or enjoining the delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the City or the District taken with respect to the execution or delivery thereof. A no litigation opinion rendered by the City Attorney will be required to be delivered to the Underwriter simultaneously with the delivery of the Bonds.

Ratings

S&P Global Ratings ("**S&P**") is expected to assign the Insured Bonds the rating of "__" based upon the delivery of the Policy by the Insurer at the time of issuance of the Insured Bonds. S&P has assigned the Bonds the underlying rating of "__" without respect to the delivery of the Policy for the Insured Bonds. There is also no assurance that the criteria required to achieve a rating on the Bonds will not change during the period that the Bonds remain outstanding. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Such ratings reflect only the current views and current rating criteria of S&P (which views and rating criteria could change at any time), and an explanation of the significance of such ratings may be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials that are furnished to it (which may include information and material from the City or the District that is not included in this Official Statement) and on investigations, studies and assumptions of its own.

The District has covenanted in the Continuing Disclosure Certificate to file notices of any rating changes on the Bonds on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/ ("**EMMA**"). See the caption "—Continuing Disclosure" and Appendix C. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from S&P prior to such information being provided to the City or the District and prior to the date by which the District is obligated to file a notice of rating change. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the Bonds after the initial issuance of the Bonds.

The City and the District make no representation as to the Insurer's creditworthiness and no representation that the Insurer's credit rating will be maintained in the future. S&P has previously taken action to downgrade the ratings of certain municipal bond insurers and has published various releases outlining the processes that S&P intends to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to S&P for additional information on S&P's evaluations of the financial guaranty industry and individual financial guarantors, including the Insurer. See the caption "BOND INSURANCE" for further information relating to the Insurer.

Continuing Disclosure

The District has covenanted for the benefit of holders and beneficial owners of the Bonds: (1) to provide certain financial information and operating data (the "**Annual Report**") relating to the District and the property in the District not later than March 31 of each year, commencing March 31, 2027 with the Annual Report for Fiscal Year 2025-26; and (2) to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be timely filed by the District or a dissemination agent appointed by the District with EMMA. The specific nature of the information to be contained in the Annual Report or the

notices of enumerated events is set forth in the Continuing Disclosure Certificate. See Appendix C for the form of the Continuing Disclosure Certificate. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "**Rule**").

It should be noted that the District is required to file certain financial statements with the Annual Report. This requirement has been included in the Continuing Disclosure Certificate solely to satisfy the provisions of the Rule. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the District or the City other than as described in this Official Statement. See the captions "SPECIAL RISK FACTORS—The Bonds are Limited Obligations of the District."

Miscellaneous

All of the preceding summaries of the Indenture, applicable legislation, agreements and other documents are made subject to the provisions of such documents and legislation and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement have been authorized by the members of the City Council of the City, as the legislative body of the District.

CITY OF LINCOLN COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)

By:_____
City Manager of the City of Lincoln

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B

FORM OF BOND COUNSEL OPINION

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_____ __ 2026

Community Facilities District No. 2004-3 (Terra Lago) of the City of Lincoln
Lincoln, California

Re: $_____ City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California (the "State"), a certified record of the proceedings of the City of Lincoln (the "City") taken in connection with the formation of City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) (the "District") and the authorization and issuance of the District's 2026 Special Tax Refunding Bonds in the aggregate principal amount of $_____ (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the District, the initial purchaser of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California) (the "Act"), and a Bond Indenture, dated as of June 1, 2026 (the "Indenture"), by and between the District and U.S. Bank Trust Company, National Association, as trustee. All capitalized terms that are not defined herein have the meanings set forth in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture, and the Bonds are entitled to the benefits of the Indenture. The Bonds are limited obligations of the District, but are not a debt of the City, the State or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Special Taxes, neither the faith and credit nor the taxing power of the City, the State or any of its political subdivisions is pledged to the payment thereof.

2. The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and enforceable in accordance with its terms, provided, however, that we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses or as to any indemnification, penalty, choice of law, choice of forum or waiver provisions contained therein.

3. The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture.

4. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

5. Interest (and original issue discount) on the Bonds is exempt from State personal income tax.

6. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond.

7. The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions that are expressed in paragraph (4) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and are subject to the condition that the District comply with certain covenants and all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such covenants and requirements of the Code may cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

The opinions that are expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters that are not directly addressed by such authorities. We call attention to the fact that the rights and obligations of the District under the Indenture and the Bonds are subject to and may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

Our opinion is limited to matters that are governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds, and we expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Certain requirements and procedures that are contained or referred to in the Indenture and Tax Certificate may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in the Indenture and Tax Certificate relating to the Bonds, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Respectfully submitted,

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the Bonds, the District proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") dated as of June 1, 2026 is executed and delivered by City of Lincoln Community Facilities District No. 2005-1 (Sorrento) (the "District") in connection with the issuance and delivery by the District of its $_____Special Tax Refunding Bonds, Series 2026 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of Issuance adopted on _____, 2026, by the City Council of the City of Lincoln, acting as the legislative body of the District, and the Bond Indenture, dated as of June 1, 2026 (the "Indenture"), by and between the District and U.S. Bank Trust Company, National Association, as trustee. The District covenants as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 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 Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

"City" shall mean the City of Lincoln, County of Placer, California.

"Disclosure Representative" shall mean the Assistant City Manager of the City, or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean, initially, [NBS], or any successor Dissemination Agent designated in writing by the District and which has filed with the then current Dissemination Agent a written acceptance of such designation.

"District" shall mean City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project).

"EMMA" shall mean 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 that may be designated by the Securities and Exchange Commission in the future system of the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

"Official Statement" shall mean that certain Official Statement for the Bonds dated December 2, 2025.

"Owners" shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

"Participating Underwriter" shall mean Piper Sandler & Co.

"Rate and Method of Apportionment" shall mean that certain Rate and Method of Apportionment for the District approved pursuant to the Resolution of Formation.

"Resolution of Formation" shall mean the resolutions adopted by the City Council pursuant to which the City Council formed the District.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

"Trustee" shall mean U.S. Bank Trust Company, National Association or such other entity appointed by the District pursuant to the Indenture to act as the trustee under the Indenture.

Section 3. Provision of Annual Reports.

(a) Not later than March 31 of each year commencing March 31, 2027, the District shall, or shall cause the Dissemination Agent to provide to EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate; provided, however, the first Annual Report shall be satisfied with the posting of the Official Statement and audited financial statements of the District for the fiscal year ended June 30, 2026. If the Dissemination Agent is other than the District, then not later than 15 business days prior to the date referred to in the prior sentence hereof, the District shall provide the Annual Report (in a form suitable for filing with EMMA) to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District, if any exist, 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) In the event that the Dissemination Agent is an entity other than the District, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report, the District shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to the due date for an Annual Report the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District will be filing the Annual Report in compliance with subsection (a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is other than the District and if the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, a notice to EMMA of the failure to file the Annual Report in the form required by EMMA. If the District acts as its own Dissemination Agent, it shall file a notice with EMMA no later than the date specified in subsection (a) for filing an Annual Report if the District fails to file the Annual Report by that date.

(d) If the Dissemination Agent is other than the District, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the repository if other than the MSRB through EMMA; and

(ii) promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided to EMMA and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements, if any are prepared, are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following information:

(i) The principal amount of Bonds and any Parity Bonds outstanding as of the last day of the most recent completed Fiscal Year of the District, or a more recent date;

(ii) The balance in each fund under the Indenture and the Reserve Requirement as of the last day of the most recent completed Fiscal Year of the District, or a more recent date;

(iii) The status of any judicial foreclosure proceedings initiated by the District as a result of the delinquency in the payment of special taxes and a summary of the results of foreclosure sales, if available;

(iv) An update of Tables 3 and 8 in the Official Statement as of the last day of the most recent completed Fiscal Year of the District, or a more recent date but only as to the most recently completed Fiscal Year; and

(v) The principal amount of prepayments of the Special Taxes with respect to the District for the preceding Fiscal Year.

(c) Any or all of the items listed in (a) or (b) above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB through EMMA. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause the Dissemination Agent to give, notice to EMMA in a timely manner not in excess of ten (10) 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. ratings changes; and

9. bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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 District shall give or cause the Dissemination Agent to give notice to EMMA in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Bonds, if material:

1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

2. appointment of a successor or additional fiscal agent or the change of the name of a fiscal agent;

3. nonpayment related defaults;

4. modifications to the rights of Bondholders;

5. bond calls;

6. release, substitution or sale of property securing repayment of the Bonds; and

7. 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 security holders.

(c) In the event that the District's fiscal year changes, the District shall report or shall instruct the Dissemination Agent to report such change in the same manner and to the same parties as Listed Events would be reported pursuant to this Section.

(d) The District hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the District, and the Dissemination Agent, if other than the District, shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the District and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the District, shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be [NBS]. The Dissemination Agent may resign by providing (i) thirty (30) days written notice to the District and the Trustee and (ii) upon appointment of a new Dissemination Agent hereunder.

Section 8. Amendment; Waiver.

(a) This Disclosure Certificate may be amended, by written agreement of the parties, without the consent of the Owners, and any provision of this Disclosure Certificate may be waived, if all of the following conditions are satisfied: (1) such 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 District or the type of business conducted thereby, (2) the undertakings in this Disclosure Certificate as so amended or waived would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (3) the amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners or (ii) does not, in the determination of the District, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

(b) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(c) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any 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 District and/or the Dissemination Agent to comply with their respective obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District 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 an entity other than the District is acting as the Dissemination Agent, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. Any Dissemination Agent shall be paid (i) compensation by the District for its services provided hereunder in accordance with a schedule of fees to be mutually agreed to; and (ii) all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District pursuant to this Disclosure Certificate. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

District:	City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) City of Lincoln 600 6th Street Lincoln, CA 95648 Attn: Assistant City Manager
Underwriter:	Piper Sandler & Co. 3626 Fair Oaks Boulevard, Suite 100 Sacramento, CA 95864 Attn: Public Finance Department

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's business shall be the successor Dissemination Agent without the filing of any paper or any further act.

This Disclosure Certificate is executed as of the date and year first set forth above.

CITY OF LINCOLN COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)

By: _____
Assistant City Manager
Disclosure Representative

APPENDIX D

INFORMATION CONCERNING DTC

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the District, the City and the Underwriter believe to be reliable, but none of the District, the City or the Underwriter takes any 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.

The Depository Trust Company ("DTC"), New York, NY, 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 annual maturity, and will be deposited with 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 the 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 redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Owner 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 TRUSTEE, 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.

APPENDIX E

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)

A special tax shall be levied annually on each Parcel of land within the City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) (the "District"), based upon the Special Tax Liability determined by the City of Lincoln (the "City"), or its designee, through the application of the following procedures. All of the property within the District, unless otherwise exempted by the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below.

It is intended that all special taxes applicable to Parcels be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, and that special taxes so levied will be subject to the same penalties and procedures, sale and lien priority in case of delinquency as is provided for *ad valorem* taxes, subject to any covenant for judicial foreclosure with respect thereto in the Indenture of Trust for any Bonds of the District. Notwithstanding the foregoing, the City may collect the special taxes at such other times or in such other manner as necessary or convenient to satisfy the obligations of the District, including by means of direct billing of the affected property owners.

1. DEFINITIONS

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code.

"Acre" means an acre of Acreage.

"Acreage" means (i) with respect to an Undeveloped Parcel, the gross acreage of such Parcel, and (ii) with respect to a Final Map Lot created by subdividing an Undeveloped Parcel, the net acreage of such Final Map Lot plus a pro rata portion of the difference between the Acreage of such Undeveloped Parcel and the net acreage of all Final Map Lots created by subdividing such Undeveloped Parcel.

"Administrative Expenses" means any or all of the following: the fees and expenses of the Trustee (including any fees or expenses of its counsel), the expenses of the City in carrying out its duties with respect to the District or otherwise under the Indenture of Trust (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of its counsel, an allocable share of the salaries of the City staff directly related to the administration of the District and the Bonds and a proportionate amount of City general administrative overhead related thereto (as allocated in accordance with City policies and practices), any amount required to pay any rebate liability to the federal government and to pay the costs incurred to calculate any possible rebate liability, fees and expenses incurred to comply with any disclosure obligations with respect to the Bonds and/or the District, and all other costs and expenses of the City or the Trustee incurred in connection with the discharge of their respective duties under the Indenture of Trust, and, in the case of the City, in any way related to administration of the District.

"Apartment" means a single dwelling unit within a building or buildings comprised of attached residential units, all of which are made available for rental by the general public, exclusive of Condominiums.

"Assigned Annual Special Tax" means the Special Tax of that name described in Section 2.A. herein.

"Backup Special Tax" means the backup Special Tax applicable to each Assessor's Parcel, as determined in accordance with Section 2.D. herein.

"Bonds" mean any and all bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by or for the District.

"Bond Year" means each twelve-month period ending on September 1 (or such other anniversary date on which principal of the Bonds is generally repaid), provided that the first Bond Year shall commence on the issue date of the Bonds and shall end on September 1, 2006.

"Builder" means a developer, merchant builder, or builder that converts a Parcel to a Developed Parcel for sale to the initial buyer following the City-issued Certificate of Occupancy.

"Building Floor Area" means the square footage of the area included within the surrounding exterior walls of a building, including each floor of a multiple story building but not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The Building Floor Area will be determined by reference to City approved building permits or certificates of occupancy.

"Category" means a special tax category set forth in Table 1 for Developed Parcels.

"CFD Administrator" means the City Finance & Administrative Services Director or designee.

"City" means the City of Lincoln, California.

"Condominium" means a unit meeting the statutory definition of a condominium contained in California Civil Code, Section 1351.

"County" means the County of Placer, California.

"Debt Service", for each Fiscal Year, is the total annual principal and interest payable on the Bonds during the Bond Year which commences in such Fiscal Year, less any capitalized interest and any other amounts remaining in a bond fund held under the Indenture of Trust as of the end of the previous Fiscal Year and available to pay such principal and interest.

"Developed Parcel" means a Parcel for which a building permit for new construction was issued as of June 30 of the prior Fiscal Year.

"District" means the City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project).

"Dwelling Unit" means a separate residence on a Parcel.

"Final Map" means a final tract map, parcel map, lot line adjustment or functionally equivalent map that creates Lots for individual building sites or Condominium Units, or equivalent, recorded with the County Recorder's Office.

"Final Map Lot" means a Parcel for which a Final Map has been recorded but for which a building permit has not been issued as of June 30 of the prior Fiscal Year.

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

"Indenture of Trust" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which any then outstanding Bonds are issued, and as it may be amended, modified and/or supplemented from time to time.

"Lot" means an individual legal lot created by a Final Map for which a building permit has been or could be issued.

"Maximum Special Tax" means the respective maximum special tax for a Developed Parcel, Final Map Lot, and Undeveloped Parcel, as set forth in Section 2, herein.

"Multiple Family Residential" means an Apartment or Condominium.

"Non-Residential Property" means all Developed Parcels for which a building permit(s) was issued for a non-residential use.

"Parcel" means any lot or parcel or portion thereof or Condominium unit that is within the boundaries of the District shown on an official map of the Assessor of the County.

"Residential Property" means all Developed Parcels for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Special Tax Liability" for any Fiscal Year is an amount sufficient to pay Debt Service for such Bond Year ending on September 1 of the next Fiscal Year, Administrative Expenses for such Fiscal Year, any amount for direct payment for the cost of acquiring authorized facilities of the District, an amount necessary to replenish any reserve funds for the Bonds, and an amount determined by the CFD Administrator as necessary to make any other payments required to be made in the applicable Fiscal Year by the City or District under the Indenture of Trust for the Bonds.

"Taxable Property" is all real property within the boundaries of the District, except that the following Parcels shall not be Taxable Property: any land owned, conveyed or irrevocably offered for dedication to a public agency; any land which is a public right of way or which is an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement; and/or any Parcel used exclusively by a homeowners' association. Notwithstanding the aforementioned, if any part of a Parcel is determined to be Taxable Property, then all of that Parcel shall be designated as Taxable Property. Once a Parcel is classified as a Developed Parcel, it shall remain as Taxable Property. A Parcel shall not be exempted from special taxes if such designation would reduce the sum of all remaining Taxable Property to less than 87.98 Acres. Such Parcel will continue to be classified as Undeveloped Property and will continue to be subject to special taxes accordingly.

"Total Property Tax Burden" includes all *ad valorem* property tax and all overlapping taxes and special assessments.

"Trustee" means the trustee or fiscal agent designated under the Indenture of Trust.

"Undeveloped Parcel" means a Parcel of Taxable Property not classified as a Developed Parcel or a Final Map Lot.

2. MAXIMUM SPECIAL TAX RATES

A. DEVELOPED PARCELS: The Maximum Special Tax that may be levied in any Fiscal Year on any Developed Parcel shall be the amount determined by the application of the Assigned Annual Special Tax as shown in Table 1. Such amount shall increase each Fiscal Year by two percent (2.0%), commencing July 1, 2006, compounded annually. The special tax on any Developed Parcel within the District shall not be levied after the earlier of (i) 40 years following the Fiscal Year in which the building permit for such Parcel is issued, or (ii) Fiscal Year 2055-2056.

TABLE 1
Developed Parcel Assigned Annual Special Tax

Category	Developed	Assigned Annual Special Tax
1	Single Family Residential	$1,600 per dwelling unit
2	Multiple Family Residential	$400 per dwelling unit
3	Non-Residential	$10,000 per Acre*

* Prorated for any portion of an Acre.

B. FINAL MAP LOTS: The Maximum Special Tax that may be levied in any Fiscal Year on any Final Map Lot is (i) $10,000 per Acre (said amount to be levied pro rata for any portion of an Acre) plus (ii) the application of the Backup Annual Special Tax. Such amount shall increase each Fiscal Year by two percent (2.0%), commencing July 1, 2006, compounded annually. The special tax on any Final Map Lot Parcel within the District shall not be levied after Fiscal Year 2055-2056.

C. UNDEVELOPED PARCELS: The Maximum Special Tax that may be levied in any Fiscal Year on any Undeveloped Parcel is (i) is $10,000 per Acre (said amount to be levied pro rata for any portion of an Acre) plus (ii) the application of the Backup Annual Special Tax. Such amount shall increase each Fiscal Year by two percent (2.0%), commencing July 1, 2006, compounded annually. The special tax on any Undeveloped Parcel within the District shall not be levied after Fiscal Year 2055-2056.

D. BACKUP SPECIAL TAX: In each Fiscal Year, a Backup Special Tax shall apply to all Final Map Lots and Undeveloped Parcels at a rate determined as provided in this Section D. For purposes of this Section D, the minimum number of Residential Property Dwelling Units for each Village is set forth in Table 2 herein.

TABLE 2
BACKUP SPECIAL TAX DWELLING UNITS

Village	Developed	Minimum Number of Dwelling Units
1	Single Family Residential	102
2	Single Family Residential	82
3	Single Family Residential	116
4	Single Family Residential	84
5	Single Family Residential	69
6	Multiple Family Residential	116

In each Fiscal Year, the Backup Annual Special Tax rate shall be calculated according to the following formula:

$$B = \frac{(\$1{,}600 \times S) + (\$400 \times M)}{A} \times (1.02)^{r}$$

The terms above have the following meanings:

"B" = Backup Annual Special Tax in each Fiscal Year

"S" = For all Villages with respect to which a Final Map has been recorded as of June 30 of the prior Fiscal Year, the number by which the minimum number of Single Family Residential Dwelling Units indicated on Table 2 exceeds the actual number of Single Family Dwelling

Units indicated on such Final Maps; provided that if such actual number equals or exceeds the minimum number, "S" shall be zero.

"M" = For all Villages with respect to which a Final Map has been recorded as of June 30 of the prior Fiscal Year, the number by which the minimum number of Multiple Family Residential Dwelling Units indicated on Table 2 exceeds the actual number of Multiple Family Dwelling Units indicated on such Final Maps; provided that if such actual number equals or exceeds the minimum number, "M" shall be zero.

"r" = The number of Fiscal Years that have previously elapsed (i.e. for the Fiscal Year commencing July 1, 2006, "r" shall equal 1; for the Fiscal Year commencing July 1, 2007, "r" shall equal 2; etc.).

"A" = Total Acreage of all Parcels of Final Map Lot and Undeveloped Property.

3. ASSIGNMENTS TO CATEGORIES; LEVY

A. ANNUAL TAX CATEGORIES: On or about July 1 of each year, but in any event in sufficient time to include the levy of the special taxes on the County's secured tax roll, the CFD Administrator shall determine for each Parcel within the District whether it is Taxable Property, and, if so, whether such Parcel is a Developed Parcel, Final Map Lot, or Undeveloped Parcel. Each Developed Parcel shall be further assigned to a Category. Parcels subject to levy shall be determined based upon the latest equalized roll of the County Assessor for such Fiscal Year.

B. **APPORTIONMENT OF SPECIAL TAX LIABILITY**. The CFD Administrator shall then determine the Special Tax Liability for the Fiscal Year commencing such July 1, and levy special taxes as follows until the amount of the special taxes levied equals the Special Tax Liability:

Step 1: Levy special taxes on Developed Parcels as needed to satisfy the Special Tax Liability, pro rata up to 100% of the Developed Parcel Assigned Annual Special Tax, pursuant to Table 1, herein.

Step 2: If additional funds are needed after the first step has been calculated to satisfy the Special Tax Liability, in addition to the levy of the prior step, levy special taxes on all Parcels designated as Final Map Lots on a pro rata basis at up to 100% of the Final Map Lot Maximum Special Tax as needed.

Step 3: If additional funds are needed after the second step has been calculated to satisfy the Special Tax Liability, in addition to the levy of all prior steps, levy special taxes on all Parcels designated as Undeveloped Parcels on a pro rata basis at up to 100% of the Undeveloped Maximum Special Tax as needed.

Step 4: If additional funds are needed after the third step has been calculated to satisfy the Special Tax Liability, in addition to the levy of all prior steps, levy the Backup Special Tax on each Acre of each Final Map Lot and each Undeveloped Parcel ratably as needed to satisfy the Special Tax Requirement.

Under no circumstances will the special taxes levied against any Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Parcel or Parcels within the District by more than ten (10) percent of the special tax that would be levied in that Fiscal Year, if there were no delinquencies, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of the District.

4. PREPAYMENTS OF SPECIAL TAXES

The special taxes for any Developed Parcel may be prepaid, and permanently satisfied, (i) in total, (ii) in the case of a partial prepayment, in the ratio of 25%, 50% or 75% of the full prepayment amount, or (iii) in the amount determined for a mandatory prepayment. An owner of a Parcel of Taxable Property who desires to prepay and permanently satisfy all or part of the special tax obligation for a Parcel shall notify the CFD

Administrator in writing of such intention. The CFD Administrator, shall calculate and determine the prepayment amount such that the sum of the maximum special tax of all remaining Parcels is sufficient to levy a minimum of 110% of the sum of Debt Service plus Administrative Expenses, in all future Fiscal Years, and such determination shall be final and conclusive.

A. FULLY PREPAYING THE SPECIAL TAX FOR A DEVELOPED PARCEL:

1. The principal prepayment amount is computed by dividing the most current levied special tax amount for such Developed Parcel by the most current total levied special tax amount for all Parcels within the District, and multiplying the results by the principal amount of any outstanding Bonds and Bonds authorized to be issued.

2. The principal prepayment amount calculated in 4.A.1. above for a particular Parcel will be (a) increased in the amount of: (i) applicable redemption premium, if any, on the Bonds to be redeemed with such prepayment; (ii) an amount determined by the CFD Administrator to offset any difference between the amount needed to pay interest on the principal amount of Bonds to be redeemed until the earliest redemption and the amount derived from the reinvestment of the prepaid special tax pending the redemption of such Bonds; and (iii) an amount determined by the CFD Administrator to pay for the applicable Administrative Expenses to provide such prepayment; and (b) decreased in the amount of (i) any special taxes heretofore paid in respect of said Parcel, then held by the Trustee and available for payment on the Bonds, (ii) any reduction in the amount on deposit in the reserve fund for the Bonds due to the redemption of the Bonds with the proceeds of such prepayment and (iii) a pro rata amount of remaining capitalized interest allocable to the Parcel, if any.

The Parcel with respect to which prepayment is made must not be delinquent in any payment of special taxes previously levied within the District. Prepayment shall not relieve any property owner from paying those special taxes which have already become due and payable, and a Notice of Cessation of Special Tax Lien shall not be recorded against any Parcel pursuant to California Government Code Section 53344, until all special taxes with respect to that Parcel have been paid.

B. PARTIALLY PREPAYING THE SPECIAL TAX FOR A DEVELOPED PARCEL:

1. The partial principal prepayment amount is computed by dividing the most current levied special tax amount for such Developed Parcel by the most current total levied special tax amount for all Parcels within the District, then multiplying the results by the principal amount of any outstanding Bonds and Bonds authorized to be issued, and then multiplying the result by the intended partial prepayment percentage (25%, 50% or 75%).

2. The partial principal prepayment amount calculated in 4.B.1. above for a particular Parcel will be (a) increased in the amount of: (i) applicable redemption premium, if any, on the Bonds to be redeemed with such prepayment; (ii) an amount determined by the CFD Administrator to offset any difference between the amount needed to pay interest on the principal amount of Bonds to be redeemed until the earliest redemption and the amount derived from the reinvestment of the prepaid special tax pending the redemption of such Bonds; and (iii) an amount determined by the CFD Administrator to pay for the applicable Administrative Expenses to provide such prepayment; and (b) decreased in the amount of (i) any special taxes heretofore paid in respect of said Parcel, then held by the Trustee and available for payment on the Bonds, (ii) any reduction in the amount on deposit in the reserve fund for the Bonds due to the redemption of the Bonds with the proceeds of such prepayment and (iii) a pro rata amount of remaining capitalized interest allocable to the Parcel, if any.

3. Following the receipt of a partial prepayment, a revised Maximum Special Tax shall be computed to reflect the applicable partial prepayment for such Parcel, by multiplying the current Assigned Annual Special Tax shown in Table 1, by the remaining difference between 100% and the actual partial prepayment percentage (25%, 50% or 75%). Such revised Maximum Special Tax rate, plus all allowable

increases under Section 2 herein, shall be used in subsequent Fiscal Years to apportion the Special Tax Liabilities under Section 3B herein.

The Parcel with respect to which a partial prepayment is made must not be delinquent in any payment of special taxes previously levied within the District. Partial prepayment shall not relieve any property owner from paying those special taxes that have already become due and payable. An amended Notice of Special Tax Lien shall be recorded against such Parcel to reflect the revised Maximum Special Tax calculated in the preceding paragraph.

C. MANDATORY PARTIAL PREPAYMENT:

Prior to the close of escrow for the first transfer of title of any Developed Parcel after the date on which a Certificate of Occupancy for such Parcel was issued by the City, the Maximum Special Tax shall be subject to mandatory partial prepayment in a amount necessary to bring the Total Property Tax Burden for the then-current Fiscal Year to an amount less than or equal to 2.0% of the sale price of the Parcel. The amount required shall be due and payable upon transfer of title. No prepayment shall be required if the Total Property Tax Burden is not in excess of the 2% limit The Builder shall notify the CFD Administrator in writing of the mandatory partial repayment requirement at least 30 days prior to close of escrow. The CFD Administrator shall calculate and determine the prepayment amount using the methodology for a partial prepayment herein, except that the partial prepayment shall be in the exact percentage required for a Total Property Tax Burden not in excess of the 2.0% limit.

5. APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator not later than twelve months after the due date of the first installment of the Special Tax that is disputed. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the CFD Administrator decision requires that the Special Tax for such Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the annual special tax on that Parcel in the subsequent Fiscal Year(s).

APPENDIX F

GENERAL INFORMATION CONCERNING
THE CITY OF LINCOLN AND THE COUNTY OF PLACER

The following information relating to the City of Lincoln (the "City"), the County of Placer, California (the "County") and the State of California (the "State") is supplied solely for purposes of information. Neither the City nor the County is obligated in any manner to pay principal of or interest on the Bonds or to cure any delinquency or default on the Bonds. The Bonds are payable solely from the sources described in the Official Statement.

General

The City of Lincoln is located approximately 9 miles north of Roseville and 24 miles northeast of Sacramento. The City incorporated on August 18, 1980 as a general law City. The City has slightly more than 51,000 residents and covers an area of over 20 square miles.

Population

The following table offers population figures for the City, the County and the State for 2021 through 2025.

Area	*2021*	*2022*	*2023*	*2024*	*2025*
City of Lincoln	50,267	51,237	52,286	54,167	54,520
County of Placer	407,282	409,924	410,319	420,436	421,446
State of California	39,369,530	39,179,680	39,228,444	39,420,663	39,529,101

Source: California State Department of Finance, Demographic Research Unit. 2010 Census Benchmark.

Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County from 2020 through 2024.

BUILDING PERMIT VALUATIONS
City of Lincoln
2020-2024
(Dollars in Thousands)

	2020	*2021*	*2022*	*2023*	*2024*
Valuation ($000):					
Residential	$150,124	$301,933	$315,089	$376,223	$332,598
Non-residential	17,928	19,747	37,266	55,956	38,177
Total*	$168,052	$321,680	$352,355	$432,179	$370,775
Residential Units:					
Single family	503	969	997	938	733
Multiple family	0	0	0	179	218
Total	503	969	997	1,117	951

* Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
County of Placer
2020-2024
(Dollars in Thousands)

	2020	*2021*	*2022*	*2023*	*2024*
Residential	$ 900,264	$1,334,297	$1,233,459	$1,294,390	$1,400,072
Non-residential	135,455	126,426	221,344	197,739	151,787
Total*	$ 1,035,719	$1,460,723	$1,454,803	$1,492,129	$1,551,859
Residential Units:					
Single family	2,552	4,176	3,701	2,937	3,030
Multiple family	540	66	351	629	593
Total	3,092	4,242	4,052	3,566	3,623

* Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

Employment

The following tables show the largest employers located in the City and County as of June 30, 2024.

LARGEST EMPLOYERS
City of Lincoln
(as of June 30, 2024)

Rank	*Name of Business*	*Employees*	*Type of Business*
1.	Thunder Valley Casino	2500	Casino
2.	Sierra Pacific Lincoln	300	Power Plants
3.	Horizon Charter School	200	Schools
4.	Lowe's Home Improvement	140	Home Centers
5.	City of Lincoln	140	Government Offices
6.	Lincoln Meadows Care Ctr	140	Rehabilitation Services
7.	Lincoln High School	130	Schools
8.	Safeway	120	Grocers-Retail
9.	Home Depot	110	Home Centers

Source: City of Lincoln Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

LARGEST EMPLOYERS
County of Placer
(as of June 30, 2024)

Rank	*Name of Business*	*Employees*	*Type of Business*
1.	Sutter Health	6,672	Healthcare
2.	Kaiser Permanente	6,094	Healthcare
3.	County of Placer	2,853	Leisure/Hospitality
4.	Thunder Valley Casino Resort	2,400	Government
5.	Sierra Joint Community College District	1,900	Leisure/Hospitality
6.	Roseville City School District	1,783	Education
7.	City of Roseville	1,386	Government
8.	Palisades Tahoe	1,321	
9.	Safeway	1,217	Grocery Store
10.	Pacific Gas and Electric Co.	1,120	

Source: County of Placer, Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

Employment and Industry

Employment data by industry is not separately reported on an annual basis for the City but is compiled for the Sacramento-Roseville-Arden-Arcade Metropolitan Statistical Area (the "MSA"), which includes all of El Dorado, Placer, Sacramento and Yolo Counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below.

The following table represents the Annual Average Labor Force and Industry Employment for the period from 2019 through 2023.

SACRAMENTO-ROSEVILLE-ARDEN-ARCADE METROPOLITAN STATISTICAL AREA (THE "MSA")
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

	2019	*2020*	*2021*	*2022*	*2023*
Civilian Labor Force	1,099,300	1,093,500	1,105,400	1,112,100	1,129,200
Civilian Employment	1,059,200	996,600	1,034,400	1,069,700	1,080,500
Civilian Unemployment	40,100	96,900	71,000	42,400	48,600
Civilian Unemployment Rate	3.7%	8.9%	6.4%	3.8%	4.3%
Total Farm	8,700	8,300	9,000	8,600	9,100
Total Nonfarm	1,022,500	971,400	1,013,000	1,056,800	1,073,900
Total Private	781,100	736,200	772,800	809,900	817,600
Goods Producing	106,700	106,800	113,200	118,200	115,700
Mining, Logging, and Construction	69,900	70,700	75,400	77,700	75,200
Mining and Logging	500	500	500	500	500
Construction	69,400	70,200	74,900	77,100	74,700
Manufacturing	36,800	36,100	37,700	40,600	40,500
Service Providing	915,800	864,700	899,800	938,500	958,200
Trade, Transportation and Utilities	161,300	155,900	165,000	169,500	169,200
Wholesale Trade	28,600	26,600	26,900	28,300	28,500
Retail Trade	100,500	95,100	100,600	100,300	99,000
Transportation, Warehousing and Utilities	32,200	34,300	37,500	40,800	41,600
Information	11,900	10,200	10,100	10,500	9,900
Financial Activities	52,500	51,700	51,800	51,800	49,000
Professional and Business Services	137,200	132,600	137,200	139,700	134,400
Educational and Health Services	166,600	164,000	168,800	175,600	188,700
Leisure and Hospitality	109,600	83,900	93,600	108,700	112,500
Other Services	35,400	31,000	33,300	36,100	38,300
Government	241,400	235,300	240,200	246,800	256,300
Total, All Industries	1,031,200	979,800	1,021,900	1,065,400	1,083,000

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix B.

Source: State of California, Employment Development Department, March 2023 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the period from 2017 through 2021 for the City, the County, the State and the nation as a whole.

CITY OF LINCOLN,
COUNTY OF PLACER,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment

Year and Area	*Labor Force*	*Employment*[(1)]	*Unemployment*[(2)]	*Unemployment Rate (%)*[(3)]
2020				
City of Lincoln	19,100	17,600	1,500	7.8%
County of Placer	186,700	172,600	14,000	7.5
State of California	18,821,200	16,913,100	1,908,100	10.1
United States	160,472,000	147,795,000	12,947,000	8.1
2021				
City of Lincoln	19,200	18,200	1,100	5.5%
County of Placer	188,000	178,700	9,400	5.0
State of California	18,923,200	17,541,900	1,381,200	7.3
United States	161,204,000	152,581,000	8,621,000	5.3
2022				
City of Lincoln	21,200	20,500	700	3.4%
County of Placer	195,200	189,100	6,100	3.1
State of California	19,218,300	18,393,900	824,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Lincoln	22,300	21,500	900	3.9%
County of Placer	201,700	194,400	7,400	3.6
State of California	19,471,000	18,551,800	919,200	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
2024				
City of Lincoln	N/A	N/A	N/A	N/A
County of Placer	204,800	196,300	8,400	4.1
State of California	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346	6,761,000	4.0

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. 2024 Benchmark.

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

$_____
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)
SPECIAL TAX REFUNDING BONDS, SERIES 2026

BOND PURCHASE AGREEMENT

[BPA Date]

City of Lincoln
Community Facilities District No. 2005-1
(Sorrento Project)
600 6th Street
Lincoln, California 95648

Ladies and Gentlemen:

Piper Sandler & Co., as underwriter (the "**Underwriter**"), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this "**Purchase Agreement**") with the City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) (the "**Community Facilities District**"), which upon acceptance will be binding upon the Underwriter and the Community Facilities District. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Community Facilities District satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the Community Facilities District's acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 P.M., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Community Facilities District at any time prior to the acceptance hereof by the Community Facilities District. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Bond Indenture, dated as of June 1, 2026 (the "**Indenture**"), by and between the Community Facilities District and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**").

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein: (i) the Underwriter hereby agrees to purchase from the Community Facilities District and the Community Facilities District hereby agrees to sell to the Underwriter all (but not less than all) of the $_____ aggregate principal amount of the City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 (the "**Bonds**"), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be $_____ (being 100% of the aggregate principal amount thereof, plus an original issue premium of $_____ and less an Underwriter's discount of $_____). At the request of the District, on the Closing Date the Underwriter will wire the Insurance Policy (defined below) premium of $_____ to the Insurer (defined below) and the Reserve Policy (defined below) premium

of $_____ to the Insurer. As a result, the net amount to be wired to the District as the purchase price for the Bonds will be $_____.

The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to Section 2 hereof, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial offering prices.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Net Taxes as provided in the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California) (the "**Community Facilities District Act**"). The issuance of the Bonds has been duly authorized by the City Council of the City of Lincoln (the "**City**"), as the legislative body for the Community Facilities District, pursuant to a resolution (the "**Community Facilities District Resolution of Issuance**") adopted on April 14, 2026.

The net proceeds of the Bonds will be used to: (i) together with other available funds, to refund the outstanding City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2013 (the "**2013 Bonds**"); (ii) to refund the outstanding City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2014A (the "**2014A Bonds**"); (iii) to refund the outstanding City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Bonds, Series 2016 (the "**2016 Bonds,**" and together with the 2013 Bonds and the 2014A Bonds, the "**Refunded Bonds**"); (iv) to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy (the "**Reserve Policy**") for deposit in the Reserve Account to fund the initial Reserve Requirement for the Bonds; and (v) to pay costs of issuance of the Bonds, including the premium for an insurance policy (the "**Insurance Policy**") to be issued by _____ (the "**Insurer**") insuring the scheduled payment of principal of and interest on certain maturities of the Bonds indicated on Exhibit A hereto.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from special taxes as provided in the Indenture (the "**Special Taxes**").

A. The Community Facilities District hereby acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations, warranties and agreements made by the Community Facilities District herein, and the Community Facilities District shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation, warranty or agreement made by the Community Facilities District herein is incorrect in any material respect.

The Community Facilities District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Community Facilities District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as the agent or fiduciary of the

Community Facilities District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Community Facilities District with respect to (a) the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Community Facilities District on other matters) or (b) any other obligations to the Community Facilities District with respect to the offering contemplated hereby, except the obligations expressly set forth in this Purchase Agreement or otherwise imposed by law, (iv) the Underwriter has financial interests that differ from those of the Community Facilities District and (v) the Community Facilities District has consulted with their own legal, financial and other advisors to the extent they have deemed appropriate in connection with this transaction. The Community Facilities District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board ("**MSRB**"). The Community Facilities District acknowledges and represents that it has engaged PFM Financial Advisors LLC as its municipal advisor (the "**Municipal Advisor**") (as defined in Securities and Exchange Commission Rule 15Ba1) and will rely solely on the financial advice of PFM Financial Advisors LLC with respect to the Bonds.

B. Pursuant to the authorization of the Community Facilities District, the Underwriter has distributed copies of the Preliminary Official Statement dated {POS Date], relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the "Preliminary Official Statement." By its acceptance of this Purchase Agreement, the Community Facilities District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, and the Community Facilities District agrees to execute a final official statement relating to the Bonds (including any supplements and/or amendments thereto, the "**Official Statement**") which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Stradling Yocca Carlson & Rauth LLP, Bond Counsel ("**Bond Counsel**"), Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel ("**Disclosure Counsel**"), and the Underwriter, and to provide copies thereof to the Underwriter as set forth herein. The Community Facilities District hereby authorizes and requires the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Community Facilities District further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Indenture, the Continuing Disclosure Certificate executed by the Community Facilities District in connection with the Bonds (the "**Continuing Disclosure Certificate**"), separate Escrow Agreements with regard to the Refunded Bonds (together, the "**Escrow Agreements**"), each dated as of June 1, 2026, with the Trustee, as escrow bank (the "**Escrow Bank**"), this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

C. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"), the Community Facilities District will undertake pursuant to the Continuing Disclosure Certificate, in the form attached as an appendix to the Official Statement, to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

D. Except as the Underwriter and the Community Facilities District may otherwise agree, the Community Facilities District will deliver to the Underwriter, at the offices of

Bond Counsel in Newport Beach, California, or at such other location as may be mutually agreed upon by the Underwriter and the Community Facilities District, the documents hereinafter mentioned; and the Community Facilities District will deliver to the Underwriter through the facilities of The Depository Trust Company ("**DTC**"), the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Community Facilities District and authenticated by the Trustee in the manner provided for in the Indenture and the Community Facilities District Act at 8:00 a.m. California time, on [Closing Date] (the "**Closing Date**"), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the "**Closing**"). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. Establishment of Issue Price.

A. The Underwriter agrees to assist the Community Facilities District in establishing the issue price of the Bonds and shall execute and deliver to the Community Facilities District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Community Facilities District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

B. Except as otherwise set forth in Exhibit A attached hereto, the Community Facilities District will treat the first price at which 10% of each maturity of the Bonds (the "**10% test**"), identified under the column "10% Test Satisfied" in Exhibit A, is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Community Facilities District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Community Facilities District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Community Facilities District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Community Facilities District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "**hold-the-offering-price rule**"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or

2. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Community Facilities District when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

D. The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

E. The Community Facilities District acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-

price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

1. "public" means any person other than an underwriter or a related party;

2. "underwriter" means (A) any person that agrees pursuant to a written contract with the Community Facilities District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

3. a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

4. "sale date" means the date of execution of this Purchase Agreement by all parties.

3. Representations, Warranties and Covenants of the Community Facilities District. The Community Facilities District represents, warrants and covenants to the Underwriter on behalf of itself and the City that:

A. The City is duly organized and validly existing as a general law city under the Constitution and laws of the State of California and has duly authorized the formation of the Community Facilities District pursuant to resolutions duly adopted by the City Council (the "**Community Facilities District Formation Resolution**" and, together with the Community Facilities District Resolution of Issuance, the "**Community Facilities District Resolutions**") and the Community Facilities District Act. The City Council, as the legislative body of the City and the Community Facilities District, has duly adopted the Community Facilities District Formation Resolution, and has caused to be recorded in the real property records of the County of Placer, notice of special tax lien, and any required amendments thereof (collectively, the "**Notice of Special Tax**

Lien") (the Community Facilities District Formation Resolution and Notice of Special Tax Lien being collectively referred to herein as the "**Formation Documents**"), and has duly adopted a Community Facilities District Resolution of Issuance. Each of its Formation Documents remains in full force and effect as of the date hereof and has not been amended. The Community Facilities District is duly organized and validly existing as a Community Facilities District under the laws of the State of California. The Community Facilities District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement, the Escrow Agreements, the Continuing Disclosure Certificate and the Indenture, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver the Bonds as provided herein; and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the Indenture, the Bonds, the Escrow Agreements, the Continuing Disclosure Certificate, this Purchase Agreement and the Official Statement.

This Purchase Agreement, the Indenture, the Escrow Agreements, the Bonds and the Continuing Disclosure Certificate are collectively referred to herein as the "**Community Facilities District Documents**."

B. The Community Facilities District and the City, as applicable, have each complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents and the Community Facilities District Documents, and any immaterial noncompliance by the Community Facilities District and the City, if any, will not impair the ability of the Community Facilities District and the City, as applicable, to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the Community Facilities District will continue to comply with the covenants of the Community Facilities District contained in the Community Facilities District Documents.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Community Facilities District and the Bonds (other than information under the caption "CONCLUDING INFORMATION - Underwriting," Appendix D, Appendix G and statements pertaining to the Insurer, the Reserve Policy, the Insurance Policy, the book entry system, as to which no view is expressed), is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Community Facilities District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Community Facilities District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain,

directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Community Facilities District at or prior to the Closing Date and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period."

E. Except as described in the Preliminary Official Statement and Official Statement, the Community Facilities District is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance of its obligations under the Community Facilities District Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement.

F. Except as may be required under the "blue sky" or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Community Facilities District of its obligations under the Community Facilities District Documents, and the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

G. The Community Facilities District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement.

H. The Bonds are payable from the Special Tax of the Community Facilities District, as set forth in the Indenture, the levy of which has been duly and validly authorized pursuant to the Community Facilities District Act and the Community Facilities District will covenant in the Indenture to levy the Special Taxes within the Community Facilities District in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the Bonds when due and payable, all as provided in the Indenture.

I. The Indenture creates a valid pledge of, first lien upon and security interest in, the Net Taxes, and in the moneys in the Special Tax Fund (other than the Administrative Expense Account) established pursuant to the Indenture, on the terms and conditions set forth in the Indenture.

J. Except as disclosed in the Preliminary Official Statement, there are, to the best of the Community Facilities District's knowledge, no entities with outstanding assessment or special tax liens against any of the properties within the Community Facilities District or which are senior to or on a parity with the Special Taxes of the Community Facilities District referred to in paragraph (I) hereof.

K. The Preliminary Official Statement was deemed final by a duly authorized officer of the Community Facilities District prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Community Facilities District hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Community Facilities District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board.

L. At the time of acceptance hereof there is and as of the Closing there will be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "**Action**") pending (notice of which has been served on the Community Facilities District) or to the best knowledge of the Community Facilities District or the City threatened, in which any such Action: (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the Community Facilities District to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the payment or collection of Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Community Facilities District Documents or the consummation of the transactions on the part of the Community Facilities District contemplated thereby; (iii) contests the exemption of interest on the Bonds from federal or State income taxation or contests the powers of the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the time of acceptance hereof there is and, as of the Closing Date, there will be no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

M. Any certificate signed on behalf of the Community Facilities District by any officer or employee of the Community Facilities District authorized to do so shall be deemed a representation and warranty by the Community Facilities District to the Underwriter on behalf of itself and the Community Facilities District as to the statements made therein.

N. At or prior to the Closing the Community Facilities District will have duly authorized, executed and delivered the Continuing Disclosure Certificate in substantially the form attached as Appendix E to the Official Statement. Based upon a review of its previous undertakings, and except as disclosed in the Preliminary Official Statement, the Community Facilities District has not failed to comply in all respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events in the last five years.

O. The Community Facilities District will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Official Statement.

P. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Community Facilities District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

Q. Between the date of this Purchase Agreement and the date of Closing, the Community Facilities District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

The Community Facilities District hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The execution and delivery of this Purchase Agreement by the Community Facilities District shall constitute a representation by the Community Facilities District to the Underwriter that the representations and warranties contained in this Section 3 with respect to the Community Facilities District are true as of the date hereof.

4. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Community Facilities District contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the Community Facilities District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Community Facilities District of their obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

A. At the Closing Date, the Community Facilities District Resolutions and the Community Facilities District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the Bonds, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as described in the Official Statement, the City shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, and the performance of the conditions precedent to be performed hereunder will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or

administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance of the conditions precedent to be performed by the City hereunder.

C. At the Closing Date, except as described in the Official Statement, the Community Facilities District shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance by the Community Facilities District of its obligations under the Bonds, the Community Facilities District Resolutions, the Indenture, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Indenture, the Bonds or the performance of the conditions precedent to be performed by the Community Facilities District hereunder.

D. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the inside cover page of the Official Statement, of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the Community Facilities District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any

owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof; or

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect; or

3. A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

4. The introduction, proposal or enactment of any amendment to the Federal or California Constitution or any action by any Federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Community Facilities District, its property, income, securities (or interest thereon), the validity or enforceability of Special Taxes, or the ability of the Community Facilities District to issue the Bonds as contemplated by the Indenture and the Official Statement; or

5. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

6. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

7. There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

8. Except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City or Community Facilities District shall have occurred; or

9. Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Community Facilities District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

10. A general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

11. A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

12. Any rating on the Bonds is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

13. Any rating of the Insurer is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

14. Any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

15. A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Securities, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Securities, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act; or

16. Any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission against the City or the Community Facilities District; or

17. The commencement of any Action.

F. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Community Facilities District by an authorized officer;

2. The Indenture, duly executed and delivered by the Community Facilities District and the Trustee;

3. The Community Facilities District Resolutions, the Community Facilities District Documents and the Formation Documents, together with a certificate dated as of the Closing Date of the City Clerk to the effect that the Community Facilities District Resolutions are true, correct and complete copies of the ones duly adopted by the City Council;

4. The Continuing Disclosure Certificate executed and delivered by an authorized officer the Community Facilities District;

5. An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the Community Facilities District, of Bond Counsel, to the effect that the Bonds are the valid, legal and binding obligations of the Community Facilities District and that the interest thereon is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State of California, in substantially the form included as Appendix B to the Official Statement, together with a letter of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the Community Facilities District may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

6. A supplemental opinion or opinions, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the effect that:

(i) this Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the Community Facilities District and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, constitutes the legal, valid and binding obligations of the Community Facilities District and are enforceable in accordance with their terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State;

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(iii) the information contained in the Official Statement on the cover and under the captions "THE BONDS" (other than the caption "Debt Service Schedule"), "SECURITY FOR THE BONDS," "CONCLUDING INFORMATION – Tax Matters" and in Appendices A and B to the Official Statement, are accurate insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture and Bond Counsel's final approving opinion.

7. The letter of Disclosure Counsel, dated the Closing Date and addressed to the Community Facilities District and to the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the Community Facilities District, the Special Tax Consultant and others, and their

examination of certain documents, nothing has come to their attention which has led them to believe that the Preliminary Official Statement as of its date and the Official Statement as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial statements or other financial, statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions, or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters, or any information with respect to the City, or any information about the Insurer, the Insurance Policy, the Reserve Policy, DTC or the book-entry-only system);

8. An opinion or opinions of Bond Counsel, addressed to the Community Facilities District, the Escrow Bank, and the Underwriter, dated the date of Closing, as to the effective defeasance of the Refunded Bonds in form and substance acceptable to the Underwriter;

9. A certificate dated the Closing Date and signed by an authorized representative of the Community Facilities District or an authorized designee, on behalf of the Community Facilities District to the effect that: (i) the representations and warranties made by the Community Facilities District contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Community Facilities District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under this Purchase Agreement, the Community Facilities District Resolutions, and the Community Facilities District Documents at or prior to the Closing Date;

10. An opinion of the City Attorney dated the date of Closing and addressed to the Underwriter and the City, to the effect that:

(i) The City is a municipal corporation and general law city, duly organized and existing under the Constitution and laws of the State of California;

(ii) The Community Facilities District Resolutions have been duly adopted at meetings of the City Council, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Community Facilities District Resolutions are in full force and effect and have not been modified, amended, rescinded or repealed since the respective dates of their adoption;

(iii) The Community Facilities District Documents and the Official Statement have been duly authorized, executed and delivered by the City and the Community Facilities District Documents constitute the legal, valid and binding obligations of the Community Facilities District enforceable against the Community Facilities District in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(iv) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City or the Community Facilities District) or, to such counsel's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City, or the titles of its members and officers to their respective offices; or (b) affect the validity of the Community Facilities District Documents or restrain or enjoin the repayment of the Bonds or in any way contest or affect the validity of the Community Facilities District Documents or contest the authority of the City to enter into or perform its obligations under any of the Community Facilities District Documents, questions the right of the Community Facilities District to use Special Taxes levied within the Community Facilities District for the repayment of the Bonds or affects in any manner the right or ability of the Community Facilities District to collect the Special Taxes or pledge the Net Taxes levied within the Community Facilities District for the repayment of the Bonds;

11. A certificate dated the Closing Date from NBS to the effect that: (i) that the Special Taxes, if levied in accordance with the Rate and Method and collected will annually yield sufficient revenue to make timely payments of the Annual Debt Service on the Bonds, and annual Administrative Expenses related to the levy and collection of the Special Taxes and the expenses of the Trustee for the Bonds (no representation is made as to the actual amounts that will be collected in future years); (ii) that the Special Tax, if collected in the maximum amounts permitted pursuant to the Rate and Method on the Closing Date, after payment of annual Administrative Expenses related to the levy and collection of the Special Taxes and the expenses of the Trustee for the Bonds, would annually generate at least 110% of the Annual Debt Service payable with respect to the Bonds payable from such Special Taxes assuming the debt service schedule shown in the Official Statement is true and correct; and (iii) the statements in the Official Statement provided by NBS concerning Special Taxes in the Community Facilities District and all information supplied by it for use in the Official Statement were as of the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

12. Certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution of the Indenture and the authentication of the Bonds;

13. A certificate of the Trustee, dated the Closing Date, to the effect that: (i) the Trustee is authorized to carry out corporate trust powers, and have full power and authority to perform its duties under the Indenture; (ii) the Trustee is duly authorized to execute and deliver the Indenture, to accept the obligations created by the Indenture and to authenticate the Bonds pursuant to the terms of the Indenture; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture; and (iv) to the best of its knowledge, compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties;

14. An opinion of counsel to the Trustee dated the Closing Date, addressed to the Underwriter, and the Community Facilities District to the effect that the Trustee is a national banking association duly organized and validly existing under the laws of the United States having full power and being qualified to enter into, accept and agree to the provisions of the Indenture, and that such documents has been duly authorized, executed and delivered by the Trustee, and, assuming due execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought;

15. A certificate or certificates of the Escrow Bank, dated the Closing Date, in form and substance acceptable to the Underwriter and Bond Counsel;

16. A certificate of the Community Facilities District dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

17. An opinion of Kutak Rock LLP, counsel to the Underwriter ("**Underwriter's Counsel**"), dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter;

18. Evidence satisfactory to the Underwriter that the Bonds have been rated the ratings set forth in the Official Statement and evidence that such ratings have not been revoked or downgraded;

19. Copy of the Insurance Policy issued by the Insurer;

20. Copy of the Reserve Policy issued by the Insurer;

21. A certificate of the Insurer in form and substance satisfactory to Bond Counsel and the Underwriter, including a certificate of the appropriate agent of the Insurer evidencing Insurer's determination that the information contained in the Official Statement regarding the Insurer, the Reserve Policy and the Insurance Policy is accurate;

22. An opinion of counsel to the Insurer, dated as of the date of Closing, addressed to the Underwriter and the City in form and substance acceptable to Bond Counsel and the Underwriter, substantially to the effect that: (a) the Insurer has been duly incorporated and is validly existing and in good standing under the laws of the State of its incorporation; (b) the Insurance Policy constitutes the legal, valid and binding obligation of the Insurer enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, rehabilitation and other similar laws of general applicability relating to or affecting creditors' and/or claimants' rights against insurance companies and to general equity principles; and (c) the information contained in the Official Statement under the caption "BOND INSURANCE" does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

23. The report of Causey Public Finance LLC, as verification agent for the Refunded Bonds; and

24. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the Community Facilities District contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Community Facilities District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities District in connection with the transactions contemplated hereby and by the Indenture and the Official Statement.

If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Community Facilities District nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Community Facilities District set forth in Section 5 hereof shall continue in full force and effect.

5. Expenses. Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay, and the Community Facilities District shall pay only from the proceeds of the Bonds, or any other legally available funds of the City, or the Community Facilities District, but only as the Community Facilities District and such other party providing such services may agree, all expenses and costs of the Community Facilities District incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, printing costs, rating agency fees and charges, initial fees of the Trustee and Escrow Bank, including fees and disbursements of their counsel, if any, fees and disbursements of Bond Counsel, Disclosure Counsel and other professional advisors employed by the City, costs of preparation, printing, signing, transportation, delivery and safekeeping of the Bonds and for expenses (included in the expense component of the spread) incurred by the Underwriter on behalf of the City's employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees. The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including fees and disbursements of Underwriter's Counsel. Any meals in connection with or adjacent to meetings, rating agency presentations, pricing activities or other transaction-related activities shall be considered an expense of the transaction and included in the expense component of the Underwriter's discount.

6. Notices. Any notice of other communication to be given to the Community Facilities District under this Purchase Agreement may be given by delivering the same in writing to such entity, at the addresses set forth on the cover page hereof; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Piper Sandler & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attention: Public Finance.

7. Parties In Interest. This Purchase Agreement is made solely for the benefit of the Community Facilities District and Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties. The representations and warranties of the Community Facilities District under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Community Facilities District and regardless of delivery of and payment for the Bonds.

9. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

10. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

11. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Community Facilities District.

12. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

13. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

PIPER SANDLER & CO.

By: _____
Its: Authorized Officer

The foregoing is hereby agreed to and accepted as of the date first above written:

CITY OF LINCOLN COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

EXHIBIT A

CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)
SPECIAL TAX REFUNDING BONDS, SERIES 2026

MATURITY SCHEDULE

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The-Offering-Price Rule
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2041							

(I) Insured Bond.
(C) Priced to optional call at [par] on September 1, 20__.
*At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

EXHIBIT B

$_____
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SORRENTO PROJECT)
SPECIAL TAX REFUNDING BONDS, SERIES 2026

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Piper Sandler & Co. ("Piper Sandler") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "Bonds").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) Piper Sandler offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated [BPA Date], by and between Piper Sandler and the City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) (the "District"), Piper Sandler has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Piper Sandler has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project).

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [BPA Date].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Piper Sandler's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

PIPER SANDLER & CO.

By:_____

Name:_____

Dated: [Closing Date]

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(To be attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

ESCROW AGREEMENT (2013 BONDS)

THIS ESCROW AGREEMENT (2013 BONDS), dated as of June 1, 2026 (this "**Agreement**"), by and between City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) (the "**District**") and U.S. Bank Trust Company, National Association, as escrow agent (the "**Escrow Agent**"), is entered into in accordance with a resolution of the District adopted on ____, 2026 and a Bond Indenture, dated as of November 1, 2009, as amended and supplemented by a First Supplemental Bond Indenture, dated as of December 1, 2013, (collectively, the "**2013 Bond Indenture**") each by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the "**2013 Trustee**"). This Agreement is entered into to refund all of the District's outstanding Special Tax Bonds Series 2013 (the "**2013 Bonds**").

RECITALS

A. Pursuant to the 2013 Bond Indenture, the District has previously issued the 2013 Bonds in the initial aggregate principal amount of $5,165,000, of which $1,030,000 is currently outstanding.

B. The 2013 Bonds are payable from Special Taxes (as such term is defined in the 2013 Bond Indenture) levied on properties within the District.

C. The District has determined to issue its City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 (the "**2026 Bonds**"), a portion of the proceeds of which, together with other moneys as described in Section 1, will be applied to pay on _____, 2026 (the "**Redemption Date**") the principal of the 2013 Bonds maturing after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium.

D. The District will irrevocably deposit moneys with the Escrow Agent, which moneys will be fully sufficient to pay and discharge the 2013 Bonds on the Redemption Date.

AGREEMENT

SECTION 1. Deposit of Moneys. The District will cause U.S. Bank Trust Company, National Association, as trustee for the 2026 Bonds, to transfer a portion of the proceeds of the 2026 Bonds in the amount of $_____ on the date of issuance of the 2026 Bonds to the Escrow Agent for deposit in the Escrow Fund established hereunder. In addition, on the date of issuance of the 2026 Bonds, the District will cause the 2013 Trustee to transfer to the Escrow Agent for deposit in the Escrow Fund $____ held in the Reserve Account established under the 2013 Bond Indenture.

The Escrow Agent will hold such amounts uninvested as cash in an irrevocable escrow separate and apart from other moneys of the District and the Escrow Agent in a fund hereby created and established to be known as the "**Escrow Fund**" and to be applied solely as provided in this Agreement.

SECTION 2. Payment of 2013 Bonds.

(a) Payment. From the moneys on deposit in the Escrow Fund, the Escrow Agent shall transfer funds to the 2013 Trustee in an amount sufficient to enable the 2013 Trustee to

pay, on the Redemption Date, the principal of the 2013 Bonds maturing on and after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium, all as indicated on Schedule A.

(b) Irrevocable Instructions to Provide Notice. The notice required to be mailed pursuant to Article IV of the 2013 Bond Indenture is substantially in the form attached hereto as Exhibit A. The 2013 Trustee hereby acknowledges that it previously mailed a rescindable and revocable notice of redemption for the 2013 Bonds in the form required by Section 4.03 of the 2013 Bond Indenture at least 30 days prior to the Redemption Date to the parties described in and otherwise in accordance with Section 4.03 of the 2013 Bond Indenture (including The Depository Trust Company and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("**EMMA**"), maintained on the Internet at http://emma.msrb.org/). The District hereby irrevocably instructs the 2013 Trustee to mail a notice of defeasance of the 2013 Bonds in the form attached hereto as Exhibit A on the date of issuance of the 2026 Bonds to the parties described in and otherwise in accordance with Section 10.01 of the 2013 Bond Indenture (including EMMA), as required to provide for the payment and redemption of the 2013 Bonds in accordance with this Section. The 2013 Trustee shall not have any liability to any party in connection with any failure to timely post such notices on EMMA and the sole remedy available shall be an action in mandamus by the holders of the 2013 Bonds for specific performance or similar remedy to compel performance.

(c) Unclaimed Moneys. Any moneys in the Escrow Fund which remain unclaimed after the Redemption Date shall be repaid (without liability for interest) by the Escrow Agent to the District.

(d) Priority of Payments. The owners of the 2013 Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2013 Bond Indenture, upon the deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1, the 2013 Bonds will be legally defeased in accordance with the 2013 Bond Indenture except as set forth therein.

SECTION 3. Application of Certain Terms of the 2013 Bond Indenture . All of the terms of the 2013 Bond Indenture relating to the making of payments of principal of and interest on the 2013 Bonds and relating to the exchange or transfer of the 2013 Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VII of the 2013 Bond Indenture relating to the resignation and removal of the 2013 Trustee are hereby made applicable to the Escrow Agreement and incorporated in this Agreement as if set forth in full herein naming the Escrow Agent in place of the 2013 Trustee and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 4. Performance of Duties. The Escrow Agent agrees to perform only the duties that are set forth herein and shall have no responsibility to take any action or omit to take any action that is not set forth herein.

SECTION 5. Escrow Agent's Authority to Make Investments. The Escrow Agent shall have no power or duty to invest any funds that are held hereunder or to sell, transfer or otherwise dispose of the moneys that are held hereunder.

SECTION 6. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, directors, officers, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the enforcement of any provision of this Agreement (including without limitation enforcement of the District's obligations under this Section 6), the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions that are contemplated hereby other than to each other as set forth in this Section. The indemnities that are contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

SECTION 7. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the cash on deposit in the Escrow Fund to pay the 2013 Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent that is made in good faith in the conduct of its duties. The recitals of fact that are contained herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds deposited into the Escrow Fund or from the investment thereof to accomplish the refunding of the 2013 Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion or advice of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement. The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

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

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("**Instructions**") given pursuant to this Agreement and delivered using Electronic Means ("**Electronic Means**" shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("**Authorized Officers**") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall furnish the District with periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the District, provided that the Escrow Agent is not obligated to provide an accounting for any fund or account that: (a) has a balance of $0.00; and (b) has not had any activity since the last reporting date. Upon the District's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Escrow

Agent as they occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

In no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits) even if the Escrow Agent has been advised of the likelihood of such damages and regardless of the form of such action. The Escrow Agent shall not be liable for delays or failures in performance resulting from acts beyond its control. Such acts shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, pandemics, quarantine restrictions, acts of civil or military authority, governmental regulations superimposed after the fact, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters.

SECTION 8. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the 2013 Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not materially adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the 2013 Bond Indenture , for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the 2013 Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various 2013 Bonds or that any instrument that is executed hereunder complies with the conditions and provisions of this Section.

SECTION 9. Notice to Rating Agencies. In the event that this Agreement or any provision thereof is severed, amended or revoked, the Escrow Agent, upon written instructions from the District, shall provide written notice in the form provided by the District of such severance, amendment or revocation to the rating agencies then rating the 2013 Bonds.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the 2013 Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 2(c) of this Agreement. Funds remaining in the Escrow Fund after payment in full of the 2013 Bonds shall be transferred to the District.

SECTION 11. Compensation. The District agrees to pay the Escrow Agent its reasonable fees and expenses (including legal fees and expenses) as previously agreed to by the Escrow Agent and the District, and any other reasonable fees and expenses of the Escrow Agent; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services that are rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void, shall be deemed separate from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 13. Counterparts; Electronic Delivery of Signatures. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument. Signatures appearing on any counterpart of this Agreement may be delivered by Electronic Means or by electronic delivery in PDF format, which transmission or delivery shall be deemed delivery of an originally executed document.

SECTION 14. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 15. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the office of the Escrow Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 16. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the District; provided, however, that no such consent shall be required with respect to an assignment effected pursuant to Section 17.

SECTION 17. Reorganization of Escrow Agent. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Agent is a party, or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Escrow Agent without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Agent.

SECTION 18. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the District in writing of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 19. Notices. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or other electronic transmission, overnight mail or courier or mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box,

addressed to the 600 6th Street, Lincoln, CA 95648 Attention: Assistant City Manager, (or such other address as may have been filed in writing by the District with the Escrow Agent).

SECTION 20. OFAC Compliance. The District covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers are the target or subject of any sanctions enforced by the United States Government (including the Office of Foreign Assets Control of the United States Department of the Treasury, the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively "**Sanctions**"). The District further covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers will use any payments made pursuant to this Agreement: (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions; (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions; or (iii) in any other manner that will result in a violation of Sanctions by any person.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)

By: _____
City Manager of the City of Lincoln,
acting as the legislative body of the
City of Lincoln Community Facilities District
No. 2005-1 (Sorrento Project)

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent and 2013 Trustee

By: _____
Authorized Officer

SCHEDULE A

ESCROW REQUIREMENTS

The escrow requirements for the 2013 Bonds are as follows:

Period Ending	*Principal Redeemed*	*Interest*	*Total*

EXHIBIT A

NOTICE OF DEFEASANCE

$5,165,000
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
SPECIAL TAX BONDS, SERIES 2013

BASE CUSIP 533042

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (the "2013 Bonds") pursuant to a Bond Indenture, dated as of November 1, 2009, as amended and supplemented by a First Supplemental Indenture, dated as of December 1, 2013 (the "2013 Bond Indenture "), by and between City of Lincoln Community Facilities District No. 2005-1 (the "District") and U.S. Bank Trust Company, National Association as trustee (the "2013 Trustee"), that the District has deposited with the 2013 Trustee, acting as escrow agent, cash in an amount that is sufficient (as evidenced by the report of an independent accountant or verification agent delivered to the 2013 Trustee) to pay on _____, 2026 the principal of all outstanding 2013 Bonds, plus accrued interest with respect thereto to such date. The 2013 Bonds were originally issued on December 19, 2013 and are described in the following table.

Principal Payment Date (September 1)	***CUSIP®† (533042)***	***Principal Amount***	***Interest Rate***
2026	GJ0	85,000	4.750%
2027	GK7	95,000	4.750
2028	GL5	110,000	5.000
2033*	GM3	740,000	5.250

In accordance with the 2013 Bond Indenture : (i) the 2013 Bonds have been legally defeased except as set forth therein; and (ii) all obligations of the District under the Continuing Disclosure Certificate, dated as of December 19, 2013, by the District, relating to the 2013 Bonds, have been terminated as of the date hereof.

The District and the 2013 Trustee shall not be responsible for, and no representation is made as to the correctness of the CUSIP number either as printed on any 2013 Bond or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for redemption of the 2013 Bonds.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as 2013 Trustee

_____ __, 2026

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 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 District nor its agents or counsel assume responsibility for the accuracy of such numbers.

** Term Bond*

ESCROW AGREEMENT (2014A BONDS)

THIS ESCROW AGREEMENT (2014A BONDS), dated as of June 1, 2026 (this "**Agreement**"), by and between City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) (the "**District**") and U.S. Bank Trust Company, National Association, as escrow agent (the "**Escrow Agent**"), is entered into in accordance with a resolution of the District adopted on ____, 2026 and a Bond Indenture, dated as of November 1, 2009, as amended and supplemented by a Second Supplemental Bond Indenture, dated as of December 1, 2014, (collectively, the "**2014 Bond Indenture**") each by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the "**2014 Trustee**"). This Agreement is entered into to refund all of the District's outstanding Special Tax Bonds Series 2014A (the "**2014A Bonds**").

RECITALS

A. Pursuant to the 2014 Bond Indenture, the District has previously issued the 2014A Bonds in the initial aggregate principal amount of $5,680,000, of which $5,440,000 is currently outstanding.

B. The 2014A Bonds are payable from Special Taxes (as such term is defined in the 2014 Bond Indenture) levied on properties within the District.

C. The District has determined to issue its City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 (the "**2026 Bonds**"), a portion of the proceeds of which, together with other moneys as described in Section 1, will be applied to pay on _____, 2026 (the "**Redemption Date**") the principal of the 2014A Bonds maturing after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium.

D. The District will irrevocably deposit moneys with the Escrow Agent, which moneys will be fully sufficient to pay and discharge the 2014A Bonds on the Redemption Date.

AGREEMENT

SECTION 1. Deposit of Moneys. The District will cause U.S. Bank Trust Company, National Association, as trustee for the 2026 Bonds, to transfer a portion of the proceeds of the 2026 Bonds in the amount of $_____ on the date of issuance of the 2026 Bonds to the Escrow Agent for deposit in the Escrow Fund established hereunder. In addition, on the date of issuance of the 2026 Bonds, the District will cause the 2014 Trustee to transfer to the Escrow Agent for deposit in the Escrow Fund $____ held in the Reserve Account established under the 2014A Bond Indenture.

The Escrow Agent will hold such amounts uninvested as cash in an irrevocable escrow separate and apart from other moneys of the District and the Escrow Agent in a fund hereby created and established to be known as the "**Escrow Fund**" and to be applied solely as provided in this Agreement.

SECTION 2. Payment of 2014A Bonds.

(a) Payment. From the moneys on deposit in the Escrow Fund, the Escrow Agent shall transfer funds to the 2014 Trustee in an amount sufficient to enable the 2014 Trustee to

pay, on the Redemption Date, the principal of the 2014A Bonds maturing on and after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium, all as indicated on Schedule A.

(b) Irrevocable Instructions to Provide Notice. The notice required to be mailed pursuant to Article IV of the 2014A Bond Indenture is substantially in the form attached hereto as Exhibit A. The 2014 Trustee hereby acknowledges that it previously mailed a rescindable and revocable notice of redemption for the 2014A Bonds in the form required by Section 4.03 of the 2014A Bond Indenture at least 30 days prior to the Redemption Date to the parties described in and otherwise in accordance with Section 4.03 of the 2014A Bond Indenture (including The Depository Trust Company and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("**EMMA**"), maintained on the Internet at http://emma.msrb.org/). The District hereby irrevocably instructs the 2014 Trustee to mail a notice of defeasance of the 2014A Bonds in the form attached hereto as Exhibit A on the date of issuance of the 2026 Bonds to the parties described in and otherwise in accordance with Section 10.01 of the 2014A Bond Indenture (including EMMA), as required to provide for the payment and redemption of the 2014A Bonds in accordance with this Section. The 2014 Trustee shall not have any liability to any party in connection with any failure to timely post such notices on EMMA and the sole remedy available shall be an action in mandamus by the holders of the 2014A Bonds for specific performance or similar remedy to compel performance.

(c) Unclaimed Moneys. Any moneys in the Escrow Fund which remain unclaimed after the Redemption Date shall be repaid (without liability for interest) by the Escrow Agent to the District.

(d) Priority of Payments. The owners of the 2014A Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2014 Bond Indenture, upon the deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1, the 2014A Bonds will be legally defeased in accordance with the 2014 Bond Indenture except as set forth therein.

SECTION 3. Application of Certain Terms of the 2014 Bond Indenture . All of the terms of the 2014 Bond Indenture relating to the making of payments of principal of and interest on the 2014A Bonds and relating to the exchange or transfer of the 2014A Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VII of the 2014A Bond Indenture relating to the resignation and removal of the 2014 Trustee are hereby made applicable to the Escrow Agreement and incorporated in this Agreement as if set forth in full herein naming the Escrow Agent in place of the 2014 Trustee and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 4. Performance of Duties. The Escrow Agent agrees to perform only the duties that are set forth herein and shall have no responsibility to take any action or omit to take any action that is not set forth herein.

SECTION 5. Escrow Agent's Authority to Make Investments. The Escrow Agent shall have no power or duty to invest any funds that are held hereunder or to sell, transfer or otherwise dispose of the moneys that are held hereunder.

SECTION 6. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, directors, officers, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the enforcement of any provision of this Agreement (including without limitation enforcement of the District's obligations under this Section 6), the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions that are contemplated hereby other than to each other as set forth in this Section. The indemnities that are contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

SECTION 7. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the cash on deposit in the Escrow Fund to pay the 2014A Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent that is made in good faith in the conduct of its duties. The recitals of fact that are contained herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds deposited into the Escrow Fund or from the investment thereof to accomplish the refunding of the 2014A Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion or advice of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement. The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate,

statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

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

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("**Instructions**") given pursuant to this Agreement and delivered using Electronic Means ("**Electronic Means**" shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("**Authorized Officers**") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall furnish the District with periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the District, provided that the Escrow Agent is not obligated to provide an accounting for any fund or

account that: (a) has a balance of $0.00; and (b) has not had any activity since the last reporting date. Upon the District's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

In no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits) even if the Escrow Agent has been advised of the likelihood of such damages and regardless of the form of such action. The Escrow Agent shall not be liable for delays or failures in performance resulting from acts beyond its control. Such acts shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, pandemics, quarantine restrictions, acts of civil or military authority, governmental regulations superimposed after the fact, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters.

SECTION 8. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the 2014A Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not materially adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the 2014 Bond Indenture , for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the 2014A Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various 2014A Bonds or that any instrument that is executed hereunder complies with the conditions and provisions of this Section.

SECTION 9. Notice to Rating Agencies. In the event that this Agreement or any provision thereof is severed, amended or revoked, the Escrow Agent, upon written instructions from the District, shall provide written notice in the form provided by the District of such severance, amendment or revocation to the rating agencies then rating the 2014A Bonds.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the 2014A Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 2(c) of this Agreement. Funds remaining in the Escrow Fund after payment in full of the 2014A Bonds shall be transferred to the District.

SECTION 11. Compensation. The District agrees to pay the Escrow Agent its reasonable fees and expenses (including legal fees and expenses) as previously agreed to by the Escrow Agent and the District, and any other reasonable fees and expenses of the Escrow Agent; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien

whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services that are rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void, shall be deemed separate from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 13. Counterparts; Electronic Delivery of Signatures. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument. Signatures appearing on any counterpart of this Agreement may be delivered by Electronic Means or by electronic delivery in PDF format, which transmission or delivery shall be deemed delivery of an originally executed document.

SECTION 14. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 15. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the office of the Escrow Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 16. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the District; provided, however, that no such consent shall be required with respect to an assignment effected pursuant to Section 17.

SECTION 17. Reorganization of Escrow Agent. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Agent is a party, or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Escrow Agent without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Agent.

SECTION 18. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the District in writing of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 19. Notices. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust.

Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or other electronic transmission, overnight mail or courier or mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the 600 6th Street, Lincoln, CA 95648, Attention: City Manager, (or such other address as may have been filed in writing by the District with the Escrow Agent).

SECTION 20. OFAC Compliance. The District covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers are the target or subject of any sanctions enforced by the United States Government (including the Office of Foreign Assets Control of the United States Department of the Treasury, the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively "**Sanctions**"). The District further covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers will use any payments made pursuant to this Agreement: (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions; (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions; or (iii) in any other manner that will result in a violation of Sanctions by any person.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)

By: _____
City Manager of the City of Lincoln,
acting as the legislative body of the
City of Lincoln Community Facilities District
No. 2005-1 (Sorrento Project)

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent and 2014 Trustee

By: _____
Authorized Officer

SCHEDULE A

ESCROW REQUIREMENTS

The escrow requirements for the 2014A Bonds are as follows:

Period Ending	*Principal Redeemed*	*Interest*	*Total*

EXHIBIT A

NOTICE OF DEFEASANCE

$5,680,000
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
SPECIAL TAX BONDS, SERIES 2014A

BASE CUSIP 533042

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (the "2014A Bonds") pursuant to a Bond Indenture, dated as of November 1, 2009, as amended and supplemented by a Second Supplemental Indenture, dated as of December 1, 2014 (the "2014 Bond Indenture"), by and between City of Lincoln Community Facilities District No. 2005-1 (the "District") and U.S. Bank Trust Company, National Association as trustee (the "2014 Trustee"), that the District has deposited with the 2014 Trustee, acting as escrow agent, cash in an amount that is sufficient (as evidenced by the report of an independent accountant or verification agent delivered to the 2014 Trustee) to pay on _____, 2026 the principal of all outstanding 2014A Bonds, plus accrued interest with respect thereto to such date. The 2014A Bonds were originally issued on December 16, 2014 and are described in the following table.

Principal Payment Date (September 1)	***CUSIP®† (533042)***	***Principal Amount***	***Interest Rate***
2026	GX9	$60,000	3.500%
2027	GY7	65,000	3.625
2028	GZ4	75,000	3.750
2029	HA8	85,000	3.750
2034*	HB6	600,000	5.000
2039*	HC4	925,000	5.000
2043*	HD2	3,630,000	5.000

In accordance with the 2014 Bond Indenture: (i) the 2014A Bonds have been legally defeased except as set forth therein; and (ii) all obligations of the District under the Continuing Disclosure Certificate, dated as of December 16, 2014, by the District, relating to the 2014A Bonds, have been terminated as of the date hereof.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 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 District nor its agents or counsel assume responsibility for the accuracy of such numbers.

** Term Bond*

The District and the 2014 Trustee shall not be responsible for, and no representation is made as to the correctness of the CUSIP number either as printed on any 2014 Bond or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for redemption of the 2014A Bonds.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as 2014 Trustee

_____ __, 2026

ESCROW AGREEMENT (2016 BONDS)

THIS ESCROW AGREEMENT (2016 BONDS), dated as of June 1, 2026 (this "**Agreement**"), by and between City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) (the "**District**") and U.S. Bank Trust Company, National Association, as escrow agent (the "**Escrow Agent**"), is entered into in accordance with a resolution of the District adopted on ____, 2026 and a Bond Indenture, dated as of November 1, 2009, as amended and supplemented by a Third Supplemental Bond Indenture, dated as of December 1, 2016, (collectively, the "**2016 Bond Indenture**") each by and between the District and U.S. Bank Trust Company, National Association, as successor trustee (the "**2016 Trustee**"). This Agreement is entered into to refund all of the District's outstanding Special Tax Bonds Series 2016 (the "**2016 Bonds**").

RECITALS

A. Pursuant to the 2016 Bond Indenture, the District has previously issued the 2016 Bonds in the initial aggregate principal amount of $8,860,000, of which $7,800,000 is currently outstanding.

B. The 2016 Bonds are payable from Special Taxes (as such term is defined in the 2016 Bond Indenture) levied on properties within the District.

C. The District has determined to issue its City of Lincoln Community Facilities District No. 2005-1 (Sorrento Project) Special Tax Refunding Bonds, Series 2026 (the "**2026 Bonds**"), a portion of the proceeds of which, together with other moneys as described in Section 1, will be applied to pay on _____, 2026 (the "**Redemption Date**") the principal of the 2016 Bonds maturing after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium.

D. The District will irrevocably deposit moneys with the Escrow Agent, which moneys will be used to purchase the securities that are described on Schedule A (the "**Federal Securities**") (as permitted by, in the manner prescribed by and all in accordance with the 2016 Indenture. Such Federal Securities satisfy the criteria set forth in Section 10.01 of the 2016 Indenture, and the principal of and interest on such Federal Securities when paid will provide money which will be fully sufficient to pay and discharge the 2016 Bonds on the Redemption Date.

AGREEMENT

SECTION 1. Deposit of Moneys. The District will cause U.S. Bank Trust Company, National Association, as trustee for the 2026 Bonds, to transfer a portion of the proceeds of the 2026 Bonds in the amount of $_____ on the date of issuance of the 2026 Bonds to the Escrow Agent for deposit in the Escrow Fund established hereunder. In addition, on the date of issuance of the 2026 Bonds, the District will cause the 2016 Trustee to transfer to the Escrow Agent for deposit in the Escrow Fund $_____ held in the Reserve Account established under the 2016 Bond Indenture.

The Escrow Agent will hold such amounts in an irrevocable escrow separate and apart from other moneys of the District and the Escrow Agent in a fund hereby created and established to be known as the "**Escrow Fund**" and to be applied solely as provided in this Agreement. The District

represents that the sum of the amounts set forth above are at least equal to an amount that is sufficient to purchase the Federal Securities listed on Schedule A and hold $___ uninvested in cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal Securities listed on Schedule A and to deposit such Federal Securities in the Escrow Fund. Each of the 2016 Trustee and the Escrow Agent shall be entitled to rely upon the conclusion of the report delivered by 2016 Trustee (the "**Verification Agent**") in connection herewith that the Federal Securities listed on Schedule A mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay, on the Redemption Date, the principal of the 2016 Bonds maturing on and after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the District, together with an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, to the effect that reinvestment is permitted under the legal documents in effect with respect to the 2016 Bonds and will not have an adverse effect on the federal tax status of the 2016 Bonds, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, as directed in such written direction of the District as verified in a report prepared by an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant (as such terms are used in the 2016 Bond Indenture), to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay, on the Redemption Date, the principal of the 2016 Bonds maturing on and after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section which is not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the District with respect to the refunding of the 2016 Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, shall be paid to the District promptly upon the receipt of such interest income by the Escrow Agent and written direction by the District. The determination of the District as to whether an accountant qualifies under this Agreement shall be conclusive. The Escrow Agent may conclusively rely upon the written instructions of the District as to both the suitability and legality of any investments directed hereunder, and upon any such opinion, letter and report, and shall have no responsibility or liability with respect thereto.

SECTION 4. Substitution of Securities. Upon the written request of the District, and subject to the conditions and limitations that are set forth herein, the Escrow Agent shall sell, redeem or otherwise dispose of all or a portion of the Federal Securities (as so directed by the District), provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the District has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the 2016 Bonds and will not have an adverse effect on the tax status of the 2016 Bonds; and (ii) a report by an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant (as such terms are used in the 2016 Bond Indenture), to the effect that the reinvestment described in said

report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay, on the Redemption Date, the principal of the 2016 Bonds maturing on and after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof, and may conclusively rely upon the written instructions of the District as to both the suitability and legality of any substituted investments directed hereunder, and upon any such opinion and report, and shall have no responsibility or liability with respect thereto.

SECTION 5. Payment of 2016 Bonds.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall transfer funds to the 2016 Trustee in an amount sufficient to enable the 2016 Trustee to pay, on the Redemption Date, the principal of the 2016 Bonds maturing on and after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium, all as indicated on Schedule A.

(b) Irrevocable Instructions to Provide Notice. The notices required to be mailed pursuant to Article X & IV of the 2016 Bond Indenture are substantially in the forms attached hereto as Exhibit A and Exhibit B. The District hereby irrevocably instructs the 2016 Trustee to mail a notice of redemption for the 2016 Bonds in the form attached hereto as Exhibit B at least 30 days prior to the Redemption Date to the parties described in and otherwise in accordance with Section 4.03 of the 2016 Bond Indenture (including The Depository Trust Company and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("**EMMA**"), maintained on the Internet at http://emma.msrb.org/). The District hereby irrevocably instructs the 2016 Trustee to mail a notice of defeasance of the 2016 Bonds in the form attached hereto as Exhibit A on the date of issuance of the 2026 Bonds to the parties described in and otherwise in accordance with Section 10.01 of the 2016 Bond Indenture (including EMMA), as required to provide for the payment and redemption of the 2016 Bonds in accordance with this Section. The 2016 Trustee shall not have any liability to any party in connection with any failure to timely post such notices on EMMA and the sole remedy available shall be an action in mandamus by the holders of the 2016 Bonds for specific performance or similar remedy to compel performance.

(c) Unclaimed Moneys. Any moneys in the Escrow Fund which remain unclaimed after the Redemption Date shall be repaid (without liability for interest) by the Escrow Agent to the District.

(d) Priority of Payments. The owners of the 2016 Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2016 Bond Indenture, upon the deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 and the purchase of the Federal Securities as provided in Section2, the 2016 Bonds will be legally defeased in accordance with the 2016 Bond Indenture except as set forth therein.

SECTION 6. Application of Certain Terms of the 2016 Bond Indenture . All of the terms of the 2016 Bond Indenture relating to the making of payments of principal of and interest on the

2016 Bonds and relating to the exchange or transfer of the 2016 Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VII of the 2016 Bond Indenture relating to the resignation and removal of the 2016 Trustee are hereby made applicable to the Escrow Agreement and incorporated in this Agreement as if set forth in full herein naming the Escrow Agent in place of the 2016 Trustee and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties that are set forth herein and shall have no responsibility to take any action or omit to take any action that is not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. The Escrow Agent shall have no power or duty to invest any funds that are held hereunder or to sell, transfer or otherwise dispose of the moneys or the Federal Securities that are held hereunder.

SECTION 9. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, directors, officers, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the enforcement of any provision of this Agreement (including without limitation enforcement of the District's obligations under this Section 9), the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions that are contemplated hereby other than to each other as set forth in this Section. The indemnities that are contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the cash on deposit in the Escrow Fund and the Federal Securities to pay the 2016 Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent that is made in good faith in the conduct of its duties. The recitals of fact that are contained herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds deposited into the Escrow Fund or from the investment thereof to accomplish the refunding of the 2016 Bonds or to the validity of this Agreement as to the District and, except as otherwise provided

herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion or advice of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement. The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

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

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

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

the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall furnish the District with periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the District, provided that the Escrow Agent is not obligated to provide an accounting for any fund or account that: (a) has a balance of $0.00; and (b) has not had any activity since the last reporting date. Upon the District's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of securities that is to be submitted pursuant to this Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the District with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the District. In the absence of investment instructions from the District, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the District's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

In no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits) even if the Escrow Agent has been advised of the likelihood of such damages and regardless of the form of such action. The Escrow Agent shall not be liable for delays or failures in performance resulting from acts beyond its control. Such acts shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, pandemics, quarantine restrictions, acts of civil or military authority, governmental regulations superimposed after the fact, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters.

SECTION 11. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the 2016 Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not materially adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the 2016 Bond Indenture , for any one or more of the

following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the 2016 Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth LLP, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various 2016 Bonds or that any instrument that is executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Notice to Rating Agencies. In the event that this Agreement or any provision thereof is severed, amended or revoked, the Escrow Agent, upon written instructions from the District, shall provide written notice in the form provided by the District of such severance, amendment or revocation to the rating agencies then rating the 2016 Bonds.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the 2016 Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 2(c) of this Agreement. Funds remaining in the Escrow Fund after payment in full of the 2016 Bonds shall be transferred to the District.

SECTION 14. Compensation. The District agrees to pay the Escrow Agent its reasonable fees and expenses (including legal fees and expenses) as previously agreed to by the Escrow Agent and the District, and any other reasonable fees and expenses of the Escrow Agent; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services that are rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void, shall be deemed separate from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts; Electronic Delivery of Signatures. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument. Signatures appearing on any counterpart of this Agreement may be delivered by Electronic Means or by electronic delivery in PDF format, which transmission or delivery shall be deemed delivery of an originally executed document.

SECTION 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the office of the Escrow Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions

are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 19. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the District; provided, however, that no such consent shall be required with respect to an assignment effected pursuant to Section 17.

SECTION 20. Reorganization of Escrow Agent. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Agent is a party, or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Escrow Agent without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Agent.

SECTION 21. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the District in writing of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 22. Notices. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or other electronic transmission, overnight mail or courier or mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the 600 6th Street, Lincoln, California 95648, Attention: City Manager, (or such other address as may have been filed in writing by the District with the Escrow Agent).

SECTION 23. OFAC Compliance. The District covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers are the target or subject of any sanctions enforced by the United States Government (including the Office of Foreign Assets Control of the United States Department of the Treasury, the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively "**Sanctions**"). The District further covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers will use any payments made pursuant to this Agreement: (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions; (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions; or (iii) in any other manner that will result in a violation of Sanctions by any person.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)

By: _____
City Manager of the City of Lincoln,
acting as the legislative body of the
City of Lincoln Community Facilities District
No. 2005-1 (Sorrento Project)

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent and 2016 Trustee

By: _____
Authorized Officer

SCHEDULE A

FEDERA SECURITIES

Money deposited in the Escrow Fund shall be invested as follows:

Security	*Maturity*	*Principal Amount*	*Yield*

The escrow requirements for the 2016 Bonds are as follows:

Period Ending	*Principal Paid*	*Principal Redeemed*	*Interest*	*Total*

EXHIBIT A

NOTICE OF DEFEASANCE

$8,860,000
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
SPECIAL TAX BONDS, SERIES 2016

BASE CUSIP 533042

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (the "2016 Bonds") pursuant to a Bond Indenture, dated November 1, 2009, as amended and supplemented by a Third Supplemental Indenture, dated as of December 1, 2016 (collectively, the "2016 Bond Indenture"), by and between City of Lincoln Community Facilities District No. 2005-1 (the "District") and U.S. Bank Trust Company, National Association as trustee (the "2016 Trustee"), that the District has deposited with the 2016 Trustee, acting as escrow agent, cash in an amount that is sufficient (as evidenced by the report of an independent accountant or verification agent delivered to the 2016 Trustee) to pay on September 1, 2026 the principal of all outstanding 2016 Bonds, plus accrued interest with respect thereto to such date. The 2016 Bonds were originally issued on December 20, 2016 and are described in the following table.

Principal Payment Date (September 1)	***CUSIP®† (533042)***	***Principal Amount***	***Interest Rate***
2026	HQ3	185,000	4.000%
2027	HR1	200,000	4.000
2028	HS9	210,000	4.000
2029	HT7	230,000	3.875
2030	HU4	250,000	4.000
2031	HV2	260,000	4.125
2032	HW0	280,000	4.250
2033	HX8	295,000	4.250
2034	HY6	525,000	4.375
2035	HZ3	560,000	4.375
2036	KA6	605,000	4.375
2040	JB4	2,530,000	4.500
2044	JC2	1,670,000	4.625

In accordance with the 2016 Bond Indenture: (i) the 2016 Bonds have been legally defeased except as set forth therein; and (ii) all obligations of the District under the Continuing Disclosure Certificates, dated as of December 1, 2016, by the District, relating to the 2016 Bonds, have been terminated as of the date hereof.

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** Term Bond*

The District and the 2016 Trustee shall not be responsible for, and no representation is made as to the correctness of the CUSIP number either as printed on any 2016 Bond or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for redemption of the 2016 Bonds.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as 2016 Trustee

_____, 2026

EXHIBIT B

NOTICE OF FULL OPTIONAL REDEMPTION

$8,860,000
CITY OF LINCOLN
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(SORRENTO PROJECT)
SPECIAL TAX BONDS, SERIES 2016

BASE CUSIP 533042

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (the "2016 Bonds"), which were issued pursuant to a Bond Indenture, dated November 1, 2009, as amended and supplemented by a Third Supplemental Indenture, dated as of December 1, 2016 (collectively, the "2016 Bond Indenture"), by and between City of Lincoln Community Facilities District No. 2005-1 (the "District") and U.S. Bank Trust Company, National Association as trustee (the "2016 Trustee"), that the outstanding 2016 Bonds in the aggregate principal amount of $___ have been called for redemption on September 1, 2026 (the "Redemption Date"). The 2016 Bonds were originally issued on December 20, 2016 and are described in the following table.

Principal Payment Date (September 1)	***CUSIP®† (533042)***	***Principal Amount***	***Interest Rate***	***Redemption Price***
2027	HR1	200,000	4.000	100
2028	HS9	210,000	4.000	100
2029	HT7	230,000	3.875	100
2030	HU4	250,000	4.000	100
2031	HV2	260,000	4.125	100
2032	HW0	280,000	4.250	100
2033	HX8	295,000	4.250	100
2034	HY6	525,000	4.375	100
2035	HZ3	560,000	4.375	100
2036	KA6	605,000	4.375	100
2040	JB4	2,530,000	4.500	100
2044	JC2	1,670,000	4.625	100

The 2016 Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to such date (the "Redemption Price"). The Redemption Price of the 2016 Bonds will become due and payable on the Redemption Date. Interest on the 2016 Bonds will cease to accrue and be payable from and after the Redemption Date, such 2016 Bonds will be surrendered to the 2016 Trustee and will no longer be entitled to any lien, benefit or security under the 2016 Fiscal Agent Agreement and the owners thereof will have no rights in respect thereof except to receive payment of the Redemption Price on the Redemption Date.

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** Term Bond*

To receive payment on the Redemption Date, owners of the 2016 Bonds are required to present and surrender said 2016 Bonds on or before the Redemption Date at the address of the 2016 Fiscal Agent set forth below:

REQUIREMENT INFORMATION

First Class/Registered/Certified/Express/By Hand
U.S. Bank Trust Company, National Association
Global Corporate Trust
111 Fillmore Avenue E
St. Paul, MN 55107

A form W-9 must be submitted with the 2016 Bonds being refunded. Failure to provide a completed form W-9 will result in backup withholding pursuant to law. Under the Tax Cuts and Jobs Act, 24% will be withheld if the tax identification number is not properly certified.

If the owner of any 2016 Bond fails to deliver such 2016 Bond to the 2016 Fiscal Agent on the Redemption Date, such 2016 Bond shall nevertheless be deemed redeemed on the Redemption Date and the owner of such 2016 Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the 2016 Fiscal Agent for such payment.

Note: *The District and the 2016 Trustee shall not be responsible for the selection or use of the CUSIP numbers selected or listed, nor is any representation made as to their correctness in this notice or as printed on any 2016 Bond. They are included solely for the convenience of the holders.*

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent

_____, 2026