This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a 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 under the securities laws of such jurisdiction.

1/11/16

PRELIMINARY OFFICIAL STATEMENT DATED ____________, 2016

NEW ISSUE - BOOK-ENTRY ONLY **NOT RATED**

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing law, and assuming compliance with the tax covenants described herein, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California. See "TAX MATTERS" herein.

$6,450,000*
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST) OF THE CITY OF MERCED 2016 SPECIAL TAX REFUNDING BONDS (IMPROVEMENT AREA NO. 1)

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

The Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced, Special Tax Refunding Bonds (Improvement Area No. 1 (the "Bonds") are being issued and delivered by Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced (the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Sections 53311 et seq. of the Government Code of the State of California (the "Act"), and a Fiscal Agent Agreement, dated as of February 1, 2016, by and between the District and MUFG Union Bank, N.A., as fiscal agent (the "Fiscal Agent"), and will be secured as described herein.

The Bonds are being issued to provide funds to refund the outstanding Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced 2006 Special Tax Bonds (Improvement Area No. 1) (the "Prior Bonds"), fund a reserve fund and pay the costs of issuing the Bonds. See "THE REFUNDING PLAN" herein.

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases may be made in principal amounts of $5,000 and integral multiples thereof in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing September 1, 2016. Principal of and interest on the Bonds will be paid by the Fiscal Agent to DTC for subsequent disbursement to DTC Participants who are to remit such payments to the beneficial owners of the Bonds. See "THE BONDS — General Provisions" and APPENDIX G — "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are limited obligations of the District, payable solely from Special Tax Revenues (as defined in the Fiscal Agent Agreement), consisting primarily of Special Taxes (as defined herein) and proceeds of foreclosure sales pursuant to the Fiscal Agent Agreement, as more fully described herein. If a deficiency occurs in the payment of any installment of Special Taxes securing the Bonds, the Fiscal Agent will have a duty only to transfer from the Reserve Fund the amount necessary to pay principal of or interest on the Bonds when due. There is no assurance that sufficient funds will be available in the Reserve Fund for this purpose. The Special Taxes are to be levied according to the rate and method of apportionment for Improvement Area No. 1 of the District, which was approved by the City Council of the City of Merced (the "City") and the qualified electors within the District. See "SOURCES OF PAYMENT FOR THE BONDS - Repayment of the Bonds" herein.

The Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS — Redemption" herein.

Neither the faith and credit nor the taxing power of the City, the County of Merced, the State of California or any political subdivision thereof is pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are special tax obligations of the District payable solely from Special Tax Revenues and certain other amounts as more fully described herein.

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. The purchase of the Bonds involves significant investment risks, and the Bonds may not be suitable investments for many investors. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

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

MATURITY SCHEDULE

(See Inside Cover Page)

* *Preliminary, subject to change.*

35952276.1

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, and subject to certain other conditions. Norton Rose Fulbright US LLP is serving as Disclosure Counsel to the District with respect to the Bonds. Certain legal matters will be passed on for the District by the City Attorney, and for the Underwriter by its counsel, Nossaman LLP, Irvine, California. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about February ___, 2016.

[UNDERWRITER LOGO]

Dated: February __, 2016

Community Facilities District No. 2005-1
(Bellevue Ranch West)
of the City of Merced
2016 Special Tax Refunding Bonds
(Improvement Area No. 1)

MATURITY SCHEDULE

Maturity Date (September 1)	*Principal Amount*	*Interest Rate*	*Yield*	*CUSIP*[†]

$__________ ___% Term Bonds Due September 1, 20__, Price _____% CUSIP No. _______

[†] CUSIP® is a registered trademark of the American Bankers Association. Copyright© 2016 American Bankers Association. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP® numbers are provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such numbers.

CITY OF MERCED

CITY COUNCIL
as the legislative body of the
Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced

Stan Thurston, *Mayor*
Kevin Blake, *Council Member*
Tony Dosetti, *Council Member*
Mike Murphy, *Council Member*
Joshua Pedrozo, *Mayor Pro Tem*
Michael Belluomini, *Council Member*
Noah Lor, *Council Member*

CITY STAFF

[John M. Bramble/Steve Carrigan], [Interim] City Manager
Kelly Fincher, Acting City Attorney
[John M. Bramble/Steve Carrigan], City Clerk
Bradley R. Grant, Finance Officer

Special Services

BOND AND DISCLOSURE COUNSEL

Norton Rose Fulbright US LLP
Los Angeles, California

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

FISCAL AGENT

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

ESCROW BANK

U.S. Bank National Association
San Francisco, California

SPECIAL TAX CONSULTANT

Goodwin Consulting Group, Inc.
Sacramento, California

APPRAISAL VALUATION SERVICES

Seevers Jordan Ziegenmeyer
Rocklin, California

VERIFICATION AGENT

Causey Demgen & Moore, P.C.
Denver, Colorado

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

This Official Statement is not to be construed as a contract with the purchasers or Beneficial Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board, or a nationally recognized municipal securities depository.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

The information in APPENDIX G — "BOOK-ENTRY ONLY SYSTEM" attached hereto has been furnished by The Depository Trust Company, and no representation has been made by the District or the Underwriter as to the accuracy or completeness of such information.

The information set forth herein which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the District. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described herein since the date hereof. All summaries of the Fiscal Agent Agreement or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

A wide variety of other information, including financial information, concerning the District, is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement.

Cautionary Information Regarding Forward-Looking Statements in the Official Statement

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the Continuing Disclosure Agreement, a form of which is attached as APPENDIX E, the District has no plans to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

In connection with the offering of the Bonds, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of such bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof, and such public offering prices may be changed from time to time by the Underwriter.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Bonds have not been registered or qualified under the securities laws of any state.

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(Continued)

$6,450,000*
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(BELLEVUE RANCH WEST)
OF THE CITY OF MERCED
2016 SPECIAL TAX REFUNDING BONDS
(IMPROVEMENT AREA NO. 1)

INTRODUCTION

General

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

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the attached appendices (collectively, the "Official Statement"), is to provide certain information concerning the issuance by Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced (the "District") of the $6,450,000* Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced, 2016 Special Tax Refunding Bonds (Improvement Area No. 1) (the "Bonds").

The proceeds of the Bonds will be used for the purpose of refunding the outstanding Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced 2006 Special Tax Refunding Bonds (Improvement Area No. 1) (the "Prior Bonds"), originally issued in the aggregate principal amount of $7,410,000 and now outstanding in the principal amount of $6,215,000. A portion of the Bonds will also be used to fund a deposit to the Reserve Fund and to pay costs of issuance of the Bonds. See "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The City of Merced

The City of Merced (the "City") is located in the eastern portion of Merced County (the "County") in San Joaquin Valley approximately 110 miles southeast of San Francisco and 310 miles northwest of Los Angeles. The City was incorporated in 1889 and operates as a charter city. The City is also the County seat and the largest city by population within the County, with a population of 81,772 as of January 1, 2015. It maintains a council-manager form of government with the Mayor elected at-large for a two year term. The City is currently undergoing a change from at-large based elections for its six Council Members to district-based elections for four-year terms for the November 2016 general election.

Traditionally, the economy in the region has been associated with agricultural industries, but in recent years has become more varied, encompassing growing educational and health services. Seven of the top ten employers within the County are located in the City. The University of California Merced campus, opened in 2005, with a current enrollment of 6,685, is located just outside the boundaries of the City limits but within the sphere of influence of the City, and is a major source of growth and employment in the region. The campus is expected to reach a student population of 25,000 by the year 2030. See "APPENDIX C - GENERAL INFORMATION ABOUT THE CITY OF MERCED" for a more complete description of the City and the surrounding region.

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* *Preliminary, subject to change.*

The Bonds are not a debt of the City in any respect.

The District

The Mello-Roos Community Facilities Act of 1982, as amended, constituting Sections 53311 et seq. of the Government Code of the State of California (the "Act"), was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election of the property owners within such district and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a district and may levy and collect a special tax (the "Special Tax") within such district to repay such indebtedness. (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Repayment of the Bonds - Special Taxes" herein).

On November 21, 2005, the City formed the District. On November 21, 2005 an election was held within the District in which the landowners eligible to vote unanimously approved the proposed bonded indebtedness and the levy of the Special Tax for both the Improvement Area No. 1 and Improvement Area No. 2 within the District. Phases 1 and 2 of the Bellevue Ranch West portion of the Bellevue Ranch planned development within the City make up the boundaries of the District. Phase 1 is referred to herein as "Improvement Area No. 1" and was planned for 711 residential units, one neighborhood-commercial lot, along with a park and open space. Recorded final maps exist on all property within Improvements Area No. 1. **Only Special Taxes levied in Improvement Area No. 1 are pledged to the repayment of the Bonds.** Special taxes which may be levied in the future within Improvement Area No. 2 by the District (currently none are levied) are specific to Improvement Area No. 2 and are not pledged to the repayment of the Bonds. Likewise, Special Taxes levied in Improvement Area No. 1 by the District are not available for repayment of any future bonds issued for Improvement Area No. 2.

As of the date of this Official Statement, there are 712 taxable parcels or lots in Improvement Area No. 1 of which 204 are designated as "Developed" and are completed single-family residences owned by individual homeowners. There are approximately 64.3 acres designated as "Undeveloped," consisting of 507 improved (or finished) single-family lots with no vertical construction, owned by Forebay Farms, LLC., and one approximate 8.33-acre commercial lot owned by the nonprofit Merced High School Quarterback Club. All Undeveloped property within Improvement Area No. 1 has final map approval. Certain offsite infrastructure, including streets, curbs, gutters, and street lights, was completed several years ago within all of Improvement Area No. 1, including for Undeveloped property. See "THE COMMUNITY FACILITIES DISTRICT" herein for a more complete description of the District.

Security and Sources of Payment for the Bonds

The Bonds are primarily being issued to provide funds to refund and defease the Prior Bonds. See "THE REFUNDING PLAN."

The Bonds are payable from Special Taxes and secured by a lien and charge upon the Special Taxes levied within Improvement Area No. 1 of the District. The Bonds are issued pursuant to a Fiscal Agent Agreement, dated as of February 1, 2016 (the "Fiscal Agent Agreement"), between the District and MUFG Union Bank, N.A. (the "Fiscal Agent").

The Bonds are special limited obligations of the District, payable solely from Net Taxes (as defined herein) and the other funds pledged therefor under the Fiscal Agent Agreement. Subject only to the provisions of the Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Net Taxes and any other amounts (including proceeds of the sale of Bonds) held in the Special Tax Fund, the Bond Fund, the Redemption Fund and the Reserve Fund established under the Fiscal Agent Agreement are pledged to secure the payment of the principal of and interest on the Bonds in accordance with their terms, the provisions of the Fiscal Agent Agreement and the Act. Such pledge constitutes a first lien on such assets.

The Bonds do not constitute a debt or liability of the City, the State of California or of any political subdivision thereof, other than of the District. The District shall only be obligated to pay the principal of, premium if any and interest on the Bonds from the funds described in the Fiscal Agent Agreement, and neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Fiscal Agent Agreement), the City, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The District has no ad valorem taxing power (See "SOURCES OF PAYMENT FOR THE BONDS" and "RISK FACTORS" herein).

Reserve Fund for the Bonds. As additional security for the Bonds, the Fiscal Agent Agreement provides for the establishment of the Reserve Fund in the amount of the Reserve Requirement. The "Reserve Requirement" as defined under the Fiscal Agent Agreement means as of any calculation date, an amount equal to the least of (i) ten percent (10%) of the proceeds of the Bonds (within the meaning of section 148 of the Code); (ii) 125% of average annual debt service on the Bonds; or (iii) the maximum annual debt service of the Bonds, provided, however, the Reserve Requirement on any calculation date shall not be greater than the Reserve Requirement amount on the Closing Date. As of the date of issuance of the Bonds, the Reserve Requirement will be fully funded in the amount of $498,525*.

Special Taxes. As used in this Official Statement, the term "Special Tax" is that tax which has been authorized pursuant to the Act to be levied against certain interests in property within Improvement Area No. 1 of the District, including any scheduled payments and any prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes in the amount of said lien, but excluding therefrom penalties and interest. The Special Tax will be levied on property within Improvement Area No 1 of the District in accordance with the Rate and Method. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Repayment of the Bonds - Special Taxes" and APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES." Under the Fiscal Agent Agreement, the District has pledged to repay the Bonds from the Special Tax Revenues remaining after the payment of certain annual Administrative Expenses of the District (the "Net Taxes") and amounts on deposit in the Special Tax Fund, the Bond Fund, Redemption Fund and Reserve Fund established under the Fiscal Agent Agreement. "Special Tax Revenues" is defined under the Fiscal Agent Agreement as (a) the proceeds of the Special Taxes received by the District from Improvement Area No. 1, (b) income and gains with respect to the investment of amounts on deposit in the funds and accounts established under the Fiscal Agent Agreement for the Bonds, (c) proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, and (d) the net proceeds of the sale of any delinquent installments of the Special Taxes that have been sold and assigned to a third party, but does not include any penalties or interest in excess of the interest payable on the Bonds collected in connection with delinquent Special Taxes.

Assessed and Appraised Values; Value-to-Lien Ratios. As of January 1, 2015 the net assessed value of the property within Improvement Area No. 1 of the District subject to the levy of the Special Tax in Fiscal Year 2015-16 was just under $52 million, resulting in an estimated assessed value-to-lien ratio of 8* to 1 for the property subject to the Special Tax levy in Fiscal Year 2015-16 based on the principal amount of the Bonds, and an estimated assessed value-to-lien ratio of ___* to 1 based upon the principal amount of the Bonds and the direct and overlapping debt payable from other taxes and assessments levied on the property within Improvement Area No. 1 of the District. See "Direct and Overlapping Debt, and -Estimated Value-to-Lien Ratios" herein.

The 204 parcels of Developed property within Improvement Area No. 1 have a combined assessed value of $46,583,721 as of January 1, 2015, resulting in a combined value to lien ratio of over 22* to 1.

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* *Preliminary, subject to change.*

An appraisal of the 508 parcels of Undeveloped property within Improvement Area No. 1, dated January 6, 2016 (the "Appraisal"), was prepared by Seevers Jordan Ziegenmeyer, Rocklin, California (the "Appraiser") in connection with issuance of the Bonds. The purpose of the Appraisal was to ascertain the "as is" market value of the fee simple estate for the taxable Undeveloped property in Improvement Area No. 1 of the District, consisting of 507 existing finished single-family lots with no vertical construction, and one commercial lot, as of the December 9, 2015 date of value. Subject to the assumptions and limitations contained in the Appraisal, the Appraiser estimated that the market value of the 507 finished single-family lots, in bulk, subject to the lien of the Special Taxes, had an estimated aggregate bulk value of $10,630,000, and the market value of the commercial lot, subject to the lien of the Special Tax, had a market value of $1,725,000. Given these estimated appraised values, the Undeveloped 507 lots owned by Forebay Farms LLC have a combined value-to-lien ratio of 2.88* to 1, and the commercial lot owned by Merced High School Quarterback Club has a value-to-lien ratio of 2.55* to 1. Together, the Undeveloped property has a value-to-lien ratio of 2.8* to 1 based on the appraised values and the principal amount of the Bonds.

The combined value (assessed value for Developed property and appraised value for Undeveloped property) of just under $59 million, results in an estimated combined value-to-lien ratio of 9.1* to 1 based on the principal amount of the Bonds, and an estimated combined value-to-lien ratio of 6.9* to 1 based upon the principal amount of the Bonds and the direct and overlapping debt payable from other taxes and assessments levied on the property within Improvement Area No. 1 of the District.

There is no assurance that the Undeveloped property within Improvement Area No. 1 of the District can be sold for the appraised value described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current landowners or future landowners within Improvement Area No. 1 of the District. See "RISK FACTORS — Appraised Values" and APPENDIX D — "APPRAISAL REPORT" herein.

Foreclosure Proceeds. The District will covenant that it will commence, and diligently pursue until the delinquent Special Taxes are paid, judicial foreclosure proceedings against Assessor's Parcels (as defined in the Rate and Method) with delinquent Special Taxes in excess of $5,000 by the October 1 following the close of the fiscal year in which such Special Taxes were due, and it will commence, and diligently pursue until the delinquent Special Taxes are paid, judicial foreclosure proceedings against all Assessor's Parcels with delinquent Special Taxes by the October 1 following the close of any Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount in the Reserve Fund is less than the Reserve Requirement.

As of September 2, 2015, there were two parcels within Improvement Area No. 1 of the District delinquent in the payment of Special Taxes in the amount of $1,097 or (0.21% of the 2014-15 Special Tax levy); however, due to the participation of the District in the County's Teeter Plan, the District received 100% of the Special Tax levy. Although certain parcels have been delinquent in the payment of Special Taxes in the past, the District has never been required to proceed to a foreclosure sale for delinquent Special Taxes and has never received less that the annual Special Tax levy. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS— Repayment of the Bonds - *Proceeds of Foreclosure Sales*" and Tables 10 and 17 herein.

There is no assurance that the property interests within the District against which the Special Taxes are levied can be sold at foreclosure or otherwise for the assessed values described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current or future landowners within . See "SPECIAL RISK FACTORS—Assessed or Appraised Valuations; Value-to-Lien Ratios."

Additional Bonds and Liens. Except for refunding purposes, the District may not issue bonds, notes or other forms of indebtedness payable from Special Tax Revenues and secured by a lien and charge equal to the lien and charge securing the Bonds. Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes have been levied and may also be levied in the future on the property within Improvement Area No. 1 of the District which could adversely affect the willingness of the owners of the taxable parcels within Improvement Area No. 1 of the District to pay the Special Taxes when due. See "SPECIAL RISK FACTORS—Parity Taxes and Special Assessments" herein.

Description of the Bonds

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

Principal of, premium, if any, and interest on the Bonds is payable by the Fiscal Agent to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Fiscal Agent, all as described herein. See APPENDIX G — "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are subject to optional redemption, extraordinary mandatory redemption and mandatory sinking redemption as described herein. For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE BONDS" and APPENDIX C — "SUMMARY OF THE FISCAL AGENT AGREEMENT" herein.

Professionals Involved in the Offering

MUFG Union Bank, N.A. will act as Fiscal Agent under the Fiscal Agent Agreement. Brandis Tallman LLC is the Underwriter of the Bonds. U.S. Bank National Association will act as Escrow Bank under the Escrow Agreement. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel and Disclosure Counsel. See APPENDIX F — FORM OF OPINION OF BOND COUNSEL." Fieldman, Rolapp & Associates, Inc., Irvine, California, is acting as Municipal Advisor to the City in connection with the Bonds. Certain legal matters will be passed upon for the District by the City Attorney, and for the Underwriter by its counsel, Nossaman LLP, Irvine, California. Other professional services have been performed by Goodwin Consulting Group, Inc., Sacramento, California, as Special Tax Consultant, and by Seevers Jordan Ziegenmeyer, Rocklin, California, as appraiser.

Continuing Disclosure

The District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system certain annual financial information and operating data, and notice of certain enumerated events. This covenant is made by the District in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The owners of the undeveloped land, Forebay Farms LLC and Merced High School Quarterback Club, each responsible for over ten percent of the special tax levy for fiscal year 2016-17, will agree to provide to the District and EMMA certain financial and project information related to the District, and notice of certain enumerated events. See "CONTINUING DISCLOSURE" herein and APPENDIX E hereto for a description of the specific nature of the periodic reports and notices of enumerated events to be filed by the District and Forebay Farms LLC and Merced High School Quarterback Club.

[Within the last five years, the City did not timely comply with certain of its prior continuing disclosure obligations under Rule 15c2-12(b)(5) as described herein; however, the City is now current on all required filings. Within the last five years, the [further information on missed developer filings]; however, the major property owners are now current on all required filings.] See "CONTINUING DISCLOSURE."

Bond Owners' Risks

Certain events could affect the timely repayment of the principal of and interest on the Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. ***The purchase of the Bonds involves significant investment risks, and the Bonds may not be suitable investments for many investors.*** See "SPECIAL RISK FACTORS" herein.

Other Information

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

Brief descriptions of the Bonds and the Fiscal Agent Agreement are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Fiscal Agent Agreement, the Bonds and the Constitution and laws of the State as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and by reference to the Fiscal Agent Agreement.

Copies of the Fiscal Agent Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City of Merced, 678 West 18th Street, Merced, California 95340.

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds and funds relating to the Prior Bonds:

<u>Sources of Funds</u>	
Principal Amount of Bonds	$6,450,000.00
Net Original Issue Premium	
Prior Funds[1]	
TOTAL SOURCES	$.
<u>Uses of Funds</u>	
Escrow Fund	$
Reserve Fund	
Administrative Expense Fund	
Bond Tax Fund	
Costs of Issuance Fund [2]	
Underwriter's Discount	.
TOTAL USES	$.

(1) Funds transferred from the special tax fund and the reserve fund relating to the Prior Bonds, as well as Special Taxes not yet transferred to the Prior Bonds Fiscal Agent.

(2) Includes fees for Bond Counsel, Disclosure Counsel, Municipal Advisor, the Appraiser, the Fiscal Agent, the Escrow Bank, costs of printing the Official Statement, and other costs of issuance of the Bonds.

THE REFUNDING PLAN

A portion of the proceeds from the sale of the Bonds will also be used along with other funds held by the District to defease the Prior Bonds. On the Closing Date, such Bond proceeds and other funds will be deposited into an escrow fund (the "Escrow Fund") to be held by U.S. Bank National Association, as escrow bank (the "Escrow Bank"), pursuant to an escrow agreement relating to the Prior Bonds, dated as of February 1, 2016, between the District and the Escrow Bank (the "Escrow Agreement"). The deposit into the Escrow Fund will be uninvested will be in an amount sufficient to pay the redemption price of the Prior Bonds upon early call and redemption of the Prior Bonds on March 1, 2016.

Sufficiency of the deposits in the Escrow Fund for such purposes will be verified by Causey Demgen & Moore, P.C., Denver, Colorado (the "Verification Agent"). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, the Prior Bonds will be discharged under the Prior Fiscal Agent Agreement pursuant to which they were issued and the Prior Bonds will no longer be secured by a pledge of and lien on the Special Taxes from Improvement Area No. 1 of the District and the owners of the Prior Bonds will have no rights thereunder except to be paid the principal and interest due on the Prior Bonds from amounts in the Escrow Fund.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing September 1, 2016 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof. So long as the Bonds are held in book-entry form, principal and interest on the Bonds will be paid to DTC for subsequent disbursement to DTC Participants who are to remit such payments to the Beneficial Owners in accordance with DTC procedures. See APPENDIX G — "BOOK-ENTRY ONLY SYSTEM."

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after the fifteenth day of the month immediately preceding an Interest Payment Date but prior to such Interest Payment Date, in which event interest will 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 August 15, 2016, in which event interest will be payable from the date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

Authority for Issuance

The Bonds will be issued pursuant to the Act and the Fiscal Agent Agreement. On January ___, 2016, the City Council of the City adopted a resolution (the "Resolution") approving the issuance of the Bonds.

Redemption

Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the District from any source of funds, on any date on or after September 1, 2016 as a whole or in part, from such maturities as selected by the District in order to maintain substantially level debt service, and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with accrued interest thereon to the date fixed for redemption, as follows:

Redemption Periods	Redemption Prices

Special Mandatory Redemption from Prepayment of Special Taxes. The Bonds are also subject to mandatory redemption on any Interest Payment Date on or after September 1, 2016 in whole or in part from such maturities as selected by the District in order to maintain substantially level debt service, and by lot within a maturity, from amounts constituting prepayments of Special Taxes at the following redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed), together with accrued interest thereon to the redemption date:

Redemption Dates	Redemption Prices
September 1, 2016 and each March 1 and September 1 through and including March 1, 2026	102.0%
September 1, 2026 and each March 1 and September 1 thereafter	100.0

Mandatory Sinking Payment Redemption. The Bonds maturing on September 1, 20_____ and September 1, 20__ are subject to mandatory sinking fund redemption in part, on September 1 in each year commencing September 1, 20__ and September 1, 20__, respectively, and on each September 1, thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed , together with accrued interest to the date of redemption, without premium, and from sinking payments as follows:

Term Bonds Maturing September 1, 20__

Year (September 1)	Principal Amount	Year (September 1)	Principal Amount

*maturity

Term Bonds Maturing September 1, 20__

Year (September 1)	Principal Amount	Year (September 1)	Principal Amount

*maturity

The amounts in the foregoing schedules are to be reduced by the District pro rata among redemption dates, in order to maintain substantially level debt service, as a result of any prior or partial redemption of the Bonds pursuant to optional or special mandatory redemption described above.

Notice of Redemption. So long as the Bonds are held by DTC, all notices of redemption will be sent only to DTC in accordance with its procedures and will not be delivered to any Beneficial Owner. The Fiscal Agent will cause notice of any redemption to be mailed by first-class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Corporate Trust Office of the Fiscal Agent; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such Bonds.

Such notice will state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, will designate the Bond numbers of the Bonds to be redeemed or will state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, will state as to any Bond called in part the principal amount thereof to be redeemed, and will require that such Bonds be then surrendered at the Corporate Trust Office of the Fiscal Agent for redemption at the said redemption price, and will state that further interest on such Bonds will not accrue from and after the redemption date. The cost of mailing any such redemption notice and any expenses incurred by the Fiscal Agent in connection therewith will be paid by the District.

If at the time of mailing of any notice of optional redemption there will not have been deposited with the Fiscal Agent moneys sufficient to redeem all the Bonds called for redemption, such notice will state that it is subject to the deposit of the redemption moneys with the Fiscal Agent not later than the opening of business on the redemption date and will be of no effect unless such moneys are so deposited.

The District will have the right to rescind any notice of optional redemption by written notice to the Fiscal Agent on or prior to the date fixed for redemption. Any notice of such redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The District and the Fiscal Agent shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Whenever provision is made for the redemption of less than all of the Bonds or any given portion thereof, the Fiscal Agent will select the Bonds to be redeemed, from all Bonds or such given portion thereof not previously called for redemption, among maturities as specified by the District in a written certificate delivered to the Fiscal Agent, and by lot within a maturity in any manner which the District in its sole discretion shall deem appropriate and fair. In providing such certificate, the District will provide for the redemption of Bonds such that the remaining Debt Service payable on the Bonds will remain as level as possible.

Effect of Redemption. When notice of redemption has been given, and when the amount necessary for the redemption of the Bonds called for redemption is set aside for that purpose in the Redemption Fund, the Bonds designated for redemption will become due and payable on the date fixed for redemption, and upon presentation and surrender of the Bonds at the place specified in the notice of redemption, and no interest will accrue on the Bonds called for redemption from and after the redemption date, and the Beneficial Owners of the redeemed Bonds, after the redemption date, may look for the payment of principal and premium, if any, of such Bonds or portions of Bonds only to the Redemption Fund and shall have no rights, except with respect to the payment of the redemption price from the Redemption Fund.

Registration, Transfer and Exchange

Registration. The Fiscal Agent will keep sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the bond registration books held by the Fiscal Agent.

Transfer or Exchange. Whenever any Bond is surrendered for registration of transfer or exchange, the Fiscal Agent will authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Fiscal Agent will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Additional Bonds for Refunding Purposes Only

Except for refunding purposes, the District may not issue bonds, notes or other forms of indebtedness payable from Special Tax Revenues and secured by a lien and charge equal to the lien and charge securing the Bonds. The District will covenant in the Fiscal Agent Agreement not to issue any indebtedness having a lien, charge, pledge or encumbrance on the Net Taxes senior or superior to the Bonds. The District may issue indebtedness that has a lien, charge, pledge or encumbrance on the Net Taxes junior and subordinated to that for the Bonds.

Debt Service Schedule

The following table presents the annual debt service on the Bonds, assuming there are no early redemptions. However, it should be noted that the Rate and Method allows prepayment of the Special Taxes in full or in part and the Fiscal Agent Agreement permits redemption of Bonds from the proceeds of any prepayments of Special Taxes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Taxes" and "THE BONDS — Redemption."

TABLE 1
THE BONDS
DEBT SERVICE SCHEDULE

Period ending (September 1)	*Principal*	*Interest*	*Total*
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
TOTAL	$6,450,000*		

Source: Underwriter.

* *Preliminary, subject to change.*

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Repayment of the Bonds

General. The Bonds of the District are special limited obligations of the District, payable solely from Net Taxes applicable to Improvement Area No. 1 of the District and the other assets pledged therefor under the related Fiscal Agent Agreement. Subject only to the provisions of the Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Net Taxes applicable to Improvement Area No. 1 of the District and any other amounts held in the Special Tax Fund, Bond Fund, the Redemption Fund and the Reserve Fund established under the Fiscal Agent Agreement are pledged to secure the payment of the principal of, premium if any, and interest on the Bonds, in accordance with its terms, the Fiscal Agent Agreement and the Act. Each such pledge constitutes a first lien on such assets.

"Net Taxes" are defined in the Fiscal Agent Agreement to mean Special Tax Revenues, less amounts required to pay Administrative Expenses (subject to the limitations contained in the Fiscal Agent Agreement as to the amounts available to pay Administrative Expenses at any particular time).

"Special Tax Revenues" are defined in the Fiscal Agent Agreement means (a) the proceeds of the Special Taxes received by the District, (b) income and gains with respect to the investment of amounts on deposit in the funds and accounts established hereunder for the Bonds, (c) proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, and (d) the net proceeds of the sale of any Special Tax Receivables equal to the par amount of such Special Tax Receivables. Notwithstanding the foregoing, "Special Tax Revenues" does not include any penalties or interest in excess of the interest payable on the Bonds collected in connection with delinquent Special Taxes.

The Bonds are payable only from Net Taxes received by or on behalf of Improvement Area No. 1 of the District. ***Only Special Taxes levied in Improvement Area No. 1 are pledged to the repayment of the Bonds. Special taxes which may be levied in the future within Improvement Area No. 2 by the District are specific to Improvement Area No. 2 and are not pledged to the repayment of the Bonds. Likewise, Special Taxes levied in Improvement Area No. 1 by the District are not available for repayment of any future bonds issued for Improvement Area No. 2.*** *Neither the faith and credit nor the taxing power of the City, the County, the State of California or any political subdivision thereof is pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are special tax obligations of the District payable solely from Special Tax Revenues and certain other amounts as more fully described herein.*

Special Taxes. The Special Taxes are excepted from the tax rate limitation of Article XIIIA of the California Constitution pursuant to Section 4 thereof as a "special tax" authorized by at least two-thirds vote of the qualified electors as set forth in the Act. Consequently, the City Council of the City on behalf of the District has the power and is obligated by the Fiscal Agent Agreement to cause the levy and collection of the Special Taxes.

The rate and method of special tax apportionment for Improvement Area No. 1 of the District (the "Rate and Method") was approved by the qualified electors of Improvement Area No. 1 of the District at the time of formation of the District (See "APPENDIX B - Rates and Methods of Special Tax Apportionment" herein).

The Special Taxes are to be levied and collected according to the Rate and Method for Improvement Area No. 1 of the District.

The amount, if any, of the Special Tax to be levied annually for Improvement Area No. 1 of the District depends on, among other things, whether a given parcel is classified as Developed Property, Undeveloped Property, Excess Multifamily Residential Property, or Excess Public Property (as defined in the Rate and Method). The Special Tax on Developed Property is based on per unit for a specific subdivision or "tax zone" for single family dwellings, and acreage for other residential or non-residential property. The Special Tax on Undeveloped Property is based on acreage.

The Taxable Property within Improvement Area No. 1 of the District consists of 204 residential units on 204 parcels that have been classified under the Rate and Method as Developed Property and 508 parcels (507 residential lots and one commercial lot) that have been classified under the Rate and Method as Undeveloped Property.

Pursuant to the Fiscal Agent Agreement, the District shall fix and levy the amount of Special Taxes within Improvement Area No. 1 in accordance with the Rate and Method and, subject to the limitations in the Rate and Method as to the maximum Special Tax that may be levied, in an amount sufficient to yield the amount required for the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the ensuing year, the amount required for any necessary replenishment of the reserve fund established for the District and the amount estimated to be sufficient to pay the Administrative Expenses of the District during such year, taking into account the balances in the funds and accounts established under the Fiscal Agent Agreement.

Although the Special Taxes will constitute a lien on parcels of real property within Improvement Area No. 1 of the District, they do not constitute a personal indebtedness of the owner(s) of real property within Improvement Area No. 1 of the District. There is no assurance that the property owner(s), or any successors and/or assigns thereto or subsequent purchaser(s) of land within the District, will be able to pay the annual Special Taxes or if able to pay the Special Taxes that they will do so (see "RISK FACTORS" and "THE COMMUNITY FACILITIES DISTRICT" herein).

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

The District has made certain covenants in the Fiscal Agent Agreement 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 Districts' ability to collect sufficient Special Taxes to pay debt service on the Bonds and Administrative Expenses when due. First, the District has covenanted that, to the extent it is legally permitted to do so, it will only reduce the maximum Special Tax rates in accordance with the Fiscal Agent Agreement and will oppose the reduction of maximum Special Tax rates by initiative where such reduction would reduce the maximum Special Taxes payable from Developed Property to less than 110% of the sum of estimated Administrative Expenses and Maximum Annual Debt Service on Outstanding Bonds. See "SPECIAL RISK FACTORS—Proposition 218." Second, the District has covenanted not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds remaining Outstanding following such tender. See "SPECIAL RISK FACTORS—Non-Cash Payments of Special Taxes."

Collection of Special Taxes. The Special Taxes initially are required to be collected by the County of Merced Tax Collector in the same manner and at the same time as regular ad valorem property taxes are collected by the Tax Collector of the County. When received, such Special Taxes will be deposited in the Special Tax Receipts Fund for the District to be held by the District and transferred to the Fiscal Agent for deposit in the Special Tax Fund as provided in the Fiscal Agent Agreement.

The County has adopted a Teeter Plan as provided for in Section 4701 et seq. of the California Revenue and Taxation Code, under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. **The Special Taxes are included in the County's Teeter Plan but there can be no assurance that the County will continue the Teeter Plan or that the Special Taxes will continue to be included within the Teeter Plan.**

Of the $511,574.76 Special Taxes levied for the 2015-16 fiscal year, the District has received $371,225.27 from the County as of January 12, 2016.

Proceeds of Foreclosure Sales. The Special Tax Revenues pledged to the payment of principal of and interest on the Bonds under the Fiscal Agent Agreement include the net proceeds, exclusive of penalties and interest, received following a judicial foreclosure sale of an interest in a parcel within Improvement Area No. 1 resulting from a taxpayer's failure to pay the Special Taxes when due.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the 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 any delinquent Special Taxes be collected by a superior court action to foreclose the lien of the Special Tax within specified time limits. In such an action, the real property or leasehold interest therein subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District has covenanted that, should the Special Taxes no longer be subject to the County's Teeter Plan, it will commence and diligently pursue to completion, judicial foreclosure proceedings against (i) Assessor's Parcels with delinquent Special Taxes in excess of $5,000 or more by the October 1 following the close of the Fiscal Year in which such Special Taxes were due; and (ii) all Assessor's Parcels with delinquent Special Taxes by the October 1 following the close of any fiscal year in which the District receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount in the Reserve Fund for the Bonds is less than the Reserve Requirement. See APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Fund) have been exhausted, debt service payments on the Bonds could be delayed until the foreclosure proceedings result in 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 "SPECIAL RISK FACTORS—Bankruptcy and Foreclosure" herein. Moreover, no assurances can be given that the interests in the property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See "SPECIAL RISK FACTORS—Assessed or Appraised Valuation; Value-to-Lien Ratios" herein. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any interest in the property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

Prepayment of Special Taxes. Under the Rate and Method, the owner of a parcel may voluntarily prepay the Special Tax obligation for a parcel in whole. Any voluntary prepayment of Special Taxes will result in an extraordinary redemption of the Bonds. See "THE BONDS—Redemption—*Extraordinary Redemption*."

Reserve Fund. As additional security for the Bonds, the Fiscal Agent Agreement provides for the establishment of the Reserve Fund in the amount of the Reserve Requirement. The "Reserve Requirement" as defined under the Fiscal Agent Agreement means as of any calculation date, an amount equal to the least of (i) ten percent (10%) of the proceeds of the Bonds (within the meaning of section 148 of the Code); (ii) 125% of average annual debt service on the Bonds; or (iii) the maximum annual debt service of the Bonds, provided, however, the Reserve Requirement on any calculation date shall not be greater than the Reserve Requirement amount on the Closing Date. As of the date of issuance of the Bonds, the Reserve Requirement will be fully funded in the amount of $498,525*.

Subject to the limits on the maximum annual Special Tax which may be levied within Improvement Area No. 1 of the District, the District covenants to levy Special Taxes in an amount that is anticipated to be sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Fund at the Reserve Requirement. Amounts in the Reserve Fund are to be applied to (i) pay debt service on the Bonds, to the extent other monies are not available therefor; (ii) redeem the Bonds in whole or in part; and (iii) pay the final installments of principal and interest due on the Bonds. In the event of a prepayment of Special Taxes, under certain circumstances, a portion of the Reserve Fund will be added to the amount being prepaid and be applied to redeem Bonds; provided, however, that no such transfer shall be made if it would result in the amount in the Reserve Fund being less than the Reserve Requirement. See APPENDIX C "SUMMARY OF THE FISCAL AGENT AGREEMENT - Reserve Fund" herein.

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* *Preliminary, subject to change.*

BELLEVUE RANCH MASTER PLANNED COMMUNITY

General Location and Amenities

The Bellevue Ranch Master Planned Community was originally planned to include a total of between 4,843 and 6,648 units on approximately 1,365 acres. In addition to residential housing of several types, including single family detached standard homes, single family detached patio homes and multifamily housing, the master plan also proposed commercial, office, schools, park and transit station, parks and open space and public uses. Prior to the economic downturn of 2008, 1,618 lots were being prepared for home construction, of which approximately 600 were sited with homes, leaving 1,018 vacant lots ready for future development. A commercial lot at the corner of Cardella Road and M Street, as well as larger parcels along Bellevue Road, exist for future retail and office services.

The master planned community is generally located in the northeastern part of the City, north of Yosemite Avenue, south of W. Bellevue Road and west of "G" Street in an area that was originally open space and agricultural use land. It is located just a few miles west from the University of California, Merced campus, which opened in Fall 2005, and the Mercy Medical Center, a 185-bed teaching hospital, which supports the newly introduced medical program at UC Merced. Currently the University has 1,505 faculty and staff employees, 6,237 undergraduates students and 448 graduate students. It is expected that the enrollment will increase by 10,000 students in the next seven to ten years. On November 19, 2015, the University of California, Merced, received preliminary approval from two committees of the UC Board of Regents for its proposal to double the physical capacity of the campus by 2020. It is expected that the enrollment will reach 25,000 by the year 2030. Merced Medical Center plans to expand over the next 20 years to allow for 435 patients.

Merced College is to the south of the area and downtown Merced is further to the south with Lake Yosemite to the east. The Merced Mall Shopping Center is located nearby and anchored by tenants J.C. Penney, Kohls, Target and Sears, with additional retail clustered along primary neighborhood thoroughfares and at major intersections. The Plaza at El Portal, a recently constructed office project, is located just south of the community. Bellevue Ranch Master Planned Community is within the Merced City School District and Merced Union School District and served by three public elementary schools, Cruickshank Middle School, as well as several private schools, including Merced Christian School. Students within the master planned community are currently within the attendance boundaries of Merced High School.

There are numerous groups of finished lots dispersed throughout Bellevue Ranch, many transferred in recent years to investor buyers. Two new home developments are currently selling in Bellevue Ranch East, "Bellevue Ranch - The Chateau Series" developed by national home builder, Lennar Homes, and "Gardenstone at Bellevue Ranch" developed by local contractor, Blue Mountain companies.

Bellevue Ranch East and West

Bellevue Ranch Master Planned Community is divided into Bellevue Ranch East and Bellevue Ranch West, the boundaries of which were formed into separate community facilities districts by the City.

The Bellevue Ranch East community facilities district consists of approximately 228 net acres with an estimated buildout of 977 single family units and 416 multifamily units, for a total of 1,393 residential units, plus approximately 23 acres of commercially zoned property.

Bellevue Ranch West consists of two phases of development and was planned to include 1,303 single family units and an unspecified number of multifamily units on approximately 220 acres, approximately 30.7 acres of commercially zoned property and approximately 200 acres for park, open space, floodway and streets. Bellevue Ranch West is comprised of Phase 1 (Improvement Area No. 1 of the District) and Phase 2 (Improvement Area No. 2 of the District). The District has an overall "L" shape. All property within

Improvement Area No. 1 of the District has final map approval, with tentative maps for property within Improvement Area No. 2. Improvement Area No. 2 is currently undeveloped and in use for agricultural purposes.

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Map of District

THE COMMUNITY FACILITIES DISTRICT

General

On October 17, 2005, the City Council adopted a Resolution of Intention to form a community facilities district under the Act, to levy a special tax and to incur bonded indebtedness for the purpose of financing certain improvements. After conducting a noticed public hearing, on November 21, 2005, the City Council adopted the Resolution of Formation, which established the District and set forth the Rate and Method for the District. On November 21, 2005 an election was held within the District in which the landowners eligible to vote unanimously approved the proposed bonded indebtedness and the levy of the Special Tax separately for each Improvement Area No. 1 and Improvement Area No. 2 of the District.

Phases 1 and 2 of the Bellevue Ranch West portion of the Bellevue Ranch planned development within the City make up the boundaries of the District. The District consists of approximately 486 acres of which 220.1 acres are zoned for residential development with an estimated buildout of 1,303 for-sale residential units and an unspecified number of multifamily units, plus approximately 30.7 acres of commercially zoned property and approximately 200 acres for park, open space, floodway and streets. The District has an overall "L" shape and is generally located east of Fahrens Creek, west of "G" Street, north of Community College Drive North/Lehigh Drive, and south of Bellevue Ranch East, within the City in an area that was originally open space and agricultural use land.

Phase 1 is referred to herein as "Improvement Area No. 1" and consists of four residential neighborhoods (Village 1 – The Willows, Villages 2 & 3 – The Villages, Villages 4 & 5 – The Meadows and Village 10 – The Prairies) and an 8.33-acre commercial lot. Improvement Area No. 1 of the District is planned for 711 residential units, along with a park and open space. Recorded final maps exist on all property within Improvements Area No. 1. As of the date of this Official Statement, there are 712 parcels or lots of which 204 are designated as "Developed" and are completed single-family residences owned by individual homeowners. There is approximately 64.3 acres designated as "Undeveloped," consisting of 507 improved (or finished) single-family lots with no vertical construction, owned by Forebay Farms, LLC., and one approximate 8.33-acre commercial lot owned by Merced High School Quarterback Club. All property has final map approval and offsite infrastructure such as streets, curbs, gutters, street lights, etc.

Phase 2 is referred to herein as "Improvement Area No. 2" and is proposed for 592 residential units, as well as commercial uses, schools, parks and open space, public uses and a transit circle. Tentative maps exist for property within Improvement Area No. 2. No bonds have been issued and there is no expectation that bonds will be issued in the near future for Improvement Area No. 2. **The Bonds are secured only by Special Taxes from Improvement Area No. 1 and are not secured by special taxes from Improvement Area No. 2.**

All property within Improvement Area No. 1 of the District has final map approval. The City certified the Final Environmental Impact Report for the Bellevue Ranch Master Planned Community (the "EIR") on October 15, 1995. The EIR analyzed the potential environmental effects from all discretionary actions necessary to develop the master-planned community. All required permits from regulatory agencies have been acquired to complete the development within Improvement Area No. 1 of the District. All appeal periods with respect to such approvals have expired. Notwithstanding the foregoing, it is possible that future events relating to environmental issues could impact the development of the undeveloped parcels. See "SPECIAL RISK FACTORS - Future Land Use Regulations and Growth Control Initiatives," " - Endangered and Threatened Species."

Developers within Improvement Area No. 1 of the District pay an indexed school mitigation fee (currently $3.36 per square foot for residential and $0.54 per square foot for commercial) at the time of pulling building permits allocated among Merced City School District and Merced Union High School District.

The Developed properties within Improvement Area No. 1 of the District are currently subject to special taxes levied annually for Community Facilities District No. 2003-2 (Services). Undeveloped properties are not subject to the services special tax. The special tax for this Services Community Facilities District is $904.92 per residential unit for the District for the 2015-16 fiscal year. This special tax contains an annual escalator. See "- Direct and Overlapping Debt."

Rate and Method of Apportionment of Special Taxes

The amount, if any, of the Special Tax to be levied annually depends on, among other things, whether a given parcel is classified as Developed Property, Undeveloped Property, Excess Multifamily Residential Property, or Excess Public Property (as defined in the Rate and Method). The Special Tax on Developed Property is based on per unit for a specific subdivision or "tax zone" for single family dwellings, and acreage for other residential or non-residential property.

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The Assigned and Maximum Special Tax rates that can be levied each Fiscal Year are shown below.

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST)
OF THE CITY OF MERCED
IMPROVEMENT AREA NO. 1

DEVELOPED PROPERTY
ASSIGNED SPECIAL TAX RATES

Tax Zone	Subdivision	Village	Type of Property	Assigned Special Tax
A	The Villages	2&3	Single Family Residential	$651 per Unit
B	The Meadows	4&5	Single Family Residential	$771 per Unit
C	The Willows/The Prairies	1/10	Single Family Residential	$891 per Unit
NA	Commercial Site		Other Property	$5,220 per Acre

DEVELOPED PROPERTY
BACK UP SPECIAL TAX RATES

Tax Zone	Type of Property	Assigned Special Tax
A	Single Family Residential Other Property	$648 per Unit $9,362 per Acre
B	Single Family Residential Other Property	$907 per Unit $7,258 per Acre
C	Single Family Residential Other Property	$1,048 per Unit $6,911 per Acre

UNDEVELOPED PROPERTY
MAXIMUM SPECIAL TAX RATES

Tax Zone	Type of Property	Assigned Special Tax
A	Undeveloped Property	$9,362 per Acre
B	Undeveloped Property	$7,258 per Acre
C	Undeveloped Property	$6,911 per Acre

Source: Rate and Method of Apportionment.

The Special Tax shall be levied proportionately first on each assessor parcel of Developed Property up to 100% of the Assigned Special Tax. If additional revenue is needed, the Special Tax shall be levied proportionately next on each assessor parcel of Undeveloped Property up to 100% of the Maximum Special Tax. If additional revenue is needed, the Special Tax levied on each assessor parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax to the Maximum Special Tax for each parcel, then on each assessor parcel of Excess Multifamily Residential Property up to 100% of the Maximum Special Tax for Undeveloped Property, and lastly on each assessor parcel of Excess Public Property up to 100% of the Maximum Special Tax for Undeveloped Property.

The Maximum Special Taxes set forth above are calculated based on the expected land uses within the Improvement Area No. 1. All of the parcels within Improvement Area No. 1 are part of a recorded final map. Final maps have been reviewed to ensure they reflect the number of residential units and acreage that was anticipated. If there is a change in the formation land use plans or if a new tentative map, revised tentative map, or new final map ("Land Use/Entitlement Change") is proposed that reduces the total Maximum Special Taxes that can be generated, the Council, prior to approval of the Land Use/Entitlement Change, will complete proceedings under the Act to increase the Maximum Special Tax, on Assessor Parcels owned by the landowner requesting same, to an amount sufficient to maintain the total Maximum Special Tax revenues that could be generated within Improvement Area No. 1 of the District before the Land Use/Entitlement Change was approved or the landowner requesting the Land Use/Entitlement Change will prepay to the City an amount that corresponds to the lost Maximum Special Tax revenue, as provided in the Rate and Method. Any such prepayment shall be used by the City to call Bonds. See "APPENDIX A -- RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES" hereto for a complete description of the District's procedures for levying Special Taxes within Improvement Area No. 1.

TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST)
OF THE CITY OF MERCED
(IMPROVEMENT AREA NO. 1)
SPECIAL TAX LEVY SUMMARY FOR 2015-16

Type of Property	Units/ Acres	Maximum/ Assigned Special Tax	FY 2015-16 Actual Special Tax	FY 2015-16 Special Tax Levied	% of Special Tax Levied
TAX A ZONE					
Single Family Residential	35 units	$651 per unit	$651 per unit	$ 22,785.00	4.4%
Other Property	0	$5,220 per acre	$5,220 per acre	0.00	0.0
Undeveloped Property	21.23 AC	$9,362 per acre	$6,438 per acre	$136,702.76	26.7
Tax A Zone Subtotal	35 units/21.23 AC			**$159,487.76**	31.1%
TAX B ZONE					
Single Family Residential	70 units	$771 per unit	$771 per unit	$53,970.00	10.5%
Other Property	0	$5,220 per acre	$5,220 per acre	0.00	0.0
Undeveloped Property	21.91 AC	$7,258 per acre	$4,991 per acre	$109,355.58	21.4
Tax B Zone Subtotal	70 units/21.91 AC			**$163,325.58**	31.9%
TAX C ZONE					
Single Family Residential	99 units	$891 per unit	$891 per unit	$88,209.00	17.2%
Other Property	0	$5,220 per acre	$5,220 per acre	0.00	0.0
Undeveloped Property	21.16 AC	$6,911 per acre	$4,752 per acre	$100,552.42	19.7
Tax C Zone Subtotal	99 units/21.16 AC			**$188,761.42**	36.9%
	Total Fiscal Year 2015-16 Special Tax Levy:			**$511,574.76**	**100.00%**
			Single Family Residential Units:	**204**	
			Single Family Residential Levy:	**$164,964.00**	**32.25%**
			Undeveloped Property Acres:	**64.30**	
			Undeveloped Property Levy:	**$346,610.76**	**67.75%**

Source: Goodwin Consulting Group, Inc.

Estimated Debt Service Coverage

Special Taxes will be levied each year in an amount equal to the Annual Special Tax Levy determined in accordance with the Rate and Method. The Annual Special Tax Levy is calculated (taking into consideration anticipated delinquencies if and when the Teeter Plan is no longer applicable) to include an amount equal to the debt service on the Bonds in the ensuing Bond Year plus the amount required to maintain the Reserve Fund at the Reserve Requirement plus the amount needed to pay Administrative Expenses, less the amount of earnings on deposit in the Reserve Fund in excess of the Reserve Requirement and other available funds of the District. The Annual Special Tax Levy in Fiscal Year 2015-16 totaled $511,574.76 calculated at 100% of the Assigned Special Tax Rates for Developed Property and 69% of the Maximum Special Tax Rates for Undeveloped Property. $16,050 of this amount was budgeted to pay Administrative Expenses.

For Fiscal Year 2015-16, the Special Tax capacity based on Maximum (and Assigned without backup) Special Tax Rates for taxable property within Improvement Area No. 1 of the District was calculated to be $669,010.

Based on the land use classifications made under the Rate and Method for fiscal year 2015-16, if Special Taxes were levied on the Taxable Property at the Maximum (and Assigned without backup) Special Tax Rates, the Special Taxes available to pay debt service on the Bonds after the payment of Administrative Expenses in an amount equal to the Administrative Expenses Cap ($20,000 in each year) would be at least 110% of the debt service due in each Bond Year commencing after September 1, 2015. Notwithstanding the foregoing, the Act provides that under no circumstances will the Special Taxes levied against any parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) as a consequence of delinquency or default in payment of Special Taxes by any other parcel in Improvement Area No. 1 of the District.

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TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST)
OF THE CITY OF MERCED
(IMPROVEMENT AREA NO. 1)
ESTIMATED DEBT SERVICE COVERAGE

Bond Year Ending Sept. 1	Maximum/ Assigned Special Tax Revenues(1)	Estimated Annual Levy	Estimated Annual Administrative Expenses	Estimated Debt Service*	Estimated Unused Annual Levy*	Estimated Annual Levy Debt Service Coverage	Estimated Unused Max./ Assigned Special Tax*	Estimated Max. /Assign. Sp. Tax Debt Service Coverage
2016	$669,010.00	$515,525.00	$20,000.00	$495,525.00	--	100.00%	$153,485.00	130.97%
2017	669,010.00	515,525.00	20,000.00	459,137.50	$36,387.50	107.93	189,872.50	141.35
2018	669,010.00	515,525.00	20,000.00	459,637.50	35,887.50	107.81	189,372.50	141.20
2019	669,010.00	515,525.00	20,000.00	457,737.50	37,787.50	108.26	191,272.50	141.79
2020	669,010.00	515,525.00	20,000.00	460,687.50	34,837.50	107.56	188,322.50	140.88
2021	669,010.00	515,525.00	20,000.00	458,337.50	37,187.50	108.11	190,672.50	141.60
2022	669,010.00	515,525.00	20,000.00	458,337.50	37,187.50	108.11	190,672.50	141.60
2023	669,010.00	515,525.00	20,000.00	452,937.50	42,587.50	109.40	196,072.50	143.29
2024	669,010.00	515,525.00	20,000.00	459,325.00	36,200.00	107.88	189,685.00	141.30
2025	669,010.00	515,525.00	20,000.00	454,525.00	41,000.00	109.02	194,485.00	142.79
2026	669,010.00	515,525.00	20,000.00	454,550.00	40,975.00	109.01	194,460.00	142.78
2027	669,010.00	515,525.00	20,000.00	453,856.26	41,668.74	109.18	195,153.74	143.00
2028	669,010.00	515,525.00	20,000.00	452,418.76	43,106.24	109.53	196,591.24	143.45
2029	669,010.00	515,525.00	20,000.00	460,606.26	34,918.74	107.58	188,403.74	140.90
2030	669,010.00	515,525.00	20,000.00	457,625.00	37,900.00	108.28	191,385.00	141.82
2031	669,010.00	515,525.00	20,000.00	458,825.00	36,700.00	108.00	190,185.00	141.45
2032	669,010.00	515,525.00	20,000.00	459,425.00	36,100.00	107.86	189,585.00	141.27
2033	669,010.00	515,525.00	20,000.00	459,425.00	36,100.00	107.86	189,585.00	141.27
2034	669,010.00	515,525.00	20,000.00	458,337.50	37,187.50	108.11	190,672.50	141.60
2035	669,010.00	515,525.00	20,000.00	451,125.00	44,400.00	109.84	197,885.00	143.86
2036	669,010.00	515,525.00	20,000.00	453,487.50	42,037.50	109.27	195,522.50	143.12

(1) Amount represents maximum Special Tax levy on Developed and Undeveloped Property as allowed under the Rate and Method and subject to the limitation set forth in the Act, assuming no new Developed Property and no levy of the Backup Special Tax. Developed Property is currently being levied at 100% of the Assigned Special Tax and Undeveloped at 69% of the Maximum Special Tax for Fiscal Year 2015-16.
Note: Pursuant to Section 53321(d) of the Government Code, the special tax for public facilities and levied against any assessor's parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor's parcel within such community facilities district by more than ten percent above the amount that would been levied in that Fiscal Year had there never been any such delinquencies.
Source: Goodwin Consulting Group, Inc. and Underwriter.

* *Preliminary, subject to change.*

Valuation and Principal Taxpayers

As of the date of this Official Statement, approximately one-third of the Special Taxes were levied on Developed Property within Improvement Area No. 1 of the District consisting of 204 single-family residential parcels owned by individual homeowners, and approximately two-thirds of the Special Taxes were levied on Undeveloped Property within Improvement Area No. 1 consisting of 507 improved (or finished) single-family lots with no vertical construction, owned by Forebay Farms, LLC, and one approximate 8.33-acre commercial lot owned by Merced High School Quarterback Club. No other property owners within Improvement Area No. 1 of the District is responsible for more than 10% of the Special Tax levy in Fiscal Year 2015-16.

In April 2012, Forebay Farms, LLC ("Forebay"), a California limited liability company, purchased 507 lots from the original developer, Woodside Entities. The company has two principals, Deborah and Fred Fagundes from Chowchilla, California. Forebay has not actively marketed the property since taking ownership of the finished lots, nor have they pulled building permits. Forebay has no current plans to develop the property itself. The owner intends to market the property as-is to unaffiliated homebuilders.

More to follow.

Merced High School Quarterback Club, a non profit corporation formed to provide financial support for Merced High School football programs, took possession of the commercial lot on December 19, 2014 with a grant deed form Baxter Ranches, LLC. Prior to this transfer, Baxter Ranches, LLC purchased the property from BBC Merced Land, LLC on August 20, 2012. The lot is currently being marketed for sale with the proceeds of the land earmarked for a new football stadium on campus.

More to follow.

The January 1, 2015 assessed value of the parcels within Improvement Area No. 1 classified as Developed Property for purposes of levying Special Taxes for the Fiscal Year 2015-16 was $51,923,648. The January 1, 2015 assessed value of the parcels within Improvement Area No. 1 classified as Undeveloped Property for purposes of levying Special Taxes for the Fiscal Year 2015-16 was $5,339,927. The District commissioned an appraisal to determine the market value of the Undeveloped Property. See "Appraisal" below.

The value of the individual parcels is significant because, in the event of a delinquency in payment, the District's only remedy 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. The value-to-lien ratios shown herein are based on either assessed values or appraised market values or a combination of both. Prospective purchasers of the Bonds should not assume that the property within the District could be sold for the assessed or appraised values listed herein. See the caption "SPECIAL RISK FACTORS—Land Values." Assessed values do not necessarily represent market values.

Table 5 sets forth the breakdown of Developed and Undeveloped Property within Improvement Area No. 1 of the District, their share of the current Annual Special Tax Levy, and their applicable assessed value and/or appraised values. See "Appraisal" below.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST)
OF THE CITY OF MERCED
(IMPROVEMENT AREA NO. 1)
TAXPAYERS FOR 2015-16

Property Owner	Use	Parcels	FY 2015-16 Special Tax Levy	% of FY 2015-16 Levy	Total FY 2015-16 AV	12/9/15 Appraised Value
Developed Property						
Individual Homeowners	Single-Family	**204**	**$164,964**	**32.25%**	**$46,583,721**	**N/A**
Undeveloped Property						
Forebay Farms LLC	Residential Finished Lot	507	$292,984	57.27%	$ 3,164,927	$10,630,000
Merced High School Quarterback Club	Commercial Lot	1	53,627	10.48	2,175,000	1,725,000
Subtotal		**508**	**$346,611**	**67.75%**	**$ 5,339,927**	**$12,355,000**
Total		**712**	**$511,575**	**100.00%**	**$51,923,648**	

Source: Goodwin Consulting Group, Inc.

Appraisal

The information below is only a summary of certain information contained in the Appraisal. The Appraisal is reprinted herein as Appendix D. The information below is qualified in its entirety by the complete Appraisal. The District and the Underwriter make no representations as to the accuracy or completeness of the Appraisal.

The Bonds are secured by Special Taxes which may include amounts realized upon foreclosure sale of delinquent parcels. Therefore, should the Teeter Plan be discontinued or no longer applicable to Improvement Area No. 1, the ability of the District to meet debt service on the Bonds may depend on the ability of delinquent parcels to generate sufficient proceeds upon foreclosure sale to pay delinquent Special Taxes. The City commissioned Seevers Jordan Ziegenmeyer, Rocklin, California (the "Appraiser") to ascertain the "as is" market value of the fee simple estate for the undeveloped taxable property in Improvement Area No. 1 of the District consisting of 507 finished, single-family residential lots and one 8.33-acre commercial lot. The Appraiser estimated that, as of the December 9, 2015 date of value of the Appraisal, the "as is" market value of the fee simple estate, in bulk for the residential lots (subject to the lien of the Special Taxes) was $10,630,000, compared to the 2015-16 assessed value of $3,164,927. These residential lots were valued using the Direct Sales Comparison Approach. Also utilized was a Land Residual Analysis, or Discounted Cash Flow Analysis method, as a means to establish the residential lot value, in bulk, that is key in determining bulk sale value. The Appraiser also estimated that, as of the December 9, 2015 date of value of the Appraisal, the "as is" market value of the fee simple estate of the commercial lot (subject to the lien of the Special Taxes) was $1,725,000, compared to the 2015-16 assessed value of $2,175,000.

An updated Appraisal has not been requested by the City or the District or completed by the Appraiser since the original date of value. However, on the date of issuance of the Bonds, the Appraiser will certify that he is not aware of any event or act that occurred since the date of value of the Appraisal which, in the opinion of the Appraiser, would materially and adversely affect the conclusions in the Appraisal as to the market value of the appraised property.

The Appraisal's value estimates reflect certain assumptions set forth in the Appraisal. For a full description of the assumptions relied upon by the Appraiser, as well as a description of the valuation methodology, see APPENDIX D – "APPRAISAL REPORT".

The Appraisal was prepared in accordance with and subject to the requirements of The Appraisal Standards for Land Secured Financing as published by the California Debt and Investment Advisory Commission, the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. See APPENDIX D – "APPRAISAL REPORT".

Estimated Value-to-Lien Ratios*

As of January 1, 2015 the net assessed value of the property within Improvement Area No. 1 of the District subject to the levy of the Special Tax in Fiscal Year 2015-16 was just under $52 million, resulting in an estimated assessed value to lien ratio of 8 to 1 for the property subject to the Special Tax levy in Fiscal Year 2015-16 based on the principal amount of the Bonds, and an estimated assessed value to lien ratio of 6.9 to 1 based upon the principal amount of the Bonds and the direct and overlapping debt payable from other taxes and assessments levied on the property within Improvement Area No. 1 of the District. The combined value (assessed value for developed property and appraised value for undeveloped property) of just under $59 million, results in an estimated combined value to lien ratio of 9.1 to 1 based on the principal amount of the Bonds. See "- Assessed Valuation" and "- Appraisal" above.

As of January 1, 2015, the cumulative assessed value-to-lien ratio of the 204 developed parcels within Improvements Are No. 1 of the District is 22.3 to 1 based on 32.3% of the principal amount of the Bonds. Because a parcel's assessed value generally represents the lower of its acquisition cost and adjustments for inflation (but not more than 2% per year) or its current market value, it may not be indicative of the parcel's market value. As of December 9, 2015, the appraised value-to-lien ratio of the 507 undeveloped single-family residential parcels within Improvement Area No. 1 of the District is 2.88 to 1 based on 57.2% of the principal amount of the Bonds, and the appraised value-to-lien ratio of the undeveloped commercial lot is 2.55 to 1 based on 10.5% of the principal amount Bonds. No assurance can be given that such value-to-lien ratios will be maintained during the period of time that the Bonds are outstanding. The District does not have any control over future property values or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which is made through the levy of a tax or an assessment with a lien on a parity with the Special Taxes. See "SPECIAL RISK FACTORS—Assessed or Appraised Valuations; Value-to-Lien Ratios" and "—Parity Taxes and Special Assessments."

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* *Preliminary, subject to change.*

TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST) OF THE CITY OF MERCED (IMPROVEMENT AREA NO. 1) ESTIMATED VALUE-TO-LIEN RATIOS

DEVELOPED PROPERTY

Value-to-Lien Range :1	Estimated FY 15/16 Taxed Parcels	Assessed Value (1)	Estimated FY 15-16 Levy %	Estimated FY 15-16 Levy Amount	Bonds(2)	Average Estimated Value To Lien
<13	1	$ 103,103	0.1%	$ 651	$ 8,208	12.4 to 1
13.01 to 15	2	288,687	0.3	1,542	19,442	14.8 to 1
15.01 to 18	32	5,277,256	5.0	25,392	320,145	16.5 to 1
18.01 to 20	40	7,703,579	6.3	32,040	403,964	19.1 to 1
20.01 to 25	74	16,486,274	11.5	58,854	742,038	22.2 to 1
25.01 to 30	44	12,618,606	7.2	36,924	465,542	27.0 to 1
30.01 to 35	7	2,458,190	1.2	5,997	75,611	32.4 to 1
35.01 to 38	4	1,648,026	0.7	3,564	44,935	36.7 to 1
Total	204	$46,583,721	32.25%	$164,964	$2,080,125	22.4 to 1

(1) Represents the assessed value as shown on the unequalized Fiscal Year 2015-16 tax roll of the Merced County Assessor.
(2) Estimated par amount of the Bonds has been allocated to the taxed parcels in proportion to their respective Fiscal Year 2015-16 special tax obligation.

Source: Goodwin Consulting Group, Inc. and Merced County Assessor.

UNDEVELOPED PROPERTY

Owner	FY 15/16 Taxed Parcels	Appraised Value (1)	Estimated FY 15-16 Levy %	Estimated FY 15-16 Levy Amount	Bonds(2)	Estimated Value To Lien
Forebay Farms, LLC	507	$10,630,000	57.27%	$292,984	$3,693,915	2.88 to 1
Merced High School Quarterback Club	1	1,725,000	10.48	53,627	675,960	2.55 to 1
Total	508	$12,355,000	67.75%	$346,611	$4,369,875	2.83 to 1

(1) Represents the estimated appraised values from the Appraisal.
(2) Estimated par amount of the Bonds has been allocated to the taxed parcels in proportion to their respective Fiscal Year 2015-16 special tax obligation.

Source: Goodwin Consulting Group, Inc. and Appraisal

COMBINED PROPERTY

	FY 15/16 Taxed Parcels	Assessed or Appraised Value (1)	Estimated FY 15-16 Levy %	Estimated FY 15-16 Levy Amount	Bonds(2)	Estimated Value To Lien
Developed Property	204	$46,583,721	32.25%	$164,964	$2,080,125	22.4 to 1
Undeveloped Prop.	508	$12,355,000	67.75%	$346,611	$4,369,875	2.83 to 1
Total	712	$58,938,721	100.00%	$511,575	$6,450,000	9.14 to 1

(1) Represents the assessed value for Developed lots and estimated appraised values from the Appraisal for Undeveloped lots.
(2) Estimated par amount of the Bonds has been allocated to the taxed parcels in proportion to their respective Fiscal Year 2015-16 special tax obligation.

Source: Goodwin Consulting Group, Inc., Appraisal. and Merced County Assessor

Direct and Overlapping Debt

Within the boundaries of Improvement Area No. 1 of the District are numerous overlapping local agencies providing public services. Some of these local agencies have outstanding bonds which are secured by taxes and assessments on parcels within Improvement Area No. 1 of the District and others have authorized but have not yet issued bonds which, if issued, will be secured by taxes and assessments levied on parcels within Improvement Area No. 1 of the District.

The Developed Properties within Improvement Area No. 1 of the District are currently subject to special taxes levied annually for Community Facilities District No. 2003-2 (Services). The special tax for this Community Facilities District is $904.92 per developed residential unit for the District for the 2015-16 fiscal year. Undeveloped properties are not subject to this special tax This special tax contains an annual escalator.

The approximate amount of the direct and overlapping debt secured by such taxes and assessments on the parcels within Improvement Area No. 1 of the District for Fiscal Year 2015-16 is shown in Table 7 below.

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TABLE 7
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST)
OF THE CITY OF MERCED
(IMPROVEMENT AREA NO. 1)
DIRECT AND OVERLAPPING DEBT SUMMARY

2015-16 Local Secured Assessed Valuation: $51,923,648

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/1/15	
Merced Community College District School Facilities Improvement District No. 1	0.333%	$ 111,612	
Merced Union High School District	0.425	492,903	
Merced City School District	1.008	289,667	
City of Merced Community Facilities District No. 2005-1 (Bellevue Ranch West)	**100.**	**6,215,000**	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$7,109,182	
OVERLAPPING GENERAL FUND DEBT:			
Merced County Certificates of Participation	0.254%	$ 43,649	
Merced County Pension Obligation Bonds	0.254	22,427	
Merced City School District Certificates of Participation	1.008	45,362	
City of Merced Pension Obligation Bonds	1.116	62,826	
TOTAL OVERLAPPING GENERAL FUND DEBT		$174,264	
COMBINED TOTAL DEBT		$7,283,446	(2)

(1) Excludes Mello-Roos Act bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2015-16 Assessed Valuation:
Direct Debt ($6,215,000) 11.97%
Total Direct and Overlapping Tax and Assessment Debt.......... 13.69%
Combined Total Debt.......... 14.03%

Source: California Municipal Statistics, Inc.

In addition to the bonded indebtedness set forth in Table 7, any general obligation bonds currently authorized but not issued within Improvement Area No. 1 of the District will likely be issued and new general obligation bonds may be authorized at future elections. New community facilities districts or special assessment districts may be formed which include all or a portion of the District, resulting in the issuance of more bonds and the levy of additional special taxes or other taxes and assessments on parcels within Improvement Area No. 1 of the District. In addition to the Special Taxes, the property owners in Improvement Area No. 1 of the District will be required to pay the general *ad valorem* property taxes for their parcels. See "SPECIAL RISK FACTORS—Parity Taxes and Special Assessments" and "—Assessed or Appraised Valuations; Value-to-Lien Ratios."

Sample Effective Tax Rates

Table 8 below sets forth an example of a property tax bill for a typical single family residential unit in Improvement Area No. 1 of the District representing a sample of tax rates therein. The actual tax rate for any particular parcel may vary from the tax rates shown in Table 8. The tax rates and amounts presented herein are based on information for Fiscal Year 2015-16. The actual amounts charged may vary and may increase in future years.

TABLE 8
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST)
OF THE CITY OF MERCED
(IMPROVEMENT AREA NO. 1)
SAMPLE PROPERTY TAX BILLS
FOR FISCAL YEAR 2015-16

Assessed Valuations and Property Taxes		**Residential Land Use SF**
Land		$ 11,269
Improvements		217,216
Total Land & Improvements		228,485
Homeowner's Exemption		-
Net Taxable Value[1]		$228,485
	Rate	$228,485
1% on Net Value	1.0000	$2,284.85
Voter Approved Bonds:		
Merced City School District Bond	0.00557	$127.26
Merced Union High School District	0.00477	108.98
Merced College Mer Bonds	0.00114	26.04
Total Ad Valorem Property Taxes	0.01148	$262.28
Fixed Charge Assessments:		
City Merced CFD 2003-2		$ 904.92
Mosquito Abatement		8.00
City Merced CFD 2005-1		891.00
Total Assessments, Special Taxes and Parcel Charges		$1,803.92
Total Property Taxes		$4,351.04
Total Effective Tax Rate	2.01902%	

[1] Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption. Not all residences qualify for the exemption.

Source: Merced County Tax Collector, as compiled by California Municipal Statistics, Inc.

Delinquency History

Table 9 below summarizes the Special Tax delinquencies for property within the boundaries of the District. As of September 2, 2015, there were two parcels within Improvement Area No. 1 of the District delinquent in the payment of Special Taxes in the amount of $1,097 or (0.21% of the 2014-15 Special Tax levy); however, due to the participation of the District in the County's Teeter Plan, the District received 100% of the Special Tax levy. Although certain parcels have been delinquent in the payment of Special Taxes in the past, the District has never been required to proceed to a foreclosure sale for delinquent Special Taxes and has never received less that the annual Special Tax levy.

The County has adopted a Teeter Plan for the collection and payment of taxes pursuant to which it pays 100% of the amount levied to participating agencies without regard to the actual amount of collections. The District does participate in the County's Teeter Plan and, as a result, the District receives the Special Taxes levied. Penalties and interest received on the collection of delinquent Special Taxes are paid to the County but are not pledged under the Fiscal Agent Agreement to repay the Bonds. There is no assurance or guarantee that the County will continue the Teeter Plan or that the District will remain as a participant in the Teeter Plan during the time the Bonds remain outstanding.

TABLE 9
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST)
OF THE CITY OF MERCED
(IMPROVEMENT AREA NO. 1)
SPECIAL TAX DELINQUENCY HISTORY

	At the end of each Fiscal Year			As of September 2, 2015			
Fiscal Year	# of Parcels Delinquent	Amount Delinquent[1]	% Delinquent	# of Parcels Delinquent	Amount Delinquent [1]	% Delinquent	Special Tax Levied and Collected
2010-11	4	$2,313	0.35%	0	$0	0.00%	$669,010
2011-12	3	1,157	0.22	0	0	0.00	518,519
2012-13	1	891	0.17	0	0	0.00	514,787
2013-14	0	0	0.00	0	0	0.00	513,070
2014-15	2	1,097	0.21	2	1,097	0.21	511,335

(1) Delinquent amounts do not include penalties, interest or fees. The District is under the Teeter Plan and therefore, the District received 100% of the Special Tax levy at fiscal year end.
Source: Merced County Tax Collector's Office; Goodwin Consulting Group, Inc.

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Historical Assessed Valuation

Table 10 below sets forth the net assessed value and the annual change in net assessed value for taxable property within Improvement Area No. 1 of the District for Fiscal Years 2011-12 through 2015-16.

TABLE 10
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST)
OF THE CITY OF MERCED
(IMPROVEMENT AREA NO. 1)
HISTORICAL ASSESSED VALUE

	2011-12	2012-13	2013-14	2014-15	2015-16
AV of all Land	$ 7,852,934	$ 6,969,500	$ 7,170,927	$ 8,536,545	$12,403,304
AV of all Improvements	33,021,614	33,742,415	34,369,676	37,492,736	39,520,344
Total AV of all Parcels	$40,874,548	$40,711,915	$41,450,603	$46,029,281	$51,923,648
AV of Developed Property	$36,230,448	$36,575,843	$38,286,329	$42,760,401	$46,583,721
AV of Undev. Property	4,644,100	4,136,072	3,254,274	3,268,880	5,339,927
Total AV of all Parcels	40,874,548	$40,711,915	$41,540,603	$46,029,281	$51,923,648

(1) Assessed Values as of January of previous fiscal year from the Merced County Assessor's Roll.
Source: Goodwin Consulting Group, Inc.

Assessed values do not necessarily represent market values. Article XIIIA of the California Constitution (Proposition 13) defines "full cash value" to mean "the County assessor's valuation of real property as shown on the 1975-76 roll under 'full cash value', or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors. Because of the general limitation to 2% per year in increases in full cash value of properties which remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. There can be no assurance that the assessed valuations of the properties within Improvement Area No. 1 accurately reflect their respective market values, and the future fair market values of those properties may be lower than their current assessed valuations.

No assurance can be given that, should a delinquent parcel be foreclosed and sold for the amount of the delinquency, any bid will be received for such parcel, or if a bid is received that such bid will be sufficient to pay such delinquent Special Taxes. See" SPECIAL RISK FACTORS—Risks of Real Estate Secured Investments Generally," "—Risks Related to Current Market Conditions" and "—Assessed or Appraised Valuations; Value-to-Lien Ratios."

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant investment risks and, therefore, the Bonds may not be suitable investments for many investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in Improvement Area No. 1 of the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result *in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See "SPECIAL RISK FACTORS — Assessed or Appraised Valuations; Value-to-Lien Ratios" and "— Limited Secondary Market" below.*

Risks of Real Estate Secured Investments Generally

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

Other factors that could adversely affect property values in the District include, among others, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, and destruction of property caused by man-made disasters.

The current state of the world-wide capital markets has adversely affected the availability of mortgage loans to homeowners, including potential buyers of homes within the District. Any such unavailability could hinder the ability of the current homeowners to resell their homes, or the sale of newly completed homes in the future.

Limited Obligations

The District has no obligation to pay principal of or interest on the Bonds if Special Tax collections are delinquent or insufficient, other than from funds derived from the foreclosure and sale of parcels for Special Tax delinquencies. The City is not obligated to advance funds to pay debt service on the Bonds.

Insufficiency of Special Taxes

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel will be based primarily on whether such parcel is developed or not and, for Residential Property on which subdivision in which it is located, and for Non-Residential Property on the acreage of the Assessor's Parcel. See "APPENDIX A -- RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES" and "THE COMMUNITY FACILITIES DISTRICT - Rate and Method of Apportionment of Special Taxes." Accordingly, to the extent property is not developed, collection of the Special Taxes will be dependent on the willingness and ability of the owners of Undeveloped Property to pay such Special Taxes when due. See "SPECIAL RISK FACTORS -- Future Land Use Regulations and Growth Control Initiatives" and "-- Failure to Develop Properties" above for a discussion of the risks associated with undeveloped property.

Given limitations in the Act regarding increases in Special Taxes on residential parcels to address Special Tax delinquencies, the potential coverage to respond to delinquencies is approximately 110% of Annual Debt Service. Notwithstanding that the maximum Special Taxes that may be levied in the District exceeds debt service due on the Bonds, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation.

Furthermore, Administrative Expenses are paid by the District prior to the payment of debt service on the Bonds. Incurrence of higher than budgeted Administrative Expenses may have an adverse impact on the ability of the District to make debt service on the Bonds.

If for any reason property within the District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, another public agency or other organization determined to be exempt, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within the District. This could result in certain owners of property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Act provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within the District became exempt from the Special Tax because of public ownership, or otherwise, the Maximum Special Taxes which could be levied upon the remaining property within those areas 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 on the Bonds.

In certain circumstances, the District has covenanted to commence judicial foreclosure proceedings against property with delinquent Special Taxes. No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes.

Depletion of Reserve Fund

A Reserve Fund has been established and may be used to pay principal of and interest on the Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Taxes against property within the District. See "SOURCES OF PAYMENT FOR THE BONDS - Reserve Fund."

If funds within the Reserve Fund are depleted, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay Administrative Expenses and principal and interest on the Bonds under the Fiscal Agent Agreement. However, no replenishment from the proceeds of a Special Tax levy can occur so long as the proceeds that are collected from the levy of the Special Tax against property within the District at the maximum Special Tax rates (subject to the limitations of the Act), together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted and not be replenished by the levy of the Special Tax within the District.

Natural Disasters

The value of the parcels in the District in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the parcels in the District and the continued habitability and enjoyment of such private improvements. The District, like all California communities, may be subject to unpredictable seismic activity, fires due to the vegetation and topography, or flooding in the event of significant rainfall. The occurrence of seismic activity, fires or flooding in or around the District could result in substantial damage to properties in the District, which, in turn, could substantially reduce the value of such properties. As a result of the occurrence of such an event, 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 natural events, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Endangered and Threatened Species

On a regular basis, new species are proposed to be added to the State and federal protected species lists. Any action by the State or federal governments to protect species located on or adjacent to the property within the District could negatively affect the developers' ability to complete the development of the properties within the District as planned. This, in turn, could reduce the ability or willingness of the property owners to pay the Special Taxes when due and would likely reduce the value of the land and the potential revenues available at a foreclosure sale for delinquent Special Taxes.

Hazardous Substances

A serious risk in terms of the potential reduction in the value of a parcel within the District is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel within the District may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of the property 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, will be to reduce the marketability and value of such parcel by the costs of remedying the condition, because the prospective purchaser, upon becoming the owner, will become obligated to remedy the condition just as the seller is.

Although the District is not aware that the owner or operator of any of the taxable parcels in the District has such a current liability, it is possible that such liabilities do currently exist. Further, it is possible that liabilities may arise in the future resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that 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 that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the property values that would otherwise be realized upon a delinquency.

No information is available as to the existence of any hazardous substances within the District.

Assessed or Appraised Valuations; Value-to-Lien Ratios

The value of land within Improvement Area No. 1 of 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 Special Tax installments, the District's only remedy is to judicially foreclose on that property. Prospective purchasers of the Bonds should not assume that the property within Improvement Area No. 1 of the District could be sold for the assessed or appraised value described in this Official Statement at a foreclosure sale for delinquent Special Tax installments or for an amount adequate to pay delinquent Special Tax installments. Reductions in property values within Improvement Area No. 1 of the District due to a downturn in the economy or the real estate market, events such as earthquakes, droughts, or floods, stricter land use regulations, threatened or endangered species or other events may adversely impact the security underlying the Special Taxes.

The property values of undeveloped property set forth in the various tables herein are the property values determined by the Appraiser. The Appraisal was prepared for the purpose of estimating and confirming the minimum market value of such property as of December 9, 2015 in its as is condition on the basis of certain assumptions. Prospective purchasers of the Bonds should not assume, however, that such parcels could be sold for the appraised amount described herein at the present time or at a foreclosure sale for delinquent Special Taxes. See the Appraisal included as Appendix D hereto for a brief description of the analysis used and assumptions made by the Appraiser. The actual value of the property is subject to future events that might render invalid the assumptions relied upon by the Appraiser in determining the appraised value. The values for the developed property within Improvement Area No. 1 of the District were determined by the assessed values of such parcels as of January 1, 2015. Therefore, the estimated valuation of the developed parcels in the District set forth in this Official Statement are based on the County Assessor's values. The assessed value is not an indication of what a willing buyer might pay for a property. The assessed value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that the estimated value-to-lien ratios as set forth in " — Estimated Value-to-Lien Ratios" will be maintained over time. As discussed herein, many factors which are beyond the control of the District could adversely affect the property values within the District. The District does not have any control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which through the levy of a tax or an assessment is on a parity with the Special Taxes. A decrease in the assessed values in the District or an increase in the indebtedness secured by taxes and amounts with parity liens on property in the District, or both, could result in a lowering of the value-to-lien ratios of the property in the District. See " — Estimated Value-to-Lien Ratios" herein.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Repayment of the Bonds - Special Tax — Proceeds of Foreclosure Sales."

Concentration of Ownership

A single property owner within Improvement Area No. 1 of the District is responsible for over 50% of the annual special tax levy and the top two are responsible for approximately 68% of the annual special tax levy.

If these or any other property owner is unwilling or unable to pay the Special Tax when due, a potential shortfall in the Bond Fund could occur, which would result in the depletion of the Reserve Fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Taxes and, consequently, a delay or failure in payments of the principal of or interest on the Bonds. No property owner is obligated in any manner to continue to own or develop any of the land it presently owns within the District. The Special Taxes are not a personal obligation of any owner of the parcels, and the District can offer no assurance that any current owner or any future owner will be financially able to pay such Special Taxes or that it will choose to pay even if financially able to do so.

Land Development Costs

Approximately two-thirds of the lien of the Improvement Area No. 1 Special Tax is spread on Undeveloped parcels. The Undeveloped lots are in finished condition but have no vertical construction. The cost of additional improvements plus any further public and private in-tract, on-site and off-site improvements would likely increase the public and private debt secured by the Undeveloped land within Improvement Area No. 1 of the District. See APPENDIX D – "THE APPRAISAL REPORT" and "THE COMMUNITY FACILITIES DISTRICT - Direct and Overlapping Debt." This increased debt could reduce the ability or desire of the property owners to pay the annual Special Taxes levied against the property. See "THE COMMUNITY FACILITIES DISTRICT - The Special Taxes." In that event there could be a default in the payment of principal of, and interest on, the Bonds.

Failure to Develop Undeveloped Properties

Land development operations are subject to comprehensive Federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. While the undeveloped land in Improvement Area No. 1 is entitled as to discretionary City approvals by reason of its Development Agreement, and all other City land use approvals and zoning approvals have been obtained, there is always the possibility that such approvals, even though obtained, will be challenged or subject to subsequent referendum, or that the issuance of additional building permits will be delayed. Revocation of any such agency approval could adversely affect the development of the undeveloped land. See APPENDIX D – "THE APPRAISAL REPORT."

Under current California law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been properly issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on such permits.

The undeveloped land within Improvement Area No. 1 has been final mapped and contains finished lots with certain offsite infrastructure in place (streets, curbs, gutters, street lighting, etc.). However, development of certain portions of the land within the District may be contingent upon construction or acquisition of additional public improvements, as well as local public and private in-tract improvements. The cost of these additional public and private in tract and off site improvements could increase the private debt for which the land within the District provide security. This increased debt could reduce the willingness and/or ability of the property owners to pay the annual Special Taxes levied against their property.

Development of land is also subject to economic considerations such as the strength of the regional economy and the resulting demand for land and homes. Another economic downturn, similar to the recent national recession, for example, could adversely impact the demand for homes and land development operations generally throughout the area. There can be no assurance that the means and incentive to conduct land development operations within the District will occur or will not be adversely affected by future local, State and federal governmental policies relating to real estate development, or the income tax treatment of real property ownership.

The inability or failure to develop property due to adverse regulatory or economic conditions may reduce the value of undeveloped property. The undeveloped property also provides less security to the Bondowners should it be necessary for the District to foreclose on undeveloped property due to the nonpayment of the Special Taxes. Furthermore, an inability to develop the land within the District will likely slow the diversity of ownership of land within the District, making the Bondowners more dependent upon timely payment of the Special Tax levied on the undeveloped property. Because of the current concentration of ownership of the undeveloped property in the District, the timely payment of the Bonds depends upon the willingness and ability of the present owners of the undeveloped property to pay the Special Taxes levied on the undeveloped property when due. See "SPECIAL RISK FACTORS -- Concentration of Ownership" above.

Competition

The housing market in the City has other pending and proposed projects that may be competitive when the undeveloped land within the District is ready for development. This competition could impact the future value of the undeveloped property and the rate at which homes are sold and absorbed.

California Drought; State of Emergency Proclamation; Water Rates

On January 17, 2014, with California facing water shortfalls in the then-driest year in recorded state history, Governor Edmund G. Brown Jr. proclaimed a State of Emergency and directed state officials to take all necessary actions to prepare for these drought conditions. In the State of Emergency declaration, Governor Brown directed state officials to assist farmers and communities that are economically impacted by dry conditions and to ensure the State can respond if Californians face drinking water shortages. The Governor also directed state agencies to use less water and hire more firefighters and initiated a greatly expanded water conservation public awareness program. In addition, the proclamation gave state water officials more flexibility to manage supply throughout California under drought conditions.

The Governor's drought State of Emergency follows a series of actions the administration has taken to ensure that California is prepared for record dry conditions. In May 2013, Governor Brown issued an Executive Order to direct state water officials to expedite the review and processing of voluntary transfers of water and water rights. In December 2014, the Governor formed a Drought Task Force to review expected water allocations, California's preparedness for water scarcity and whether conditions merit a drought declaration.

On April 1, 2015, for the first time in state history, the Governor directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage by 25%. This savings amounts to approximately 1.5 million acre-feet of water over the following nine months. The State Water Resources Control Board has advised that agencies failing to meet their conservation standard can be issued cease and desist orders, and the State Water Resources Control Board is authorized to impose civil liability of $10,000 per day for violations of the orders.

California set a new "low water" mark on April 1, 2015, with its early-April snowpack measurement. The statewide electronic reading of the snowpack's water content stood at 5 percent of the April 1st average. April 1, 2015's content was only 1.4 inches, or 5%, of the 28-inch average. The lowest previous reading since 1950 was 25% of average, so water year 2015 is the driest winter in California's written record.

On November 13, 2015, the Governor issued an executive order directing the State Water Resources Control Board to extend the 25% reductions in water usage until October 31, 2016, if drought conditions persist into through January 2016. The State Water Resources Control Board is also directed to modify existing restrictions to address uses of potable and non-potable water, as well as incorporating insights gained from existing restrictions. The State Water Resources Control Board took public comment until December 2, 2015, and held a workshop on December 7, 2015 before the water reduction extension is finalized.

The implementation of mandatory water reductions is ongoing. The District cannot predict how long the drought conditions will last, what effect drought conditions may have on property values or the ability to develop property within Improvement Area No. 1 of the District or whether or to what extent water reduction requirements may affect the District.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano* upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The City expects any future water rates will comply with Proposition 218's procedural and substantive requirements to the extent applicable thereto. The City is unable to predict at this time how Proposition 218 will be interpreted by the future court rulings or what impact *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano* may have on the City's conservation efforts, property values or development within the District or other general effects on the District.

Parity Taxes and Special Assessments

While the Special Taxes are secured by the taxable parcels in the District, the security only extends to the value of such property that is not subject to priority and parity liens and similar claims.

Tables listing the outstanding governmental obligations affecting the District are set forth under "THE COMMUNITY FACILITIES DISTRICT - Direct and Overlapping Governmental Liens."

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels within the District, and may be secured by a lien on a parity with the lien of the Special Taxes securing the Bonds.

In general, the Special Taxes, and all other taxes, assessments and charges also collected on the tax roll, are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. If proceedings are brought to foreclose a delinquency, the Special Taxes will generally be on parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis.

The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See "SPECIAL RISK FACTORS — Bankruptcy and Foreclosure" below.

The District has no control over the ability of other entities and districts to issue indebtedness secured by special taxes, ad valorem taxes or assessments payable from all or a portion of the property within Improvement Area No. 1 of the District. In addition, the landowners within Improvement Area No. 1 of the District may, without the consent or knowledge of the City or the District, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within Improvement Area No. 1 of the District as described herein.

The properties within Improvement Area No. 1 of the District are currently subject to special taxes levied annually for Community Facilities District No. 2003-2 (Services). The special tax for this Community Facilities District is $904.92 per Developed residential unit for the District for the 2015-16 fiscal year. This special tax contains an annual escalator. See "SECURITY FOR THE BONDS - Direct and Overlapping Debt."

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 caused a Notice of Special Tax lien to be recorded in the Office of the Recorder for the County against each parcel. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within Improvement Area No. 1 of the District or lending of money thereon.

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

Special Tax Delinquencies

Special Taxes are the primary source for the repayment of the Bonds, and delinquencies could result in a draw on the Reserve Fund and, if the Reserve Fund were depleted, in a default in payment on the Bonds.

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, are customarily billed to the properties within the District on the ad valorem property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable and are subject to the same lien priority in the case of delinquency as are *ad valorem* property tax installments.

See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS— Repayment of the Bonds - Special Taxes — *Proceeds of Foreclosure Sales*," for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Fiscal Agent Agreement, in the event of delinquencies in the payment of Special Taxes. See "—Delinquency History" for a history of Special Tax delinquency rates in the District. See "SPECIAL RISK FACTORS — Bankruptcy and Foreclosure" below, for a discussion of the policy of the Federal Deposit Insurance Corporation 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.

Non-Cash Payments of Special Taxes

Under the Act, the City Council 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. In order to provide some protection against the potential adverse impact on cash flows which might be caused by the tender of Bonds in payment of Special Taxes, the Fiscal Agent Agreement includes a covenant pursuant to which the District will not sell a Bond to the owners of taxable parcels to satisfy Special Tax obligations by the tender of such Bond unless the District shall have first obtained a report of an Independent Financial Consultant certifying that doing so would not result in the District having insufficient funds to pay the principal of and interest on all Outstanding Bonds when due.

Payment of the Special Tax is not a Personal Obligation 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.

FDIC/Federal Government Interests in Properties

The ability of the District to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the FDIC, or other federal government entities such as Fannie Mae, Freddie Mac, the Drug Enforcement Agency, the Internal Revenue Service or other federal agency, has or obtains an interest.

In the case of FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the

District may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the event a parcel of taxable property or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in a parcel and the District wishes to foreclose on that parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. For a discussion of risks associated with taxable parcels within Improvement Area No. 1 of the District becoming owned by the federal government, federal government entities or federal government sponsored entities, see "— Insufficiency of Special Taxes."

The District's remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Bankruptcy and Foreclosure

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of Beneficial Owners of the Bonds. The payment of property owners' taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Repayment of the Bonds - Special Taxes — *Proceeds of Foreclosure*

Sales." In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

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

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

Moreover, the ability of the District to commence and prosecute enforcement proceedings may be limited by bankruptcy, insolvency and other laws generally affecting creditors' rights and by the laws of the State relating to judicial foreclosure.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the Bonds or the Fiscal Agent Agreement.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the District to comply with certain provisions of the Internal Revenue Code of 1986, as amended, or a change in legislation. Legislative changes have been proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Bonds. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the redemption provisions of the Fiscal Agent Agreement.

Limitations on Remedies

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

Bond Counsel has limited its opinion as to the enforceability of the Bonds and the Fiscal Agent Agreement 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. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Beneficial Owners of the Bonds.

No Ratings and Limited Secondary Market

The District has not applied to have the Bonds rated by any nationally recognized bond rating company and it does not expect to do so in the future.

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold at all or 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 Beneficial Owners on a timely basis. See "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.

Validity of Landowner Elections

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 Court of Appeal considered whether Propositions 13 and 218, which amended the California Constitution to require voter approval of taxes, require registered voters to approve a tax or whether a city could limit the qualified voters to just the landowners and lessees paying the tax. The case involved a Convention Center Facilities District (the "CCFD") established by the City of San Diego. The CCFD is a financing district established under San Diego's charter and was intended to function much like a community facilities district established under the provisions of the Act. The CCFD is comprised of 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 San Diego 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 an election limited to landowners 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 Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. In addition, Section 53326(b) of the Act provides that if there are less than 12 registered voters in the district, the landowners shall vote.

The Court held that the CCFD special tax election did not comply with applicable requirements of Proposition 13, which added Article XIII A to the California Constitution (which states "Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district") and Proposition 218, which added Article XIII C and XIIID to the California Constitution (which provides "No local government may impose, extend or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote"), or with applicable provisions of San Diego's Charter, because the electors in such an election were not the registered voters residing within such district.

San Diego argued that the State Constitution does not expressly define the qualified voters for a tax; however, the Legislature defined qualified voters to include landowners in the Act. The Court of Appeal rejected San Diego's argument, reasoning that the text and history of Propositions 13 and 218 clearly show California voters intended to limit the taxing powers of local government. The Court was unwilling to defer to the Act as legal authority to provide local governments more flexibility in complying with the State's constitutional requirement to obtain voter approval for taxes. The Court held that the tax was invalid because the registered voters of San Diego did not approve it. However, the Court expressly stated that it was not addressing the validity of landowners voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. In the case of the CCFD, at the time of the election there were several hundred thousand registered voters within the CCFD (i.e., all of the registered voters in the city of San Diego). In the case of the District, there were fewer than 12 registered voters within Improvement Area No. 1 of the District at the time of the election to authorize the District special tax.

Moreover, Section 53341 of Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax ... shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act or the levy of special taxes authorized pursuant to the 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 pursuant to the requirements of the Act on November 21, 2005. In the opinion of Bond Counsel, under the provisions of Section 53341 and Section 53359 of the Act, the statute of limitations period to challenge the validity of the special tax has expired.

Ballot Initiatives

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the City and the District. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the Bonds.

Proposition 218-Voter Approval for Local Government Taxes-Limitation on Fees, Assessments, and Charges-Initiative Constitutional Amendment, added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes ("special taxes") require a two-thirds vote.

The Special Taxes and the Bonds were each authorized by not less than a two-thirds vote of the landowners within the District who constituted the qualified electors at the time of such voted authorization. The District believes, therefore, that issuance of the Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on the District can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations. See "SPECIAL RISK FACTORS — Risks of Real Estate Secured Investments Generally" herein.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement (the "Disclosure Agreement"), the District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website, or other repository authorized under Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission, certain annual financial information and operating data concerning Improvement Area No. 1 of the District and provide notices of certain enumerated events. The Annual Report to be filed by the District is to be filed not later than January 31 of each year, beginning January 31, 2017, and is to include audited financial statements of the City. The requirement that the City file its audited financial statements as a part of the Annual Report has been included in the Disclosure Agreement solely to satisfy the provisions of Rule 15c2-12. The inclusion of this information does not mean that the Bonds are secured by any funds or property of the City. The Bonds are not general or special obligations of the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS — Limited Obligations." Forebay Farms LLC and Merced High School Quarterback Club have covenanted for the benefit of owners of the Bonds to provide certain financial and project information relating to the District, not later than three months and nine months after the close of their fiscal years, which currently ends December 31 of each year, and to provide notices of the occurrences of certain enumerated events. These reports are collectively referred to herein as the "Annual Reports." The Annual Reports will be filed with EMMA. The full text of the Disclosure Agreements are set forth in APPENDIX E — "FORM OF CONTINUING DISCLOSURE AGREEMENTS."

Notwithstanding any provision of the Fiscal Agent Agreement, noncompliance with the Disclosure Agreement by the District will not be considered an event of default under the Fiscal Agent Agreement. However, any holder of the Bonds may take such action as is necessary and appropriate, including seeking mandate or a judgment for specific performance, to cause the District to comply with its obligations with respect to the Disclosure Agreement.

During the last five years, [more to follow]

TAX MATTERS

Tax Exemption

The Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to maintain the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the covenants mentioned herein, interest on the Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. It is the further opinion of Bond Counsel that under existing law, the Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and for that reason that interest on the Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on Bonds owned by a corporation may affect the computation of the alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

Pursuant to the Fiscal Agent Agreement and in the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986*, to be delivered by the District in connection with the issuance of the Bonds, the District will make representations relevant to the determination of, and will make certain covenants regarding or affecting, the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching its opinions described in the immediately preceding paragraph, Bond Counsel will assume the accuracy of such representations and the present and future compliance by the District with its covenants.

Except as stated in this section above, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequence with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Bond Counsel has not undertaken to advise in the future whether any event after the date of issuance of the Bonds may affect the tax status of interest on the Bonds or the tax consequences of the ownership of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the Service is likely to treat the District as the "taxpayer", and the owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interest from the owners. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to bondholders of the exemption of interest on the Bonds from personal income taxation by the State of California or of the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future change in tax law.

A copy of the form of opinion of Bond Counsel relating to the Bonds is included in APPENDIX F.

Tax Accounting Treatment of Bond Premium and Original Issue Discount on Bonds

To the extent that a purchaser of a Bond acquires that Bond at a price in excess of its "stated redemption price at maturity" (within the meaning of section 1273(a)(2) of the Code), such excess will constitute "bond premium" under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations); the amount of premium so amortized will reduce the owner's basis in such obligation for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its Bond is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the Bond to the owner.

The excess, if any, of the stated redemption price at maturity of Bonds of a maturity over the initial offering price to the public of the Bonds of that maturity is "original issue discount." Original issue discount accruing on a Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes and is exempt from California personal income tax to the same extent as would be stated interest on that Bond. Original issue discount on any Bond purchased at such initial offering price and pursuant to such initial offering will accrue on a semiannual basis over the term of the Bond on the basis of a constant yield method and, within each semiannual period, will accrue on a ratable daily basis. The amount of original issue discount on such a Bond accruing during each period is added to the adjusted basis of such Bond to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers of Bonds who purchase such Bonds other than at the initial offering price and pursuant to the initial offering.

Persons considering the purchase of Bonds with original issue discount or initial bond premium should consult with their own tax advisors with respect to the determination of original issue discount or amortizable bond premium on such Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Bonds. Bond Counsel will express no opinion regarding such determination or such tax consequences. Bond Counsel will express no opinion regarding such determination or such tax consequences.

Other Federal Income Tax Consequences

Although interest on the Bonds may be exempt from California personal income tax and excluded from the gross income of the owners thereof for federal income tax purposes, an owner's federal, state or local tax liability may be otherwise affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend, *inter alia*, upon the owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds, (iii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel will express no opinion regarding any such other tax consequence.

LEGAL MATTERS

Litigation

The District will furnish a certificate dated the date of delivery of the Bonds to the effect that there is no litigation pending or, to the knowledge of the duly authorized officer of the District executing the certificate, threatened, seeking to restrain or enjoin the execution, sale or delivery of the Bonds, in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, or the execution and delivery of the Fiscal Agent Agreement or the Continuing Disclosure Agreement, or in any way contesting the existence or powers of the District.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, a member of Norton Rose Fulbright, Los Angeles, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX F hereto and will accompany the Bonds. Certain legal matters will be passed upon for the District by the City Attorney, and for the District by Norton Rose Fulbright US LLP, as Disclosure Counsel. Norton Rose Fulbright US LLP expresses no opinion as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to advise the Beneficial Owners of the Bonds as to matters related to this Official Statement.

No Rating

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

Underwriting

The Bonds are being purchased by Brandis Tallman LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $________(being $6,450,000* aggregate principal amount thereof, less Underwriter's discount of $__________ plus/less a net original issue premium/discount of $______). The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

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

Financial Interests

The fees being paid to the Underwriter, Underwriter's Counsel, Bond Counsel, the Municipal Advisor, [the Special Tax Consultant] and the Fiscal Agent are contingent upon the issuance and delivery of the Bonds.

Pending Legislation

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

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* *Preliminary, subject to change.*

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions. A copy of the Fiscal Agent Agreement may be obtained after delivery of the Bonds from the City of Merced, 678 West 18th Street, Merced, California 95340.

The execution and delivery of this Official Statement has been authorized by the City Council of the City, acting in its capacity as the legislative body of the District.

COMMUNITY FACILITIES DISTRICT NO. 2005-1
(Bellevue Ranch West) of the City of Merced

By: ______________________________
City Manager of the City of Merced

APPROVED AS TO FORM:

1/13/16

KENNETH ROZELL
Senior Deputy City Attorney

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

EXHIBIT A-1

IMPROVEMENT AREA 1 OF THE
CITY OF MERCED
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(BELLEVUE RANCH WEST)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in Improvement Area 1 of the City of Merced Community Facilities District No. 2005-1 (Bellevue Ranch West) [herein "CFD No. 2005-1"] shall be levied and collected according to the tax liability determined by the City Council, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2005-1, unless exempted by law or by the provisions of Section F below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. <u>DEFINITIONS</u>

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map or other parcel map recorded with the County.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of Improvement Area 1 of the CFD including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the CFD or the City, or designee thereof, or both); the costs of collecting the Special Taxes (whether by the County, the CFD or the City, or otherwise); the costs of remitting the Special Taxes to the trustee; the costs of the trustee (including legal counsel) in the discharge of the duties required of it under the indenture; the costs to the City, the CFD, or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, the CFD, or any designee thereof of providing continuing disclosure; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, the CFD, or any designee thereof related to any appeal of the levy or application of the Special Tax; the costs associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD for any other administrative purposes of Improvement Area 1 of the CFD, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Administrator" means the person or firm designated by the CFD or the City to administer the Special Taxes according to this Rate and Method of Apportionment of Special Tax.

"Assessor's Parcel" or **"Parcel"** means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

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

"Assigned Special Tax" means the Special Tax identified for each type of property in Section C.1 below.

"Authorized Facilities" means those facilities that are authorized to be funded by Improvement Area 1.

"Backup Special Tax" means the Special Tax identified for each type of property in Section C.2 below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by the CFD or the City for Improvement Area 1 under the Act.

"Buildable Lot" means an individual lot within a Final Map for which a building permit may be issued without further subdivision of such lot.

"Capitalized Interest" means funds in a capitalized interest account available to pay interest on Bonds issued for Improvement Area 1.

"CFD" or **"CFD No. 2005-1"** means the City of Merced Community Facilities District No. 2005-1 (Bellevue Ranch West).

"City" means the City of Merced.

"City Council" means the City Council of the City of Merced, acting as the legislative body of CFD No. 2005-1.

"County" means the County of Merced.

"Designated Buildable Lot" means a Buildable Lot for which a building permit has not been issued by the City.

"Developed Property" means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction was issued on or prior to May 1 of the preceding Fiscal Year.

"Excess Multifamily Residential Property" means the acres of Multifamily Residential Property that exceed the acreage exempted in Section F below. In any Fiscal Year in which a

Special Tax must be levied on Excess Multifamily Residential Property pursuant to Step 4 in Section D below, Excess Multifamily Residential Property shall be those Assessor's Parcel(s) that most recently became Multifamily Residential Property based on the dates on which final maps recorded creating such Multifamily Residential Property.

"Excess Public Property" means the acres of Public Property that exceed the acreage exempted in Section F below. In any Fiscal Year in which a Special Tax must be levied on Excess Public Property pursuant to Step 5 in Section D below, Excess Public Property shall be those Assessor's Parcel(s) that most recently became Public Property based on the dates on which final maps recorded creating such Public Property.

"Expected Residential Lot Count" means, for Improvement Area 1, 227 Buildable Lots of Single Family Residential Property in Tax Zone A, 245 Buildable Lots of Single Family Residential Property in Tax Zone B, and 239 Buildable Lots of Single Family Residential Property in Tax Zone C or, as determined by the Administrator, the number of Buildable Lots of Single Family Residential Property based on the most recently recorded Final Map or modified Final Map for each Tax Zone within Improvement Area 1.

"Final Map" means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates Buildable Lots.

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

"Improvement Area 1" means Improvement Area 1 of the City of Merced Community Facilities District No. 2005-1 (Bellevue Ranch West).

"**Maximum Special Tax"** means the greatest amount of Special Tax that can be levied on an Assessor's Parcel in any Fiscal Year determined in accordance with Section C below.

"Multifamily Residential Property" means, in any Fiscal Year, all Parcels of Developed Property that consist of a building or buildings comprised of attached Residential Units available for rent by the general public, not for sale to an end user, and under common management.

"Other Property" means, in any Fiscal Year, all Parcels of Developed Property within the boundaries of Improvement Area 1 that are not Single Family Residential Property or Multifamily Residential Property.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax to the Maximum Special Tax is equal for all Assessor's Parcels of Undeveloped Property.

"Public Property" means any Assessor's Parcels in Improvement Area 1 owned by, irrevocably offered or dedicated to, or for which an easement for purposes of right-of-way or other public use has been granted to the United States of America, the State of California, the County, the City, or other local governments or public agencies.

"Residential Unit" means an individual single-family detached, half-plex, duplex, triplex, fourplex, townhome, condominium, or apartment unit.

"Single Family Residential Property" means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of one or more Residential Units that are offered as for-sale units.

"Special Tax" means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

"Special Tax Requirement" means, in the following order of priority, the amount necessary in any Fiscal Year to: (i) pay all Administrative Expenses except those associated with City staff time; (ii) pay principal and interest on Bonds which is due in the calendar year that begins in such Fiscal Year; (iii) create and/or replenish reserve funds for the Bonds; (iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year or, based on existing delinquencies in the payment of Special Taxes within Improvement Area 1, are expected to occur in the Fiscal Year in which the tax will be collected; (v) pay Administrative Expenses associated with City staff time; and (vi) pay the costs of Authorized Facilities except that any such amount shall not result in a Special Tax being levied on Undeveloped Property pursuant to Step 2 in Section D below. The amounts referred to in clauses (ii) and (iii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to a Bond indenture, Bond resolution, or other legal document that sets forth these terms; (ii) proceeds from the collection of penalties associated with delinquent Special Taxes within Improvement Area 1; and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of Improvement Area 1 which are not exempt from the Special Tax pursuant to law or Section F below.

"Tax Zone" means a mutually exclusive geographic area, within which particular Special Tax rates may be levied pursuant to this Rate and Method of Apportionment of Special Tax. Attachment 1 identifies the three Tax Zones in CFD No. 2005-1.

"Tax Zone A" means the geographic area that is identified as Village 2 and Village 3 of Bellevue Ranch West and is designated in Attachment 1 of this Rate and Method of Apportionment of Special Tax as Tax Zone A.

"Tax Zone B" means the geographic area that is identified as Village 4 and Village 5 of Bellevue Ranch West and is designated in Attachment 1 of this Rate and Method of Apportionment of Special Tax as Tax Zone B.

"Tax Zone C" means the geographic area that is identified as Village 1 and Village 10 of Bellevue Ranch West and is designated in Attachment 1 of this Rate and Method of Apportionment of Special Tax as Tax Zone C.

"Undeveloped Property" means, in any Fiscal Year, all Parcels of Taxable Property within Improvement Area 1 that are not Developed Property.

B. DATA FOR ANNUAL ADMINISTRATION OF SPECIAL TAXES

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor's Parcel numbers for Taxable Property within Improvement Area 1. The Administrator shall then (i) identify the Tax Zone within which each Parcel of Taxable Property is located, (ii) categorize each Parcel of Taxable Property as Developed Property or Undeveloped Property, (iii) categorize Developed Property as Single Family Residential Property or Other Property, and (iv) determine the Special Tax Requirement.

In any Fiscal Year, if it is determined that (i) a parcel map for a portion of property in Improvement Area 1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels meets the definition of Developed Property, the Administrator shall calculate the Special Tax for the property affected by recordation of the parcel map by determining the Special Tax that applies separately to each newly-created Parcel, then applying the sum of the individual Special Taxes to the master Assessor's Parcel that was subdivided by recordation of the Parcel Map.

C. MAXIMUM SPECIAL TAXES

The Maximum Special Tax for each Parcel of Developed Property in Improvement Area 1 shall be the greater of (i) the Assigned Special Tax identified in Section C.1 below or (ii) the Backup Special Tax determined pursuant to Section C.2 below.

1. Assigned Special Tax for Developed Property

The following Assigned Special Tax rates shall apply to all Parcels of Developed Property within Improvement Area 1 for each Fiscal Year in which the Special Taxes are collected:

TABLE 1 **Developed Property** **Assigned Special Taxes**		
Tax Zone	**Type of Property**	**Assigned Special Tax**
A	Single Family Residential Property	$651 per Residential Unit
B	Single Family Residential Property	$771 per Residential Unit
C	Single Family Residential Property	$891 per Residential Unit
N/A	Other Property	$5,220 per Acre

2. *Backup Special Tax for Developed Property*

The following Backup Special Tax rates shall apply to all Parcels of Developed Property within Improvement Area 1 for each Fiscal Year in which the Special Taxes are collected:

TABLE 2 **Developed Property** **Backup Special Taxes**		
Tax Zone	**Type of Property**	**Assigned Special Tax**
A	Single Family Residential Property Other Property	$648 per Residential Unit $9,362 per Acre
B	Single Family Residential Property Other Property	$907 per Residential Unit $7,258 per Acre
C	Single Family Residential Property Other Property	$1,048 per Residential Unit $6,911 per Acre

However, if the Expected Residential Lot Count does not equal 227 for Tax Zone A, 245 for Tax Zone B, or 239 for Tax Zone C, and the City has not issued Bonds, then the Backup Special Tax for Designated Buildable Lots of Single Family Residential Property shall be calculated according to the following formula:

Backup Special Tax = ($9,362 for Tax Zone A, $7,258 for Tax Zone B, or $6,911 for Tax Zone C
× Acreage of Designated Buildable Lots of Single Family Residential Property within the applicable Tax Zone
÷ number of Designated Buildable Lots of Single Family Residential Property within the applicable Tax Zone)

If the Expected Residential Lot Count does not equal 711, and the City has issued Bonds, then the following steps shall be applied:

Step 1: The Administrator shall calculate the Maximum Special Tax revenue projected to be available when Bonds were issued;

Step 2: The Administrator shall calculate the Maximum Special Tax revenue that could be collected from property in Improvement Area 1 if a change in the Expected Residential Lot Count is approved;

Step 3: If the amount determined in Step 2 is more than that calculated in Step 1, the change in the Expected Residential Lot Count may be approved without further action. If the revenue calculated in Step 2 is less than that calculated in Step 1, one of the following must occur:

(a) The change in the Expected Residential Lot Count is not submitted for approval or, if submitted, is not approved by the City;

(b) The Council, prior to approval of the change in the Expected Residential Lot Count, completes proceedings under the Act to increase the Maximum Special Tax, on Assessor's Parcels owned by the landowners requesting same, to an amount sufficient to maintain the total Maximum Special Tax revenue that could be generated within Improvement Area 1 before the change in the Expected Residential Lot Count was approved; or

(c) Before approval of the change in the Expected Residential Lot Count, the landowner requesting the change prepays to the City an amount that corresponds to the lost Maximum Special Tax revenue, as determined by applying the steps set forth in Section G below to prepay the Special Tax. Any such prepayment shall be used by the City to call Bonds.

The Backup Special Tax for a Parcel shall not change once a Parcel is classified as Developed Property.

3. Undeveloped Property

The Maximum Special Tax for Parcels of Undeveloped Property is $9,362 per Acre for Tax Zone A, $7,258 per Acre for Tax Zone B, and $6,911 per Acre for Tax Zone C.

D. METHOD OF LEVY OF THE SPECIAL TAX

Commencing with Fiscal Year 2006-07 and for each following Fiscal Year, the Administrator shall determine the Special Tax Requirement to be collected in that Fiscal Year. The Special Tax shall then be levied according to the following steps:

Step 1: The Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Assigned Special Tax for such Fiscal Year determined pursuant to Section C.1 until the amount levied on Developed Property is equal to the Special Tax Requirement prior to applying any Capitalized Interest that is available in the CFD accounts;

Step 2: If additional revenue is needed to satisfy the Special Tax Requirement after Step 1 and after applying Capitalized Interest to reduce the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for such Undeveloped Property determined pursuant to Section C.3;

Step 3: If additional revenue is needed to satisfy the Special Tax Requirement after applying the first two steps, the Special Tax levied on each Parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax to the Maximum Special Tax for each Parcel;

Step 4: If additional revenue is needed to satisfy the Special Tax Requirement after applying the first three steps, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Excess Multifamily Residential Property, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year;

Step 5: If additional revenue is needed to satisfy the Special Tax Requirement after applying the first four steps, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Excess Public Property, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year.

E. MANNER OF COLLECTION OF THE SPECIAL TAXES

The Special Taxes for CFD No. 2005-1 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section G below and provided further that the City may directly bill the Special Taxes, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on Bonds have been repaid and Authorized Facilities have been completed. However, in no event shall Special Taxes be levied after Fiscal Year 2041-42. Under no circumstances may the Special Tax on one Parcel be increased by more than ten percent (10%) as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels.

F. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Special Tax shall be levied on up to 22.49 Acres of Public Property and Multifamily Residential Property combined within Tax Zone A, 70.27 Acres of Public Property and Multifamily Residential Property combined within Tax Zone B, and 29.03 Acres of Public Property and Multifamily Residential Property combined within Tax Zone C of Improvement Area 1. A Special Tax may be levied on Excess Multifamily Residential Property pursuant to Step 4 of Section D and on Excess Public Property pursuant to Step 5 of Section D; however, a public agency may require that the Special Tax obligation on land conveyed to it that would be classified as Excess Public Property be prepaid pursuant to Section G below. No Special Tax shall be levied in any Fiscal Year on Parcels that have fully prepaid the Special Tax obligation pursuant to the formula set forth in Section G.

G. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section G:

"Construction Fund" means an account specifically identified in the Indenture to hold funds which are available to acquire or construct Authorized Facilities.

"Future Facilities Cost" means the Public Facilities Requirement (as defined below) minus public facility costs funded by Previously Issued Bonds (as defined below), interest earnings on the construction fund actually earned prior to the date of prepayment, Special Taxes, developer equity, and/or any other source of funding.

"Indenture" means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Outstanding Bonds" means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor's Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding, that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of **"Outstanding Bonds"** for purposes of the prepayment formula.

"Previously Issued Bonds" means all Bonds that have been issued for Improvement Area 1 prior to the date of prepayment.

"Public Facilities Requirement" means either $5,790,000 in 2005 dollars, which shall increase on January 1, 2006, and on each January 1 thereafter, by the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the *Engineering New Record* or other comparable source if the *Engineering News Record* is discontinued or otherwise not available, or such other number as shall be determined by the Administrator to be an appropriate estimate of the net construction proceeds that will be generated from all Bonds that have been or are expected to be issued on behalf of Improvement Area 1.

1. Full Prepayment of Special Tax Obligation

The Special Tax obligation applicable to an Assessor's Parcel in Improvement Area 1 may be prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Assessor's Parcel. Prepayment must be made not less than 75 days prior to any interest payment date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount	
plus:	Future Facilities Amount
plus:	Redemption Premium
plus:	Defeasance Requirement
plus:	Administrative Fees and Expenses
minus:	Reserve Fund Credit
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

Step 1. Determine the greater of (i) the total Maximum Special Tax that could be collected from the Assessor's Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City, or (ii) the Maximum Special Tax that could be collected from the Parcel at buildout based on anticipated land uses at the time the prepayment is calculated.

Step 2. Divide the Maximum Special Tax computed pursuant to Step 1 for such Assessor's Parcel by the lesser of (i) the Maximum Special Tax revenues that could be collected in that Fiscal Year from property in Improvement Area 1, or (ii) the Maximum Special Tax revenues that could be generated at buildout of property in Improvement Area 1 based on anticipated land uses at the time the prepayment is calculated.

Step 3. Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "***Bond Redemption Amount***").

Step 4. Compute the current Future Facilities Costs.

Step 5. Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Future Facilities Costs to be prepaid (the "***Future Facilities Amount***").

Step 6. Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the ***"Redemption Premium").***

Step 7. Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment has been received until the earliest redemption date for the Outstanding Bonds

Step 8. Compute the amount of interest the City reasonably expects to derive from the reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.

Step 9. Take the amount computed pursuant to Step 7 and subtract the amount computed pursuant to Step 8 (the "***Defeasance Requirement***").

Step 10. Determine the costs of computing the prepayment amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the ***"Administrative Fees and Expenses"***).

Step 11. If and to the extent so provided in the indenture pursuant to which the Outstanding Bonds to be redeemed were issued, a reserve fund credit shall be calculated as a reduction, if any, in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "***Reserve Fund Credit***").

Step 12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the "***Prepayment Amount***").

Step 13. The amounts computed pursuant to Steps 3, 6, and 9, less the amount computed pursuant to Step 11, shall be deposited in the appropriate fund established under the Indenture and used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Step 5 shall be deposited in the Construction Fund, and the amount determined in Step 10 shall be deposited in the fund established to pay Administrative Expenses.

With respect to any Parcel that prepays its Special Tax obligation, the Administrator shall cause a notice to be recorded in compliance with the Act to release the Special Tax lien on such Parcel, and the obligation of such Parcel to pay the Special Tax shall cease.

2. Partial Prepayment of Special Tax Obligation

A partial prepayment of the Special Tax obligation shall be allowed after a Final Map has been recorded for a portion of property within Improvement Area 1 but prior to any Parcel within Improvement Area 1 becoming Developed Property. If a partial prepayment is made, it must apply to all Parcels within Improvement Area 1. The property owner requesting to make a partial prepayment shall provide the City with written notice of his/her intent to partially prepay the Special Tax obligation and shall identify the percentage of such obligation that is intended to be prepaid. Within 30 days of receipt of such written notice, the City shall notify such owner of the partial prepayment amount, which must be received not less than 75 days prior to any interest payment date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

To calculate the sum of the partial prepayment amounts for all Parcels in Improvement Area 1, the Administrator shall apply Steps 3 through 13 from Section G.1 above, using the percentage of the Special Tax obligation that is intended to be prepaid as the quotient for purposes of Step 3 and Step 5. Once the sum of the partial prepayments for all Parcels in Improvement Area 1 has been received by the City, all of the Assigned Special Taxes and Backup Special Taxes in Section C shall be reduced by the same percentage by which the Special Tax obligation was reduced. The Administrator shall record an amended Notice of Special Tax lien against all Parcels within Improvement Area 1 identifying the reduced Maximum Special Tax rates that resulted from the partial prepayment.

H. INTERPRETATION OF SPECIAL TAX FORMULA

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this RMA.

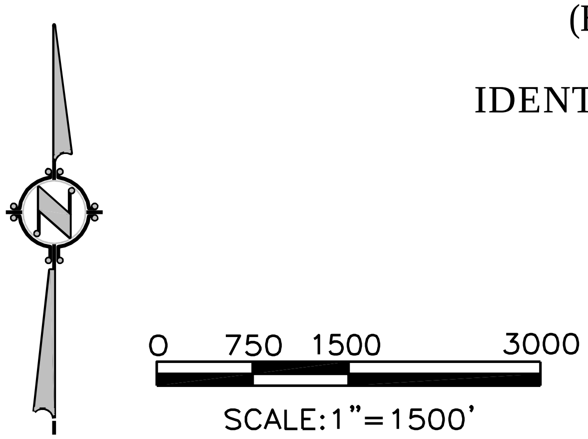
I. APPEALS

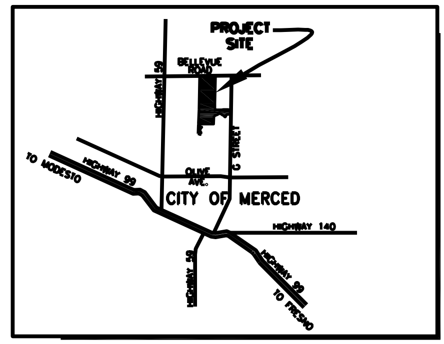
Appeals of any claim of incorrect computation of Special Tax or application of this Rate and Method may be made by the owner of an Assessor's Parcel or such owner's duly-authorized representative by filing a written notice of appeal with the Administrator not later than thirty (30) days after having paid the disputed Special Tax. The Administrator shall promptly review the appeal and, if necessary, meet with the property owner (or representative), consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the property owner disagrees with the Administrator's decision, the owner may then file a written appeal with the City Council, whose decision shall be final. If the decision of the Administrator or the City Council requires the Special Tax to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Tax levies, but an adjustment shall be made to the next Special Tax levy(ies) as appropriate. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

ATTACHMENT 1

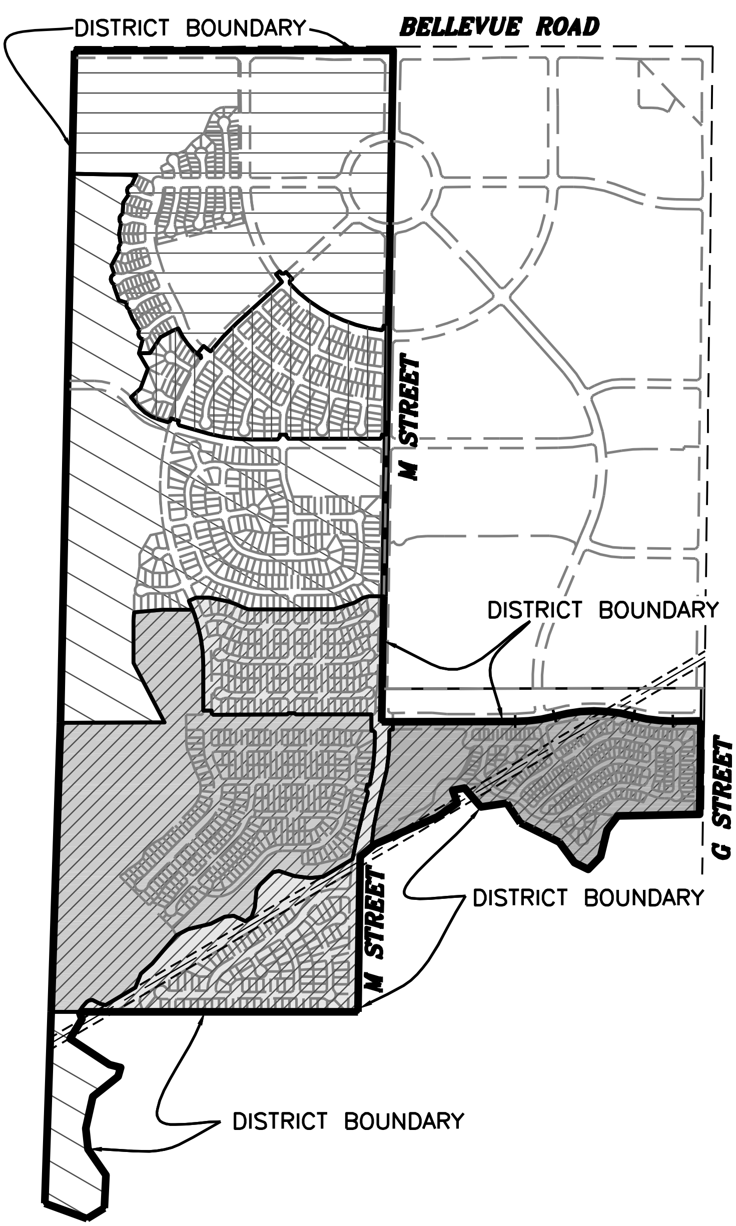
IMPROVEMENT AREAS 1 AND 2 OF THE CITY OF MERCED COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST)

IDENTIFICATION OF TAX ZONES





VICINITY MAP



ASSESSOR PARCEL NUMBERS

IMPROVEMENT AREA NO. 1

A PORTION OF APN 224-010-006, 224-010-004, ALL OF 224-010-005, 224-010-003, AND A PORTION OF 060-041-012

IMPROVEMENT AREA NO. 2

ALL OF APN 060-041-002, A PORTION OF APN 060-041-012, 224-010-006, 224-010-004 AND A PORTION OF APN 224-010-001

LEGEND

IMPROVEMENT AREA NO. 1
- TAX ZONE A
- TAX ZONE B
- TAX ZONE C

IMPROVEMENT AREA NO. 2
- TAX ZONE A
- TAX ZONE B
- TAX ZONE C

CFD 2005-1 BOUNDARY

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Modesto, CA 95354 Fax 209.549.7064

SEPTEMBER 2005 1270.001

CITY OF MERCED
"Gateway to Yosemite"

CITY CLERK'S CERTIFICATE

I, JOHN M. BRAMBLE, City Clerk of the City of Merced, California, do hereby certify that the attached document, entitled:

RESOLUTION 2010-67

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCED, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST) AMENDING RESOLUTION NO. 2005-133 TO CLARIFY AND INTERPRET THE RATE AND METHOD OF APPORTIONMENT RELATING TO SAID COMMUNITY FACILITIES DISTRICT

is a true and correct copy of the original on file in the Office of the Merced City Clerk, Merced, California.

DATED: August 17, 2010

JOHN M. BRAMBLE, CITY CLERK

BY: Jamie Fanconi
JAMIE FANCONI
Deputy City Clerk

RESOLUTION NO. 2010-67

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCED, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST) AMENDING RESOLUTION NO. 2005-133 TO CLARIFY AND INTERPRET THE RATE AND METHOD OF APPORTIONMENT RELATING TO SAID COMMUNITY FACILITIES DISTRICT

WHEREAS, Pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, (the "Act"), the City Council (the "City Council") of the City of Merced ("the City"), by the adoption of Resolution No. 2005-133 (the "Resolution of Formation"), formed Community Facilities District No. 2005-1 (Bellevue Ranch West) of the City of Merced, County of Merced, State of California (the "District"), for the purposes of financing the design, construction, and acquisition of certain public facilities for Improvement Area No. 1 and Improvement Area No. 2 of the District (the "Improvement Areas"); and,

WHEREAS, Pursuant to Section 53326 and 53350 of the Act, a special election was held on December 5, 2005 in which the eligible electors of each Improvement Area approved by more than two-thirds vote the proposition of levying a special tax on taxable property within the Improvement Area and the incurrence of bonded indebtedness for the financing of the authorized public facilities for such Improvement Area; and,

WHEREAS, On July 17, 2006, the District adopted Ordinance No. 2248 approving the levy of special tax for the Improvement Area No. 1 of the District in accordance with a rate and method of apportionment of special tax for such Improvement Area No. 1 as set forth in Exhibit A to the Resolution of Formation (the "Rate and Method of Apportionment"); and,

WHEREAS, On July 27, 2006, the District issued $7,140,000 aggregate principal amount of its 2006 Special Tax Bonds (Improvement Area No. 1) ("the Bonds") secured by special taxes levied pursuant to the Rate and Method of Apportionment for Improvement Area No. 1; and, WHEREAS, The original intent of all parties to the transaction was that the levy of special taxes for Improvement Area No. 1 include taxable property that consists only of buildable, final mapped parcels, being 711 residential parcels and 1 commercial parcel, as described in the final Official Statement dated July 12, 2006, relating to the Bonds; and,

WHEREAS, Pursuant to Section H of the Rate and Method of Apportionment, the City acting on behalf of the District may correct ambiguities and in its discretion, interpret the application of any section of the Rate and Method of Apportionment and now desires to amend the Rate and Method of Apportionment as set forth in Exhibit A-1 to the Resolution of Formation to clarify the original intent of taxable property.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF MERCED, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELLEVUE RANCH WEST) OF THE CITY OF MERCED, AS FOLLOWS:

SECTION 1. The above recitals are all true and correct.

SECTION 2. The City acting on behalf of the District hereby determines to clarify the Rate and Method of Apportionment and application and scope of the special tax and taxable property as originally intended and Exhibit A-1 to the Resolution of Formation is hereby amended by inserting clarifying language to the definition of "Assessor's Parcel" or "Parcel" within the Rate and Method of Apportionment. The definition of "Assessor's Parcel" or "Parcel" within Exhibit A-1 to the Resolution of Formation is hereby amended to read as follows:

> "'Assessor's Parcel' or 'Parcel' means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number *that is a Buildable Lot.*"

SECTION 3. Except as provided herein, Resolution of Formation shall remain in full force and effect. The Rate and Method of Apportionment, as amended herein, shall constitute the rate and method of apportionment of special taxes within the Improvement Area No. 1 of the District as authorized and levied pursuant to Ordinance No. 2248 until such special tax may be modified or amended from time to time pursuant to its terms and/or the provisions of the Act.

SECTION 4. The City Clerk is directed to file or cause to be filed with the Recorder of the County of Merced an amendment to the Notice of Special Tax

Lien relating to the District to reflect the Rate and Method of Apportionment as clarified and amended.

SECTION 5. This resolution shall become effective upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the 2nd day of August 2010, by the following vote:

AYES: Council Members: CARLISLE, PEDROZO, RAWLING, BLAKE, LOR, SPRIGGS

NOES: Council Members: NONE

ABSENT: Council Members: GABRIAULT-ACOSTA

ABSTAIN: Council Members: NONE

APPROVED:

Mayor

ATTEST:
JOHN M. BRAMBLE, CITY CLERK

BY:
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM:

7/26/10

City Attorney Date

N:\SHARED\Attorney\Bond Issues\Bellevue - Woodside\Resolution Amending Reso 2005-133 Re RMA.docx

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF MERCED

Set forth below is certain demographic information regarding the City of Merced (the "City") and the County of Merced (the "County"). This information is provided for informational purposes only and general background. The information set forth herein has been obtained from third party sources believed to be reliable, but such information is not guaranteed by the District as to accuracy or completeness. The information and data within this Appendix B speak only as of the dates indicated and may have changed, perhaps materially, from such time. Neither the delivery of this Official Statement nor any sale thereafter of the securities offered hereby shall under any circumstances create any implication that there has been no change in any information contained in this Appendix B since the date of the Official Statement. The Bonds are not a debt of the City, the County, the State of California (the "State"), or any of its political subdivisions, and none of the City, the County, the State nor any of its political subdivisions is liable thereon.

General Description and Background

The City of Merced (the "City") is located in Merced County (the "County") and serves as the county seat. The City is located in the heart of the San Joaquin Valley approximately 110 miles southeast of San Francisco and 310 miles northwest of Los Angeles. The City is located on Highway 99, the dominant north-south freeway in California, and is served also by Highways 140 and 59. Merced is less than two hours by car from Yosemite National Park to the east and to the west is Monterey Bay, the Pacific Ocean, and miles of beaches. The community is served by rail passenger service, a commercial airliner, and two bus lines. The two railroads, Union Pacific and Burlington Northern Santa Fe, have main lines which pass through the City.

The County has six incorporated cities, of which the City is the largest in terms of population. The City lies in the mid-portion of the County.

Population

The following sets forth the City, the County and the State population estimates as of January 1 for the years 2010 to 2015:

TABLE B-1
CITY OF MERCED, MERCED COUNTY AND STATE OF CALIFORNIA
Estimated Population

Year (January 1)	City of Merced	Merced County	State of California
2010*	78,958	255,793	37,253,956
2011	78,994	257,098	37,427,946
2012	79,827	260,218	37,680,593
2013	80,665	262,408	38,030,609
2014	81,176	264,567	38,357,121
2015	81,772	266,134	38,714,725

Source: State Department of Finance, Demographic Research Unit.
*Includes 2010 Census count information; as of April 1, 2010.

Commerce

Total taxable sales during the calendar year 2013 in the City were reported to be $973,291,000 compared to total taxable sales of $942,376,000 reported during the calendar year 2012. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the City is presented in the following table. Annual figures are not yet available for 2014.

TABLE B-2
CITY OF MERCED
Taxable Transactions
(dollars in thousands)

	2009	2010	2011	2012	2013
Retail and Food Services					
Motor Vehicle and Parts Dealers	119,482	122,980	139,727	171,571	191,217
Home Furnishings and Appliance Stores	27,558	27,062	27,487	28,165	27,677
Bldg. Mat'l. and Garden Equip. and Supplies	62,725	62,380	61,063	61,201	62,731
Food and Beverage Stores	47,174	44,339	44,526	44,055	42,969
Gasoline Stations	72,636	85,146	101,736	104,313	99,882
Clothing and Clothing Accessories Stores	33,505	33,969	35,824	38,719	40,435
General Merchandise Stores	183,248	189,412	183,832	186,379	186,226
Food Services and Drinking Places	87,019	87,824	90,422	95,180	100,236
Other Retail Group	61,290	61,922	64,153	65,489	66,358
Total Retail and Food Services	694,638	715,033	748,770	795,073	817,733
All Other Outlets	131,673	128,200	135,719	147,303	155,559
Total All Outlets[1]	826,311	843,232	884,489	942,376	973,291

[1] Detail may not compute to total due to rounding.
Source: "Taxable Sales in California," California State Board of Equalization.

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the County is presented in the following table. Total taxable sales during the calendar year 2013 in the County were reported to be $2,672,998,000, compared to total taxable sales reported during the calendar year 2012 of $2,512,316,000. Annual figures are not yet available for 2014.

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TABLE B-3
COUNTY OF MERCED
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions

	2009	2010	2011	2012	2013
Retail and Food Services					
Motor Vehicle and Parts Dealers	171,804	178,180	195,843	228,508	258,784
Furniture and Home Furnishing Stores	15,614	15,016	16,589	17,363	18,798
Electronics and Appliance Stores	31,461	32,233	31,550	33,101	33,629
Bldg. Mat'l. and Garden Equip. and Supplies	113,004	113,780	116,705	116,658	117,906
Food and Beverage Stores	123,986	126,318	137,968	134,553	134,829
Health and Personal Care Stores	30,942	30,977	32,095	33,186	34,168
Gasoline Stations	357,023	416,110	505,278	530,931	551,141
Clothing and Clothing Accessories Stores	52,954	54,975	57,920	63,540	66,457
Sporting Goods, Hobby, Book and Music Stores	28,951	31,593	33,817	37,010	38,425
General Merchandise Stores	282,307	290,327	302,386	312,245	319,178
Miscellaneous Store Retailers	44,573	48,327	51,274	54,887	60,598
Nonstore Retailers	11,536	11,070	12,199	12,936	22,552
Food Services and Drinking Places	180,112	184,599	191,255	203,648	214,323
Total Retail and Food Services	1,444,269	1,533,505	1,684,878	1,778,567	1,870,789
All Other Outlets	606,190	600,566	689,812	733,749	802,208
Total All Outlets	2,050,459	2,134,070	2,374,690	2,512,316	2,672,998
Permits – All Outlets	3,617	3,671	3,605	3,734	3,725

(1) Detail may not compute to total due to rounding.
Source: "Taxable Sales in California," California State Board of Equalization.

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Employment and Industry

The following table shows the average annual estimated numbers of wage and salary workers by industry for the County of Merced. Figures do not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

TABLE B-4
MERCED COUNTY
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

TITLE	2010	2011	2012	2013	2014
Civilian Labor Force(1)	113,300	114,500	115,100	115,000	115,200
Civilian Employment	92,900	94,300	96,300	98,300	100,500
Civilian Unemployment	20,400	20,200	18,800	16,600	14,800
Civilian Unemployment Rate	18.0%	17.7%	16,4%	14.5%	12.8%
Total, All Industries(2)	68,600	69,500	71,300	74,000	76,300
Total Farm	10,800	11,400	12,500	13,600	13,800
Total Nonfarm	57,900	58,100	58,800	60,400	62,400
Total Private	41,200	41,600	42,400	43,800	45,400
Goods Producing	9,900	9,800	10,000	10,300	11,800
Mining, Logging, and Construction	1,600	1,600	1,600	1,600	1,700
Manufacturing	8,300	9,200	8,400	8,700	10,000
Nondurable Goods	7,300	7,300	7,400	7,500	8,700
Service Providing	48,000	48,300	48,800	50,100	50,600
Private Service Producing	31,300	31,800	32,300	33,500	33,600
Trade, Transportation & Utilities	11,400	11,800	12,100	12,100	12,000
Wholesale Trade	2,000	2,100	2,200	2,100	1,900
Retail Trade	7,200	7,400	7,400	7,600	7,800
Transportation, Warehousing & Utilities	2,200	2,400	2,400	2,500	2,300
Information	600	400	400	400	400
Financial Activities	1,600	1,500	1,600	1,500	1,500
Professional & Business Services	4,200	4,400	4,300	4,300	3,900
Educational & Health Services	7,500	7,600	7,900	8,800	9,000
Leisure & Hospitality	4,500	4,600	4,700	5,000	5,400
Other Services	1,400	1,400	1,400	1,400	1,400
Government	16,700	16,500	16,400	16,600	17,100
Federal Government	800	800	700	700	800
State & Local Government	15,900	15,700	15,700	15,900	16,300
State Government	2,400	2,500	2,700	2,900	3,100
Local Government	13,500	13,200	13,000	12,900	13,200
Special Districts plus Indian Tribes	700	600	700	600	600

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: State of California Employment Development Department.

The following Table B-5 sets forth information regarding the size of the labor force, employment and unemployment rates for the City, the County, the State and the United States for calendar years 2010 through 2014, and for March 2015.

TABLE B-5
LABOR FORCE – ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND UNEMPLOYMENT OF CITY OF MERCED CIVILIAN LABOR FORCE[(1)]
Calendar Years 2010 through 2014, and September 2015[(2)]
(Not Seasonally Adjusted)

	Calendar Year					
	2010	***2011***	***2012***	***2013***	***2014***	***Sept 2015[(2)]***
Civilian Labor Force						
City of Merced						
Employed	28,300	28,700	29,300	29,900	30,600	32,300
Unemployed	5,800	5,800	5,400	4,700	4,200	2,700
Unemployment Rates						
City	17.1%	16.7%	15.5%	13.7%	12.1%	7.7%
County	18.0	17.7	16.4	14.5	12.8	8.2
California	12.4	11.8	10.4	8.9	7.5	5.5
United States[(3)]	9.6	8.9	8.1	7.4	6.2	5.1

(1) City, County and State 2010-2013 data based on March 2014 Benchmark Report, 2014 and 2015 data based on March 2015 Benchmark Report.
(2) Preliminary, subject to change.
(3) The United States unemployment rates for calendar years 2010-2014 and September 2015 were generated as of November 1, 2015.
Source: State of California Employment Development Department, Labor Market Information Division; U.S. Department of Labor, Bureau of Labor Statistics.

Major Employers

The following table lists the largest employers within the County as of June 30, 2014:

TABLE B-6
MERCED COUNTY
Top Ten Major Employers

Rank	Employer	Number of Employees	Product/Service
1	Foster Farms Inc.	3,710	Poultry processing
2	UC Merced	1,879	University
3	County of Merced	1,821	Government
4	Mercy Medical	1,255	General Medical and Surgical Hospital
5	Merced County Office of Education	1,254	Education
6	Merced City School District	1,070	Education
7	Dole Packaged Foods	1,000	Food Products
8	Merced Union High School District	982	Education
9	Merced College	832	Community College
10	Liberty Packing Company	650	Food Processing

Source: County of Merced, Comprehensive Annual Financial Report, June 30, 2014.

Personal Income

The following Table B-7 sets forth the per capita personal income in the County, the State and the United States for calendar years 2010 through 2014.

TABLE B-7
COUNTY OF MERCED, STATE OF CALIFORNIA AND UNITED STATES
PER CAPITA PERSONAL INCOME[(1)]
Calendar Years 2010 through 2014

Calendar Year	*County of Merced*	*State of California*	*United States*
2010	27,674	$42,411	$40,277
2011	30,261	44,852	42,453
2012	30,793	47,614	44,266
2013	32,774	48,125	44,438
2014	33,865	49,985	46,049

(1) Amounts for County and State may not be comparable based on different source methodology.
Source: U.S. Bureau of Economic Analysis and Bureau of the Census.

Building Permits

Residential and non-residential construction within the City declined after peaking in 2005, in part due to the subprime mortgage crisis and the resulting significant increase in the number of foreclosures. However, residential and non-residential construction activity within the City has increased since 2010. Total issued building permits and permit valuation (new residential) are used as indicators of overall construction activity.

The following table sets forth for the City the total building permit valuations and the number of new residential construction permits issued for Calendar Years 2011 through 2015.

TABLE B-8
CITY OF MERCED
RESIDENTIAL BUILDING PERMIT VALUATION
Calendar Years 2011 through 2015
($ in thousands)
(unaudited)

Year	Dwelling Units	Permit Assessed Value Estimate[3]
2011		0
2012	1	N/A
2013	9	$ 2,134,100
2014	36	7,488,476
2015	78	17,006,515

(1) Residential reflects construction of new structures.
(2) Total Permit Assessed Value is an estimate determined at time of permit issuance; actuals may vary.
Source: City of Merced.

Transportation and Community Services

Situated on Highway 99, Merced County offers transportation access routes throughout California and the Western United States. Many communities in the County offer small airports for corporate service. Air service is available locally at Merced Regional Airport, and south at Fresno Yosemite International Airport. San Francisco International Airport, Oakland International Airport, San Jose International Airport and Sacramento International Airport are each within 2½ hours driving time away.

Union-Southern Pacific and Burlington Northern-Santa Fe Railroads are the San Joaquin Valley Rail companies that serve Merced County with extensive spur track, piggyback service, reciprocal switching, and refrigerated shipping. Amtrak provides passenger service from a station in the City.

In May 1995, Merced was selected as the home of the next University of California campus. On September 5, 2005, the main campus opened for the first 1,000 students for the fall 2005 semester. Currently the University has 1,505 faculty and staff employees, 6,237 undergraduates students and 448 graduate students. It is expected that the enrollment will increase by 10,000 students in the next seven to ten years. On November 19, 2015, the University of California, Merced, received preliminary approval from two committees of the UC Board of Regents for its proposal to double the physical capacity of the campus by 2020.

The City's Parks and Community Service Department operates 29 parks within the City. Merced has over 12 miles of class one, grade-separated bike paths, that along with the City's other bike lanes, connect most of Merced's open space park system.

The City provides a broad range of services, including construction and maintenance of highways, streets and infrastructure, planning and zoning activities, public transit, recreational activities and cultural events for all ages. There are authorized two police stations within the City with 87 policemen and officers. Five fire stations are located within the City with 60 firemen and officers.

Pacific Gas & Electric Company (PG&E) and Merced Irrigation District provide electricity and gas service throughout the region. Water and sewer service is supplied to the area by the individual cities within the County. Within the City of Merced, public schools include 12 elementary, 4 middle and 3 high schools, and private schools include 4 K-8 and 3 high schools. Merced Community College, Chapman University a shared campus for California State University Stanislaus and the newly opened University of California, Merced, are located in or near the City. There is one general hospital in Merced, Mercy Hospital, located on two campuses.

APPENDIX C

SUMMARY OF THE FISCAL AGENT AGREEMENT

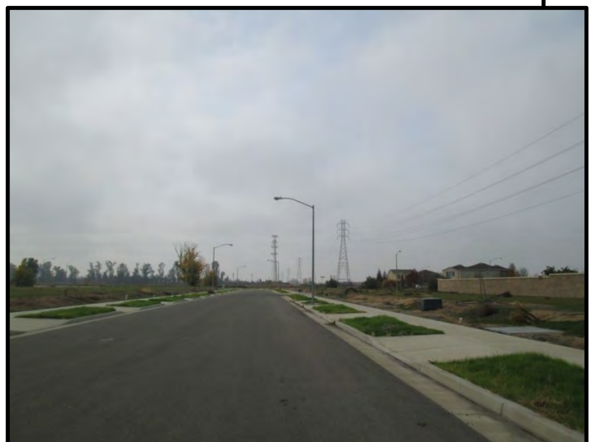
The following is a summary of certain definitions and provisions of the Fiscal Agent Agreement (the "Agreement") which are not *described elsewhere in the Official Statement. This Summary does not purport to be comprehensive and reference should be made to the Agreement for a full and complete statement of their provisions.*

APPENDIX D

APPRAISAL REPORT

Appraisal Report

Properties within City of Merced
Community Facilities District No. 2005-1,
Bellevue Ranch West (portion of)
Merced, California 95348



Date of Report: January 6, 2016

DRAFT

Prepared For:

Mr. Brad Grant
Finance Officer
City of Merced
678 West 18th Street
Merced, California 95340

Prepared By:

Kevin K. Ziegenmeyer, MAI
Eric A. Segal, Appraiser
Sara A. Gilbertson, Appraiser

Seevers
Jordan
Ziegenmeyer
Real Estate Appraisal & Consultation

Seevers
Jordan
Ziegenmeyer
Real Estate Appraisal & Consultation

January 6, 2016

Mr. Brad Grant
Finance Officer
City of Merced
678 West 18th Street
Merced, California 95340

RE: Properties within City of Merced
Community Facilities District No. 2005-1,
Bellevue Ranch West (portion of)
Merced, California 95348

Dear Mr. Grant:

At your request and authorization, Seevers • Jordan • Ziegenmeyer has prepared an appraisal report for the purpose of estimating the market value (*fee simple estate*) of certain undeveloped properties within the boundaries of the City of Merced Community Facilities District No. 2005-1, Bellevue Ranch West (the "CFD"), under the assumptions and limiting conditions contained in this report.

The appraisal report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004). This document is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2014/15 edition of USPAP.

The appraised properties represent certain land areas within the City of Merced CFD No. 2005-1 (Bellevue Ranch West), and are identified as a portion of the Bellevue Ranch master planned community. The appraised properties consist of 507 legally transferrable, finished, single-family residential lots held by (Forebay Farms, LLC), as well as an 8.33-acre commercial site (owned by Merced High School Quarterback Club). It should be noted that any properties within the District not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites), are not a part of this appraisal, in addition to those single-family lots with a completed home with an assigned assessed value for both land and improvements. Bellevue Ranch West is generally located within the boundaries identified as follows: between Fahrens Creek and G Street, north of Community College Drive North/Lehigh Drive, and south of Bellevue Ranch East, within the city of Merced/ Merced County, California.

We have been requested to provide a market value of the appraised properties by ownership, under the assumptions and conditions cited in the attached report.

The value estimates assume a transfer would reflect a cash transaction or terms that are considered to be equivalent to cash. The estimates are also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self-interest and assuming neither is under duress.

The market value of the appraised properties, by ownership, accounts for the impact of the Lien of the Special Tax securing the Bellevue Ranch West CFD No. 2005-1 Bonds.

As a result of our analysis, it is our opinion the market value of the fee simple interest in the appraised properties, in accordance with the assumptions and conditions set forth in the attached document (please refer to pages 7 through 9), as of the date of value (inspection), December 9, 2015, is:

Forebay Farms, LLC		
Market Value of Residential Lots, In Bulk	**$**	**10,630,000**
Merced High School Quarterback Club		
Market Value of Commercial Land	**$**	**1,725,000**

We hereby certify the properties have been inspected and have impartially considered all data collected in the investigation. Further, we have no past, present or anticipated future interest in the properties. This letter must remain attached to the report, which contains 121 pages, plus related exhibits and Appendix, in order for the value opinions set forth herein to be considered valid.

The appraised properties do not have any significant natural, cultural, recreational or scientific value. The appraisers certify this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

This appraisal has been performed in accordance with the requirements of USPAP, the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and the Appraisal Standards for Land Secured Financing, published by the California Debt and Investment Advisory Commission (2004).

Thank you for the opportunity to work with your office on this assignment.

Respectfully submitted,

DRAFT

Kevin K. Ziegenmeyer, MAI
State Certification No.: AG013567
Expiration Date: June 4, 2017

DRAFT

Eric A. Segal, Appraiser
State Certification No.: AG026558
Expires: February 18, 2017

DRAFT

Sara A. Gilbertson, Appraiser
State Certification No.: 3002204
Expires: May 29, 2016

/dtn

TABLE OF CONTENTS

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property:

The appraised properties comprise the residential lots within the boundaries of the City of Merced Community Facilities District No. 2005-1 (Bellevue Ranch West) *not* improved with a single-family residence, as well as an 8.33-acre commercial site.

Location:

In general, the appraised properties are contained within the boundaries identified as follows: between Fahrens Creek and G Street, north of Community College Drive North/Lehigh Drive, and south of Bellevue Ranch East, within the city of Merced, California 95348.

Assessor Parcel Numbers / Owners of Record:

The appraised properties consist of 507 legally transferrable, finished, single-family residential lots, as well as one commercial property, which are identified within the Appendix to this report (see *Tax Roll*).

It should be noted that any properties within the District not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites) , in addition to those single-family lots with a completed home with an assigned assessed value for both land and improvements, are not a part of this appraisal.

All of the appraised single-family residential properties are owned by Forebay Farms, LLC, while the commercial property is owned by Merced High School Quarterback Club.

Zoning and Entitlements:

According to the City of Merced Planning Department, the subject has a zoning ordinance of PD42 – Planned Development, within the Bellevue Ranch master planned community.

Bellevue Ranch West is entitled for 708 single-family lots, an 8.33-acre neighborhood commercial site, park space, landscape corridors and open space areas. The residential component received final subdivision map approval in 2005. It should be noted that any properties within the District not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites) are not a part of this appraisal. There are 21 exempt parcels within the District. The appraised properties comprise 507 of the 708 single-family lots and one commercial parcel within Bellevue Ranch West.

For a complete description of the underlying zoning ordinance and entitlements, please refer to the respective *Property Legal Data* section of this report.

Flood Zone:	The majority of the subject is located in Flood Zone X, areas outside of the 100 and 500-year floodplains, whereby flood insurance is not required. However, portions of the subject property along Fahrens Creek and Cottonwood Creek are within Flood Zone AE. No lots appear to be within the AE Flood Zone.
Earthquake Zone:	Zone 3 – Moderate seismic activity (not located in a Fault-Rupture Hazard Zone)
Lot Sizing:	The subjects' single-family lots range in size from 2,380 to 12,439 square feet, with three typical lot size categories of 2,450 square feet (high density), 4,725 and 6,825 square feet (medium density). The subject lots have a traditional, double-loaded street configuration (which provide for front-yard driveways and fenced rear yards).
Highest and Best Use:	Near term single-family residential development and an interim hold until demand warrants construction of the commercial parcel.
Property Rights Appraised:	Fee simple estate
Date of Inspection:	December 9, 2015
Effective Date of Value:	December 9, 2015
Date of Report:	January 6, 2016
Exposure Time:	12 months

Conclusion of Market Value:

Forebay Farms, LLC		
Market Value of Residential Lots, In Bulk	**$**	**10,630,000**
Merced High School Quarterback Club		
Market Value of Commercial Land	**$**	**1,725,000**

The market value conclusions noted above are subject to the Extraordinary Assumptions, Hypothetical Conditions, General Assumptions and Limiting Conditions referenced on pages 6 through 8 of this report.

CLIENT, INTENDED USER AND INTENDED USE

The client and intended user of this appraisal report is the City of Merced. The appraisal report is intended for use in bond underwriting, and will be included in the official statement used to market the bonds.

APPRAISAL REPORT FORMAT

This document is an Appraisal Report, intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2014-15 edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

TYPE AND DEFINITION OF VALUE

The purpose of this appraisal is to estimate the market value (*fee simple estate*), by ownership, of the appraised properties comprising a portion of the City of Merced Community Facilities District (CFD) No. 2005-1 (Bellevue Ranch West). Market value is defined as follows:

***Market value*:** The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) Buyer and seller are typically motivated;
(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
(3) A reasonable time is allowed for exposure in the open market;
(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[1]

PROPERTY RIGHTS APPRAISED

The market values estimated herein are for the fee simple estate, defined on the following page.

[1] Code of Federal Regulations, Title 12, Section 34.42 (55 Federal Register 34696, Aug. 24, 1990; as amended at 57 Federal Register 12202, Apr. 9, 1992; 59 Federal Register 29499, June 7, 1994).

***Fee Simple Estate*:** absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.[2]

DATES OF INSPECTION, VALUE AND REPORT

An inspection of the appraised properties was completed on December 9, 2015, which represents the effective date of market value. This Appraisal Report was completed and assembled on January 6, 2016.

SCOPE OF WORK

This Appraisal Report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an "appraisal assignment," as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

Several legal and physical aspects of the appraised properties were researched and documented. A physical inspection of the properties was completed and serves as the basis for the site description contained in this report. Documentation identifying the subject parcels by Assessor's parcel number (APN) was provided by Goodwin Consulting Group for use in the appraisal. This documentation is included within the Appendix to this report. The sales history was verified by consulting public records. The subjects' zoning and entitlement information, earthquake zones, flood zones, utilities and tax information were obtained from the respective agencies.

Data relating to the subjects' neighborhood and surrounding market area were analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area; newspaper articles; real estate conferences; and interviews with various market participants, including property owners, property managers, land brokers, developers and local government agencies.

In this appraisal, the highest and best use of the subject property as though vacant and proposed was determined based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity).

We have been requested to estimate the market value of the subject property, by ownership, as of the date of inspection. The subject property consists of two land components: production-oriented residential lots and commercial land. Each component is vested with different owners; thus, each land use component is valued separately.

[2] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 90.

The market value of the production-oriented residential land use component, in bulk, will be estimated by employing the use of a discounted cash flow analysis (DCF) via the subdivision development method to value. A DCF analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate. The expected revenue, absorption period, expenses and discount rate associated with the development and sell-off of the finished single-family residential lots will be taken into account. The revenue component of the DCF was derived by valuing the production-oriented residential lots using the sales comparison and land residual approaches to value. A number of assumptions are made in the discounted cash flow analysis, not the least of which is the forecast of absorption, or disposition, of the various land use components comprising the subject property. It is common for surveys of market participants to reveal different estimations of anticipated absorption periods for the sell-off of multiple components comprising a master planned development, with some developers preferring to hasten the holding period in favor of mitigating exposures to fluctuations in market conditions; whereas, other developers prefer to manage the sell-off of the property over an extended period of time so as to minimize direct competition of product within the master planned project. Surveys suggest a forecasted disposition period for the subject property may be as little as two years or as long as five years. The result of the discounted cash flow is the final conclusion of market value, in bulk, as of the date of value.

The market value of the commercial land use component will be estimated by exclusively employing the sales comparison approach to value.

This appraisal report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004).

The individuals involved in the preparation of this appraisal include Kevin K. Ziegenmeyer, MAI, Eric A. Segal, Appraiser, and Sara A. Gilbertson, Appraiser. Ms. Gilbertson assisted in 1) inspecting the appraised properties, 2) reviewing the subjects' information provided, 3) the collection and confirmation of market data, 4) the analysis of the market data and 5) preparing the draft report. Mr. Segal provided professional input and direction. Mr. Ziegenmeyer 1) inspected the appraised properties, 2) reviewed the subjects' information provided, 3) reviewed Ms. Gilbertson's research, 4) provided professional input and direction, 5) made any necessary revisions and/or amplifications to the draft report and 6) completed the final report.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

It is noted the use of an extraordinary assumption or hypothetical condition may have affected the results of the appraisal.

Extraordinary Assumptions

None

Hypothetical Conditions

None

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

2. No responsibility is assumed for matters of law or legal interpretation.

3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

4. The information and data furnished by others in preparation of this report is believed to be reliable, but no warranty is given for its accuracy.

5. It is assumed there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.

6. It is assumed the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

7. It is assumed the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.

8. It is assumed all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

9. It is assumed the use of the land and improvements is confined within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted in the report.

10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.

11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to cure the property's potential physical characteristics,

the real estate appraiser cannot comment on compliance with ADA. A brief summary of the subjects' physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.

12. The appraisal is to be considered in its entirety and use of only a portion thereof will render the appraisal invalid.

13. Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone other than the client without the previous written consent of Seevers • Jordan • Ziegenmeyer.

14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any other media without the prior written consent and approval of Seevers • Jordan • Ziegenmeyer. Seevers • Jordan • Ziegenmeyer authorizes the reproduction of this document to aid in bond underwriting and in the issuance of Bonds.

15. Acceptance and/or use of the appraisal report constitutes acceptance of all assumptions and limiting conditions stated in this report.

16. An inspection of the appraised properties revealed no apparent adverse easements, encroachments or other conditions, which currently impact the subject. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed typical easements do not have an impact on the opinion (s) of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion (s) of value.

17. This appraisal report is prepared for the exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express consent of the appraiser. Seevers • Jordan • Ziegenmeyer authorizes the reproduction of this document to aid in bond underwriting and in the issuance of Bonds.

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made an inspection of the properties that are the subject of this report.
- Eric A. Segal and Sara A. Gilbertson, Appraisers, provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I certify that my State of California real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment. Please see the Qualifications of Appraiser(s) portion of the Appendix to this report for additional information.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

DRAFT

Kevin K. Ziegenmeyer, MAI
State Certification No.: AG013567 (Expires June 4, 2017)

January 6, 2016
DATE

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have not made an inspection of the properties that are the subject of this report.
- Sara A. Gilbertson, Appraiser, provided significant real property appraisal assistance to the person signing this certification. Kevin Ziegenmeyer, MAI reviewed this report.
- I certify that my State of California real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment. Please see the Qualifications of Appraiser(s) portion of the Appendix to this report for additional information.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.

DRAFT January 6, 2016

Eric A. Segal, Appraiser DATE

State Certification No.: AG026558 (February 18, 2017)

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made an inspection of the property that is the subject of this report.
- Kevin Ziegenmeyer, MAI, and Eric Segal, Appraiser, reviewed this report.
- I certify that my State of California real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment. Please see the Qualifications of Appraiser(s) portion of the Addenda to this report for additional information.

DRAFT — January 6, 2016

Sara A. Gilbertson, Appraiser — DATE

State Certification No.: 3002204 (May 29, 2016)

PROPERTY OWNERSHIP AND HISTORY

Bellevue Ranch Master Planned Community

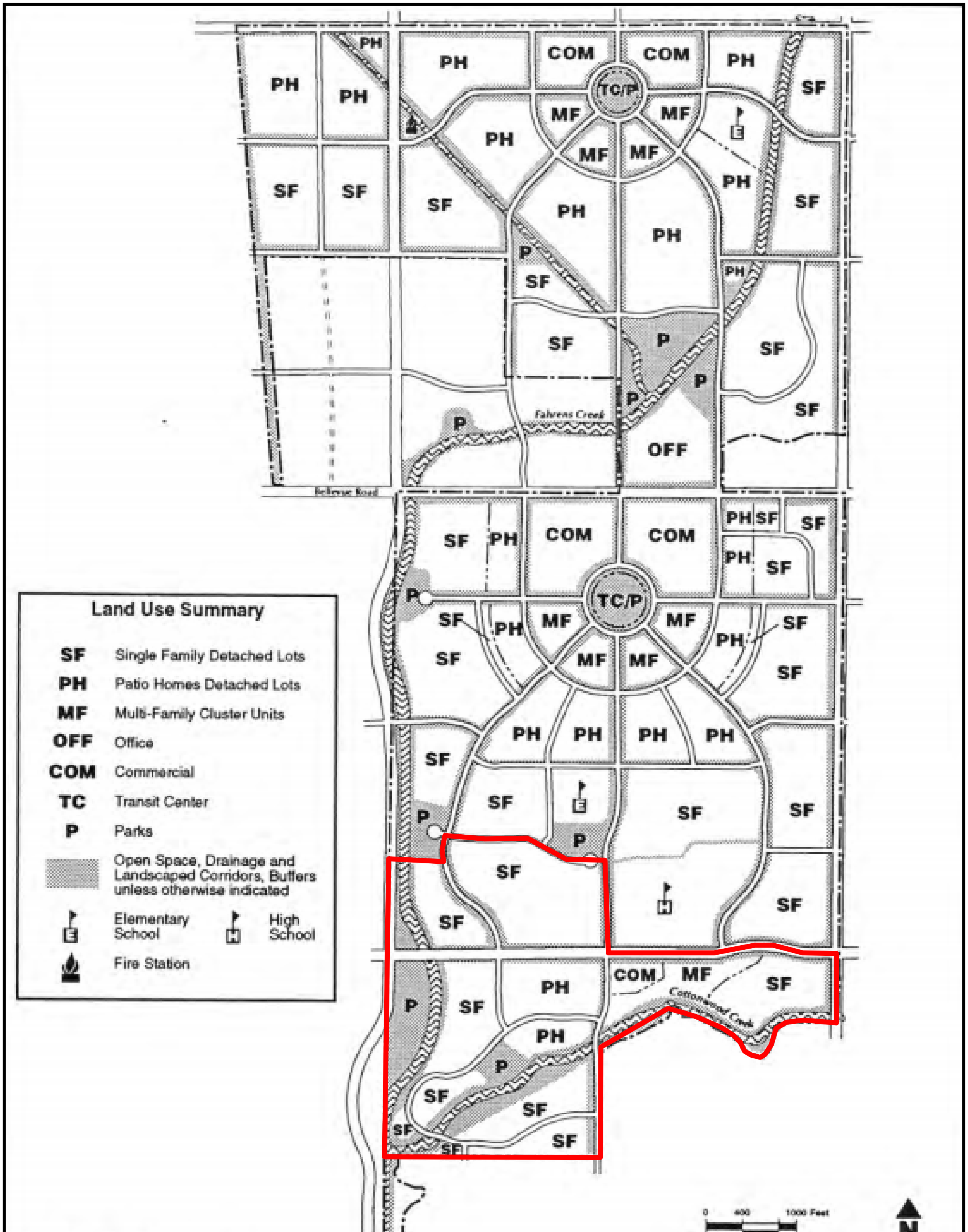
The appraised properties represent a portion of the Bellevue Ranch master planned community, which, in total, is planned to encompass 1,395± acres planned for mixed-use development, including 4,843 to 6,648 residential units, retail and office commercial uses, several schools and parks, and a fire station. Prior to the economic downturn of 2008, 1,618 lots were being prepared for home construction, of which approximately 600 were sited with homes, leaving 1,018 vacant lots ready for future development. A commercial lot at the corner of Cardella Road and M Street, as well as larger parcels along Bellevue Road, exist for future retail and office services.

The specifics of the Bellevue Ranch master planned community include:

- 561.7± acres of "detached standard homes" with a density of 4-5 dwelling units per acre
- 334± acres of "detached patio homes" with a density of 5.5-6.5 dwelling units per acre
- 75.9± acres of multifamily dwellings with a density of 10-22 dwelling units per acre
- 97.1± commercial acres
- 23.1± acres of office use
- 20.8-acre elementary school site
- 14.7 acres for a park and transit station
- 78.2± acres of parks
- 119.9± acres of open space/creeks/easements/corridor
- 43-acre high school site
- 2.5-acre fire station site

The Bellevue Ranch project is divided into an East component and a West component. Bellevue East consists of two planning areas that include approximately 900 single-family and 400 multifamily units, as well as a commercial area. Bellevue Ranch West includes four planning areas with considerably more residential and commercial development. Due to different land owners and processing schedules, and in order to fund the infrastructure needs of each component area (East and West), two Community Facility Districts (CFDs) were formed. In addition, a CFD was formed to fund citywide public safety and operations and maintenance costs, as well as project-specific landscape and storm drainage maintenance.

The conceptual land use plan for the Bellevue Ranch master planned community is provided on the next page, as prepared by The Spink Corporation. The portion of Bellevue Ranch West within the boundaries of the City of Merced Community Facilities District No. 2005-1 (Bellevue Ranch West) is outlined in red (boundaries are approximate).



Source: The Spink Corporation

As mentioned, the appraised properties represent a portion of the Bellevue Ranch master planned community and are identified as Bellevue Ranch West (portion of); a discussion of the Bellevue Ranch West development begins below.

Bellevue Ranch West

Bellevue Ranch West encompasses 486± acres and is entitled for up to 1,303 single-family lots on approximately 220 acres, in addition to 372 multifamily dwelling units on 30± acres and about 236 acres of non-residential land uses (i.e., commercial, parks, open space, schools, roads). As proposed, this community will include varying densities of single-family residential development and have multiple parks and recreational areas available throughout the community. More specifically, Bellevue Ranch West is planned for build-out in two phases (or two improvement areas). Phase I/Improvement Area I is planned for 711 residential units and an 8.33-acre commercial site, as well as parks and open space. Phase II/Improvement Area 2 is planned for 592 residential units, as well as commercial uses, schools, parks and open space, public uses, and a transit circle. A copy of the anticipated layout of Bellevue Ranch West is displayed on the next page.

Although the map is dated (May 3, 2005) and is not completely representative of the current tentative maps or village numbers, it is the only available map identified that highlights the entire Bellevue Ranch West area.


CONCEPTUAL LOTTING STUDY 8
BELLEVUE RANCH WEST
CITY OF MERCED, CALIFORNIA
PRELIMINARY
PRELIMINARY
BELLEVUE RANCH
(CROSSWINDS DEVELOPMENT)
MERCED
JUNIOR
COLLEGE
PRELIMINARY
LAND USE SUMMARY
LOCATION MAP
PRELIMINARY

For the reader's reference, Bellevue Ranch East is located to the immediate north of Bellevue Ranch West and is entitled for 1,393 single-family residences and 22 acres for commercial development, as well as parks and open space. Bellevue Ranch East comprises approximately 228 acres and will be developed in two phases. Phase I is expected to consist of 581 residential units, while Phase II is expected to consist of 812 residential unties and 22 acres of commercial development.

Appraised Property Description

The appraised properties represent a *portion* of the City of Merced CFD No. 2005-1 (Bellevue Ranch West), within the Bellevue Ranch master planned community (Bellevue Ranch West Phase I/Improvement Area 1), which encompasses 708 single-family residential lots, one commercial parcel and 21 public use parcels. Specifically, the appraised properties consist of 507 legally transferrable, finished, single-family residential lots and the commercial parcel, which are identified within the Appendix to this report (see *Tax Roll*). It is noted the public/quasi-public land areas within the District will not be encumbered by the lien of the special taxes securing the bonds; thus, these sites will be excluded from this analysis.

At the time of inspection, the subject portion of Bellevue Ranch West is representative of improved (finished) single-family residential lots. No vertical improvements (home construction) were in progress as of the date of inspection.

The appraised properties are situated between Fahrens Creek and G Street, north of Community College Drive North/Lehigh Drive, and south of Bellevue Ranch East, within the city of Merced, California. Land uses in the subjects' immediate area are currently devoted primarily to residential and agricultural uses, with limited supporting commercial development. With the development of Bellevue Ranch (West and East), there are a variety of land uses, including single and multifamily residential, commercial and recreational uses, that will be incorporated into the area in the near to mid-term.

To the best of our knowledge, the Forebay Farms, LLC-owned portion of the District has not been involved in any arm's length transactions during the previous three-year period and the subject parcels are not currently being marketed for sale.

As for the commercial property, presently vested with Merced High School Quarterback Club, the current owner took possession of the property on December 19, 2014 with a gift grant deed from Baxter Ranches, LLC. Prior to this transfer of ownership, Baxter Ranches, LLC purchased the property from BBC Merced Land, LLC on August 30, 2012. This property is currently being marketed with an asking price of $2,175,000 (approximately $5.99 per square foot of land area). Based on our conversations with the listing broker, Loren Gonella with Coldwell Banker/Gonella Realty, interest has not been great, but the lack of interest is predominantly due to the fact there are few rooftops in the immediate area. Based on our analysis herein, the asking price is above market.

Strengths, Weaknesses, Opportunities, Threats

***Strengths*:**

- Appeal to both first time and move-up buyers
- Immediate path of growth
- Good transportation linkages with proximity to neighborhood and regional thoroughfares
- The housing market is in a state of expansion

***Weaknesses*:**

- The housing market is still in a state of recovery in secondary and tertiary market areas, which could impact pricing in the near term
- With a large number of lots, sell-off is anticipated to take several years

***Opportunities*:**

- Strengthening residential sector may be a signal the local economy is entering an expansionary cycle

***Threats*:**

- Macroeconomic factors, and the possibility the economy remains stagnant and the residential sector loses steam
- Unforeseen delays/costs/risks before construction occurs

PROPERTY LEGAL DATA

Assessor's Parcel Number(s)

The appraised properties consist of 507 legally transferrable, finished, single-family residential lots, as well as one commercial property, which are identified within the 2015/16 Tax Roll appended hereto.

It should be noted that any properties within the District not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites) , in addition to those single-family lots with a completed home with an assigned assessed value for both land and improvements, are not a part of this appraisal.

Location

In general, the appraised properties are contained within the boundaries identified as follows: between Fahrens Creek and G Street, north of Community College Drive North/Lehigh Drive, and south of Bellevue Ranch East, within the city of Merced, California.

Owner(s) of Record

All of the appraised single-family residential properties are owned by Forebay Farms, LLC, while the commercial property is owned by Merced High School Quarterback Club.

Legal Description

A complete legal description, which would typically be included in a preliminary title report, was not provided to the appraiser.

Assessment and Tax Information

Ad Valorem Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual inflationary increases cannot exceed 2% per year. The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and supplemental assessments. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the political jurisdiction in which the property is located, can be added to the 1% tax rate.

According to the Merced County Treasurer-Tax Collector's Office, the subject parcels have a cumulative annual tax rate of 1.1148% based on assessed value, exclusive of Special Taxes which are discussed below.

Special Taxes and Assessments

As referenced, the appraised properties are located within the boundaries of City of Merced CFD No. 2005-1 (Bellevue Ranch West). The District includes single-family and commercial land use components. Each of these land uses are encumbered by Bonds associated with the CFD.

A copy of the City of Merced CFD No. 2005-1 (Bellevue Ranch West) Estimated Fiscal Year 2014-15 Special Tax Revenue is provided below.

Developed Property

Land Use Category	Tax Zone	Special Tax
Single Family Residential	A	$651.00 per Unit
Single Family Residential	B	$771.00 per Unit
Single Family Residential	C	$891.00 per Unit
Other Property	N/A	$5,220.00 per Acre

Undeveloped Property

Tax Zone	Special Tax
A	$9,362.00 per Acre
B	$7,258.00 per Acre
C	$6,911.00 per Acre

The bond indebtedness and direct levies will be considered in the valuation of the subject property.

Conditions of Title

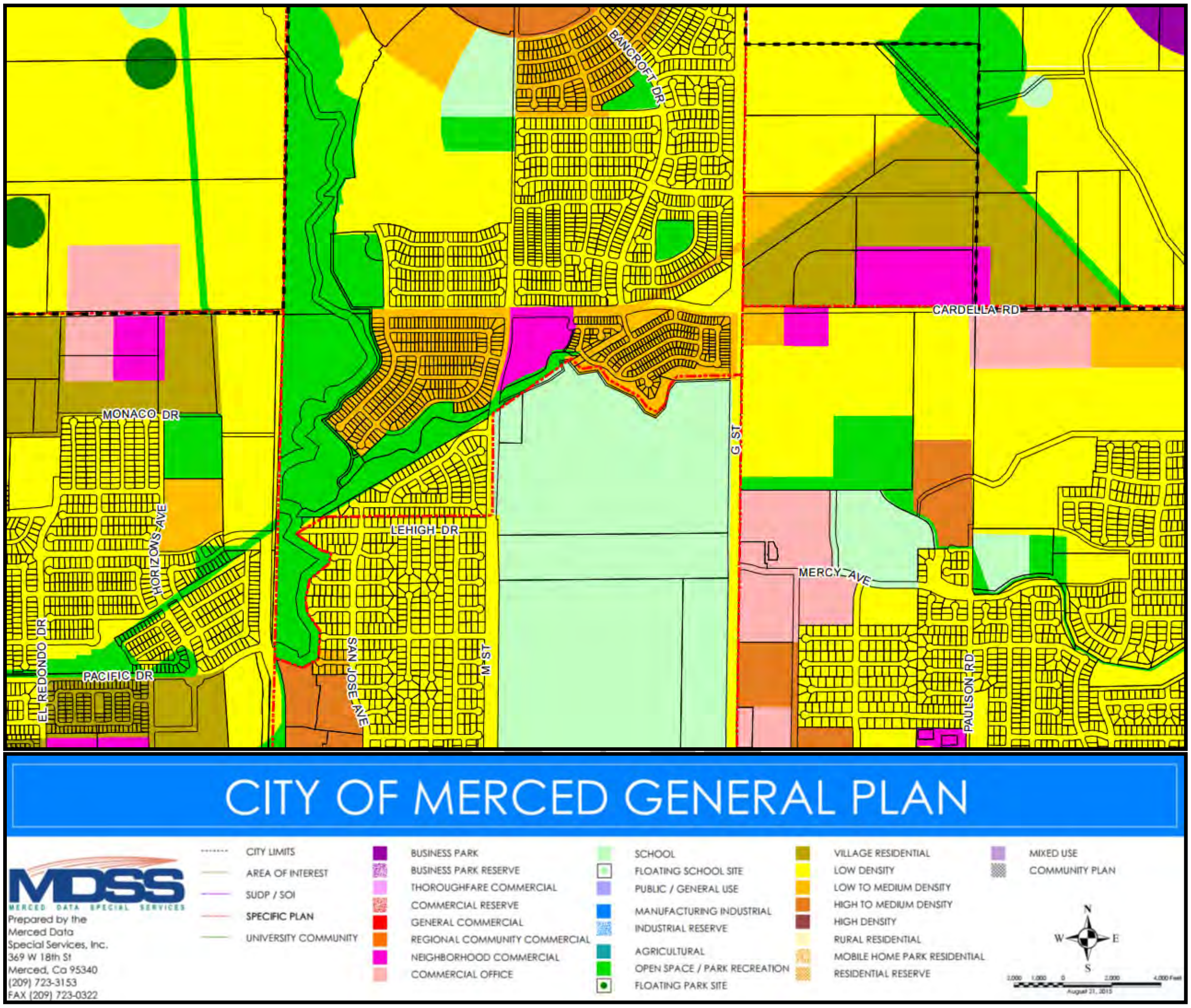
A preliminary title report was not provided for this appraisal. As a result, the appraiser assumes no negative title restrictions or easements affect the subject property. The client is advised to obtain a title report to determine any possible conditions of title affecting the property appraised. The appraiser accepts no responsibility for matters pertaining to title, and the opinion(s) of value stated herein could be negatively impacted by title restrictions.

Zoning and Entitlements

According to the City of Merced Planning Department, the subject has a zoning ordinance of PD42 – Planned Development, with specific map approval within the Bellevue Ranch master planned community. This zone is intended to provide a zone which can permit and enjoin logical or desirable development and carry out the objectives of the general plan by: (1) Permitting the initial development or enlargement of commercial districts in close proximity to residential areas while protecting the character and quality of adjacent residential uses; (2) Permitting clusters of multiple-family developments in appropriate locations within single-family zones with suitable controls imposed; (3) Providing for the location, under suitable safeguards of desirable types of research and manufacturing uses adjacent to and within commercial or residential areas; (4) Permitting planned developments on a large scale which would include a combination of any two or all of the above mentioned developments; (5) Permitting the redevelopment of parcels for residential, commercial, or industrial purposes or any combination thereof, in areas already built upon, but which now have marginal development.

According to the City of Merced General Plan, the subjects' residential component comprises a mix of Low Density and Low to Medium Density Residential designations. The commercial property has a general plan designation of Neighborhood Commercial. A portion of the general plan map is provided on the following page, showing the subject property.

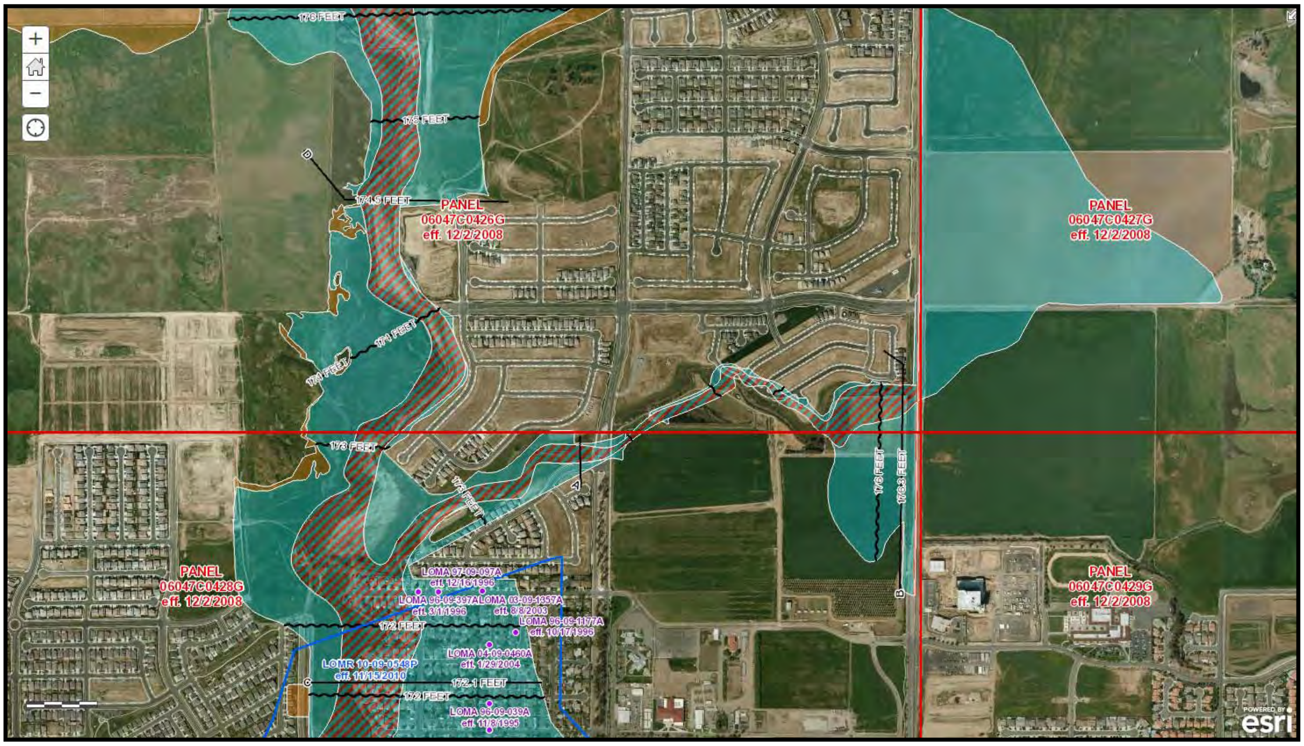
General Plan Map



Bellevue Ranch West is entitled for 708 single-family lots, an 8.33-acre neighborhood commercial site, park space, landscape corridors and open space areas. The residential component received final subdivision map approval in 2005. It should be noted that any properties within the District not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites) are not a part of this appraisal. There are 21 exempt parcels within the District. The appraised properties comprise 507 of the 708 single-family lots and one commercial parcel within Bellevue Ranch West.

Flood Zone

According to the Federal Emergency Management Agency (FEMA) National Flood Insurance Program, Flood Insurance Rate Map (FIRM) the subject property is located on Community Panels 06047C-0426G and 06047C-0428G, both dated December 2, 2008. Most of the subject property is situated in Flood Zone X, described as areas determined to be outside of the 500-year floodplain and determined to be outside of the 1% and 0.2% annual chance floodplains. However, portions of the subject property along Fahrens Creek and Cottonwood Creek area within Flood Zone AE, described as areas subject to inundation by 1% annual chance shallow flooding (usually sheet flow on sloping terrain, for which average depths have been determined; flood depths range from one to three feet). The FEMA National Flood Hazard Layer map for the subject property is provided below.



Earthquake Zone

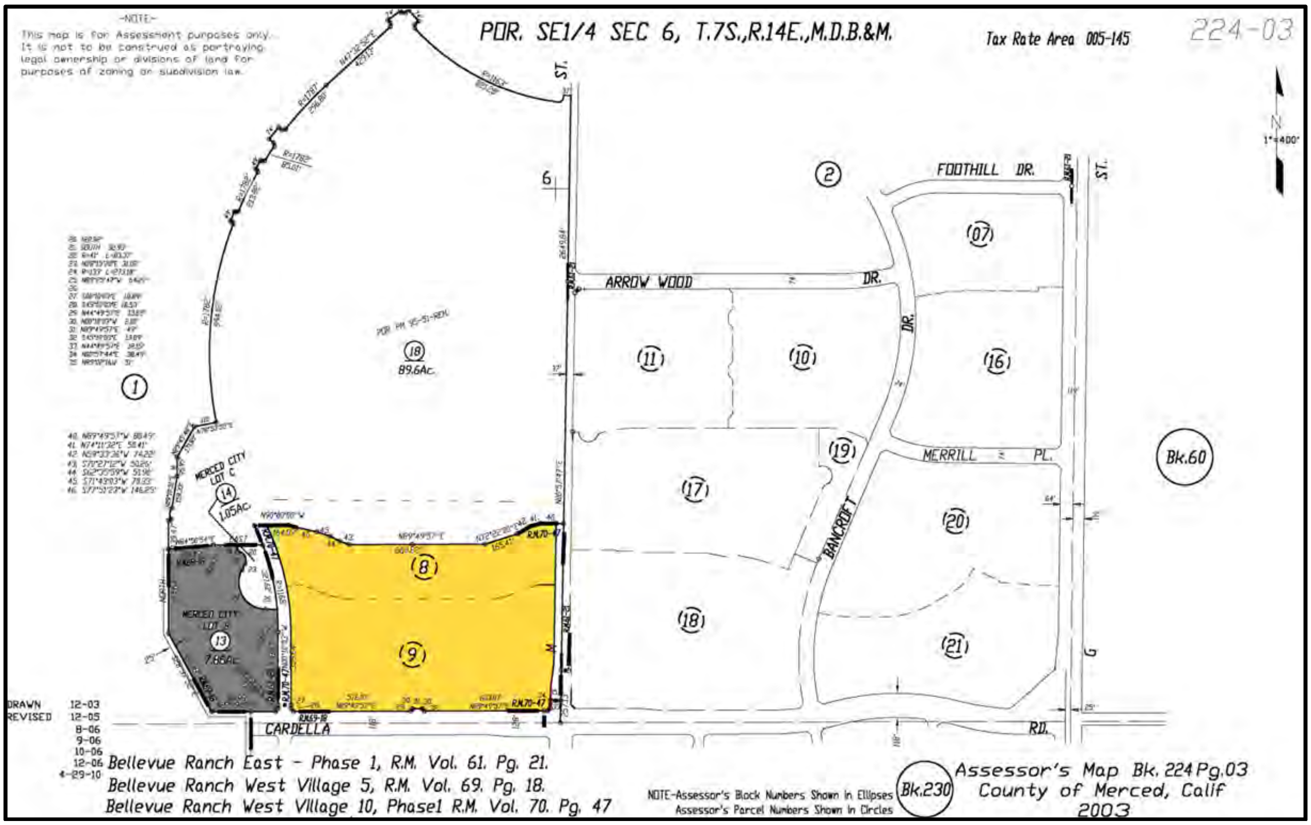
According to the Seismic Safety Commission, the appraised properties are located within Zone 3, which is considered to be the lowest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is not located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

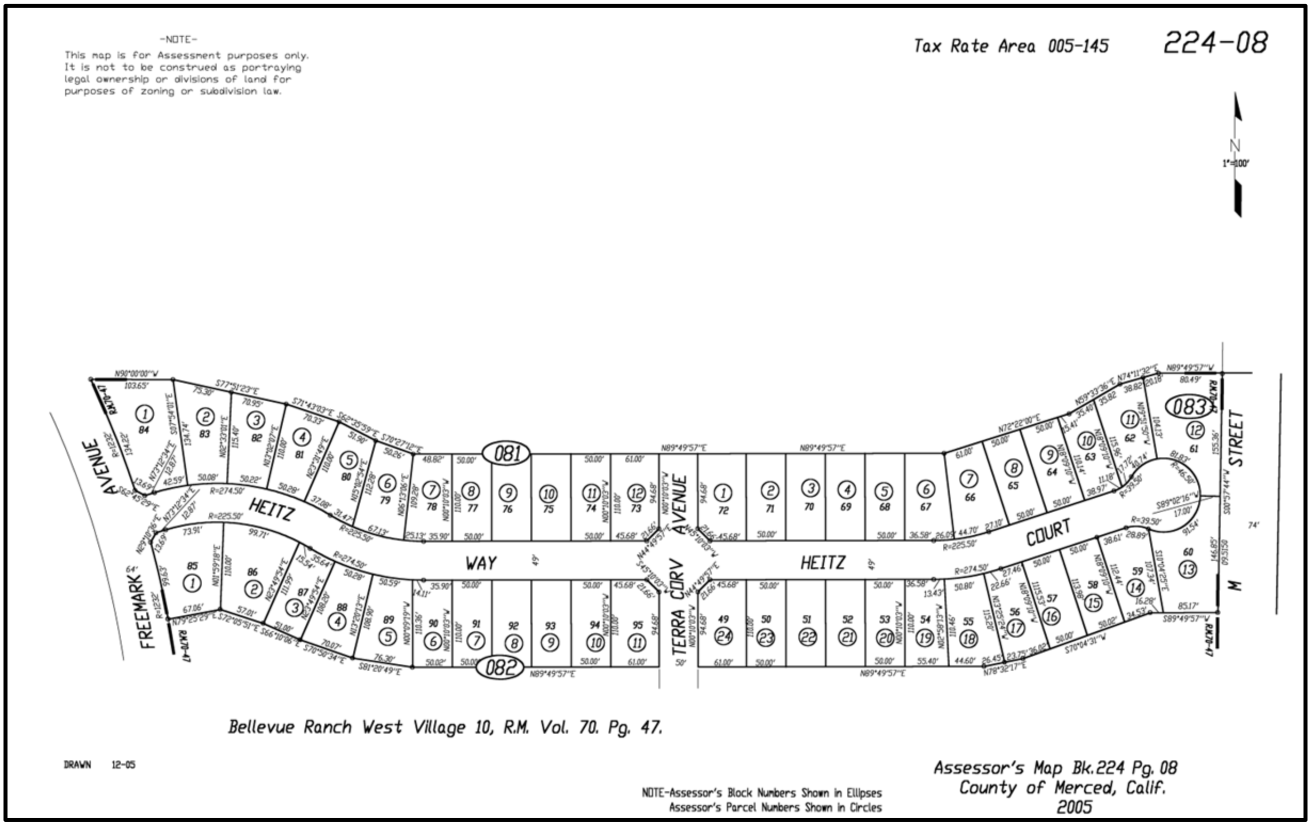
Easements

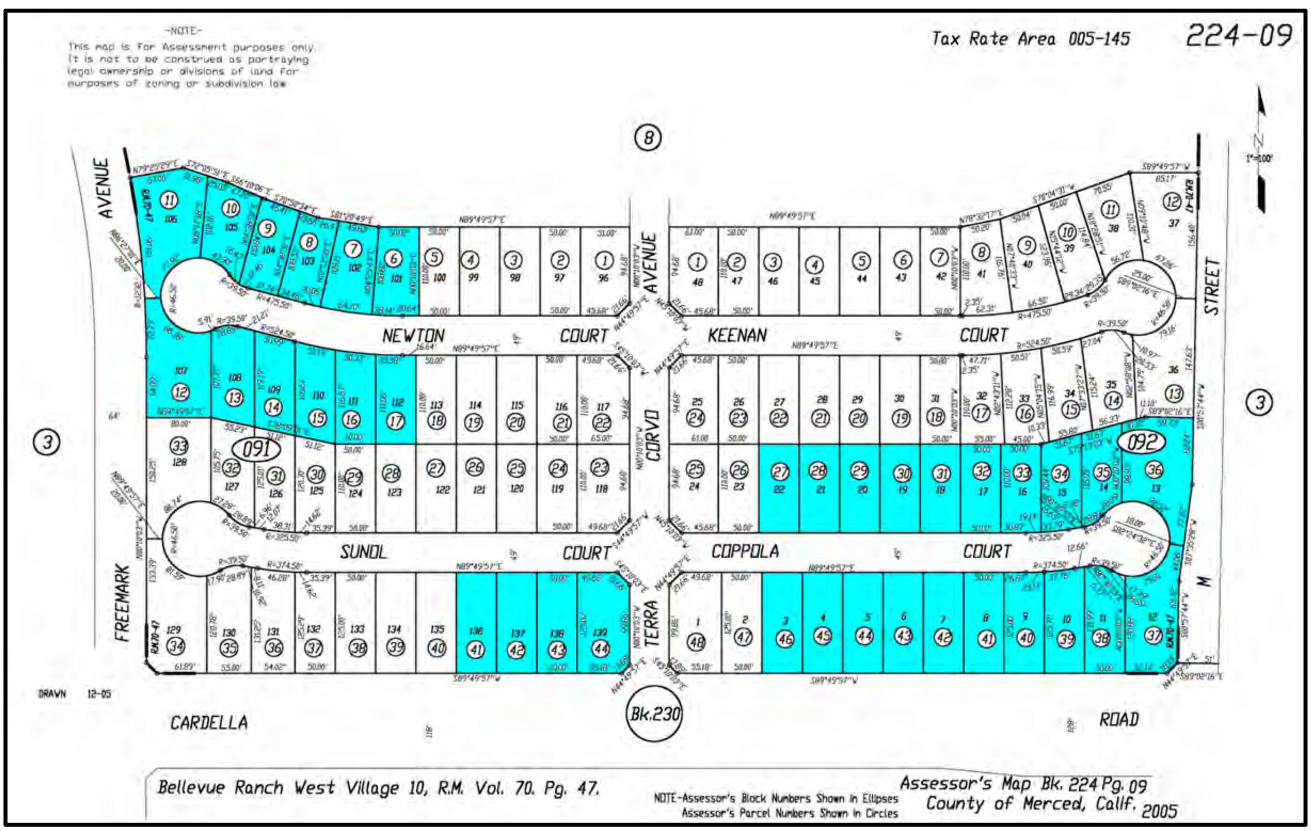
An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions currently impacting the subject. However, the exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed any easements noted in a current preliminary title report do not have an impact on the opinion(s) of value as provided in this report. If, at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value contained herein.

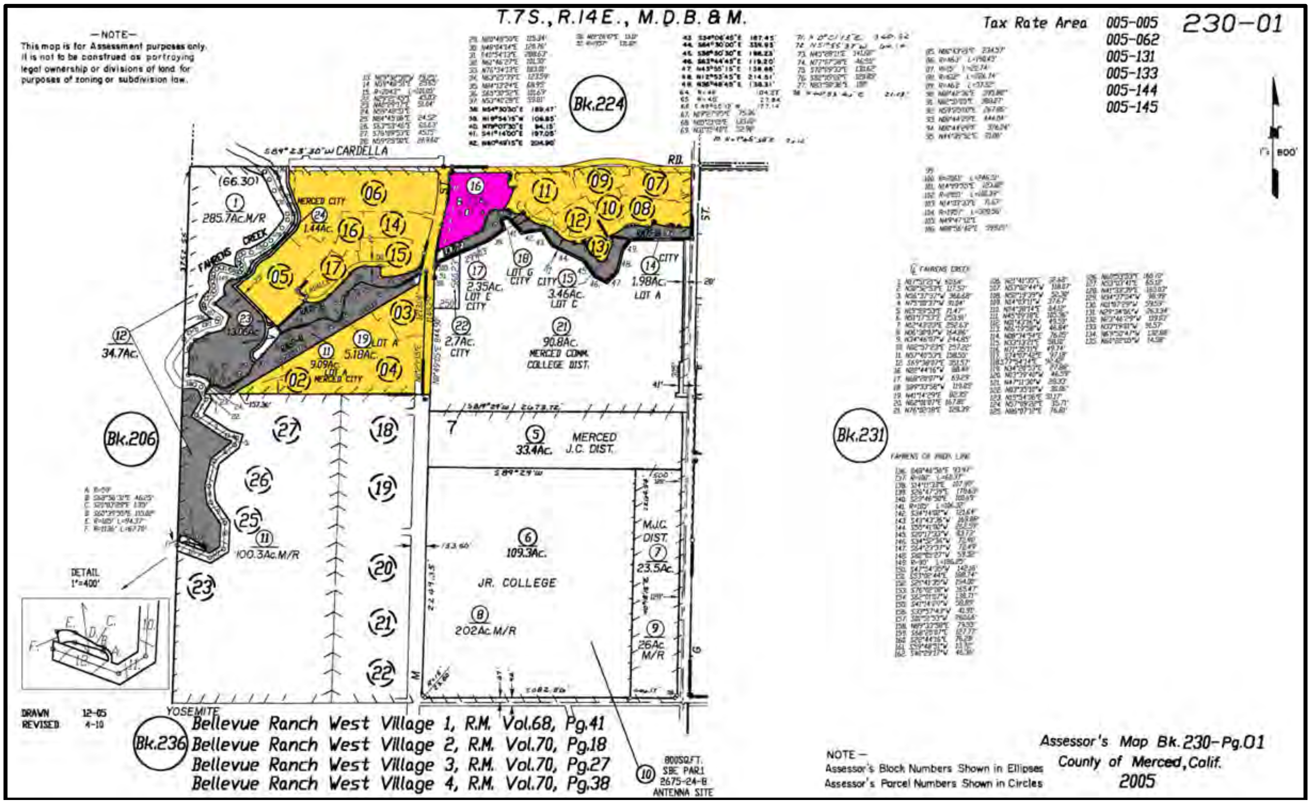
Assessor's Parcel Maps

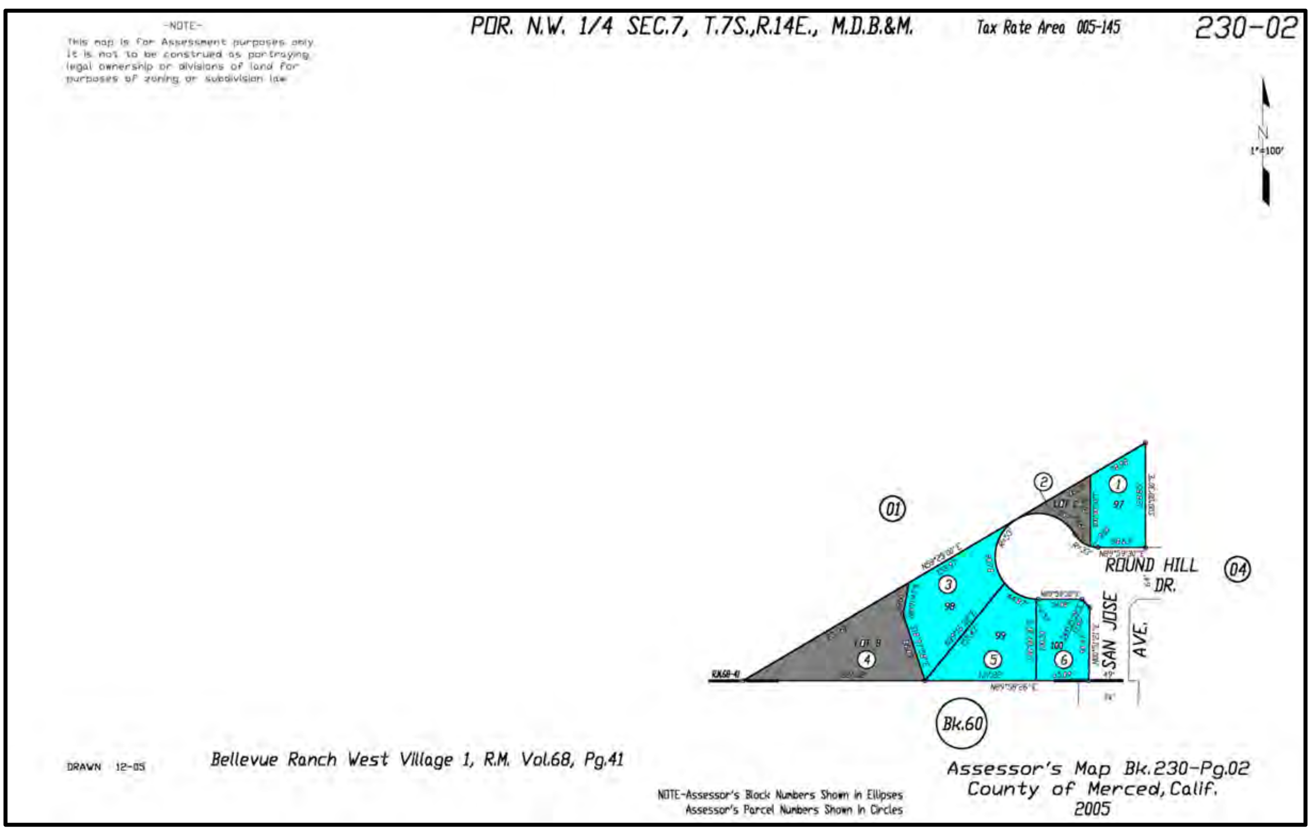
Assessor's parcel maps encompassing the Bellevue Ranch West CFD No. 2005-1 are included on the following pages. Those parcels shaded blue represent parcels with improved single-family homes with an assessed value, while the parcels shaded grey are properties not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites). All remaining parcels single-family residential lots that are not shaded and the parcel shaded pink (representing the commercial parcel), identify the appraised properties herein. The yellow shaded large lot parcels identify where the small lot parcel maps are located.

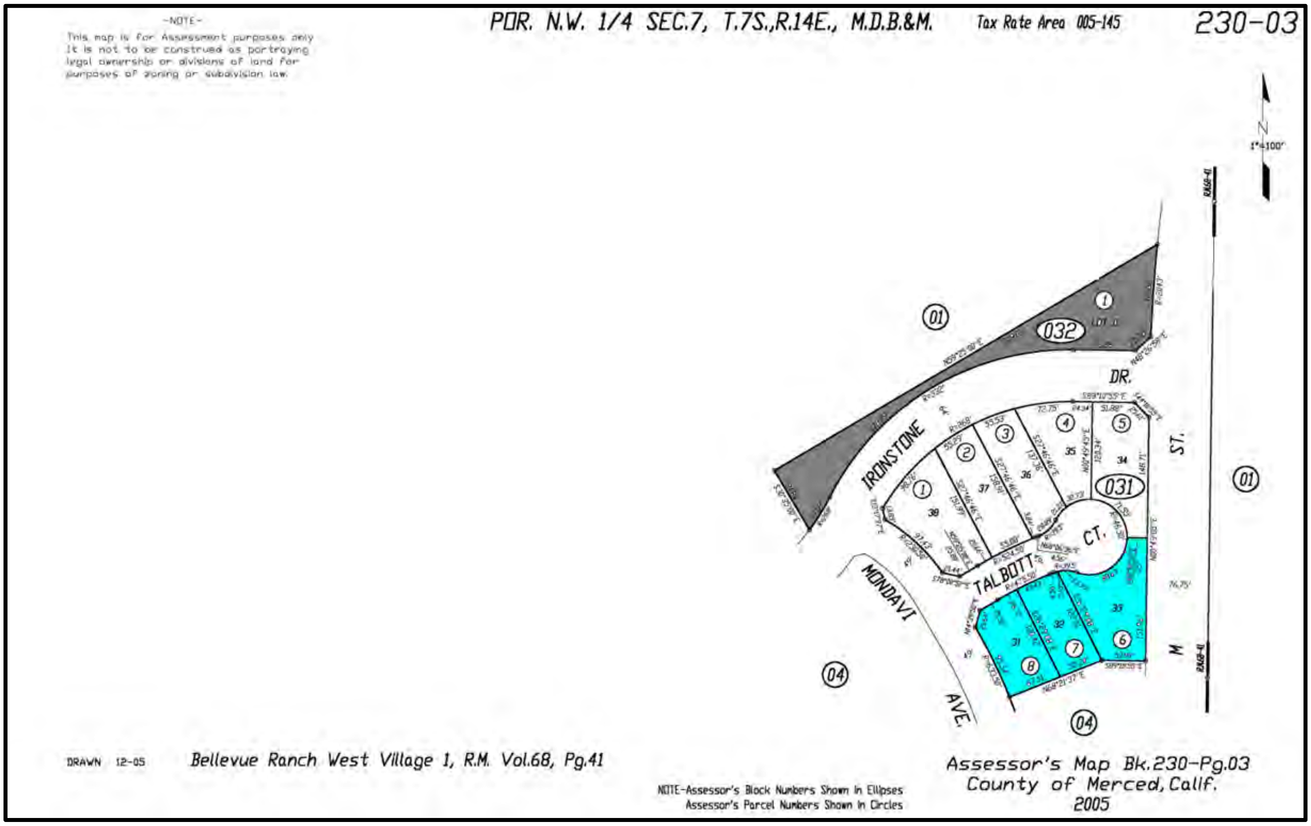


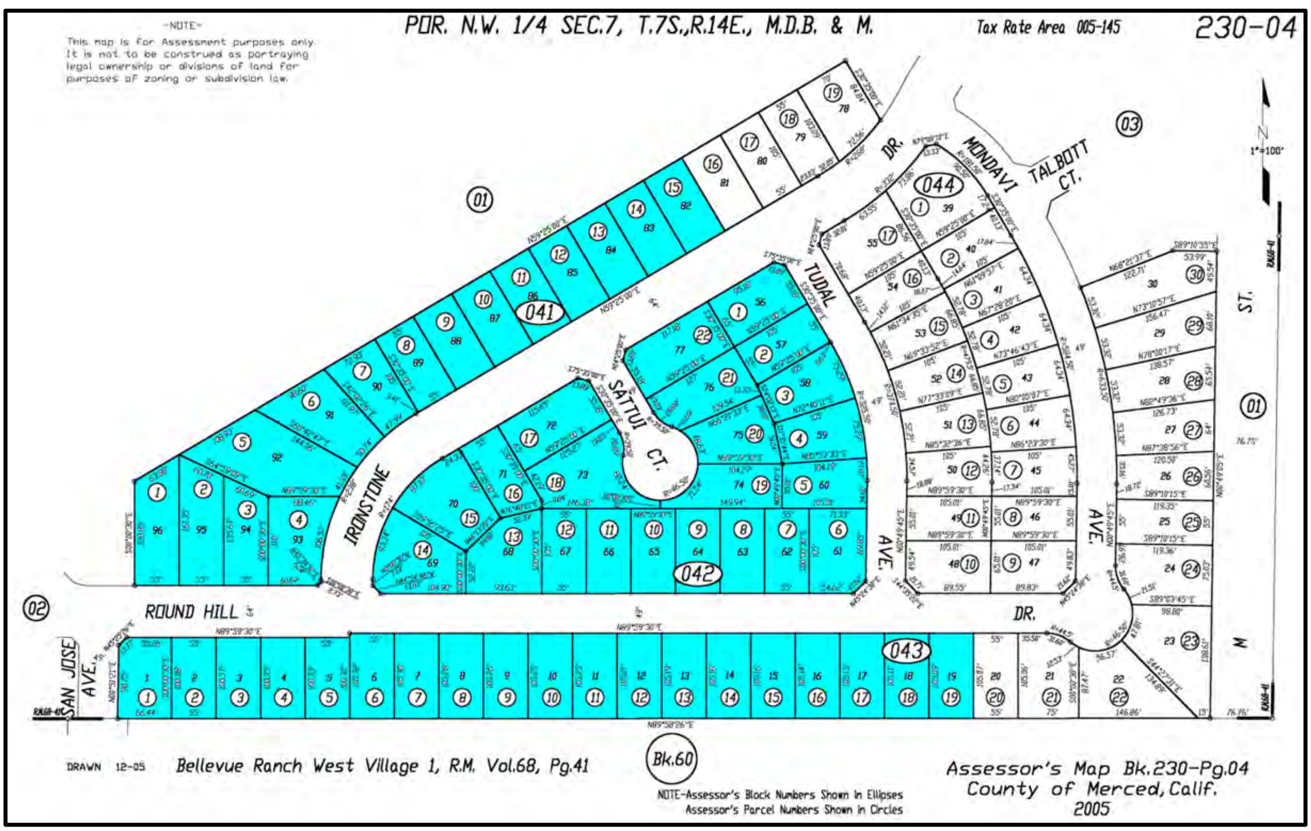

-NOTE-
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
Tax Rate Area 005-145
224-08
HEITZ
WAY
HEITZ
COURT
AVENUE
FREEMARK
TERRA CORV
AVENUE
STREET
M
081
082
083
Bellevue Ranch West Village 10, R.M. Vol. 70, Pg. 47.
DRAWN 12-05
NOTE-Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk.224 Pg. 08
County of Merced, Calif.
2005

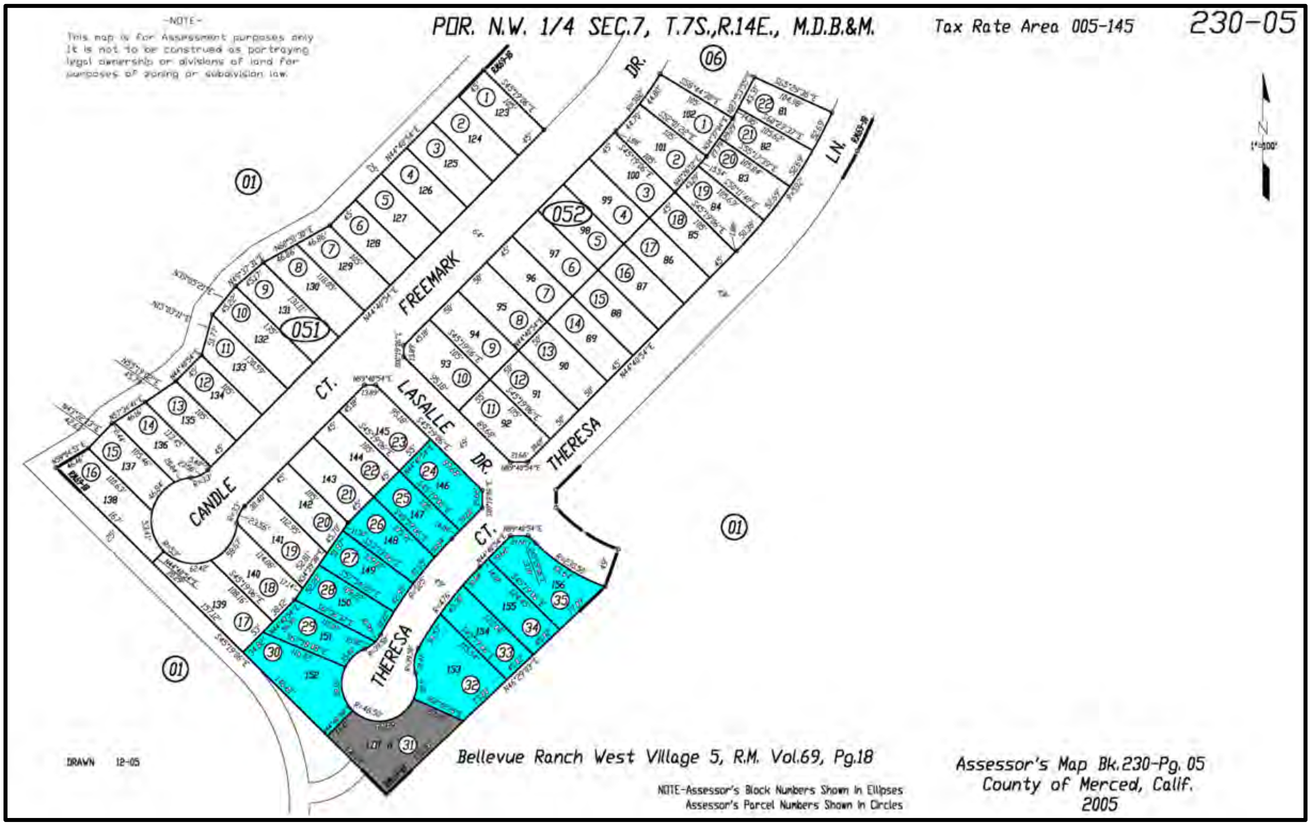

-NOTE-
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
Tax Rate Area 005-145
224-09
AVENUE
NEWTON
COURT
KEENAN
COURT
SUNOL
COURT
COPPOLA
COURT
CORVO
TERRA
AVENUE
FREEMARK
STREET
M
091
092
CARDELLA
ROAD
Bk.230
DRAWN 12-05
Bellevue Ranch West Village 10, R.M. Vol. 70, Pg. 47.
NOTE-Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk. 224 Pg. 09
County of Merced, Calif. 2005

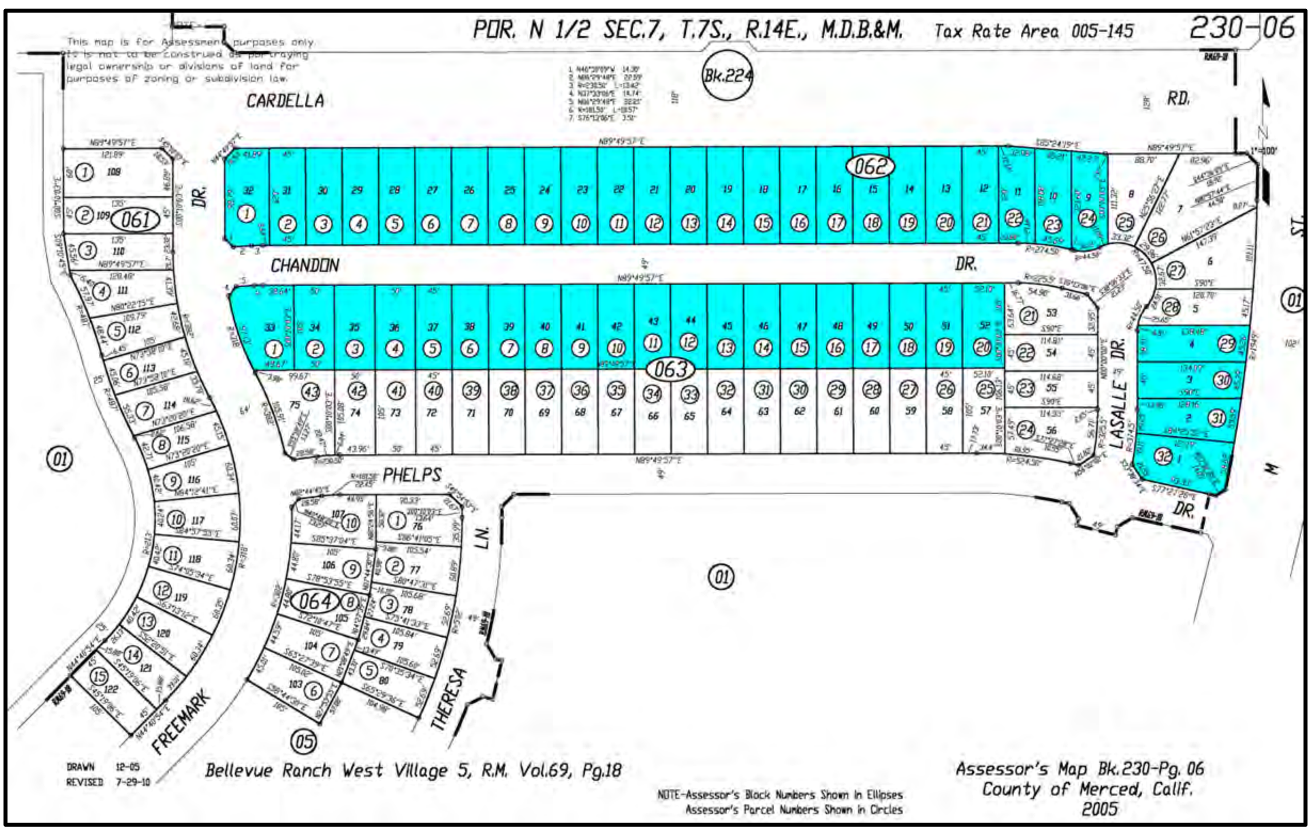

T.7S., R.14E., M.D.B. & M.
Tax Rate Area
005-005
005-062
005-131
005-133
005-144
005-145
230-01
—NOTE—
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
Bk.224
Bk.206
Bk.231
Bk.236
CARDELLA
RD.
JR. COLLEGE
MERCED COMM. COLLEGE DIST.
MERCED J.C. DIST.
M.J.C. DIST.
YOSEMITE
DETAIL 1"=400'
DRAWN 12-05
REVISED 4-10
Bellevue Ranch West Village 1, R.M. Vol.68, Pg.41
Bellevue Ranch West Village 2, R.M. Vol.70, Pg.18
Bellevue Ranch West Village 3, R.M. Vol.70, Pg.27
Bellevue Ranch West Village 4, R.M. Vol.70, Pg.38
800SQ.FT. SBE PAR1 2675-24-B ANTENNA SITE
NOTE — Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk.230-Pg.01
County of Merced, Calif.
2005

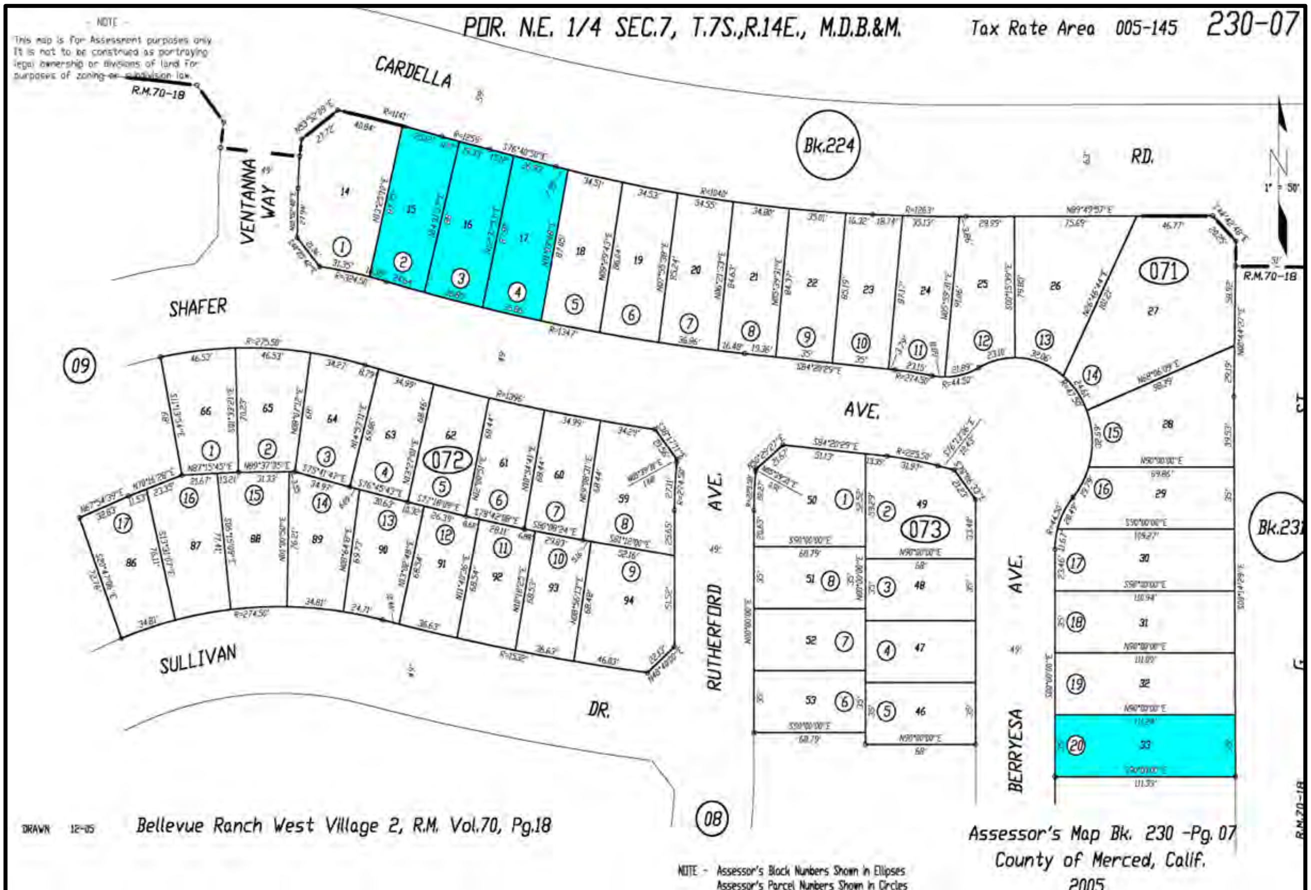

-NOTE-
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N.W. 1/4 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-02
1"=100'
ROUND HILL DR.
SAN JOSE AVE.
Bk.60
DRAWN 12-05
Bellevue Ranch West Village 1, R.M. Vol.68, Pg.41
NOTE-Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk.230-Pg.02
County of Merced, Calif.
2005


-NOTE-
This map is for Assessment purposes only
It is not to be construed as portraying
legal ownership or divisions of land for
purposes of zoning or subdivision law.
POR. N.W. 1/4 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-03
IRONSTONE
DR.
ST.
MONDAVI
AVE.
TALBOTT
CT.
DRAWN 12-05
Bellevue Ranch West Village 1, R.M. Vol.68, Pg.41
NOTE-Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk.230-Pg.03
County of Merced, Calif.
2005

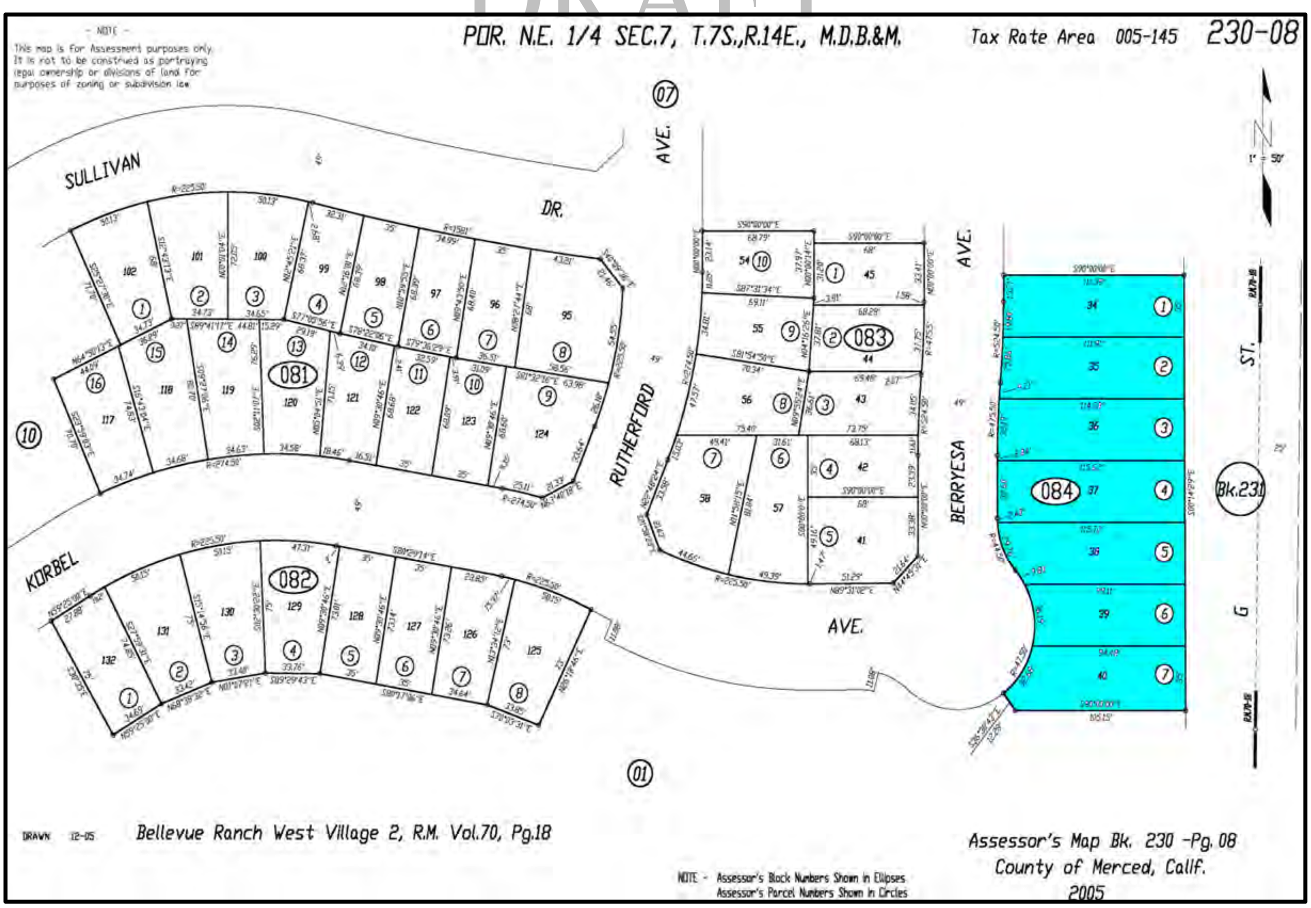

-NOTE-
This map is for Assessment purposes only
It is not to be construed as portraying
legal ownership or divisions of land for
purposes of zoning or subdivision law.
POR. N.W. 1/4 SEC.7, T.7S.,R.14E., M.D.B. & M.
Tax Rate Area 005-145
230-04
IRONSTONE
SATTUI CT.
TUDAL
MONDAVI
TALBOTT CT.
DR.
AVE.
ST.
ROUND HILL
SAN JOSE AVE.
Bk.60
DRAWN 12-05
Bellevue Ranch West Village 1, R.M. Vol.68, Pg.41
NOTE-Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk.230-Pg.04
County of Merced, Calif.
2005


-NOTE-
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N.W. 1/4 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-05
CANDLE CT.
FREEMARK DR.
LASALLE DR.
THERESA CT.
THERESA LN.
Bellevue Ranch West Village 5, R.M. Vol.69, Pg.18
Assessor's Map Bk.230-Pg. 05
County of Merced, Calif.
2005
NOTE-Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
DRAWN 12-05


-NOTE-
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N 1/2 SEC.7, T.7S., R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-06
Bk.224
CARDELLA RD.
CHANDON DR.
PHELPS LN.
LASALLE DR.
FREEMARK DR.
THERESA
Bellevue Ranch West Village 5, R.M. Vol.69, Pg.18
Assessor's Map Bk.230-Pg. 06
County of Merced, Calif.
2005
NOTE-Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
DRAWN 12-05
REVISED 7-29-10

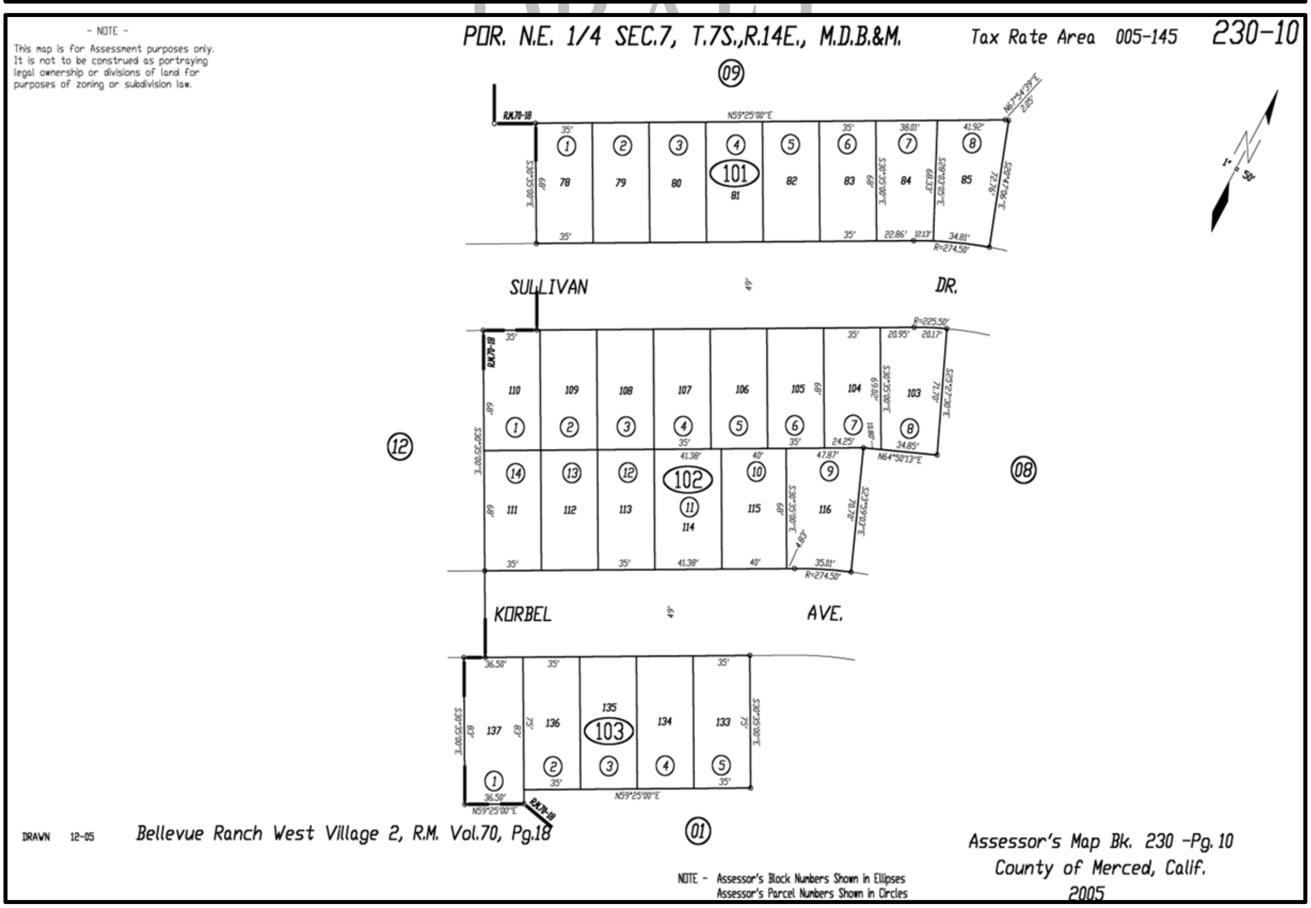


- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N.E. 1/4 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-07
CARDELLA
RD.
Bk.224
VENTANNA WAY
SHAFER
AVE.
RUTHERFORD
AVE.
BERRYESA
AVE.
SULLIVAN
DR.
Bk.231
072
073
071
Bellevue Ranch West Village 2, R.M. Vol.70, Pg.18
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk. 230 -Pg. 07
County of Merced, Calif.
2005

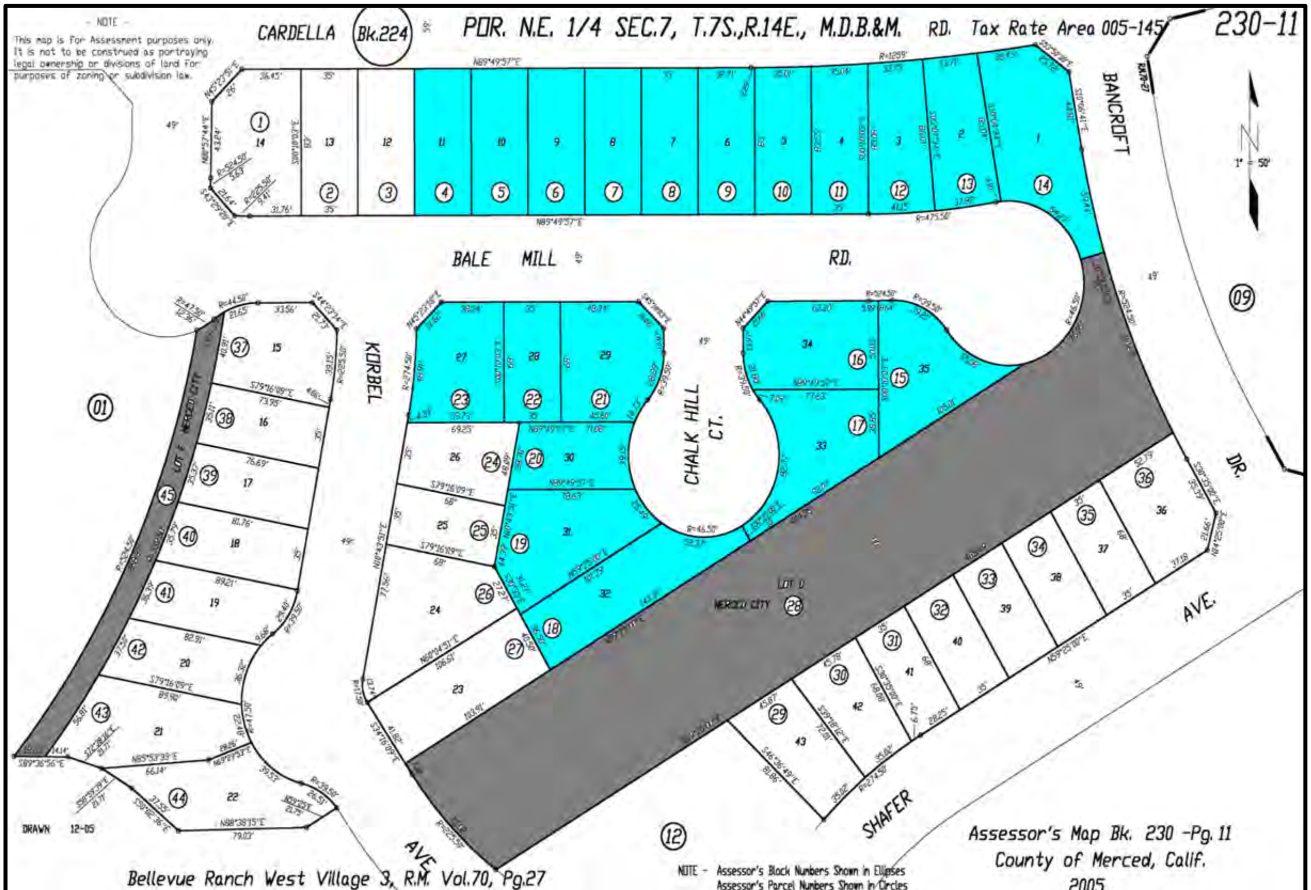


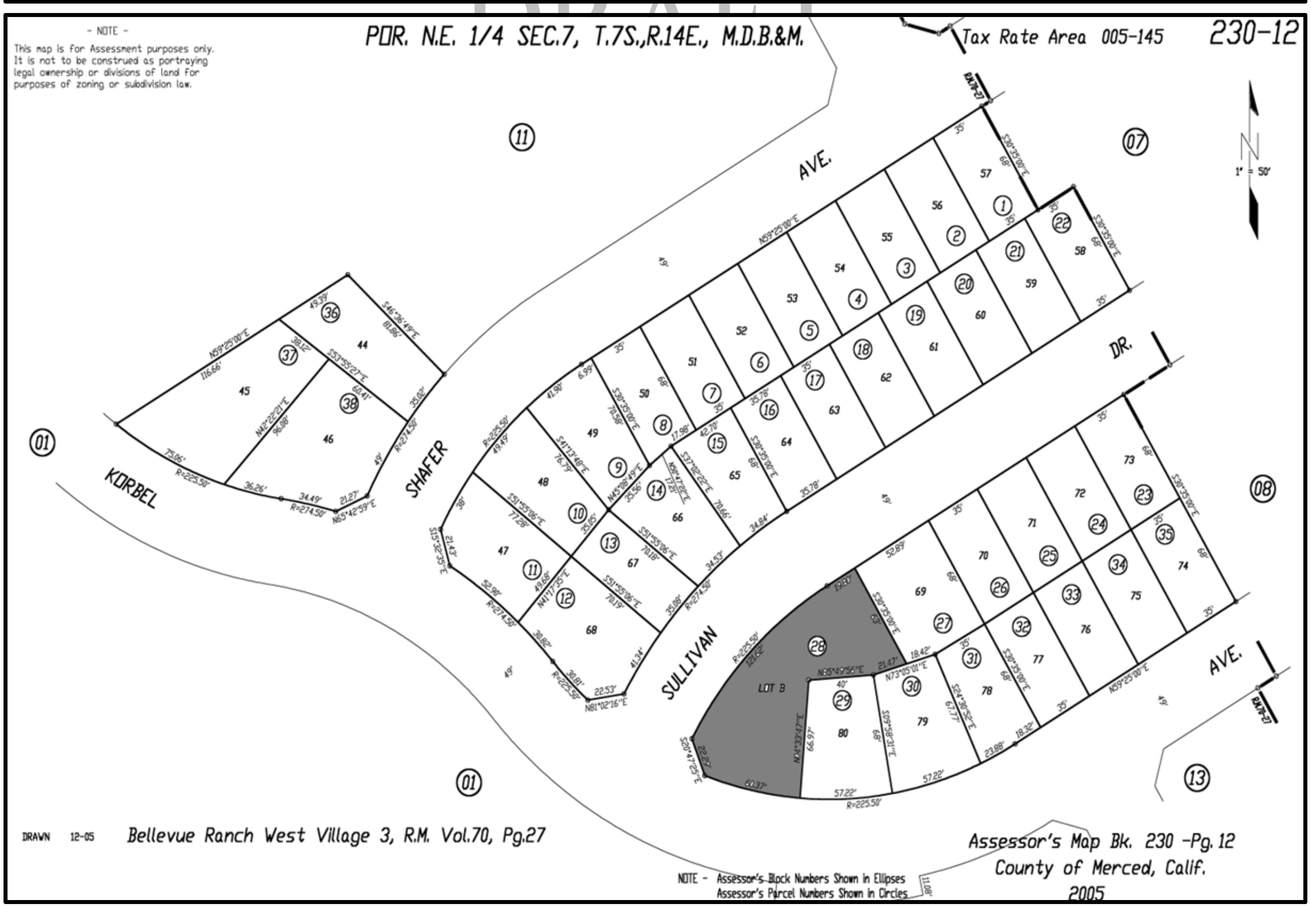
- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N.E. 1/4 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-08
SULLIVAN
DR.
AVE.
RUTHERFORD
BERRYESA
AVE.
KORBEL
ST.
G
Bk.231
081
082
083
084
Bellevue Ranch West Village 2, R.M. Vol.70, Pg.18
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk. 230 -Pg. 08
County of Merced, Calif.
2005

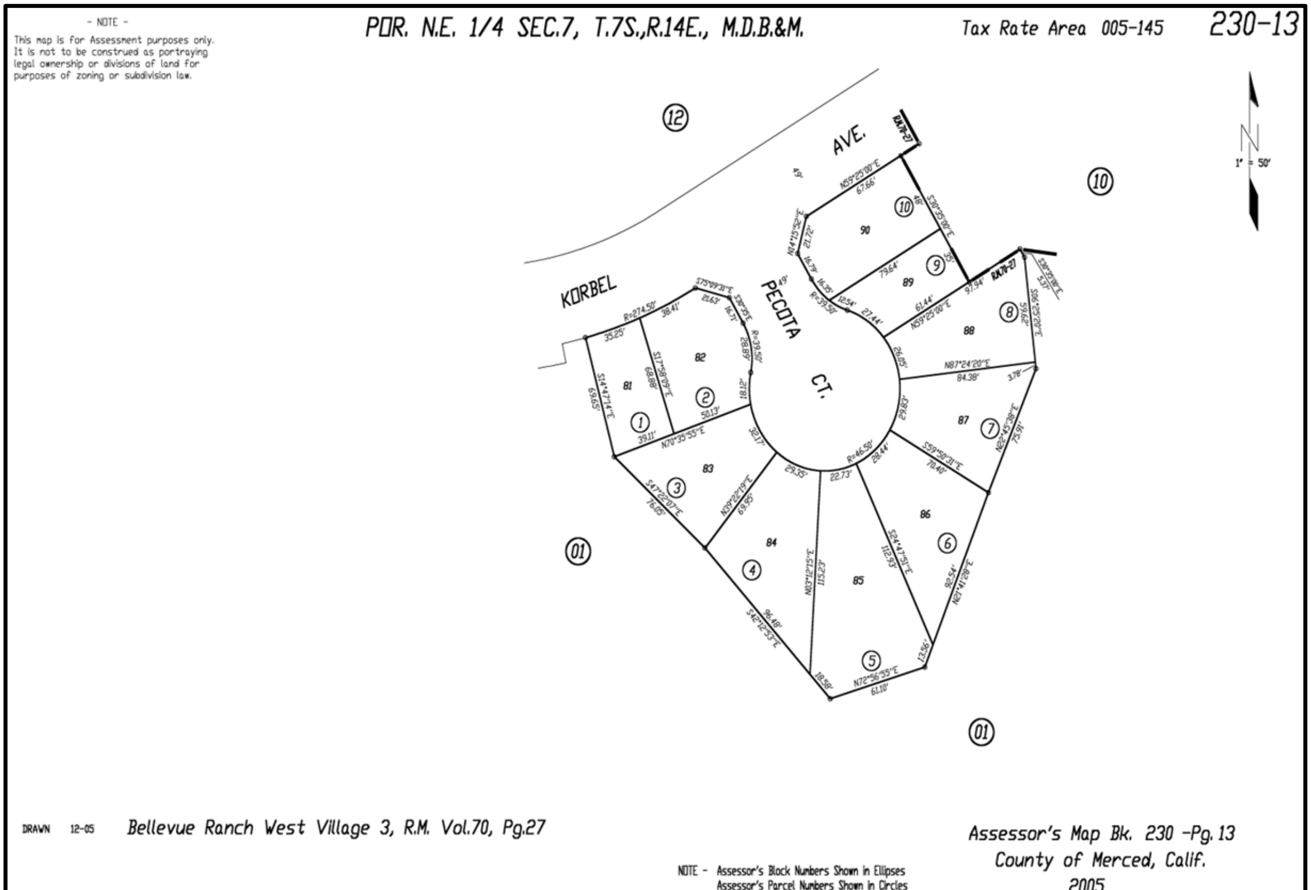
- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N.E. 1/4 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-09
Bk.224
CARDELLA RD.
BANCROFT DR.
VENTANNA WAY
SHAFER AVE.
091
092
1.48Ac.
(11)
(10)
(07)
DRAWN 12-05
Bellevue Ranch West Village 2, R.M. Vol.70, Pg.18
Assessor's Map Bk. 230 -Pg. 09
County of Merced, Calif.
2005
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles

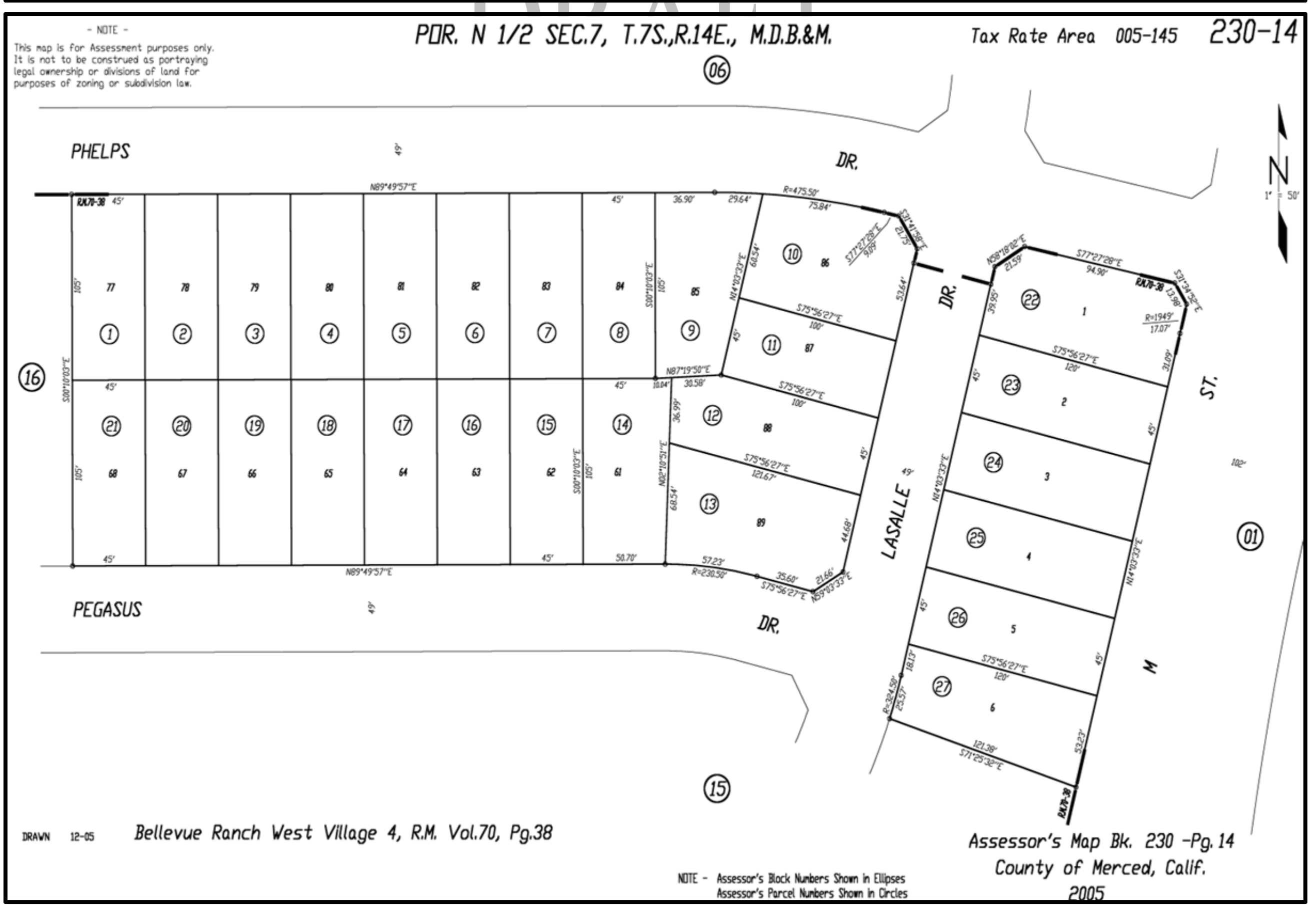


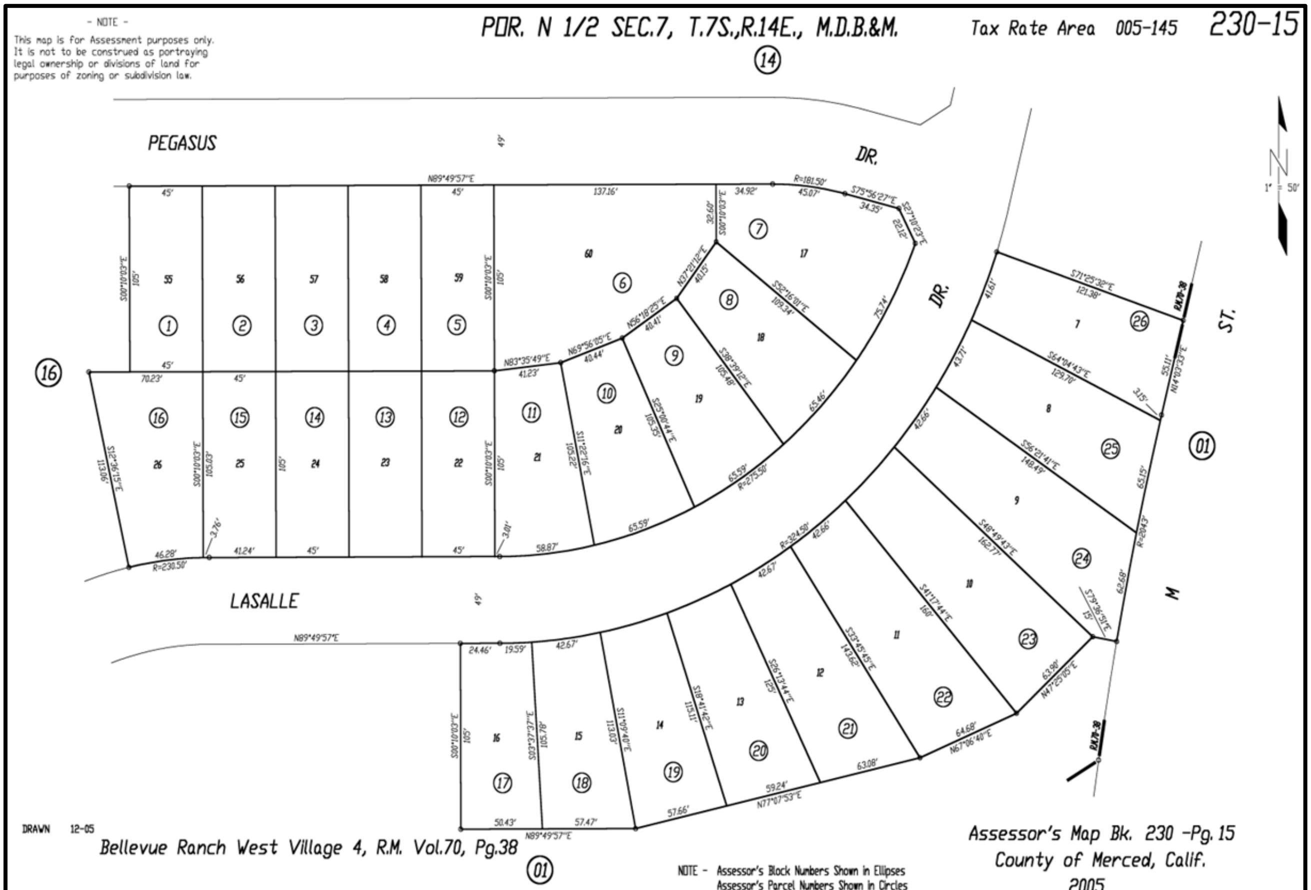
- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N.E. 1/4 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-10
(09)
101
SULLIVAN DR.
102
KORBEL AVE.
103
(12)
(08)
(01)
DRAWN 12-05
Bellevue Ranch West Village 2, R.M. Vol.70, Pg.18
Assessor's Map Bk. 230 -Pg. 10
County of Merced, Calif.
2005
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles

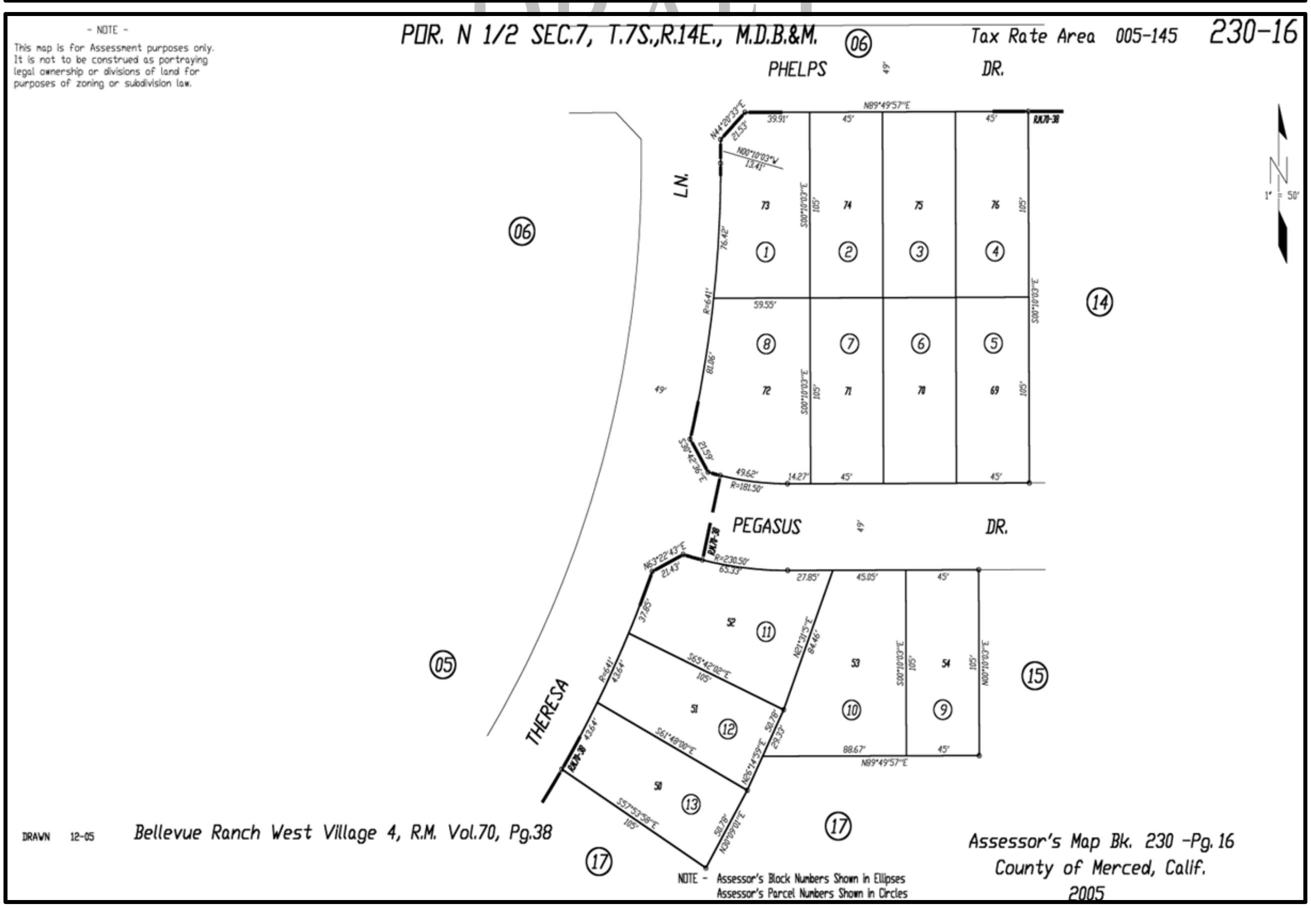

- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
CARDELLA
Bk.224
RD.
POR. N.E. 1/4 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-11
BANCROFT
BALE MILL RD.
KORBEL
CHALK HILL CT.
DR.
AVE.
SHAFER
LOT D
MERCED CITY
LOT F
DRAWN 12-05
Bellevue Ranch West Village 3, R.M. Vol.70, Pg.27
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk. 230 -Pg. 11
County of Merced, Calif.
2005

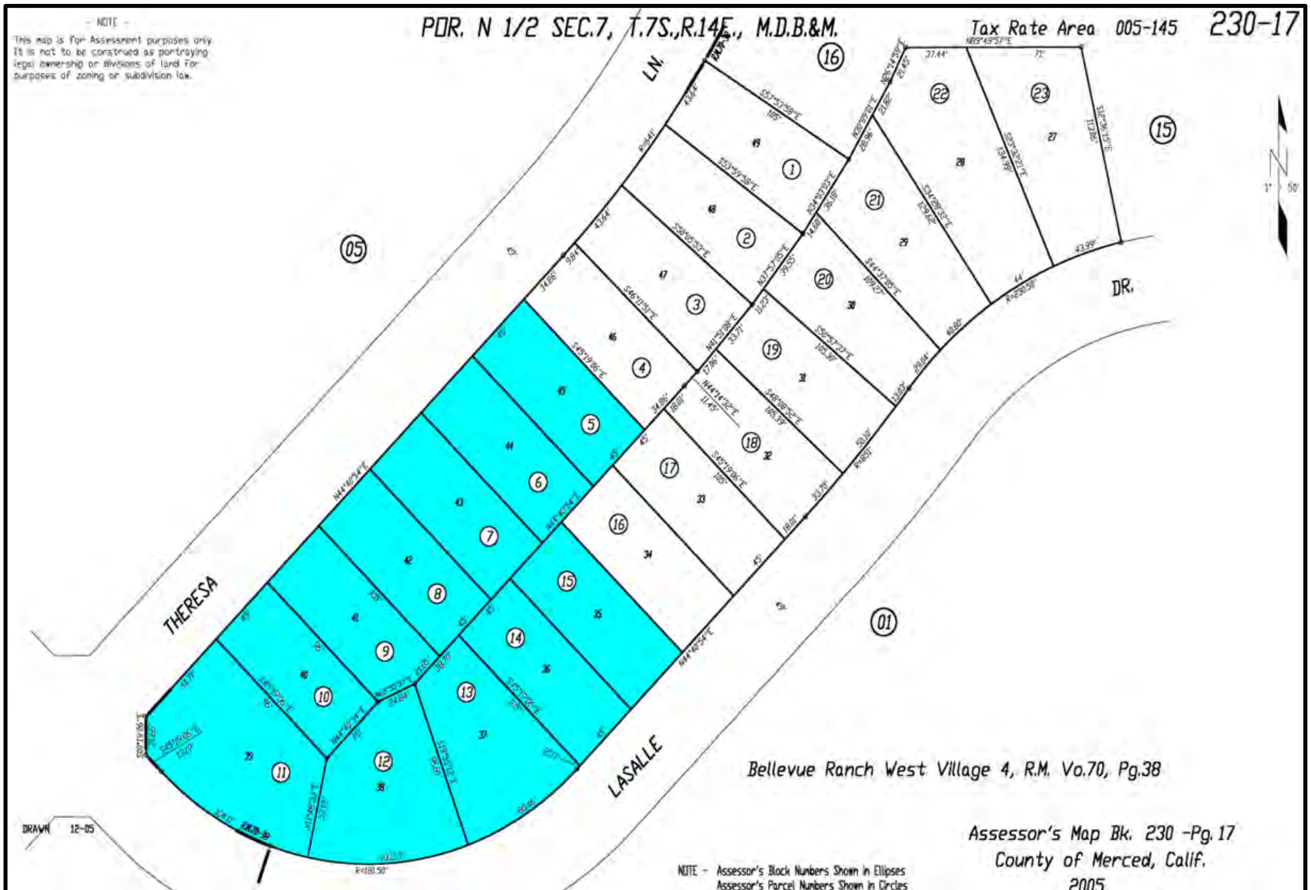

- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N.E. 1/4 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-12
AVE.
KORBEL
SHAFER
SULLIVAN
DR.
AVE.
LOT B
DRAWN 12-05
Bellevue Ranch West Village 3, R.M. Vol.70, Pg.27
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk. 230 -Pg. 12
County of Merced, Calif.
2005


- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N.E. 1/4 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-13
1" = 50'
KORBEL
AVE.
PECOTA
CT.
DRAWN 12-05
Bellevue Ranch West Village 3, R.M. Vol.70, Pg.27
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk. 230 -Pg. 13
County of Merced, Calif.
2005


- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N 1/2 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-14
1" = 50'
PHELPS
DR.
PEGASUS
DR.
LASALLE
DR.
ST.
DRAWN 12-05
Bellevue Ranch West Village 4, R.M. Vol.70, Pg.38
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk. 230 -Pg. 14
County of Merced, Calif.
2005


- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N 1/2 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-15
PEGASUS
DR.
LASALLE
DR.
M
ST.
DRAWN 12-05
Bellevue Ranch West Village 4, R.M. Vol.70, Pg.38
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk. 230 -Pg. 15
County of Merced, Calif.
2005


- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N 1/2 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-16
PHELPS
DR.
LN.
PEGASUS
DR.
THERESA
DRAWN 12-05
Bellevue Ranch West Village 4, R.M. Vol.70, Pg.38
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk. 230 -Pg. 16
County of Merced, Calif.
2005



- NOTE -
This map is for Assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.
POR. N 1/2 SEC.7, T.7S.,R.14E., M.D.B.&M.
Tax Rate Area 005-145
230-17
THERESA
LN.
DR.
LASALLE
Bellevue Ranch West Village 4, R.M. Vo.70, Pg.38
DRAWN 12-05
NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles
Assessor's Map Bk. 230 -Pg. 17
County of Merced, Calif.
2005

SITE DESCRIPTION

The appraised properties represent a portion of the City of Merced CFD No. 2005-1 (Bellevue Ranch West). The appraised properties consist of 507 legally transferrable, finished, single-family residential lots, as well as one commercial property.

The appraised properties are situated between Fahrens Creek and G Street, north of Community College Drive North/Lehigh Drive, and south of Bellevue Ranch East, within the city of Merced, California. Land uses in the subjects' immediate area are currently devoted primarily to residential and agricultural uses, with limited supporting commercial development. As the Bellevue Ranch master-planned community is built out, a wide range of land uses, including single and multifamily residential, commercial and recreational uses, will be incorporated into the area over the near to mid-term. The appraised properties are further discussed as follows.

Size and Shape: The subject land areas are primarily irregular in shape, yet functional for development under their respective land use and zoning designations.

Topography: Generally level

Soils: A soils report was not provided for this analysis. However, based on the existence of residential and commercial structures situated within the immediate area, it appears the appraised properties possess adequate load bearing capacity for development.

Adjacent Uses:

- **North** Existing and proposed single-family residential development (Bellevue Ranch East)
- **East** Vacant land
- **South** Vacant land, residential development (single- and multi-family) and Merced College
- **West** Vacant land

Drainage: Based on the development plan, a physical inspection of the appraised properties, and assuming typical grading and paving work was completed, it is expected the appraised properties have adequate drainage.

Access, Frontage, Visibility: The subject has access, frontage and visibility from W. Cardella Road. W. Cardella Road is a primary east-west thoroughfare extending through Bellevue Ranch, and connects with M and G Streets (primary north-south thoroughfares). Interior streets extend from W. Cardella Road for access to individual lots. Overall, the accessibility and visibility of the property are considered average for residential use.

Utilities:

Public utilities, including electricity, natural gas, water, sewer and telephone service, have been extended to each of the properties. Public utilities will be served by the following providers:

Water:	City of Merced
Sewer:	City of Merced
Natural Gas:	Pacific Gas and Electric
Electricity:	Pacific Gas and Electric
Telephone:	AT&T
Fire:	Merced Fire District
Police:	Merced Police Department

Environmental Issues:

At the time of inspection, the appraiser did not observe the existence of hazardous material, which may or may not be present on the properties. The appraiser has no knowledge of the existence of such materials on the properties. However, the appraiser is not qualified to detect such substances. The presence of potentially hazardous materials could affect the value of the properties. The value estimates are predicated on the assumption there is no such material on or in the properties that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field if desired.

Improved Lots:

The subject portion of Bellevue Ranch West CFD No. 2005-1 includes 507 fully improved single-family lots (curbs, gutters, sidewalks, street lighting, utilities stubbed, etc.).

Unimproved Land:

The subject portion of Bellevue Ranch West CFD No. 2005-1 also includes one 8.33-acre unimproved land parcel zoned for commercial development. This property is located at the southeast corner of Cardella Road and M Street. All off-site improvements (i.e., street, curbs, gutters, street lights, etc.) are in place. No on-site work has been completed.

Conclusion:

The configuration and size of the appraised properties are considered adequate for development. The on-going improvement in the residential market bodes well for this project, considering the inventory of developable lots available for immediate home construction, and should increase the demand for the complementary land uses within the Specific Plan. We expect the appraised properties to be competitive with the other local developments, as well as projects located elsewhere throughout the Central Valley region.

SUBJECT PHOTOGRAPHS

Subject Property: Residential Lots

Subject Property: Residential Lots

Subject Property: Residential Lots

Subject Property: Residential Lots

Subject Property: Residential Lots

Subject Property: Residential Lots

Subject Property: Commercial Land

Subject Property: Commercial Land

MERCED COUNTY

Introduction

Located in Central California, about 100 miles southeast of San Francisco, 113 miles south of Sacramento, and 275 miles north of Los Angeles, Merced County lies in the heart of the San Joaquin Valley. Merced's 2,008 square miles extend from the coastal ranges to the foothills of Yosemite National Park.

Merced County is bordered by Santa Clara County to the northwest, Stanislaus County to the north, Tuolumne and Mariposa Counties to the east, Madera and Fresno Counties to the south, and San Benito County to the west. More than half of the county's land is made up of an agriculturally rich alluvial plain produced by the Chowchilla, San Joaquin and Merced Rivers. Agriculture is one of the county's main sources of revenue and, based on production, Merced is the fifth leading agricultural county in California. Milk and related products from Merced's commercial dairies generate the greatest amount of revenue. Other crops grown in commercial quantities include poultry, beef, almonds and tomatoes.

Elevations in the county range from 70 feet along the San Joaquin River to 3,800 feet near the San Benito County line. About one-fifth of the land in the county consists of agricultural soils with few limitations for cultivation; other areas consist of old terrace areas of basin soils, which are poorly drained or have salinity or alkali problems. Soil reclamation efforts have put many acres of this land into production. Over 90% of crops are being grown in commercial quantities. The Delta-Mendota Canal and the California Aqueduct and their delivery systems supplement the county's natural waterways.

Population

The population of Merced County is over 266,000, and has shown moderate growth over the past five years, with an average growth rate of 0.8% per year. The city of Merced is the largest city in the county (with a population of nearly 82,000), followed by Los Banos and Atwater. The following table illustrates population trends for areas within Merced County over the past few years.

POPULATION TRENDS

City	2010	2011	2012	2013	2014	2015	%/Yr
Atwater	28,169	28,204	28,705	28,863	28,905	29,023	0.6%
Dos Palos	4,946	4,954	4,996	5,018	5,013	5,023	0.3%
Gustine	5,498	5,524	5,571	5,604	5,606	5,618	0.4%
Livingston	13,030	13,214	13,421	13,494	13,696	13,735	1.1%
Los Banos	35,918	36,389	36,726	36,941	37,003	37,145	0.7%
Merced	78,860	78,994	79,827	80,665	81,176	81,722	0.7%
Unincorporated	88,978	89,819	90,972	91,823	93,168	93,868	1.1%
Total	**255,399**	**257,098**	**260,218**	**262,408**	**264,567**	**266,134**	**0.8%**

Source: California Department of Finance

Transportation

Merced is well served by highway transportation. Interstate 5 and State Highway 99, the main north-south routes in California, both travel through the county. Interstate 5 extends to Mexico to the south and Canada to the north. Highway 99 reaches Red Bluff in Northern California and merges with Interstate 5 just south of Bakersfield to the south. The main east-west highways in the county include State Highways 140 and 33.

There are a variety of transit options available in Merced County, including bus and rail service. In 1996, Merced County Transit began providing a consolidated public transit service known as “The Bus” throughout the county. The Bus operates on 15 fixed route lines and demand response services. The Bus currently operates 36 buses with 21 assigned to fixed routes and the remaining 15 providing Dial-A-Ride service to all of Merced County.

Merced County is served by the AMTRAK “San Joaquin” on a daily basis. Interregional rail transit service connecting Merced County to points west and south is provided by AMTRAK. The San Joaquin offer five daily northbound and southbound trains, connecting Los Angeles, Oakland and Sacramento via Stockton. The route also includes dedicated feeder bus service connecting Stockton to San Jose, via Tracy and connecting Stockton to Sacramento. Direct train service, replacing the bus, between Stockton and Sacramento is the subject of current negotiations between the State and Southern Pacific Railroad Company. Two railroad companies operate in Merced County – Union Pacific and Burlington Northern.

The Merced region has several public-use airports, including Merced Regional Airport, Gustine Airport, Castle Airport, Los Banos Municipal Airport and Turlock Municipal Airport. In addition, there are several privately-owned airfields located within the county. Merced Regional Airport is the only facility that provides air cargo and passenger service in the county.

The principal waterways in the county are the San Joaquin River and its largest tributaries, the Merced and Chowchilla Rivers, the Bear, Owens, and Mariposa Creeks in the eastern portion of the County, and the Los Banos and San Luis Creeks in the west.

Employment & Economy

The California Employment Development Department has reported the following employment data for Merced County over the past several years.

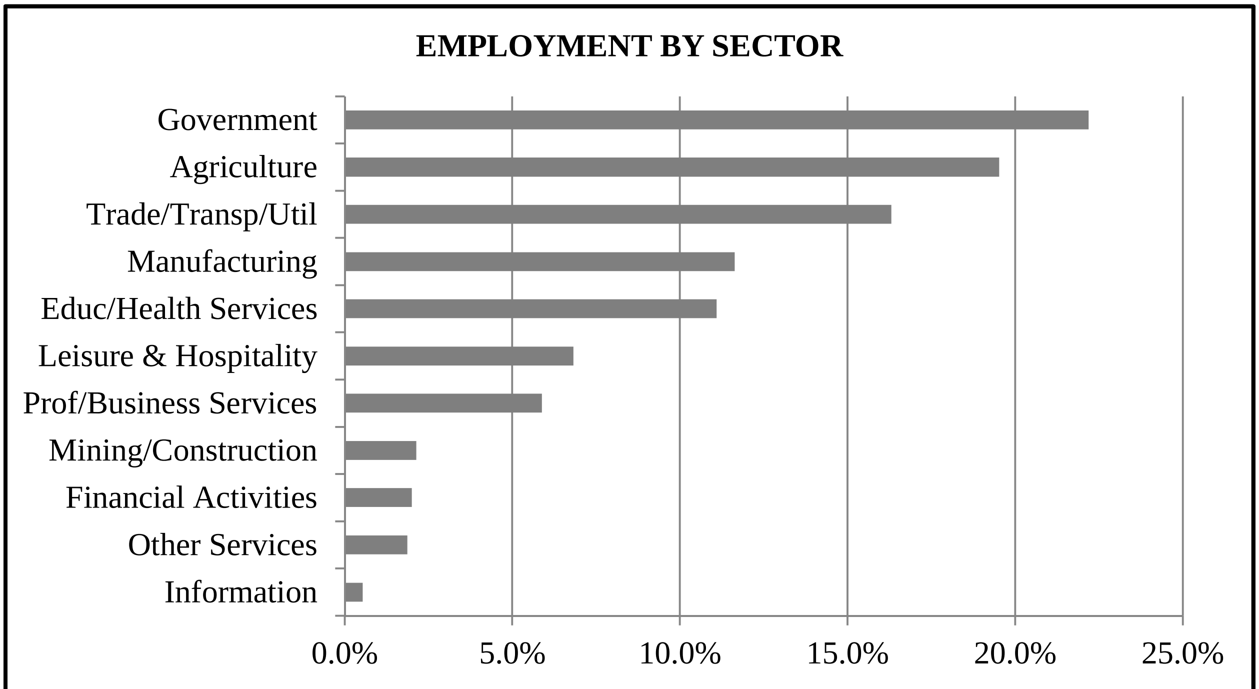
EMPLOYMENT TRENDS

	2009	2010	2011	2012	2013	2014
Labor Force	105,400	113,300	114,500	115,100	115,000	115,400
Employment	87,900	92,900	94,300	96,300	98,300	100,600
Job Growth	(1,300)	5,000	1,400	2,000	2,000	2,300
Unemployment Rate	16.6%	18.0%	17.6%	16.3%	14.5%	12.8%

Source: California Employment Development Department

The unemployment rate in Merced County was 9.1% in October 2015, which compares to rates of 5.8% for California and 5.0% for the U.S. Agricultural-oriented counties like Merced tend to have greater seasonal variations in employment (higher unemployment in winter months) and higher unemployment rates overall.

Merced County has a diverse economy, with no one sector accounting for a majority of the employment in the region. The following chart indicates the percentage of total employment for each sector within the county.



Source: California Employment Development Department

As can be seen in the chart above, the area's largest employment sectors are Government, Agriculture, and Trade/ Transportation/Utilities (which includes retail and wholesale trade). Based on production, Merced is the fifth leading agricultural county in California. Milk and related products from Merced's commercial dairies generate the greatest amount of revenue. Other crops grown in commercial quantities include poultry, beef, almonds and tomatoes.

The following table lists the largest employers in the region.

LARGEST EMPLOYERS

Employer	Employees	Industry
Foster Farms Inc.	3,710	Poultry processing
UC Merced	1,879	Education
County of Merced	1,821	Government
Mercy Medical Center	1,255	Hospitals
Merced Co. Office of Education	1,254	Education
Merced City School District	1,070	Education
Dole Packaged Foods	1,000	Food products
Merced Union High School Dist.	982	Education
Merced College	832	Education
Liberty Packing Company	650	Food processing

Source: County of Merced, Comprehensive Annual Financial Report, June 30, 2014

Traditionally, Merced's economy has been associated with agricultural industries; however, in recent years, the county has grown increasingly varied. Merced has been chosen as a new location for several companies, attracted to the county's readily accessible transportation, low labor and housing costs and quality of life. Some of the county's fastest growing industries include natural resources and mining, other services, and educational and health services.

As indicated in the previous table, UC Merced is the second largest employer in the county. This University of California campus opened in the fall of 2005. The opening of the campus has had a significant positive impact on the regional economy. The campus is expected to reach a student population of 25,000 by the year 2030. Campus employment started at about 500 and should reach 9,000 at full capacity.

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. In the year 2013 (most recent data available from the U.S. Census Bureau), Merced County's median household income was $41,003, which was significantly lower than the state of California's median income of $60,185.

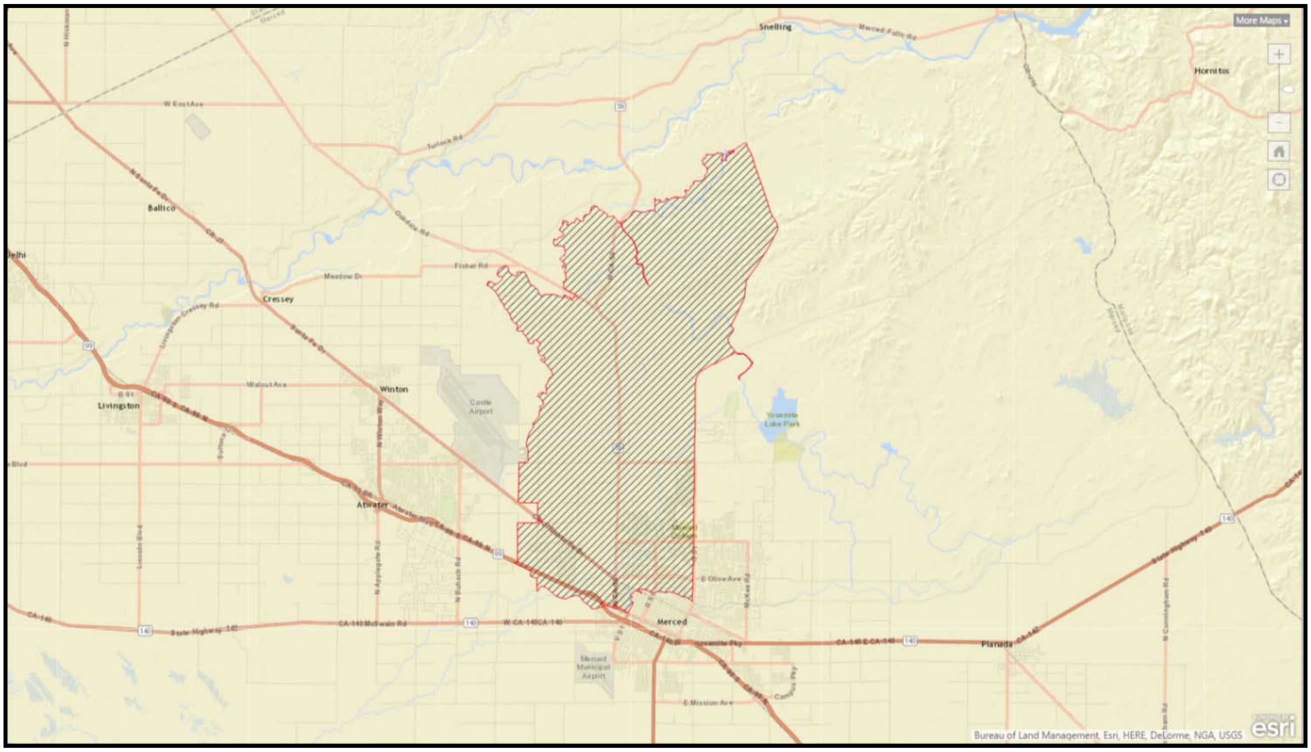
Recreation & Community Facilities

Merced County offers a variety of recreational opportunities and community facilities, in addition to the UC Merced campus previously discussed. Yosemite National Park is located approximately 80 miles east of the city of Merced. The Castle Air Museum and Challenger Learning Center are popular cultural attractions. The Merced West Coast Antique Fly-In is one of the oldest continually running establishments of antique airplanes in the western United States.

Conclusion

Merced County is located in the central part of the state and agriculture continues to be a significant part of the regional economy. Among the region's positive attributes are its temperate climate, central location within California, relative affordability compared to the Bay Area and other parts of the state, and the presence of a growing UC campus. Like most of the state and nation, the county experienced high unemployment and real estate market declines during the period of roughly 2008-2010. Employment conditions have shown some improvement in the region and most real estate sectors are showing signs of recovery or expansion; however, unemployment remains somewhat high and the economic recovery period will likely be gradual.

NEIGHBORHOOD



Introduction

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.”[3]

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The appraised properties are located in the northern portion of Merced. The neighborhood boundaries generally correspond to subjects’ zip code (95348) boundaries, or State Highway 99/Bear Creek Drive to the south, G Street to the east, Merced city limits to the north and west. Specifically, the subject is situated between Fahrens Creek and G Street, north of Community College Drive North/Lehigh Drive, and south of Bellevue Ranch East, within the city of Merced, California.

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[3] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 156.

Demographics

According to reports prepared by Esri Business Analyst Online (Esri), current and projected demographics within the subjects' zip code (95348) are summarized in the following table.

Population (2015)	31,824 persons
Population (2020), % change	32,942 persons, +3.51%
Median Age	28.8 years
Number of Households	10,309
Average Household Size	3.05 persons
% of Households Owner-Occupied	40.5%
% of Households Renter Occupied	59.5%
Median Household Income	$45,178

The City of Merced is one of six cities within Merced County (other cities in the County include Atwater, Dos Palos, Gustine, Livingston, and Los Banos). As shown in the following table, the City of Merced is the largest city in the county. While Los Banos shows a larger population, household count and median household income, the information pertains to all persons in the 93635 zip code, which includes surrounding, unincorporated areas of Los Banos.

	Atwater		Dos Palos*		Gustine		Livingston		Los Banos**	
Population (2015)	28,736	+	10,652	+	5,817	+	13,066	+	40,853	-
Population (2020), % change	29,434	+	10,921	+	6,087	+	13,316	+	43,057	-
Median Age	31.2	-	31.3	-	36.2	-	28.6	=	30.2	-
Number of Households	9,005	+	3,188	+	1,973	+	2,781	+	11,694	-
Average Household Size	3.18	-	3.33	-	2.95	+	4.14	-	3.48	-
% of Households Owner-Occupied	53.3%	-	55.2%	-	58.9%	-	67.5%	-	57.3%	-
% of Households Renter Occupied	46.7%	+	44.8%	+	41.1%	+	45.8%	+	42.7%	+
Median Household Income	$45,185	=	$38,514	+	$40,796	+	$46,880	=	$54,063	-

* Demographic information for the 93620 zip code were utilized

** Demograpnich information for the 93635 zip code were utilized

As reported by CoreLogic (formerly DataQuick Information Services), the median resale home price in the city of Merced as of October 2015 (latest available) was $175,000, which is down 9.3% from the same period last year. In comparison, the City's median resale home price is lower than the County's ($214,500, which is up 14.42% from the same period last year), which includes the communities of Atwater, Delhi, Gustine, Hilmar, Livingston, Los Banos and Winton.

According to the California Employment Development Department, the city of Merced has an unemployment rate of 8.6% as of October 2015 (latest available). The city of Merced's unemployment rate is slightly lower than Merced County's unemployment rate (9.1%).

Transportation

The subject property is situated along Cardella Road, south of Bellevue Road, which intersects with Highway 59 approximately two miles northwest. Highway 59 in turn connects with downtown

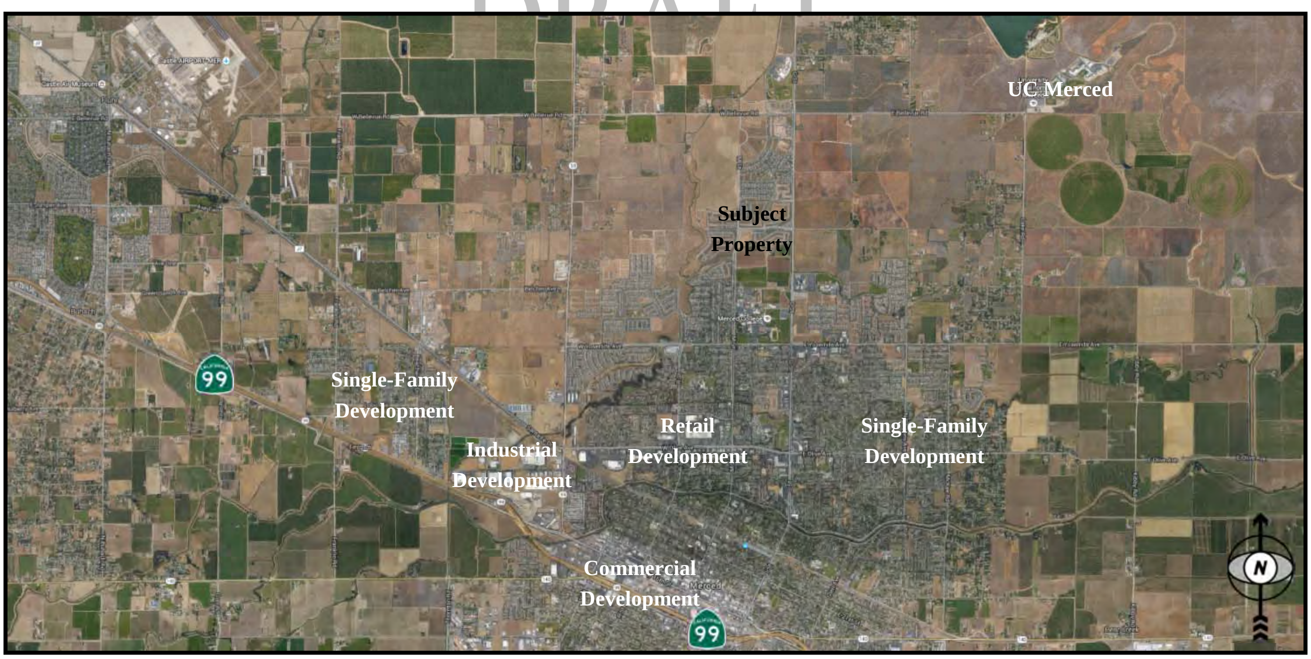
Merced and Highway 99 approximately three to four miles south. State Highway 99 is a main north-south transportation route in California providing direct access to the cities of Fresno, Tulare and Bakersfield to the south, before merging with Interstate 5. To the north, State Highway 99 travels through the cities of Modesto, Stockton, Sacramento, Yuba City, Chico and Red Bluff, before merging with Interstate 5 and continuing north to Redding, Oregon, Washington and Canada.

Highway 59 provides access to the community of Snelling to the north and El Nido and Los Banos to the south; Highway 140 to the south of the subject provides access to the city of Mariposa to the east of Merced. Other primary roadways in the neighborhood include: G Street, adjacent and east of the subject; and Yosemite Avenue, approximately one mile south of the subject.

Public Transportation in the area includes various bus lines (Greyhound, Yosemite line) and Amtrak. An Amtrak station is located on W. 24th Street and a bus depot is located on W. 16th Avenue in Merced. There are Greyhound bus stops in Merced, as well as Merced County Transit and Yosemite Gray Lines providing access to Yosemite National Park.

Surrounding Land Uses

A map of land uses in the vicinity of the subject is provided on the following page.



The subject is located at the northern edge of the city limits of Merced. Surrounding land uses are residential in nature, and the quality and type of surrounding residences are modest in quality, but average for production homes in the area. The nearby residential construction exhibits an effective age of 10 years. The surrounding construction was designed for entry-level and first time move-up buyers. The homes have stucco exteriors with composition shingle or concrete tile roofs.

West of the subject is rural residential development that has been planned for low density residential development by the City of Merced in the long term. Bellevue Ranch is partially improved with several single-family subdivisions.

The subjects' immediate vicinity received significant development of the prior residential expansionary period. The opening of UC Merced, located in northeast Merced, helped spur development in this area.

There are numerous groups of finished lots dispersed throughout the immediate area, many of which transferred in recent years to investor buyers, with recent interest from local and some national production home builders. The most abundant supply of vacant finished lots in Merced is found within the Bellevue Ranch master planned community.

There is minimal new construction occurring in the vicinity of the subject. According to the Merced Vision 2030 General Plan, which was adopted on January 3, 2012, there are approximately 1,813 finished lots in the City which are either low or low medium density (generally 10,000 square feet or less). There are an additional 4,473 lots which are tentatively mapped or partially improved with no final map recorded.

Supporting commercial development in the neighborhood is concentrated along Olive Avenue to the south. The Merced Mall Shopping Center, located about 1.5 miles southwest of the subject, is anchored by tenants that include JC Penny, Kohl's, Big Lots and Sears. Additional retail development is mostly clustered along primary neighborhood thoroughfares and at major intersections. The primary downtown Merced area is located further south, between G Street and V Street, north of West 16th Street and south of West 19th Street. These areas are generally composed of more mature development utilized for a variety of retail and office uses. Notable users include the California Welcome Center at West 16th Street and M Street, and the Merced Civic Center at West 18th Street and N Street. The Plaza at El Portal, located on the west side of G Street at El Portal Drive, is one of the few recently constructed office projects within subjects' neighborhood.

Industrial and office properties are primarily located south of downtown Merced, along State Highway 99 and along less heavily traveled streets.

The most prominent land uses in the area are the UC Merced campus. According to the University's website, Fall 2015 enrollment is 6,685 students, which is an all-time high enrollment figure for the campus, and compares to 6,268 the previous fall. New first-year and graduate students account for the growth, with a 15.4% and 16.7% increase (respectively). The campus also received a record number of undergraduate applications for admission (12,472), up 15% compared to the prior year, the highest rate of growth in the UC system. However, admissions for the current academic year were limited for the third year due to space constraints. UC Merced has proposed a fast-track expansion plan to double the campus's physical capacity by 2020, with a goal of accommodating 10,000 students. Another notable use in the area is Merced College, located at the intersection of Yosemite Avenue and M Street, south of the subject.

The subject is part of the Merced Unified School District. The nearest middle school is Rudolph Rivera Middle School, located at R Street and Buena Vista Drive. This school has a 2013 API (Academic Performance Index; latest available) rating of 749. The State API goal for all schools is 800. Merced High School is located on Olive Avenue at G Street. This school has approximately 2,600 students and a 2013 API score of 793.

Another notable community use is Mercy Medical Center, which is located in north Merced on G Street. The first phase of this teaching hospital opened in 2007 and has capacity for 185 patients. Over a 20-year period, this facility is planned to expand to allow for 435 patients.

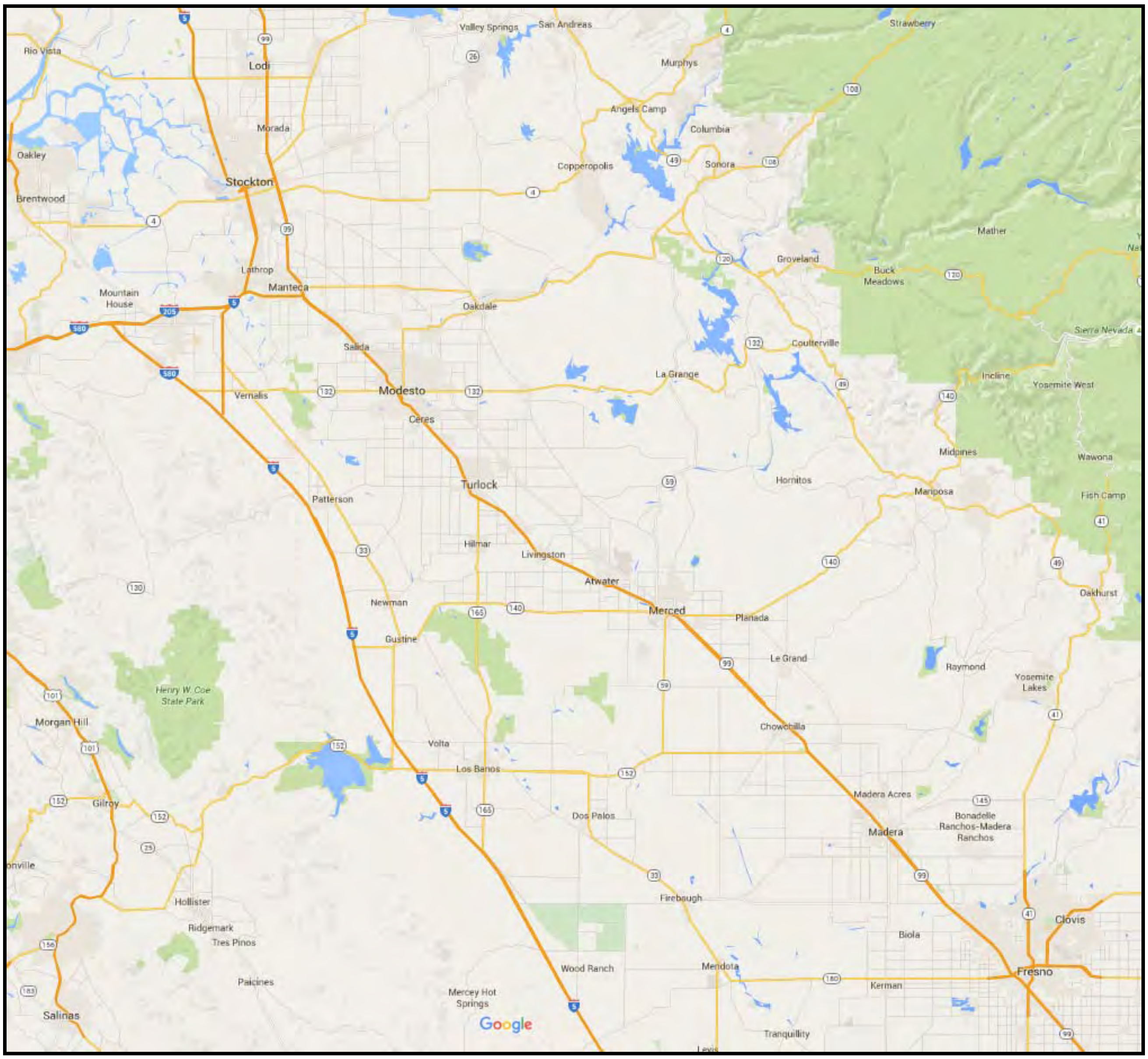
Conclusion

The city of Merced has experienced considerable population growth during the past economic cycle (2000-2005), which was fueled by Merced County's inexpensive housing prices relative to other larger communities in the Central Valley, as well as UC Merced. While new development has historically been slower in comparison to more urban areas throughout the region, UC Merced, which opened in 2005, should continue to buoy the city's growth. The university opened with 875 students and is expected to grow at a rate of 600 students per year until it reaches is expected maximum of 25,000 students in 2030. In addition to the student population, the number of professors and other university employees is expected to grow steadily over the coming years. The subject is located near the edge of the city limits, but in an area poised for additional growth in the long term due to its proximity to Merced College and UC Merced. The characteristics of the neighborhood relative to other locales in the region are desirable, and the subject property is expected to experience moderate demand with protracted absorption periods in comparison to previous years as the housing market expands over the long term. Land values in the neighborhood are stable to increasing into the foreseeable future.

RESIDENTIAL MARKET

Market Definition

The subject property is located in the northern portion of the city of Merced in eastern Merced County. The subject is adjacent to new and recent home construction and has good transportation linkages. The neighborhood is characterized as a growing suburban area. Based on existing surrounding homes and new projects under development, the subject characteristics best support a project designed for a combination of entry-level and/or first-time move-up home buyers. In this analysis of the residential market, we will analyze market trends within the regional area encompassing the Central Valley (San Joaquin, Stanislaus, Merced and Madera Counties), with a focus on the city of Merced.



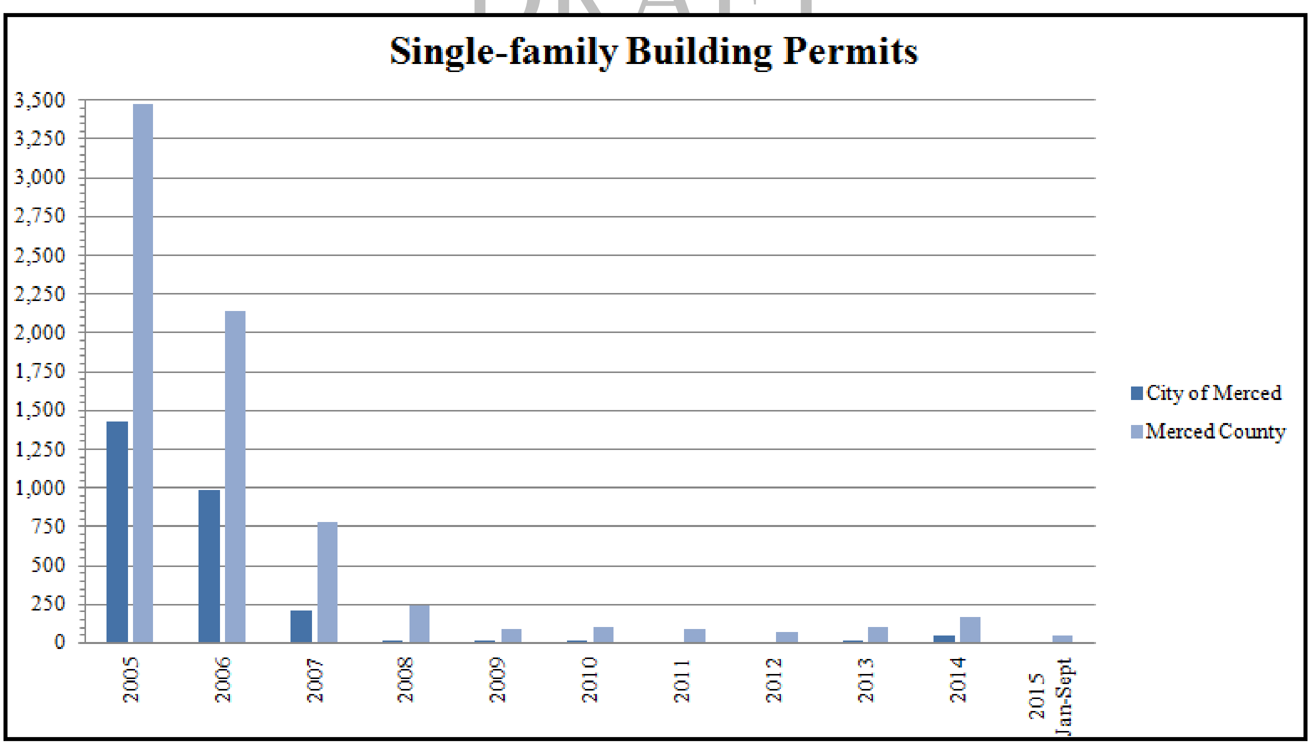
Building Permits

Single-family building permits for the city of Merced and Merced County are shown in the table and chart below.

Single-family Building Permits

	City of Merced	Percent Change	Merced County	Percent Change
2005	1,428	--	3,479	--
2006	983	-31.2%	2,136	-38.6%
2007	208	-78.8%	780	-63.5%
2008	21	-89.9%	244	-68.7%
2009	5	-76.2%	94	-61.5%
2010	2	-60.0%	104	10.6%
2011	0	-100.0%	87	-16.3%
2012	0	0.0%	71	-18.4%
2013	9	900.0%	99	39.4%
2014	46	411.1%	163	64.6%
2015 Jan-Sept	0	N/Ap	53	N/Ap

Source: SOCDS Building Permits Database



The number of single-family permits for the regional area declined from 2005 through 2013, with a slight increase reported in 2010, and has since increased in 2013 and 2014. Permit levels in 2015 appear as if they will be lower as compared to 2014.

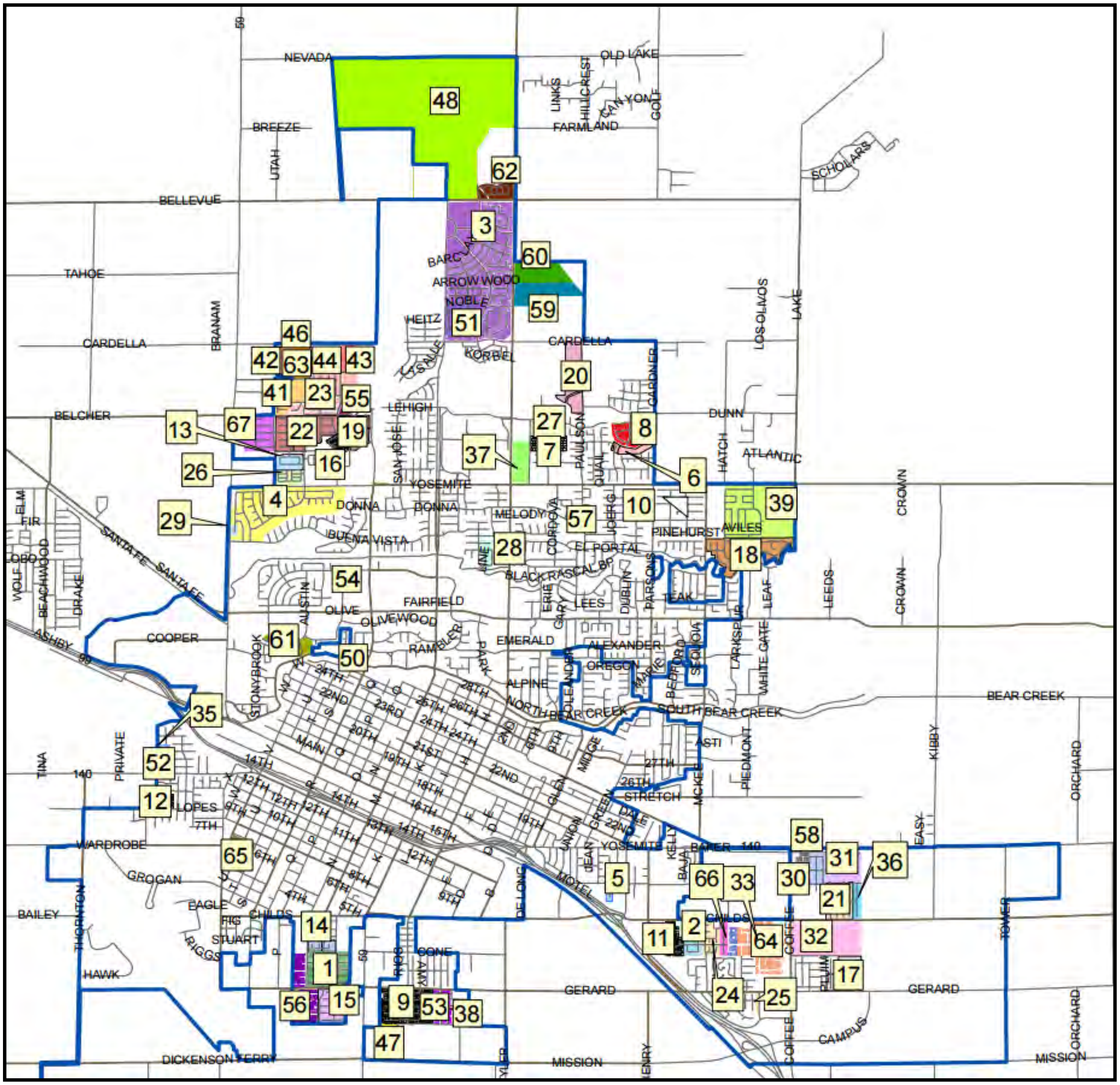
Future Development

According to the City of Merced Planning Department, the following table summarizes the tentative subdivision map activity. The first table only includes these tentative subdivision maps that have not yet expired and a second table showing those subdivisions with recorded final maps, followed by a map identifying the locations of these projects (map identification numbers on for each project are provided in the tables below).

Subdivision	Acres	No. of Lots	Expiration Date	Map Identification No.
Palisades Park	49	155	1/2/2016	60
Bright Development	40	168	1/16/2016	59
Lantana Estates (South)	32.2	159	2/8/2016	41
Lantana Estates (North)	17.49	81	2/8/2016	42
Jeff May	3.12	12	2/22/2016	50
Ornelas Estates	2.1	9	3/6/2016	35
Renaissance II	26	158	3/23/2016	31
Terrazzo	11.84	70	4/19/2016	55
Cypress Terrace (Phase 6 & 7)	46.2	260	4/19/2016	56
Paulson Estates	2.46	10	4/19/2016	57
Gateway Terrace	11.8	6	6/20/2016	65
Summerfield	55.24	252	7/18/2016	64
Salazar	8.85	41	8/22/2016	66
Mission Ranch	19.6	138	1/4/2017	47
Bellevue Ranch 2 (Phases 3 & 4)	520	29	2/8/2017	48
Moraga (Lakemont)	117	520	5/4/2017	39
University Park (Phase 2)	18.98	125	10/8/2017	67
The Crossings at River Oaks	66.78	277	12/8/2017	32
Total	**1,049**	**2,470**		

Recorded Final Maps

Subdivision	Acres	No. of Lots	Map Identification No.
Cypress Terrace	47	255	1
Liberty Park	18	84	2
Fahrens Park No. 3	95.6	384	4
Ronnie	3.4	20	5
Big Valley Enterprises	7.8	35	6
Mansionette No. 2	16	58	7
Davenport Ranch	36.9	127	8
La Bella Vista	59.4	299	9
Oakmont Village #8	11.3	36	10
Sequoia Hills	14.7	77	11
Moss Landing #6	7.7	37	12
Yosemite Gateway #1	106.28	122	13
Cypress Terrace #2	10.2	49	14
Vista Del Sol	29.8	156	15
Sunrise at Compass Pointe	17.31	122	16
Sandcastle	78.5	334	17
Horizons at Compass Pointe	108.8	293	19
Univeristy Park	24.37	125	22
Provence	104.8	213	23
Tuscany (formerly Estancia)	20	94	24
Alfarata Ranch #2	2.55	12	25
The Cottages at El Redondo	13.94	138	26
Campus Vista #2	10.6	62	28
Silver Creek Unit 4-A	2.5	14	29
Franco (Sierra Vista) Subdivision	41	224	30
Hartley Crossings	5.7	28	33
Tuscany East	8.6	47	36
The Meadows (H/S Development	19.9	95	38
Bellevue Ranch, Lot Q1	39	240	51
Cypress Terrace East	19.7	101	53
Highland Park	17.3	125	61
Paseo	17.64	150	62
Total	**1,016**	**4,156**	



Source: City of Merced Planning Department

It is noted the map above is provided on the City's website, dated May 9, 2011, with the following disclaimer, "This document was prepared for general inquiries only. The City of Merced makes no warranty, representation, or guarantee regarding the accuracy of this map. The City of Merced is not responsible for errors or omissions that might occur. Official information regarding specific parcels should be obtained from official recorded or adopted City Documents."

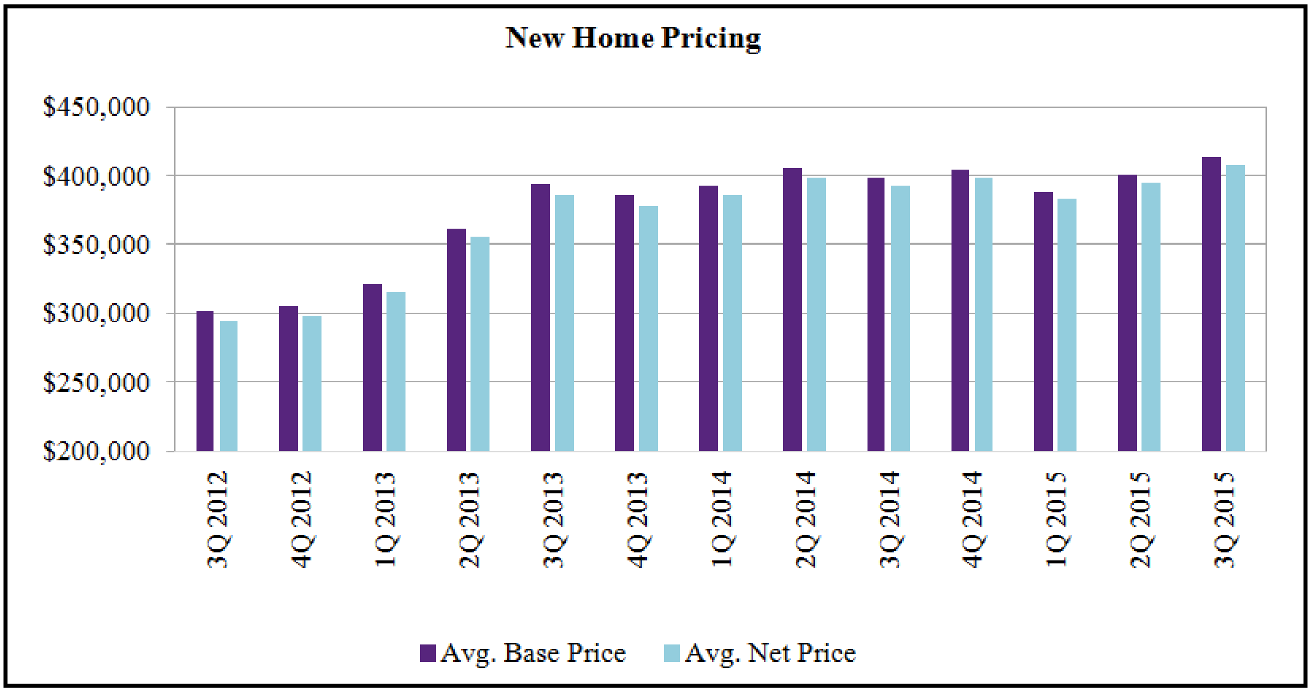
New Home Pricing and Sales

The Gregory Group surveys active new home projects in California and Nevada. On the following page we present a table and chart depicting average sale prices for active single-family residential projects in the Central Valley (San Joaquin, Stanislaus, Merced and Madera Counties) for the past three years. The data include both attached and detached projects, but the vast majority of units are detached homes.

New Home Sales – Central Valley

	Average Base Price	Average Net Price	Average Incentive	% Change Net Price	Average Home Size (SF)	Avg. Net Price / Avg. SF	Quarter Sold	Number of Projects	Sold Per Project Per Month
3Q 2012	$301,261	$294,933	$6,328	--	2,310	$128	258	26	3.3
4Q 2012	$304,716	$298,659	$6,057	1.3%	2,308	$129	189	25	2.5
1Q 2013	$321,177	$315,302	$5,875	5.6%	2,294	$137	229	25	3.1
2Q 2013	$361,262	$355,722	$5,540	12.8%	2,285	$156	317	26	4.1
3Q 2013	$394,103	$385,431	$8,672	8.4%	2,338	$165	268	25	3.6
4Q 2013	$386,227	$377,611	$8,616	-2.0%	2,368	$159	187	27	2.3
1Q 2014	$392,144	$385,362	$6,782	2.1%	2,390	$161	246	28	2.9
2Q 2014	$405,061	$397,873	$7,188	3.2%	2,488	$160	316	30	3.5
3Q 2014	$398,185	$392,337	$5,848	-1.4%	2,451	$160	376	38	3.3
4Q 2014	$404,354	$398,123	$6,231	1.5%	2,457	$162	273	37	2.5
1Q 2015	$388,165	$382,820	$5,345	-3.8%	2,408	$159	437	37	3.9
2Q 2015	$400,756	$394,677	$6,079	3.1%	2,409	$164	528	34	5.2
3Q 2015	$412,964	$407,916	$5,048	3.4%	2,459	$166	415	42	3.3

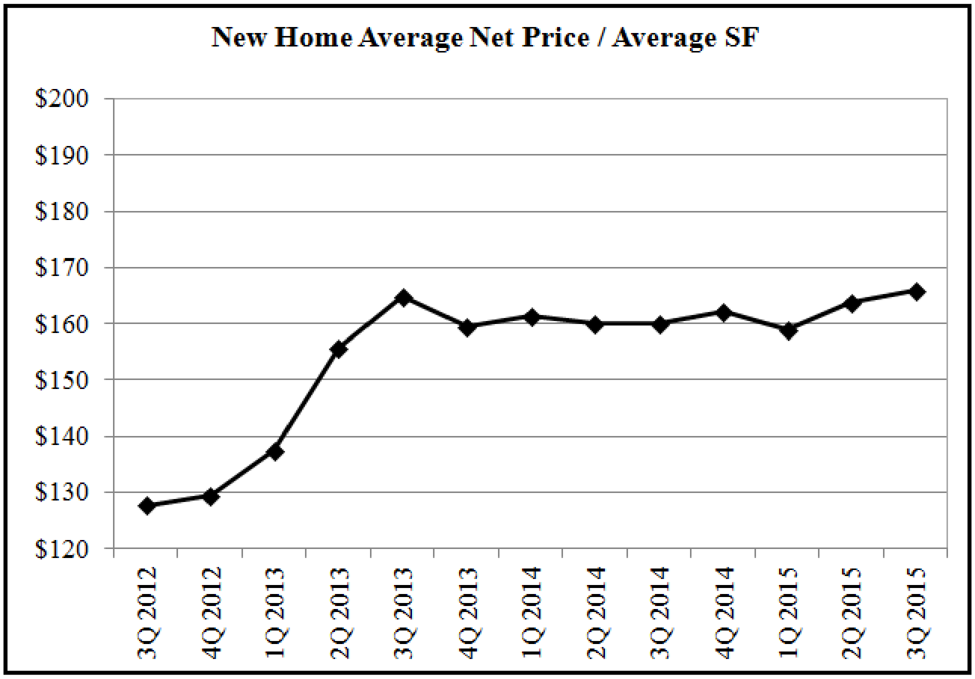
Source: The Gregory Group



Source: The Gregory Group

Net prices have been generally increasing since the Third Quarter of 2012, and have increased in most quarters since, although the rates of increase have slowed in recent quarters.

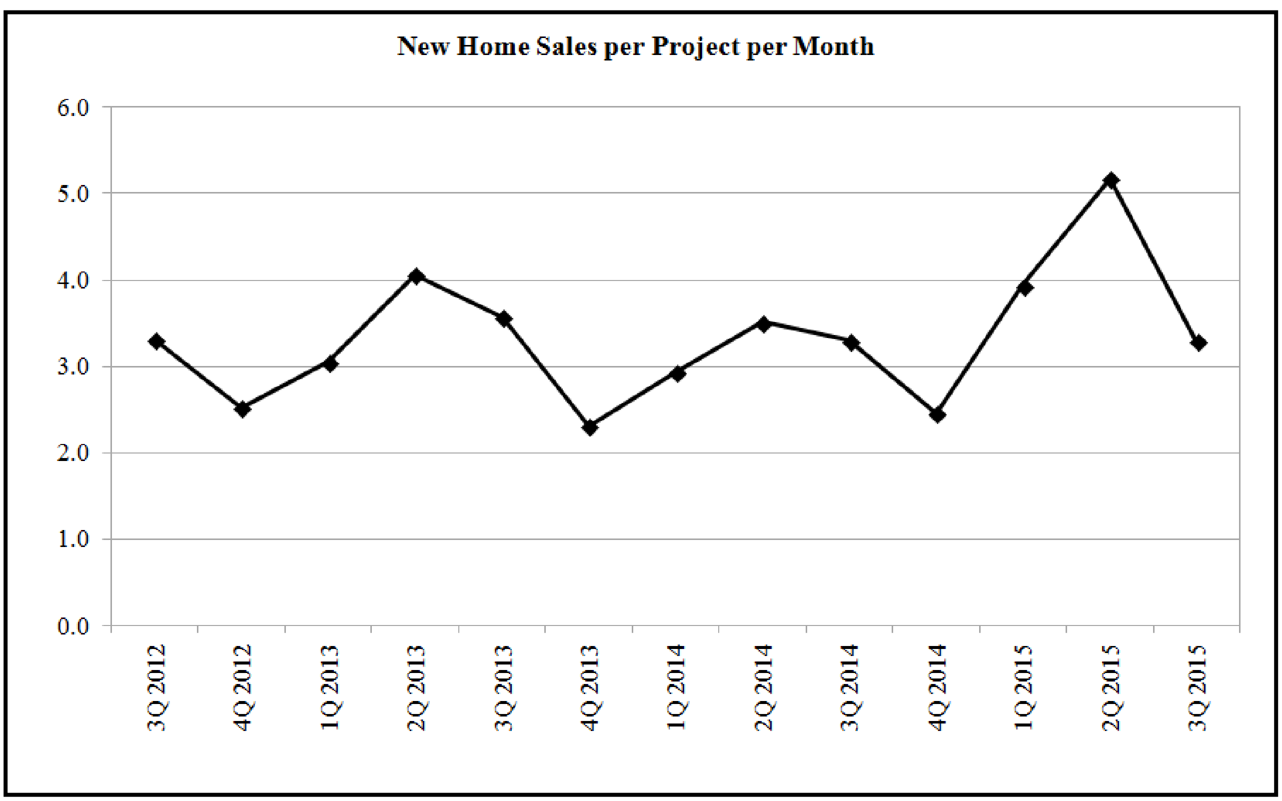
In the following table we show the average net base price divided by the average home size.



Source: The Gregory Group

Looking at the average price per square foot, this indicator increased rapidly in the first half of 2013, dipped slightly around the end of 2013, and has been relatively flat to slightly increasing over the past seven quarters.

The following chart shows recent trends in absorption (number of sales per project per month).



Source: The Gregory Group

In terms of the number of home sales, there have been ups and downs from quarter to quarter, but the overall trend has been fairly flat over the last three years. There were 3.3 sales per project per month in the Third Quarter of 2015, which was down from 5.2 in the previous quarter, but consistent with a year earlier. Over the past three years, absorption rates (homes sold per project per month) have moved slightly up and down, but have stayed within the range of 2.3 to 5.2 sales per project per month. Over the last 12 months (through the Third Quarter of 2015), the average was 3.7 sales per month, which was very close to the average for the time period reported (3.3 units per month).

Active Projects, Current New Home Pricing & Absorption

There are two active projects within the Merced city limits; both projects in the adjacent Bellevue Ranch East. For this analysis, we have included additional projects located in Atwater, Ceres, Manteca, and Turlock, all of which are growing suburban areas along the Highway 99 corridor. These projects are considered to be generally similar to the subjects' proposed communities given their locations and lot sizes. The projects are summarized in the following tables, based on data from the First Quarter 2015.

Active Projects Summary – Third Quarter 2015

Project	Community	Master Plan	Builder	Avg. Base Price	Age. Home Size (SF)	Lot Size (SF)	Units Planned	Units Offered	Units Sold	Units Unsold
Meadow View Estates	Atwater	None	Ramson Piro Homes	$293,745	2,212	6,000	55	12	10	2
The Corners at Eastgate	Ceres	None	Kiper Homes	$309,978	2,141	3,100	18	18	17	1
Blossom Grove	Manteca	None	Legacy Homes	$413,990	2,653	6,600	93	11	6	5
Oakwood Shores	Manteca	Oakwood Shored	Lafferty Homes	$439,286	2,972	9,000	350	198	198	0
Orchard Park	Manteca	None	Meritage Homes	$429,101	2,912	7,800	274	189	178	11
Pomelo Groce	Manteca	None	Bright Homes	$363,960	2,221	7,000	152	152	145	7
Raceway Collection	Manteca	None	Raymus Homes	$367,490	2,191	5,500	113	110	97	13
Summit Collection	Manteca	Union Ranch	Atherton Homes	$427,276	2,703	7,370	315	315	314	1
Wildwood	Manteca	None	D.R. Horton Homes	$409,490	2,765	6,000	118	104	101	3
Woodbridge	Manteca	None	Del Webb	$367,419	1,961	4,500	1,407	1,123	1,110	13
Chateau Series	Merced	Bellevue Ranch East	Lennar Homes	$289,071	2,306	5,500	37	9	5	4
Gardenstone	Merced	Bellevue Ranch East	Blue Mountain Homes	$290,490	2,152	6,600	50	50	43	7
Cottage Park	Turlock	None	McRoy Wilbur Communities	$249,990	1,545	3,600	81	72	55	17
			Overall Minimum	$249,990	1,545	$161.81	/SF			
			Overall Maximum	$439,286	2,972	$147.81	/SF			
			Overall Average	$357,791	2,364	$151.34	/SF			

Source: The Gregory Group

Active Projects – Recent Absorption (Number of Sales)

Project	Community	Avg. Home Price	Open Date	3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014
Meadow View Estates	Atwater	$293,745	Jun-15	0	4	2	--	--	--
The Corners at Eastgate	Ceres	$309,978	Sep-14	5	2	5	5	0	--
Blossom Grove	Manteca	$413,990	Jun-15	6	--	--	--	--	--
Oakwood Shores	Manteca	$439,286	Jun-11	0	20	3	-7	9	26
Orchard Park	Manteca	$429,101	Sep-13	12	31	27	0	22	30
Pomelo Groce	Manteca	$363,960	Aug-06	1	12	0	6	10	5
Raceway Collection	Manteca	$367,490	Sep-14	11	31	35	--	--	--
Summit Collection	Manteca	$427,276	Jun-08	5	1	28	20	19	16
Wildwood	Manteca	$409,490	May-14	22	24	21	7	18	9
Woodbridge	Manteca	$367,419	Oct-06	49	41	42	28	48	38
Chateau Series	Merced	$289,071	Sep-15	5	--	--	--	--	--
Gardenstone	Merced	$290,490	Nov-14	20	--	--	--	--	--
Cottage Park	Turlock	$249,990	May-10	4	0	7	0	14	1
			Total	140	166	170	59	140	125
			No. of Projects	13	10	10	8	8	7
			Sales per Project per Quarter	10.8	16.6	17.0	7.4	17.5	17.9
			Sales per Project per Month	**3.6**	**5.5**	**5.7**	**2.5**	**5.8**	**6.0**

Source: The Gregory Group

As shown in the preceding table, over the last 18 months the monthly absorption rate per project has ranged from 2.5 to 6.0 sales, with an average rate of 4.8 sales per project per month. Given market conditions and the subjects' location and physical features, we estimate the subject could achieve an average absorption rate of about 2.0 sales per month, generally consistent with the two active projects in the subjects' immediate area (Chateau Series by Lennar Homes and Gardenstone by Blue Mountain Homes, both in Bellevue Ranch East). Note the Gardenstone project indicates an absorption of 6.7 sales per month for the First Quarter of 2015 with no sales in the Fourth Quarter of 2014 (when the project opened). It appears the Gregory Group was unable to track the number of sales in the first three quarters of opening; thus, the 20 sales reflected in the Third Quarter 2015 are likely inclusive of sales from the Fourth Quarter of 2014 through the Third Quarter of 2015.

The projects most similar to the subject are Chateau Series by Lennar Homes and Gardenstone by Blue Mountain Homes, both in Bellevue Ranch East. These projects are deemed most similar to the subject because of their locations, floor plan sizes and construction quality. On the following pages, we provide more detailed information on these projects. The tabular data have been extracted directly from The Gregory Group's website, showing the most recent two years of quarterly data.

Project 1: Chateau Series

Project Name	Bellevue Ranch -- Chateau Series	Open Date	9/15/15	Survey Date	10/1/15
Project Phone	(888) 215-7581	Developer Name	Lennar Homes	Special Tax per Month	$0.00
Sales Office Hours	Daily 10 - 6	Phone	(559) 447-3400	HOA per Month	$0.00
Region	Central Valley	Product Type	Detached	Standing Inventory	0
County	Merced	Type Description	Traditional	Max Incentives	N/A
Community	Merced	Lot Size	5,500	Broker Coop	2.0%
Master Plan	Bellevue Ranch	Classification	Suburban	Lot Dimension	55 x 100
Age Restricted	No	Project Density	N/A	Model/Trailer	Model
Cross Street	N/A	GPS Coordinates	N 37.35769 W -120.47267		
Finished Lots	N/A	Blue Top Lots	N/A		
Comments	N/A				

PLAN DETAILS

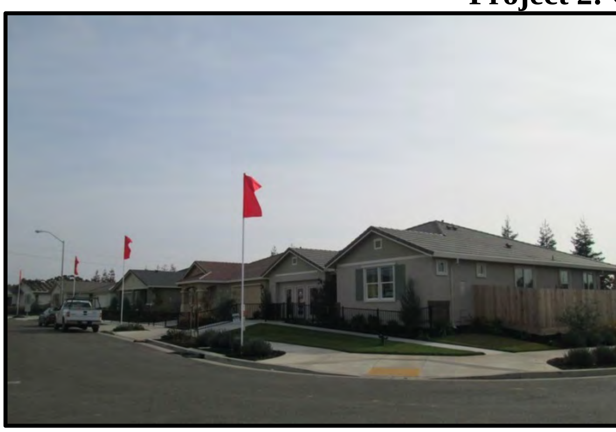
Plan	Home Size	Base Price	Price Sq. Ft.	Incentives	Net Price	Net Price/Sq. Ft.	Bed	Bath	Levels	Garage	Other Room
1	1,766	$247,500	$140.15	$0	$247,500	$140.15	3	2	1	2	None
2	1,899	$258,500	$136.12	$0	$258,500	$136.12	3	2	1	2	None
3	2,112	$277,500	$131.39	$0	$277,500	$131.39	3	2.5	2	2	None
4	2,244	$288,500	$128.57	$0	$288,500	$128.57	4	2.5	2	2	None
5	2,456	$301,500	$122.76	$0	$301,500	$122.76	4	2.5	2	2	Loft
6	2,697	$316,500	$117.35	$0	$316,500	$117.35	4	2.5	2	2	Loft
7	2,969	$333,500	$112.33	$0	$333,500	$112.33	4	3.5	2	3	Loft

SURVEY INFORMATION

Survey Per.	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot. Inv.	Unoffrd. Inv.	Unsold Inv.	Wkly. Traffic	Tot. WSR	Qtr WSR	Avg. Price	% Change
Qtr 3/15	37	9	5	5	32	28	4	15	2.50	0.38	$289,071	0.00

Source: The Gregory Group

Project 2: Gardenstone



Project Name	Gardenstone	Open Date	11/15/14	Survey Date	10/1/15
Project Phone	(888) 396-0158	Developer Name	Blue Mountain Homes	Special Tax per Month	$123.00
Sales Office Hours	Daily 10 - 5	Phone	(707) 851-8111	HOA per Month	$0.00
Region	Central Valley	Product Type	Detached	Standing Inventory	0
County	Merced	Type Description	Traditional	Max Incentives	N/A
Community	Merced	Lot Size	6,600	Broker Coop	2.5%
Master Plan	Bellevue Ranch	Classification	Suburban	Lot Dimension	60 x 110
Age Restricted	No	Project Density	N/A	Model/Trailer	Model
Cross Street	N/A	GPS Coordinates	N 37.35815 W -120.47061		
Finished Lots	N/A	Blue Top Lots	N/A		
Comments	N/A				

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq. Ft.	Incentives	Net Price	Net Price/Sq. Ft.	Bed	Bath	Levels	Garage	Other Room
1	1,934	$274,990	$142.19	$5,000	$269,990	$139.60	3	2	1	2	None
2	2,148	$284,990	$132.68	$5,000	$279,990	$130.35	3	2	1	2	None
3	2,240	$293,990	$131.25	$5,000	$288,990	$129.01	3	2.5	1	2	None
4	2,288	$307,990	$134.61	$5,000	$302,990	$132.43	4	3.5	1	2	Suite

SURVEY INFORMATION

Survey Per.	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot. Inv.	Unoffrd. Inv.	Unsold Inv.	Wkly. Traffic	Tot. WSR	Qtr WSR	Avg. Price	% Change
Qtr 3/15	50	50	43	20	7	0	7	15	0.96	1.54	$290,490	0.00

Source: The Gregory Group

Resale Market

We have analyzed recent trends in the resale market in addition to the preceding analysis of the new home market. Based on data from the local multiple listing service, the table below shows resale prices since June 1, 2015 for detached homes located in the city of Merced, built in 2005 or later, and situated on lots containing at least 3,000 SF but less than 6,000 SF.

Resales – Merced – June 1, 2015+

Address	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sale Price/SF	Sale % of List	Days on Market	Lot Size
347 Rhianon Drive	8/7/15	1,854	$185,000	$185,000	$100	100.0%	8	4,792
3120 Dinkey Creek Avenue	10/15/15	1,272	$167,000	$169,000	$131	98.8%	7	4,792
62 Lute Court	6/29/15	1,407	$170,000	$184,900	$121	91.9%	4	5,127
3059 Merced Avenue	6/1/15	1,621	$175,000	$184,900	$108	94.6%	147	4,792
3567 Sarasota Avenue	6/11/15	2,374	$255,000	$264,900	$107	96.3%	157	5,663
4349 Briggs Lane	8/12/15	799	$123,000	$120,000	$154	102.5%	13	3,049
1238 Daybreak Drive	8/13/15	1,618	$184,000	$190,000	$114	96.8%	67	4,356
4339 Briggs Lane	8/21/15	1,663	$220,000	$234,900	$132	93.7%	81	3,049
1175 Evening Star Drive	10/7/15	2,023	$227,000	$229,000	$112	99.1%	23	6,000
1118 Solstice Avenue	7/22/15	2,352	$235,000	$245,000	$100	95.9%	32	5,663
537 Beckman Way	6/15/15	1,727	$238,000	$250,000	$138	95.2%	29	5,227
543 Beckman Way	8/10/15	1,832	$245,000	$265,000	$134	92.5%	14	5,471
1183 Evening Star Drive	10/28/15	3,545	$279,900	$279,900	$79	100.0%	21	5,820
2106 W Solis Street	7/30/15	1,757	$147,500	$140,000	$84	105.4%	24	4,792
	Average:	**1,846**	**$203,671**	**$210,179**	**$115**	**97.3%**	**45**	**4,900**

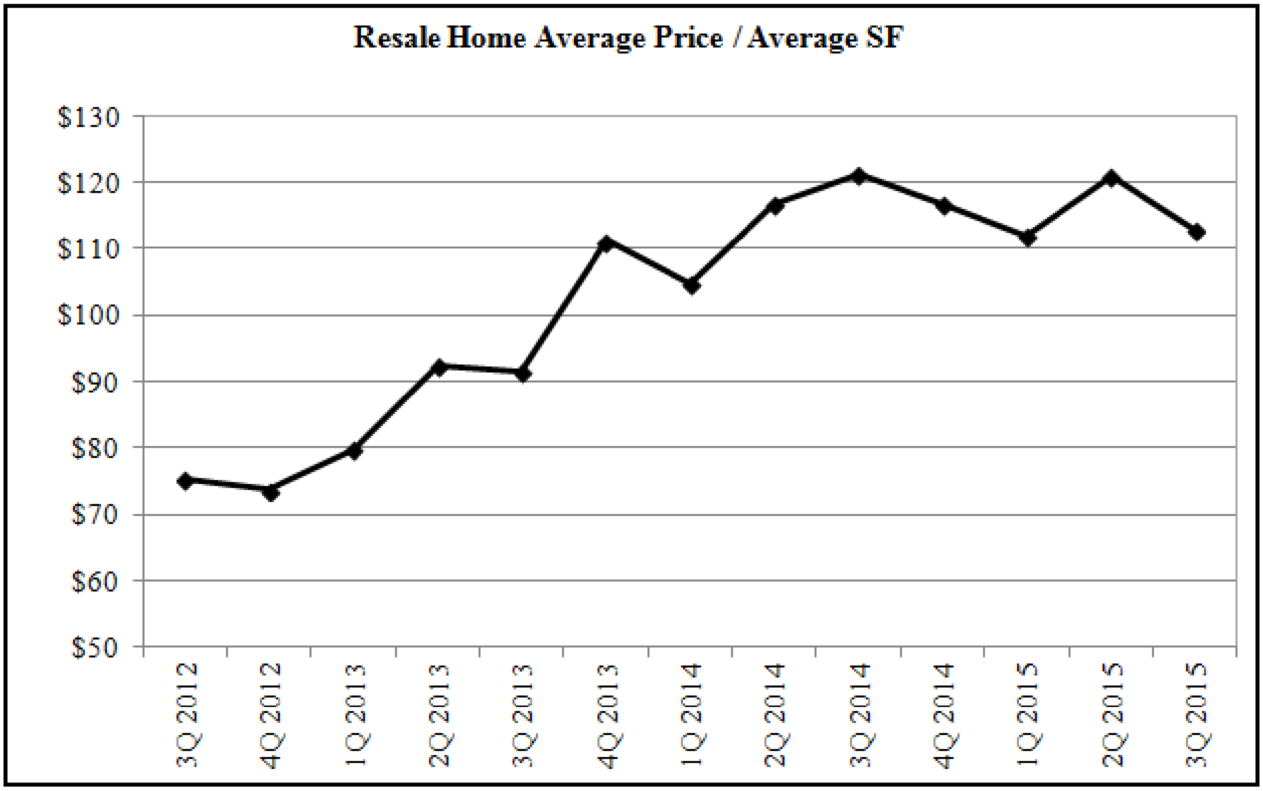
Source: MetroList MLS

The table and chart below and on the following page show historical resale data for Merced.

Resale History – Merced

	Total Sales	Avg. Home Size (SF)	Avg. Price	Avg. Price/ Avg. SF	Avg. Days on Market
3Q 2012	8	2,304	$173,563	$75	38
4Q 2012	8	1,681	$123,813	$74	37
1Q 2013	5	1,966	$156,880	$80	41
2Q 2013	11	1,675	$154,727	$92	22
3Q 2013	12	1,982	$181,582	$92	19
4Q 2013	7	1,780	$198,000	$111	48
1Q 2014	8	1,845	$193,124	$105	51
2Q 2014	11	1,662	$193,973	$117	25
3Q 2014	14	1,771	$214,568	$121	42
4Q 2014	12	1,875	$219,117	$117	43
1Q 2015	5	1,933	$216,300	$112	57
2Q 2015	7	1,751	$212,000	$121	86
3Q 2015	7	1,696	$191,537	$113	34

Source: MetroList MLS



Source: MetroList MLS

Over the past three years, MLS data show that average resale prices have fluctuated between $75 and $121 per square foot. The average price per square foot was at a low in the Fourth Quarter 2012 and then trended upward over the past three years, with just a couple of quarterly dips. Over the last three years, the average time on the market has fluctuated from quarter to quarter; the general trend has been upward since about mid-2013, but still represents an improvement over years 2010-2012.

Ability to Pay

As shown in the valuation section, we estimate a range of the typical average-sized home on the subjects' benchmark villages between approximately 1,800 and 2,400 square feet with respective concluded price points of $225,000 and $310,000 (respectively). In this section, we will examine the ability to pay among prospective buyers for a representative price point range of $225,000 to $310,000. First, we will estimate the required annual household income based on typical mortgage parameters in the subjects' market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rate of 4.00%, 360 monthly payments, and a 30% ratio for the mortgage payment as a percent of monthly gross monthly. The following tables show estimates of the annual household income that would be required to afford a home priced between $225,000 and $310,000.

Income Requirement

Home Price	$225,000
Loan % of Price (Loan to Value)	80%
Loan Amount	$180,000
Interest Rate	4.00%
Mortgage Payment	$859
Mortgage Payment % of Income	30%
Monthly Income	$2,864
Annual Income	$34,374

Home Price	$310,000
Loan % of Price (Loan to Value)	80%
Loan Amount	$248,000
Interest Rate	4.00%
Mortgage Payment	$1,184
Mortgage Payment % of Income	30%
Monthly Income	$3,947
Annual Income	$47,360

We have obtained income data from Esri for a 20-mile radius surrounding the subject property, which is considered representative of typical buyers for the subject property. It is noted this geographic area is wider than the immediate neighborhood profiled previously in the *Neighborhood* section of this report, which focuses on the subjects' immediate location.

In the following tables, we show the income brackets within a 20-mile radius, along with estimates of the percentage of households able to afford a home priced between $225,000 and $310,000 within each income bracket.

Ability to Pay ($225,000 home)

Household Income	Percent of Households	Percent Able to Pay	Households Able to Pay
< $15,000	15.6%	0.0%	0.0%
$15,000 - $24,999	13.0%	0.0%	0.0%
$25,000 - $34,999	13.3%	2.5%	0.3%
$35,000 - $49,999	14.7%	100.0%	14.7%
$50,000 - $74,999	18.0%	100.0%	18.0%
$75,000 - $99,999	10.4%	100.0%	10.4%
$100,000 - $149,999	10.0%	100.0%	10.0%
$150,000 - $199,999	3.2%	100.0%	3.2%
$200,000 +	1.9%	100.0%	1.9%
	100%		58.5%

Source: Esri (household income)

Ability to Pay ($310,000 home)

Household Income	Percent of Households	Percent Able to Pay	Households Able to Pay
< $15,000	15.6%	0.0%	0.0%
$15,000 - $24,999	13.0%	0.0%	0.0%
$25,000 - $34,999	13.3%	0.0%	0.0%
$35,000 - $49,999	14.7%	10.6%	1.6%
$50,000 - $74,999	18.0%	100.0%	18.0%
$75,000 - $99,999	10.4%	100.0%	10.4%
$100,000 - $149,999	10.0%	100.0%	10.0%
$150,000 - $199,999	3.2%	100.0%	3.2%
$200,000 +	1.9%	100.0%	1.9%
	100%		45.1%

Source: Esri (household income)

The preceding analysis indicates that approximately 52.7% of households (approximately31,048 households) within a 20-mile radius of the subject property would be able to pay for a home priced at $225,000, and approximately 45.1% of households (approximately 26,548 households) would be able to pay for a $310,000 home.

Conclusion

We have summarized some of the key points from this section as follows:

- Throughout the regional area, new and resale prices have trended upward over the past 3-4 years, with increases tempering as of late.

- For new homes in the subjects' market area (Central Valley), average prices increased since the Third Quarter of 2012, and have increased in most quarters since, although the rates of increase have slowed in recent quarters.

- The average price per square foot in the subjects' market area increased rapidly in the first half of 2013, but have since remained relatively flat to slightly increasing over the past seven quarters.

- Absorption rates in the subjects' market area have been fluctuating over the past three years, with a range of 2.5 to 6.0 sales per project per month.

- Among the active projects deemed most similar to the subject, an average absorption rate of 2.0 sales per project per month is estimated for the subject property.

- In the resale market, the average price per square foot reached a low in the Fourth Quarter 2012 and then trended upward over the past three years, except for a couple of quarterly dips.

HIGHEST AND BEST USE

The term "highest and best use," as used in this report, is defined as follows:

> The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.[4]

Two analyses are typically required for highest and best use. The first analysis is highest and best use of the land as though vacant, and the second analysis is the highest and best use as improved. Definitions of these terms are provided in the *Glossary of Terms* in the Appendix to this report.

Highest and Best Use as Vacant

In accordance with the definition of highest and best use, it is appropriate to analyze the subject property as though vacant as it relates to legal permissibility, physical possibility, financial feasibility and maximum productivity.

Legal Permissibility

The legal factors influencing the highest and best use of the appraised properties are primarily government regulations, such as zoning and building codes. The appraised properties are zoned and approved for single-family development, as well as commercial, open space, recreation, and public facility uses. Overall, the legally permissible uses are to develop the subject property in accordance with the existing entitlements and land use designations, which have undergone extensive planning and review. A rezone to any other land use is highly unlikely. Additionally, the above land uses are consistent with the City of Merced General Plan.

Physical Possibility

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, offsite improvements, easements and soil and subsoil conditions. The legally permissible test has resulted in uses consistent with the existing entitlements (i.e., single-family development); at this point the physical characteristics are examined to see if they are suited for the legally permissible use.

The physical characteristics of the appraised properties support development, with paved access, and public utilities extended to each of the subjects' lots. The subject is not located in an adverse

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[4] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 109.

earthquake or flood zone. Surrounding land uses are compatible and/or similar to the legally permissible uses. Development on adjacent properties provides support that soils are adequate for development.

It is noted, given the locational characteristics, the subject commercial land is described as being best suited for neighborhood retail designed to meet the needs of the residences in the immediate one-mile radius that offers a drug store and other neighborhood conveniences.

Financial Feasibility

Financial feasibility depends on supply and demand influences. As shown later in this report by the land residual analysis, the subjects' detached single-family land value is positive (reflecting its as-is finished lot condition); however, in the case of subdivision land not yet under development (or as vacant), the cost to improve the lots is greater than the value of the lots upon completion, as shown in the following table by the recent site development cost comparables throughout the Central Valley region.

Project Location	Effective Date	Number of Lots	Typical Lot Size (SF)	Site Devel. Costs per Lot	Topography
Roseville	2015	32	6,709	$55,495*	Rolling to level
Lodi	2015	86	5,500	$51,586	Level
West Sacramento	2015	31	5,000	$41,000	Level
West Sacramento	2015	35	6,000	$29,413	Level
Fair Oaks	2015	8	8,358	$58,198	Level
Rocklin	2014	41	3,300	$42,894	Level, rocky

* Doesn't include costs for oak tree mitigation and wetlands.

Based on the above discussion, it is not financially feasible to improve the lots under current market conditions. This is highlighted by the fact the Merced City Council pre-approved a tentative zoning change for the portion of Bellevue Ranch West north of the subject property to agricultural land in late 2014. Therefore, consideration must be given to existing or interim uses (i.e., agricultural) that maximizes a property's value, consistent with required rates of return and profit requirements, is the highest and best use as vacant.

Commercial prices and rents are still negatively impacted by a number of factors (including bank-owned inventory, local unemployment and broader economic challenges). The general consensus is that many improved properties are transferring below replacement cost, indicating infeasibility of new construction. Thus, many developers that hold title to unimproved properties are holding for development until the market further stabilizes. There is limited to no demand to substantiate new commercial construction, especially given the lack of existing demand in the subjects' immediate area. As construction of the subjects' single-family homes are being completed and residents start moving in, the feasibility of the commercial site will eventually improve for new construction as the consumer demand in the immediate area grows. Overall, the timing of future commercial development depends on the build-out of the single-family residential component of Bellevue Ranch.

Maximum Productivity

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the appraised properties as vacant. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the properties. Based on the factors previously discussed, the maximally productive use of the subject property, and its highest and best use as vacant, is for near term single-family residential development. The highest and best use as vacant for the commercial land component is for an interim hold until demand warrants construction. The probable buyer of the residential lots, in bulk, is a production homebuilder intending to build a combination of entry-level and/or first-time move-up homes. The probably buyer for the commercial land would be a speculator.

Highest and Best Use as Improved (Proposed)

Highest and best use of the property as improved pertains to the use that should be made in light of its current improvements.

In the case of undeveloped land under development, consideration must be given to whether it makes sense to demolish existing improvements (either on-site or off-site improvements) for replacement with another use. The time and expense to demolish existing improvements, re-grade, reroute utilities or re-map must be weighed against alternative uses. If the existing or proposed improvements are not performing well, then it may produce a higher return to demolish existing improvements, if any, and re-grade the site for development of an alternative use. As shown later in this report by the land residual analysis, the subjects' detached single-family land value is positive (reflecting its as-is finished lot condition), which demonstrates that single-family residential development is financially feasible. This is further supported by the number of bulk lot sales in the area to production home builders.

Based on the current condition, the improvements completed contribute to the overall property value. The value of the subject as improved exceeds its value as vacant less demolition (e.g., transitional/agricultural land). The highest and best use of the subject as improved is for near term single-family development. The probable buyer of the subject residential lots in an as-improved condition would be a production homebuilder. The probably buyer for the commercial land would be a speculator.

APPROACHES TO VALUE

The valuation process is a systematic set of procedures an appraiser follows to provide answers to a client's questions about real property value.[5] This process involves the investigation, organization and analysis of pertinent market data and other related factors that affect the market value of real estate. The market data is analyzed in terms of any one or all of the three traditional approaches to estimating real estate value. These are the cost, sales comparison and income capitalization approaches. An additional approach—discounted cash flow analysis—is also applicable. Each approach to value is briefly discussed and defined as follows:

Cost Approach

The cost approach is based on the premise that no prudent buyer would pay more for a particular property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility. Thus, this approach to value relates directly to the economic principle of substitution, as well as supply and demand. The cost approach is most applicable when valuing properties where the improvements are new or suffer only a minor amount of accrued depreciation, and is especially persuasive when the site value is well supported. The cost approach is also highly relevant when valuing special-purpose or specialty properties and other properties that are not frequently exchanged in the market. The definition of the cost approach is offered as follows:

> A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.[6]

Sales Comparison Approach

The sales comparison approach is based on the premise that the value of a property is directly related to the prices being generated for comparable, competitive properties in the marketplace. Similar to the cost approach, the economic principles of substitution, as well as supply and demand are basic to the sales comparison approach. This approach has broad applicability and is particularly persuasive when there has been an adequate volume of recent, reliable transactions of similar properties that indicate value patterns or trends in the market. When sufficient data are available, this approach is the most direct and systematic approach to value estimation. Typically, the sales comparison approach is most pertinent when valuing land, single-family homes and small, owner-occupied commercial and office properties. The definition of the sales comparison approach is offered as follows:

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[5] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 243.

[6] The Dictionary of Real Estate Appraisal, 54.

> The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.[7]

Income Capitalization Approach

The income capitalization approach is based on the premise that income-producing real estate is typically purchased as an investment. From an investor's point of view, the potential earning power of a property is the critical element affecting value. The concepts of anticipation and change, as they relate to supply and demand issues and substitution, are fundamental to this valuation approach. These concepts are important because the value of income-producing real estate is created by the expectation of benefits (income) to be derived in the future, which is subject to changes in market conditions. Value may be defined as the present worth of the rights to these future benefits. The validity of the income capitalization approach hinges upon the accuracy of which the income expectancy of a property can be measured.

Within the income capitalization approach there are two basic techniques that can be utilized to estimate market value. These techniques of valuation are direct capitalization and yield capitalization.

> *Direct Capitalization*: A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified.[8]

> *Yield Capitalization*: A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.[9]

The definition of the income capitalization approach is offered as follows:

> Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.[10]

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[7] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 207.
[8] The Dictionary of Real Estate Appraisal, 65.
[9] The Dictionary of Real Estate Appraisal, 251.
[10] The Dictionary of Real Estate Appraisal, 115.

Discounted Cash Flow (DCF) Analysis

A discounted cash flow analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser/analyst specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate. Two discounted cash flow analyses will be presented in this appraisal: the Subdivision Development Method and the Land Residual Analysis, both of which are defined below.

> *Subdivision Development Method*: A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.[11]
>
> *Land Residual Analysis*: This analysis considers the residual value of the subject land by deducting costs from home prices over a projected absorption period, with the result representing the value of land.

[11] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 223.

RESIDENTIAL LOT VALUATION –
SUBDIVISION DEVELOPMENT METHOD (VALUE IN BULK)

In this section, the market value of the subjects' production-oriented residential lot component (in bulk), subject to the impact of the Lien of the Special Tax securing the Community Facilities District Bonds, will be estimated by employing the subdivision development method (discounted cash flow analysis); whereby, the expected revenue, absorption period, expenses and discount rate associated with the development and sell-off of the residential lots, in bulk, to merchant builders will be taken into account.

A discounted cash flow analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate.

The four main items of the discounted cash flow analysis are summarized as follows:

- **Revenue –** the gross income is based on the individual component values.
- **Absorption Analysis –** the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).
- **Expenses –** the expenses associated with the sell-off are calculated in this section – including infrastructure costs (if any), administration, marketing and commission costs, as well as taxes and special assessments.
- **Discount Rate –** an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts begin on the next page, with the discounted cash flow analysis offered at the end of this section.

REVENUE

The individual component valuations of the subject property comprise the revenue of the discounted cash flow analysis. Specifically, subject portion of Bellevue Ranch West comprises various lot sizes ranging from 2,450 square feet to 6,825 square feet. The breakdown of the lot size categories comprising the subject are presented on the next page.

Village						Tpical Lot Size (SF)	No. of Lots
Village 1	(	65	x	105	)	6,825	37
Village 2	(	35	x	70	)	2,450	122
Village 3	(	35	x	70	)	2,450	70
Village 4	(	45	x	105	)	4,725	78
Village 5	(	45	x	105	)	4,725	97
Village 10	(	50	x	110	)	5,500	103
Total							**507**

For purposes of this analysis, the market data will be compared to the three production-oriented lot categories within the District. For purposes of comparison, lot sizes of 2,450, 4,725 and 6,825 square feet will form the basis of analysis, from which adjustments will be made for the 5,500 square foot lot size category within the District at the end of this section. Further, a typical 50 lot takedown will form the basis for comparison. The sales comparison approach and a land residual analysis will be used to estimate the value of the subjects' residential lot components.

Sales Comparison Approach

The underlying premise of the sales comparison approach is the market value of a property is directly related to the price of comparable, competitive properties in the marketplace. In the sales comparison approach, the market value of the subject lots will be estimated by a comparison to similar properties that have recently sold, are listed for sale or are under contract.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), "*The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time*." The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the subject property. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

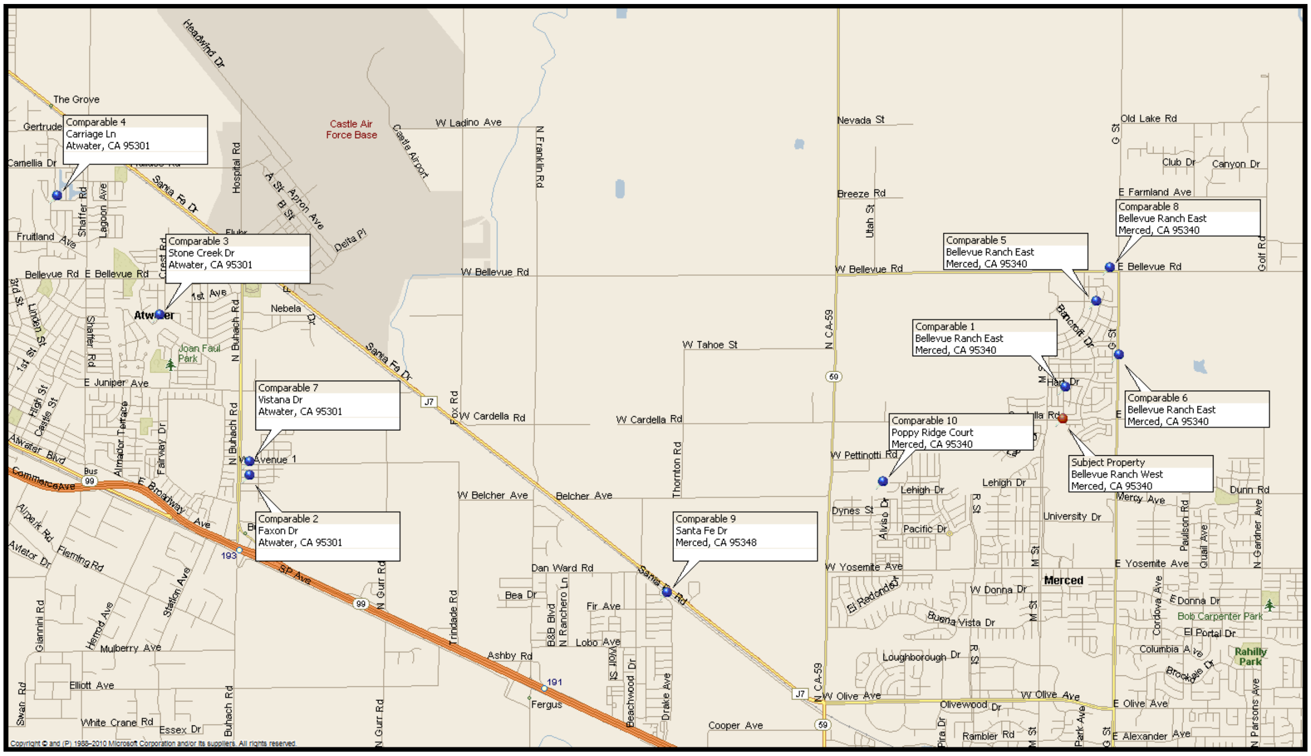
Consideration is given to factors such as property rights conveyed, financing, conditions of sale, and market appreciation or depreciation since the date of sale. Differences in physical characteristics, such as location, number of lots, typical lot size, lot premiums/discounts, site utility/topography and zoning/entitlements are considered in the analysis.

In the collection of data for analysis, nine comparables have been identified as being representative of the market and it is believed the sales data collected is sufficient for comparison to the appraised properties and pertinent to the valuation herein. The data from the comparable sales is summarized in the table below, followed by a location map, detailed sales sheets and a discussion of adjustments necessary for comparison with the appraised properties.

COMPARABLE BULK LOT SALES SUMMARY

No.	Property Identification	Sale Date	Sale Price	No. of Lots	Price per Lot	Typical Lot Size (sf)
1	**Bellevue Ranch East (portion of)** Village Q Merced, Merced County	Oct-15	$925,000	37	**$25,000** (finished)	6,000
2	**Blossom Valley (portion of)** Faxon Drive Atwater, Merced County	Jul-15	$675,000	15	**$45,000** (finished)	6,000
3	**Stone Creek (portion of)** Stone Creek Drive Atwater, Merced County	Jul-15	$2,336,000	64	**$36,500** (finished)	6,000
4	**Jacobs Ranch (portion of)** Carriage Lane Atwater, Merced County	Jun-15	$1,260,000	23	**$54,783** (finished)	8,000
5	**Bellevue Ranch East (portion of)** Village 15, Phase 2 Merced, Merced County	Apr-15	$925,000	37	**$25,000** (finished)	5,250
6	**Bellevue Ranch East (portion of)** Village 8, Phase 2 Merced, Merced County	Mar-15	$1,900,000	81	**$23,457** (finished)	5,250
7	**Blossom Valley (portion of)** Vistana Drive Atwater, Merced County	Jan-15	$1,076,000	29	**$37,103** (finished)	6,000
8	**Bellevue Ranch East (portion of)** Village 16 Merced, Merced County	Nov-14	$1,470,000	42	**$35,000** (finished)	6,000
9	**El Capitan Estates (portion of)** N Santa Fe Drive Merced, Merced County	Jun-14	$672,000	33	**$20,364** (finished)	6,000
10	**Lantana Estates (portion of)** Poppy Ridge Court Merced, Merced County	Oct-13	$1,500,000	60	**$25,000** (finished)	5,000

COMPARABLE BULK LOT SALES MAP



BULK LOT COMPARABLE 1

Property Identification	
Project Name	Bellevue Ranch East (portion of)
Location	Village Q
APN	224-184-001 through -036 & -047
City	Merced
County	Merced County
Sale Data	
Grantor	Merced Project Owner, LLC
Grantee	Polymathic Properties, Inc.
Sale Date	10/27/2015
Deed Book Page	38271
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$925,000
Annual Special Taxes per Lot	$690
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	37
Development Status at Sale	Improved lots
Typical Lot Size (SF)	6,000
Indicators (per Lot)	
Sale Price	$25,000
Bonds	$ 8,066
Total Consideration	$33,066

Remarks

This sale is the October 2015 transfer of 37 single-family residential lots to Polymathic Properties, Inc. in Bellevue Ranch East. It is the appraisers' understanding Polymathic Properties, Inc. is associated with the Blue Mountain Group, which is developing Gardenstone at Bellevue Ranch East (owned by Stalwart Property, LLC). These 37 lots are also to be part of the Gardenstone project.

BULK LOT COMPARABLE 2

Property Identification	
Project Name	Blossom Valley (portion of)
Location	Faxon Drive
APN	005-552-010, 005-553-001 through -012, 005-553-020 & -021
City	Atwater
County	Merced County
Sale Data	
Grantor	Claremont EH, LLC
Grantee	Stalwart Property, LLC
Sale Date	07/28/2015
Deed Book Page	26199
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash equivalent
Sale Price	$675,000
Annual Special Taxes per Lot	$0
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	15
Development Status at Sale	Improved lots
Typical Lot Size (SF)	6,000
Indicators (per Lot)	
Sale Price	$45,000
Bonds	$ 0
Total Consideration	$45,000

Remarks

This transaction is a recent sale of 15 finished lots representing a portion of the Blossom Valley subdivision located in Atwater. The lots are predominantly 6,000 square feet.

BULK LOT COMPARABLE 3

Property Identification	
Project Name	Stone Creek (portion of)
Location	Stone Creek Drive
APN	004-401-008 et. al.
City	Atwater
County	Merced County
Sale Data	
Grantor	Lamplight Cap & Asset Mgmt, LLC
Grantee	Blue Mountain Homes, LLC
Closing Date	07/16/2015
Deed Book Page	24611
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$2,336,000
Annual Special Assessments per Lot	$0
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	64
Development Status at Sale	Improved lots
Typical Lot Size (SF)	6,000
Indicators (per Lot)	
Sale Price	$36,500
Bonds	$ 0
Total Consideration	$36,500

Remarks

This comparable represents the sale of a 64-lot improved village located in the Stone Creek community of Atwater. The lots have a typical size of 6,000 square feet and are fully improved.

BULK LOT COMPARABLE 4

Property Identification	
Project Name	Jacobs Ranch (portion of)
Location	Carriage Lane
APN	150-330-009 et.al.
City	Atwater
County	Merced County
Sale Data	
Grantor	Steiner Development Inc.
Grantee	Orchard Terrace Estates, LLC
Closing Date	05/11/2015
Deed Book Page	19334
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$1,260,000
Annual Special Assessments per Lot	$1,584 (homeowners dues)
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	23
Development Status at Sale	Improved lots
Typical Lot Size (SF)	8,000
Indicators (per Lot)	
Sale Price	$54,783
Bonds	$ 0
Total Consideration	$54,783

Remarks

Jacobs Ranch is a gated subdivision with monthly HOA dues of $132 per home. This comparable represents the sale of 23 remnant lots within Jacobs Ranch to Orchard Terrace Estates, LLC.

BULK LOT COMPARABLE 5

Property Identification	
Project Name	Bellevue Ranch East (portion of)
Location	Village 15, Phase 2
APN	224-140-001 through -037
City	Merced
County	Merced County
Sale Data	
Grantor	Merced Project Owner, LLC
Grantee	Lennar Homes of California, Inc.
Closing Date	04/06/2015
Deed Book Page	11542
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$925,000
Annual Special Assessments per Lot	$610
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	37
Development Status at Sale	Improved lots
Typical Lot Size (SF)	5,250
Indicators (per Lot)	
Sale Price	$25,000
Bonds	$ 7,131
Total Consideration	$32,131

Remarks

This sale is the April 2015 transfer of 37 single-family residential lots to Lennar Homes in Bellevue Ranch East. The typical lot size is 5,250 square feet. Lennar Homes is now marketing homes on the lots identified as Chateau, with home sizes ranging from 1,766 to 2,969 square feet, with prices currently starting in the mid $200s.

BULK LOT COMPARABLE 6

Property Identification	
Project Name	Bellevue Ranch East (portion of)
Location	Village 8, Phase 2
APN	224-071-001 through -005, -008 through -011, 224-160-001 through -060, 224-171-001 through -012
City	Merced
County	Merced County
Sale Data	
Grantor	A&H Investments, LLC
Grantee	Locans Investments, LLC
Closing Date	03/25/2015
Deed Book Page	9796
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$1,900,000
Annual Special Assessments per Lot	$610
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	81
Development Status at Sale	Improved lots
Typical Lot Size (SF)	5,250
Indicators (per Lot)	
Sale Price	$ 23,457
Bonds	$ 7,131
Total Consideration	$30,588

Remarks

Locans Investments, LLC acquired these 81 improved lots in March 2015 for $23,457 per lot. The typical lot size is 6,825 square feet.

BULK LOT COMPARABLE 7

Property Identification	
Project Name	Blossom Valley (portion of)
Location	Vistana Drive
APN	005-495-003 et. al.
City	Atwater
County	Merced County
Sale Data	
Grantor	Landsmith Appreciation Fund, LLC
Grantee	Stalwart Property, LLC
Closing Date	01/08/2015
Deed Book Page	00567
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$1,076,000
Annual Special Assessments per Lot	$0
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	29
Development Status at Sale	Improved lots
Typical Lot Size (SF)	6,000
Indicators (per Lot)	
Sale Price	$37,103
Bonds	$ 0
Total Consideration	$37,103

Remarks

Stalwart Property, LLC acquired these 29 improved lots in January 2015 for $37,103 per lot. The typical lot size is 6,000 square feet.

BULK LOT COMPARABLE 8

Property Identification	
Project Name	Bellevue Ranch East (portion of)
Location	Village 16
APN	224-060-029 et. al.
City	Merced
County	Merced County
Sale Data	
Grantor	Gardenstone, LP
Grantee	Stalwart Property, LLC
Sale Date	11/05/2014
Deed Book Page	34859
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$1,470,000
Annual Special Taxes per Lot	$690
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	42
Development Status at Sale	Improved lots
Typical Lot Size (SF)	6,000
Indicators (per Lot)	
Sale Price	$ 35,000
Bonds	$ 8,066
Total Consideration	$ 43,066

Remarks

This sale is the November 2014 transfer of 42 single-family residential lots to Stalwart Property, LLC (d/b/a Blue Mountain Homes) in Bellevue Ranch East. The typical lot size is 6,000 square feet. Blue Mountain Homes is now marketing homes on the lots identified as Gardenstone, with home sizes ranging from 1,934 to 2,288 square feet, with prices currently starting in the high $200s.

BULK LOT COMPARABLE 9

Property Identification	
Project Name	El Capitan Estates (portion of)
Location	N. Santa Fe Drive
APN	057-662-003 et.al.
City	Merced
County	Merced County
Sale Data	
Grantor	Benny & Sherrilee Friesen
Grantee	Bellevue Community Builders, LLC
Sale Date	06/09/2014
Deed Book Page	17242
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$672,000
Annual Special Taxes per Lot	$0
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	33
Development Status at Sale	Improved lots
Typical Lot Size (SF)	6,000
Indicators (per Lot)	
Sale Price	$ 20,364
Bonds	$ 0
Total Consideration	$20,364

Remarks

Bellevue Community Builders, LLC acquired these improved lots in June 2014. The property is located along the south line of State Highway 99.

BULK LOT COMPARABLE 10

Property Identification	
Project Name	Lantana Estates (portion of)
Location	Poppy Ridge Court
APN	206-191-024 et. al.
City	Merced
County	Merced County
Sale Data	
Grantor	Sohan S. Sohota
Grantee	Op Dev Inc.
Sale Date	10/09/2013
Deed Book Page	36823
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$1,500,000
Annual Special Taxes per Lot	$0
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	60
Development Status at Sale	Improved lots
Typical Lot Size (SF)	5,000
Indicators (per Lot)	
Sale Price	$25,000
Bonds	$ 0
Total Consideration	$25,000

Remarks

This comparable represents the sale of a 60-lot improved village located in the Latana Estates subdivision in Merced, southwest of the subject property. The lots have a typical size of 5,000 square feet and are fully improved.

Adjustments and Conclusion

The comparable transactions are adjusted based on the profile of the subject property with regard to categories that affect market value. For Special Taxes, adjustments are made using estimated (present value) dollar amounts. Other adjustments may be categories as either superior or inferior, with percentage adjustments applied accordingly. If a comparable has an attribute considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories considered inferior to the subject. The adjustments are made in consideration of paired sales, the appraiser's experience and knowledge and interviews with market participants.

At a minimum, the appraiser considers the need to make adjustments for the following items:

- Expenditures after Sale (i.e. site development costs (if any), permits and fees, bond encumbrance and atypical carrying costs such as Homeowner's Association fees)
- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions (time)
- Location
- Physical features

A detailed analysis involving the adjustment factors is presented below.

<u>Total Consideration</u>

We consider the special taxes of the comparables and their remaining bond terms to estimate a remaining principal bond balance. While bond interest rates may vary somewhat, for approximation purposes, we utilize a 5% discount rate. The estimated bond encumbrances are added to the lot sale prices on a dollar-for-dollar basis.

As HOA fees are associated with intrinsic benefits, such as community pools, services, etc., no adjustments for this item are applicable.

<u>Property Rights Conveyed</u>

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. As previously noted, the opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales were cash to the seller transactions and do not require adjustments.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding.

The comparables did not involve any non-market conditions of sale and do not require adjustments.

Market Conditions

Market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a city, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

Comparables 9 and 10 transferred in late 2013 or the beginning of 2014 when price points for bulk land transactions were lower than the current market. As such these comparables are adjusted upward for market conditions. No adjustments are warranted for the remaining comparables.

Physical Characteristics

The physical characteristics of a property can impact the selling price. Those that may impact value include the following:

Location

Location adjustments are applied in consideration of area home prices, household income and other characteristics. The subject property is located in the northern portion of the city of Merced, which is considered an average location. All of the comparables are located in Atwater and Merced, which are considered to have similar locational attributes as the subject. Therefore, no adjustments for location are required.

Community Appeal

The Bellevue Ranch development offers average community appeal. Comparables 2 and 7 are located in the Blossom Valley subdivision in Atwater, which is of newer construction and a slight downward adjustment is warranted. Additionally, Comparable 4 is located in the gated community of Jacobs Ranch and a downward adjustment is applied. The remaining comparables are considered to have a similar community appeal; thus, no further adjustment for community appeal is warranted.

Number of Lots

Generally, there is an inverse relationship between the number of lots and price per lot such that larger projects (with a greater number of lots) achieve a lower price per lot. However, market participants indicate that when the total project size drops below 50 lots it becomes difficult for a large regional or national builder to justify the cost of a model complex and their typical marketing approaches. The basis for our comparison is a typical 50 lot takedown; the one exception being the 6,825 square foot lots as there are only 37 of these lots. Thus, projects with fewer than 50 lots like the subject are generally limited to a buyer pool of local and smaller regional builders. As a result the market typically reflects a lower per unit price for projects that total fewer than 50 lots, all else being equal and compared to otherwise similar lots (location, size, etc.). Since all of the comparable transactions contained 81 or fewer lots, no adjustments for number of lots are applied.

Lot Size (Typical)

Adjustments for differences in lot size between the comparables and subject are estimated by applying lot size adjustment factors to difference in lot size. We have considered paired sales to assist with the determination of a lot size adjustment factor, as well as market participant interviews.

Topography/Utility

Differences in contour, drainage, soil conditions, as well as project design, can affect the utility and, therefore, the market value of the properties. The subject property and comparables are planned for traditional single-family lots and all have average site utility. Adjustments for this factor do not apply.

Lot Premiums

The subject and comparables are anticipated to achieve a similar level of lot premiums (cul-de-sac, corner, inverted corner). None of the comparables benefit from view or significant open space premiums. Adjustments for this factor do not apply.

Adjustment Grids

The grids on the following pages reflect the afore-discussed adjustments.

2,450 SF LOTS

ADJUSTMENT GRID - BULK LOT SALES

Elements of Comparison:	**Subject**	**Sale 1**	**Sale 2**	**Sale 3**	**Sale 4**	**Sale 5**	**Sale 6**	**Sale 7**	**Sale 8**	**Sale 9**	**Sale 10**
Lot Price		**$25,000**	**$45,000**	**$36,500**	**$54,783**	**$25,000**	**$23,457**	**$37,103**	**$35,000**	**$20,364**	**$25,000**
Special Taxes	$771	$690	$0	$0	$0	$610	$610	$0	$690	$0	$0
Years to Bond Maturity		18				18	18		18		
Bond Encumbrance (Present Value at 5%)		*$8,066*				*$7,131*	*$7,131*		*$8,066*		
Loaded Lot Price After Bonds		**$33,066**	**$45,000**	**$36,500**	**$54,783**	**$32,131**	**$30,588**	**$37,103**	**$43,066**	**$20,364**	**$25,000**
Property Rights Conveyed	Fee Simple	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Financing Terms	Cash Equiv.	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Conditions of Sale	Market	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Market Conditions	Dec-15	Oct-15	Jul-15	Jul-15	Jun-15	Apr-15	Mar-15	Jan-15	Nov-14	Jun-14	Oct-13
Adjustment	(Appraisal)									↑	↑↑
Physical Characteristics:											
Location	Merced	Merced	Atwater	Atwater	Atwater	Merced	Merced	Atwater	Merced	Merced	Merced
Adjustment											
Community Appeal	Average	Similar	Sl. Superior	Similar	Sig. Superior	Similar	Similar	Sl. Superior	Similar	Similar	Similar
Adjustment			↓		↓↓↓			↓			
Number of Lots	50	37	15	64	23	37	81	29	42	33	60
Adjustment			↓								
Lot Size (Typical)	2,450	6,000	6,000	6,000	8,000	5,250	5,250	6,000	6,000	6,000	5,000
Adjustment		↓↓	↓↓	↓↓	↓↓↓↓	↓↓	↓↓	↓↓	↓↓	↓↓	↓↓
Topography/Utility	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Lot Premiums/Discounts	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Zoning and Entitlements	Approved	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Summary of Adjustments		**Downward**	**Sig. Downward**	**Downward**	**Sig. Downward**	**Downward**	**Downward**	**Downward**	**Downward**	**Sl. Upward**	**Similar**
Adjusted Loaded Lot Value		**< $33,066**	**<< $45,000**	**< $36,500**	**<<< $54,783**	**< $32,131**	**< $30,588**	**< $37,103**	**< $43,066**	**> $20,364**	**≈ $25,000**
Concluded Loaded Lot Value:	**$25,000**										

4,725 SF LOTS

ADJUSTMENT GRID - BULK LOT SALES

Elements of Comparison:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9	Sale 10
Lot Price		**$25,000**	**$45,000**	**$36,500**	**$54,783**	**$25,000**	**$23,457**	**$37,103**	**$35,000**	**$20,364**	**$25,000**
Special Taxes	$771	$690	$0	$0	$0	$610	$610	$0	$690	$0	$0
Years to Bond Maturity		18				18	18		18		
Bond Encumbrance (Present Value at 5%)		*$8,066*				*$7,131*	*$7,131*		*$8,066*		
Loaded Lot Price After Bonds		**$33,066**	**$45,000**	**$36,500**	**$54,783**	**$32,131**	**$30,588**	**$37,103**	**$43,066**	**$20,364**	**$25,000**
Property Rights Conveyed	Fee Simple	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Financing Terms	Cash Equiv.	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Conditions of Sale	Market	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Market Conditions	Dec-15	Oct-15	Jul-15	Jul-15	Jun-15	Apr-15	Mar-15	Jan-15	Nov-14	Jun-14	Oct-13
Adjustment	(Appraisal)									↑	↑↑
Physical Characteristics:											
Location	Merced	Merced	Atwater	Atwater	Atwater	Merced	Merced	Atwater	Merced	Merced	Merced
Adjustment											
Community Appeal	Average	Similar	Sl. Superior	Similar	Sig. Superior	Similar	Similar	Sl. Superior	Similar	Similar	Similar
Adjustment			↓		↓↓↓			↓			
Number of Lots	50	37	15	64	23	37	81	29	42	33	60
Adjustment			↓								
Lot Size (Typical)	4,725	6,000	6,000	6,000	8,000	5,250	5,250	6,000	6,000	6,000	5,000
Adjustment		↓	↓	↓	↓↓↓	↓	↓	↓	↓	↓	↓
Topography/Utility	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Lot Premiums/Discounts	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Zoning and Entitlements	Approved	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Summary of Adjustments		**Sl. Downward**	**Downward**	**Sl. Downward**	**Sig. Downward**	**Sl. Downward**	**Sl. Downward**	**Sl. Downward**	**Downward**	**Upward**	**Upward**
Adjusted Loaded Lot Value		**< $33,066**	**< $45,000**	**< $36,500**	**<< $54,783**	**< $32,131**	**< $30,588**	**< $37,103**	**< $43,066**	**>> $20,364**	**>> $25,000**
Concluded Loaded Lot Value:	**$31,000**										

6,825 SF LOTS

ADJUSTMENT GRID - BULK LOT SALES

Elements of Comparison:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9	Sale 10
Lot Price		$25,000	$45,000	$36,500	$54,783	$25,000	$23,457	$37,103	$35,000	$20,364	$25,000
Special Taxes	$771	$690	$0	$0	$0	$610	$610	$0	$690	$0	$0
Years to Bond Maturity		18				18	18		18		
Bond Encumbrance (Present Value at 5%)		*$8,066*				*$7,131*	*$7,131*		*$8,066*		
Loaded Lot Price After Bonds		$33,066	$45,000	$36,500	$54,783	$32,131	$30,588	$37,103	$43,066	$20,364	$25,000
Property Rights Conveyed	Fee Simple	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Financing Terms	Cash Equiv.	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Conditions of Sale	Market	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Market Conditions	Dec-15	Oct-15	Jul-15	Jul-15	Jun-15	Apr-15	Mar-15	Jan-15	Nov-14	Jun-14	Oct-13
Adjustment	(Appraisal)									↑	↑↑
Physical Characteristics:											
Location	Merced	Merced	Atwater	Atwater	Atwater	Merced	Merced	Atwater	Merced	Merced	Merced
Adjustment											
Community Appeal	Average	Similar	Sl. Superior	Similar	Sig. Superior	Similar	Similar	Sl. Superior	Similar	Similar	Similar
Adjustment			↓		↓↓↓			↓			
Number of Lots	37	37	15	64	23	37	81	29	42	33	60
Adjustment											
Lot Size (Typical)	6,825	6,000	6,000	6,000	8,000	5,250	5,250	6,000	6,000	6,000	5,000
Adjustment		↑	↑	↑	↓↓	↑↑	↑↑	↑	↑	↑	↑↑
Topography/Utility	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Lot Premiums/Discounts	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Zoning and Entitlements	Approved	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Summary of Adjustments		**Similar**	**Similar**	**Sl. Upward**	**Sig. Downward**	**Upward**	**Upward**	**Similar**	**Similar**	**Upward**	**Upward**
Adjusted Loaded Lot Value		**≈ $33,066**	**≈ $45,000**	**> $36,500**	**<< $54,783**	**> $32,131**	**> $30,588**	**≈ $37,103**	**≈ $43,066**	**>> $20,364**	**>> $25,000**
Concluded Improved Lot Value:	**$38,000**										

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Conclusion of Improved Lot Value – Sales Comparison Approach

The market data set consists of various sales that are considered reasonable indicators of market value for the fee simple interest in the subject lots. On a total consideration basis (considering assumed bond debt) the comparables reflect a range of $20,364 to $54,783 per lot. Utilizing the elements of comparison described on the preceding pages, we have arrayed a qualitative ranking of the comparables in the table below by lot size category, based on the total consideration price.

Property	Total Consideration Price Per Lot
Comparable 4	$54,783
Comparable 2	$45,000
Comparable 8	$43,066
SUBJECT (6,825 SF Lot)	**$38,000**
Comparable 7	$37,103
Comparable 3	$36,500
Comparable 1	$33,066
Comparable 5	$32,131
Comparable 6	$30,588
SUBJECT (4,725 SF Lot)	**$31,000**
SUBJECT (2,450 SF Lot)	**$25,000**
Comparable 10	$25,000
Comparable 9	$20,364

Land Residual Analysis

The land residual analysis is utilized in estimating land value when subdivision and development are the highest and best use of the parcel of land being appraised. All direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the value of the land. The land residual analysis is conducted on a ***semi-annual basis***. As a discounted cash flow analysis, the land residual analysis consists of four primary components—revenue, expenses, absorption and discount rate. Discussions of these four concepts begin below, with the land residual analysis offered at the end of this section.

For purposes of this analysis, as with the Sales Comparison Approach, lot sizes of 2,450, 4,725 and 6,825 square feet will form the basis of analysis, from which adjustments will be made for the 5,500 square foot lot size category within the District.

Revenue

The projected sales price for the average unit within each village will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, such as horizontal and vertical construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses.

Based on the lot size categories of 2,450, 4,725 and 6,825 square feet, hypothetical home sizes of 1,800, 2,100 and 2,400 square feet will be utilized (respectively). Based on analysis of prices and floor plans in the *Residential Market* overview section, the respective homes sizes could achieve prices of $225,000, $275,000 and $310,000, inclusive of bonds (total consideration). These home prices are supported by the active projects in Bellevue Ranch East (Merced) and in the neighboring community of Atwater, summarized the table below.

Project	Community	Master Plan	Builder	Avg. Base Price	Age. Home Size (SF)	Lot Size (SF)	Units Planned	Units Offered	Units Sold	Units Unsold
Meadow View Estates	Atwater	None	Ramson Piro Homes	$293,745	2,212	6,000	55	12	10	2
The Corners at Eastgate	Ceres	None	Kiper Homes	$309,978	2,141	3,100	18	18	17	1
Blossom Grove	Manteca	None	Legacy Homes	$413,990	2,653	6,600	93	11	6	5
Oakwood Shores	Manteca	Oakwood Shored	Lafferty Homes	$439,286	2,972	9,000	350	198	198	0
Orchard Park	Manteca	None	Meritage Homes	$429,101	2,912	7,800	274	189	178	11
Pomelo Groce	Manteca	None	Bright Homes	$363,960	2,221	7,000	152	152	145	7
Raceway Collection	Manteca	None	Raymus Homes	$367,490	2,191	5,500	113	110	97	13
Summit Collection	Manteca	Union Ranch	Atherton Homes	$427,276	2,703	7,370	315	315	314	1
Wildwood	Manteca	None	D.R. Horton Homes	$409,490	2,765	6,000	118	104	101	3
Woodbridge	Manteca	None	Del Webb	$367,419	1,961	4,500	1,407	1,123	1,110	13
Chateau Series	Merced	Bellevue Ranch	Lennar Homes	$289,071	2,306	5,500	37	9	5	4
Gardenstone	Merced	Bellevue Ranch	Blue Mountain Homes	$290,490	2,152	6,600	50	50	43	7
Cottage Park	Turlock	None	McRoy Wilbur Communities	$249,990	1,545	3,600	81	72	55	17
			Overall Minimum	$249,990	1,545	$161.81 /SF				
			Overall Maximum	$439,286	2,972	$147.81 /SF				
			Overall Average	$357,791	2,364	$151.34 /SF				

Source: The Gregory Group

Based on the layout of the lots indicated by the recorded final maps, and considering the subject lots are generally similar in size to one another, lot premium allocations for the subject do not apply. The subject does not feature any lots meriting a lot premium, and all lots are generally similar in size. The subject does not feature any atypical premiums such as view or open space frontage.

As will be discussed in the expense section that follows, given the typical product line size at Bellevue Ranch, it is anticipated a builder will construct three model homes. Upgrade amenity costs are projected at $50,000 each, or $150,000 in total. Typically, builders capture approximately 50% of the cost through the sale of the model and the furniture. Although furnishings are a real cost of the model improvements, they are personal property, not real estate. Thus, furnishings are not included in the opinion of value for the model home premiums. Given this consideration, the recapture cost for model homes are typically reduced to 25% to 40% of model improvement costs. Considering the anticipated amount foot traffic for the subject property, a recapture amount towards the lower end of the range, or 30%, is considered reasonable. Using this percentage, a recapture of $15,000 per model (30% x $50,000) is concluded, or a total of $45,000, which will be considered in the estimate of aggregate retail value.

The estimated aggregate retail value for the subject lot size categories are as follows:

2,450 SF LOT

REVENUE SUMMARY

Unit Type	No. of Units	Average Unit Size	Average Sale $/SF	Average Value Per Unit	Extension*
Typical Sinlge-Family Home	50	1,800	$125	$225,000	$ 11,250,000
Model Recapture					$ 45,000
Total Sales Revenue				$225,900	$ 11,295,000

*Exclusive of appreciation

4,725 SF LOT

REVENUE SUMMARY

Unit Type	No. of Units	Average Unit Size	Average Sale $/SF	Average Value Per Unit	Extension*
Typical Sinlge-Family Home	50	2,100	$131	$275,000	$ 13,750,000
Model Recapture					$ 45,000
Total Sales Revenue				$275,900	$ 13,795,000

*Exclusive of appreciation

6,825 SF LOT

REVENUE SUMMARY

Unit Type	No. of Units	Average Unit Size	Average Sale $/SF	Average Value Per Unit	Extension*
Typical Sinlge-Family Home	37	2,400	$129	$310,000	$ 11,470,000
Model Recapture					$ 45,000
Total Sales Revenue				$311,216	$ 11,515,000

*Exclusive of appreciation

Closing Projections

The typical time required for the construction of units has been approximately three to six months from start to closing. It is assumed that initial closings will occur within three to six months of the date of sale. The premise is that the builder constructs efficiently as homes are sold. These assumptions are reflected in the projected construction schedule shown in the land residual models at the end of this section.

Changes in Market Conditions (Price Increases or Decreases)

Based on market surveys, responses are mixed whether market participants trend revenues and expenses. Generally market participants prefer not to price trend, but sometimes they will trend when trying to justify a sale price when there is strong competition for land. Or, participants have indicated they may trend if the sell-off period is anticipated to be protracted. However, under current market conditions, there is likelihood of some home price appreciation during the sell-off period. The subject has a projected 2-year sell-off period. We estimate a level appreciation factor of 0.5% per year (0.25% semi-annually) for the subjects' sell-off. There is a one-period lag between when home contracts are signed and construction is completed and homes are closed. Therefore, closing revenue is connected to the corresponding appreciation factor of the period of sale (contract).

Absorption

We estimate the subject can achieve a stabilized absorption rate of 4.0 sales per month (24.0 sales every six months); however, for the first year an absorption rate of 3.0 sales per months (18.0 sales every six months) will be utilized, followed by an increase of 1.0 sale per month for each six-month period thereafter through the sell-off period until achieving the stabilized absorption rate of 4.0 sales per month. With sales beginning in Period 1, the project sells out in Period 3, with Period 4 needed to complete construction and close escrow.

Expense Projections

A deduction will be made for expenses attributable to the project over the holding period. They are estimated below and on the following pages.

General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.0% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 2.0% for general and administrative expenses. This expense category is spread evenly over the entire sellout period.

Marketing and Sales

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subjects' market area is 4.0% to 6.5%. Considering the specifics of the subject property, a figure of 4.0%, or 2.0% for marketing and 2.0% for sales, is used in the marketing and sales expense category.

Property Taxes (Ad Valorem and Special Taxes)

The subject is located within an area with a 1.1148% tax rate. This amount is applied to the estimated market value and divided by the total number of homes to yield an estimate of ad valorem taxes/home/year. This amount is applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year. Direct levies are nominal ($8.00 per lot per year) and are not included in this analysis. However, the subject is encumbered by CFD No. 2005-1 (Bellevue Ranch West) Special Taxes, which is taken into consideration in this analysis. The Special Taxes attributable to each lot is dependent on the anticipated home size and tax zone. Based on a copy of the City of Merced CFD No. 2005-1 (Bellevue Ranch West) Estimated Fiscal Year 2014-15 Special Tax Revenue, a summary of which is provided in the *Property Identification and Legal Data* section, the average special tax per home is $771 per year.

The total tax expense is gradually reduced over the absorption period, as the land components are sold off.

Permits and Fees

Permits and fees represent all fees payable upon obtaining building permit for the construction of the proposed units and include school fees and any impact fees. According to similar projects in the market area, typical permits and fees for the Bellevue Ranch are approximately $40,000 per lot.

Direct and Indirect Construction Costs

Construction costs are generally classified into two groups, direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle.

Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

Various direct cost comparables from projects throughout the region are profiled in the following table.

Project Location	Effective Date	Number of Units	Construction Quality	Floor Plan (SF)	Direct Costs per SF
Fairfield	2015	26	Average	1,785	$73.00
Solano County			entry-level	2,115	$71.00
				2,386	$68.00
				2,646	$65.00
Patterson	2015	74	Average	1,754	$76.38
Stanislaus County			entry-level	1,919	$71.32
				1,960	$70.64
				2,055	$75.15
				2,281	$74.66
				2,291	$64.84
				2,609	$64.88
Davis	2015	35	Average	1,172	$102.23
Yolo County			entry-level	1,629	$91.15
			move-up	1,734	$91.03
				1,853	$91.63
				2,187	$88.74
				2,397	$88.91
Plumas Lake	2015	18	Average	2,104	$68.00
Yuba County			to Good	2,432	$63.00
				2,850	$60.00
				3,280	$58.50

Based on the cost comparables, and considering the assumed average quality product line for the lots size categories analyzed, a direct cost estimate of $60 per square foot is applied to the 1,800 square foot home, $68 per square foot for the 2,100 and 2,400 square foot homes, given the principle of economies of scale.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator

Conversations with homebuilders indicate the indirect costs generally range anywhere from 10% to 15% of the direct costs (excluding marketing, sales, general and administrative expenses and taxes, which are accounted for separately). An estimate of 10% is considered reasonable for the subject property.

Model Complex

Model upgrade expenses can vary widely depending upon construction quality, targeted market and anticipated length of time on the market. These upgrades, exterior and interior, including furniture, can range from $20,000 per model to over $250,000 per model for executive homes.

Based on the quality of the subjects' proposed improvements and the targeted buyer segment, a model upgrade cost of $50,000 per model was concluded for the subject property. Therefore, an estimated model complex cost of $150,000 ($50,000 per model) for the subject property is considered reasonable, assuming three models.

Summary

The following charts summarize the revenue and expenses discussed on the preceding pages.

2,450 SF LOTS

REVENUE SUMMARY

Unit Type	No. of Units	Average Unit Size	Average Sale $/SF	Average Value Per Unit	Extension*
Typical Sinlge-Family Home	50	1,800	$125	$225,000	$ 11,250,000
Model Recapture					$ 45,000
Total Sales Revenue				$225,900	$ 11,295,000

EXPENSES SUMMARY

General and Administrative					
		2.0% of total revenue		$226,939	
Marketing and Sales					
		4.0% of total revenue		$453,878	
Ad Valorem Taxes & Special Taxes					
	1.1148% - Tax Rate			$15,518	
		÷ Total Number of Units: 50			
		Ad Valorem Taxes		$310	/unit
		Special Taxes		$0	/unit
		CFD 2005-1		$771	/unit

Estimated Permits and Fees at Building Permit/Occupancy

Average Permits and Fees/Unit	$40,000	
x Number of Units	50	
Total Permits and Fees		$2,000,000

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Construction Costs	SF	Units	Cost/SF	Extension*	Indirects
Typical Floor Plan	1,800	50	$60	$5,400,000	$540,000

Average Direct Construction Costs		$108,000
Indirect Costs	10% of Direct Costs	$10,800
Model Complex		$150,000

* Exclusive of appreciation

4,725 SF LOTS

REVENUE SUMMARY

Unit Type	No. of Units	Average Unit Size	Average Sale $/SF	Average Value Per Unit	Extension*
Typical Sinlge-Family Home	50	2,100	$131	$275,000	$ 13,750,000
Model Recapture					$ 45,000
Total Sales Revenue				$275,900	$ 13,795,000

EXPENSES SUMMARY

General and Administrative					
	2.0% of total revenue			$277,169	
Marketing and Sales					
	4.0% of total revenue			$554,338	
Ad Valorem Taxes & Special Taxes					
1.1148% - Tax Rate				$15,518	
	÷ Total Number of Units: 50				
	Ad Valorem Taxes			$310	/unit
	Special Taxes			$0	/unit
	CFD 2005-1			$771	/unit

Estimated Permits and Fees at Building Permit/Occupancy

Average Permits and Fees/Unit	$40,000	
x Number of Units	50	
Total Permits and Fees		$2,000,000

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Construction Costs	SF	Units	Cost/SF	Extension*	Indirects
Typical Floor Plan	2,100	50	$68	$7,140,000	$714,000

Average Direct Construction Costs		$142,800
Indirect Costs	10% of Direct Costs	$14,280
Model Complex		$150,000

* Exclusive of appreciation

6,825 SF LOTS

REVENUE SUMMARY

Unit Type	No. of Units	Average Unit Size	Average Sale $/SF	Average Value Per Unit	Extension*
Typical Sinlge-Family Home	37	2,400	$129	$310,000	$ 11,470,000
Model Recapture					$ 45,000
Total Sales Revenue				$311,216	$ 11,515,000

EXPENSES SUMMARY

General and Administrative					
		2.0% of total revenue		$230,922	
Marketing and Sales					
		4.0% of total revenue		$461,845	
Ad Valorem Taxes & Special Taxes					
	1.1148% - Tax Rate			$15,518	
		÷ Total Number of Units: 37			
		Ad Valorem Taxes		$419	/unit
		Special Taxes		$0	/unit
		CFD 2005-1		$771	/unit

Estimated Permits and Fees at Building Permit/Occupancy		
Average Permits and Fees/Unit	$40,000	
x Number of Units	37	
Total Permits and Fees		$1,480,000

Construction Costs	SF	Units	Cost/SF	Extension*	Indirects
Typical Floor Plan	2,400	37	$68	$6,038,400	$603,840

Average Direct Construction Costs		$163,200
Indirect Costs	10% of Direct Costs	$16,320
Model Complex		$150,000

* Exclusive of appreciation

Discount Rate

The project yield rate is the rate of return on the total un-leveraged investment in a development, including both equity and debt. The leveraged yield rate is the rate of return to the “base” equity position when a portion of the development is financed. The “base” equity position represents the total equity contribution. The developer/builder may have funded all of the equity contribution, or a consortium of investors/builders as in a joint venture may fund it. Most surveys indicate that the threshold project yield requirement is about 20% to 30% for production home type projects. Instances in which project yields may be less than 20% often involve profit participation arrangements in master planned communities where the master developer limits the number of competing tracts.

According to a leading publication within the appraisal industry, the PwC Real Estate Investor Survey[12], discount rates for land development projects ranged from 10.00% to 20.00%, with an average of 15.50% during the Fourth Quarter 2015, which is down slightly from the average from the Second Quarter 2015 (land survey completed every six months), of 15.90%, and down 125 basis points below last year's average (Fourth Quarter 2014). These rates are free-and-clear of financing, are inclusive of developer's profit, and assume entitlements are in place. Without entitlements in place, the PwC survey has indicated certain investors increase the discount rate between 100 and 800 basis points (an average increase of 400 basis points).

According to the data presented in the survey prepared by PwC, the majority of those respondents who use the discounted cash flow (DCF) method do so free and clear of financing. Additionally, the participants reflect a preference in including the developer's profit in the discount rate, versus a separate line item for this factor. As such, the range of rates presented above is inclusive of the developer's profit projection.

The discount rates are based on a survey that includes residential, office, retail and industrial developments. Participants in the survey indicate the highest expected returns are on large-scale, unapproved developments. The low end of the range was extracted from projects where certain development risks had been lessened or eliminated. Several respondents indicate they expect slightly lower returns when approvals/entitlements are already in place.

Excerpts from recent PwC surveys are copied below.

> First, investors and developers are increasingly looking for development opportunities throughout the commercial real estate (CRE) industry – in both established sectors, like apartments, as well as in niche sectors, like data centers housing. And second, rising construction and land costs will likely keep the development cycle "in check," helping sustain the industry's recovery. Even though development ranks as the second preferred investment category/strategy… only three of the five main CRE property types reported development prospects ratings higher than last year's report… retail, office and industrial. The apartment sector's score slipped slightly this year, while the hotel sector's rating decreased the most. Outside the traditional CRE property sectors… respondents felt that development prospects in 2016 were best for 1) urban mixed-use properties, 2) data centers, 3) master-planned communities, 4) self-storage, and 5) infrastructure. (Fourth Quarter 2015)
>
> Of the four main property types covered in our Survey, three of them are expected to positively move along the real estate cycle, shifting mainly into either expansion or recovery, which will provide development opportunities. The one exception is the national multifamily sector, where many metros are expected to move into contraction by year-end 2015… Over the next 12 months, all investor participants expect one foresee development land values to increase. Appreciation ranges up to 15.0% and averages 5.2%. (Second Quarter 2015)

[12] PwC Real Estate Investor Survey, PricewaterhouseCoopers, 4th Quarter 2015, Volume 28, Number 4.

> Looking ahead over the next 12 months, surveyed investors unanimously forecast property values in the national development land market to increase. Expected appreciation ranges up to 15.0% and average 5.0%. (Fourth Quarter 2014)
>
> As both the U.S. economy and the commercial real estate (CRE) industry's fundamentals show continued signs of improvement, interest in CRE development has picked up across each main property sector – office, retail, industrial, apartments, and lodging. As a result, certain investors in the national development land market are looking to acquire new parcels, finish entitling owned tracts, and/or convert parcels into readied sites… For the first time in quite a while, our surveyed investors are unanimous in their expectations that values for development land will increase over the next 12 months… Appreciation ranges up to 10.0% and averages 3.6% – up quite a bit from six months ago when the average was 2.6%. (Second Quarter 2014)
>
> Survey results suggest that investors anticipate commercial real estate (CRE) fundamentals to continue to improve, opening up diverse development land opportunities across all property types… The outlook for development improved for the second straight year. In addition, and perhaps more importantly, the average outlook for development is considered "fair" – an improvement from two years ago when the average outlook was "modestly poor…" The improvement in the development outlook does not mean that the CRE industry will be flooded with new supply in the near future and that vast opportunities exist for development land investors. "Some markets still have a significant inventory of land with entitlements and some with partial infrastructure that will move forward with development first, so we still need to be patient," says an investor, who suggests looking for opportunities in metros where sustainable job growth exists. Another strategizes to "find the right land location and then wait for buyers to show up." (Fourth Quarter 2013)

Information for a developing in-house database of project yield rates is presented in the table on the next page.

Data Source	Yield / IRR Expectations (Inclusive of Profit)
PwC Real Estate Investor Survey - Fourth Quarter 2015 (updated semi-annually)	Range of 10.0% to 20.0%, with an average of 15.50%, inclusive of profit and assuming entitlements in place, for land development (national average)
Josh Roden - Meritage (2013)	20% to 25% for entitled lots
Jeb Elmore - Lewis Operating Corp (2013)	18% to 25%. Longer term, higher risk projects on higher side of the range, shorter term, lower risk projects on the lower side of the range. Long term speculation properties (10 to 20 years out) often closer to 30%.
Greg Ackerman - Pulte (2010)	18% minimum, 20% target
Chris Downey - Hon Development	Minimum IRR of 20-25%; for an 8 to 10 year cash flow, mid to upper 20% range
Gary Gorian - Dale Poe Development	25% IRR for land development is typical (no entitlements); slightly higher for properties with significant infrastructure costs
David Pitts - Newhall Land and Farming	20% to 30% IRR for land development deals on an unleveraged basis
Mark Palkowitsh - MSP California, LLC	35% for large land deals from raw unentitled to tentative map stage, unleveraged or leveraged. 25% to 30% from tentative map to pad sales to merchant builders, unleveraged
Rick Nieman - GFC	18% to 22% for land with some entitlements, unleveraged. 30% for raw unentitled
Lin Stinson - Providence Realty Group	Low 20% range yield rate required to attract capital to longer-term land holdings
Dan Boyd - ESE Land Company	Merchant builder yield requirements in the 20% range for traditionally financed tract developments. Larger land holdings would require 25% to 30%. Environmentally challenged or politically risky development could well run in
Tulare Windmill Ventures, LLC	10% discount rate excluding profit for single-family subdivisions
David Jacobsen - Ridgecrest Homes	10% to 40% for single-family residential subdivisions with 1-2 year development timelines
Mike Grant - Premier Homes	15% to 20% IRR
Lyle McCullogh - California Pacific Homes	No less than 20% IRR for land development, either entitled or unentitled
Roy Robertson - Ekotec	20% to 30% for an unentitled property; the lower end of the range would reflect those properties close to tentative maps
Gordon MacKenzie - Brookfield Development	No less than 30% when typical entitlement risk exists

It is noted the preceding survey related to production home developments at the land stage. Even so, the respondents reflect the expectations of market participants in the residential sector.

Even though the entitlement risk has been mitigated, as the subject represents finished lots, there is risk associated with estimating the absorption rate for new homes at the subject property, as there have been few new home developments in the market area in several years. Further, with other product expected to come on line within the Bellevue Ranch community at the same time, there’s risk of cannibalizing potential buyers. In addition, there is risk associated with unforeseen factors such as broad economic declines and job losses. Considering these factors, and the positive and negative characteristics previously described, we estimate an internal rate of return of **25%**, inclusive of profit.

At the estimated IRR above, and assuming a 6.0% cost of funds for the subject (to represent the time value of money), the implied developer’s profit is approximately 8.15% on a bifurcated model for the 2,450 square foot lots, 7.85% for the 4,725 square foot lots, and 7.45% for the 6,825 square foot lots.

The land residual analyses are presented on the following pages.

2,450 SF LOTS

REVENUE AND SALES SUMMARY

Period (6 months):	**1**	**2**	**3**	**4**	**Total**
Sales	18	18	14	0	50
Close of Escrow (COE)	0	18	18	14	50
Unsold Inventory	32	14	0	0	
Sales Price (unappreciated)	$ 4,066,200	$ 4,066,200	$ 3,162,600	$ -	$ 11,295,000
Inflation (Appreciation) Factor	0.0%	0.5%	1.0%	1.5%	
Appreciated Sales Revenue	$ 4,066,200	$ 4,086,531	$ 3,194,226	$ -	$ 11,346,957
Total Sales Revenue (Contract Close of Escrow)		$ 4,066,200	$ 4,086,531	$ 3,194,226	$ 11,346,957

EXPENSES AND CASH FLOW SUMMARY

Period (6 months):		**1**	**2**	**3**	**4**	**0**	**Total**
General and Administrative		($56,735)	($56,735)	($56,735)	($56,735)		($226,939)
Marketing and Sales		$0	($162,648)	($163,461)	($127,769)	#	($453,878)
Ad Valorem Real Estate Taxes		($7,759)	($4,966)	($2,173)	$0		($14,897)
CFD 2005-1		($19,275)	($12,336)	($5,397)	$0		($37,008)
Direct Construction Costs		($972,000)	($1,953,720)	($1,745,280)	($767,340)		($5,438,340)
Indirect Construction Costs		($97,200)	($195,372)	($174,528)	($76,734)	#	($543,834)
Model Costs		($150,000)	$0	$0	$0		($150,000)
Building Permits		($720,000)	($720,000)	($560,000)	$0		($2,000,000)
Total Expenses		($2,022,969)	($3,105,777)	($2,707,574)	($1,028,578)	#	($8,864,897)
NET INCOME BEFORE DEVELOPER'S INCENTIVE		$ (2,022,969)	$ 960,423	$ 1,378,957	$ 2,165,648		$ 2,482,060
Present Value Factor							
Discount Rate	25.00%	0.88889	0.79012	0.70233	0.62430		
Discounted Cash Flow		($1,798,194)	$758,853	$968,486	$1,352,003		$1,281,148
Net Present Value		$1,281,148					

CONCLUSION OF VALUE BY DISCOUNTED CASH FLOW ANALYSIS (RD)						**$1,281,000**
						$25,600 /lot
NET INCOME BEFORE DEVELOPER'S INCENTIVE		($2,022,969)	$960,423	$1,378,957	$2,165,648	$2,482,060
Total Developer's Incentive	8.15%	$0	$331,395	$333,052	$260,329	$924,777
NET INCOME (BEFORE DISCOUNTING)		($2,022,969)	$629,028	$1,045,905	$1,905,319	$1,557,283
Present Value Factor						
Discount Rate (Cost of Borrowed Funds)	6.00%	0.97087	0.94260	0.91514	0.88849	
Discounted Cash Flow		($1,964,047)	$592,919	$957,151	$1,692,851	$1,278,874
Net Present Value		$1,278,874				

4,425 SF LOTS

REVENUE AND SALES SUMMARY

Period (6 months):	1	2	3	4	Total
Sales	18	18	14	0	50
Close of Escrow (COE)	0	18	18	14	50
Unsold Inventory	32	14	0	0	
Sales Price (unappreciated)	$ 4,966,200	$ 4,966,200	$ 3,862,600	$ -	$ 13,795,000
Inflation (Appreciation) Factor	0.0%	0.5%	1.0%	1.5%	
Appreciated Sales Revenue	$ 4,966,200	$ 4,991,031	$ 3,901,226	$ -	$ 13,858,457
Total Sales Revenue (Contract Close of Escrow)		$ 4,966,200	$ 4,991,031	$ 3,901,226	$ 13,858,457

EXPENSES AND CASH FLOW SUMMARY

Period (6 months):		1	2	3	4	0	Total
General and Administrative		($69,292)	($69,292)	($69,292)	($69,292)		($277,169)
Marketing and Sales		$0	($198,648)	($199,641)	($156,049)	#	($554,338)
Ad Valorem Real Estate Taxes		($7,759)	($4,966)	($2,173)	$0		($14,897)
CFD 2005-1		($19,275)	($12,336)	($5,397)	$0		($37,008)
Direct Construction Costs		($1,285,200)	($2,583,252)	($2,307,648)	($1,014,594)		($7,190,694)
Indirect Construction Costs		($128,520)	($258,325)	($230,765)	($101,459)	#	($719,069)
Model Costs		($150,000)	$0	$0	$0		($150,000)
Building Permits		($720,000)	($720,000)	($560,000)	$0		($2,000,000)
Total Expenses		($2,380,046)	($3,846,819)	($3,374,916)	($1,341,395)	#	($10,943,176)
NET INCOME BEFORE DEVELOPER'S INCENTIVE		$ (2,380,046)	$ 1,119,381	$ 1,616,115	$ 2,559,831		$ 2,915,281
Present Value Factor							
Discount Rate	25.00%	0.88889	0.79012	0.70233	0.62430		
Discounted Cash Flow		($2,115,597)	$884,449	$1,135,049	$1,598,090		$1,501,992
Net Present Value		$1,501,992					

CONCLUSION OF VALUE BY DISCOUNTED CASH FLOW ANALYSIS (RD) **$1,502,000**
$30,000 /lot

		1	2	3	4	Total
NET INCOME BEFORE DEVELOPER'S INCENTIVE		($2,380,046)	$1,119,381	$1,616,115	$2,559,831	$2,915,281
Total Developer's Incentive	7.85%	$0	$389,847	$391,796	$306,246	$1,087,889
NET INCOME (BEFORE DISCOUNTING)		($2,380,046)	$729,534	$1,224,319	$2,253,585	$1,827,392
Present Value Factor						
Discount Rate (Cost of Borrowed Funds)	6.00%	0.97087	0.94260	0.91514	0.88849	
Discounted Cash Flow		($2,310,725)	$687,656	$1,120,426	$2,002,281	$1,499,638
Net Present Value		$1,499,638				

6,825 SF LOTS

REVENUE AND SALES SUMMARY

Period (6 months):	1	2	3	4	Total
Sales	18	18	1	0	37
Close of Escrow (COE)	0	18	18	1	37
Unsold Inventory	19	1	0	0	
Sales Price (unappreciated)	$ 5,601,892	$ 5,601,892	$ 311,216	$ -	$ 11,515,000
Inflation (Appreciation) Factor	0.0%	0.5%	1.0%	1.5%	
Appreciated Sales Revenue	$ 5,601,892	$ 5,629,901	$ 314,328	$ -	$ 11,546,122
Total Sales Revenue (Contract Close of Escrow)		$ 5,601,892	$ 5,629,901	$ 314,328	$ 11,546,122

EXPENSES AND CASH FLOW SUMMARY

Period (6 months):		1	2	3	4	0	Total
General and Administrative		($57,731)	($57,731)	($57,731)	($57,731)		($230,922)
Marketing and Sales		$0	($224,076)	($225,196)	($12,573)	#	($461,845)
Ad Valorem Real Estate Taxes		($7,759)	($3,984)	($214)	$0		($11,957)
CFD 2005-1		($14,264)	($7,325)	($386)	$0		($21,974)
Direct Construction Costs		($1,468,800)	($2,952,288)	($1,565,904)	($82,824)		($6,069,816)
Indirect Construction Costs		($146,880)	($295,229)	($156,590)	($8,282)	#	($606,982)
Model Costs		($150,000)	$0	$0	$0		($150,000)
Building Permits		($720,000)	($720,000)	($40,000)	$0		($1,480,000)
Total Expenses		($2,565,433)	($4,260,632)	($2,046,020)	($161,410)	#	($9,033,496)
NET INCOME BEFORE DEVELOPER'S INCENTIVE		$ (2,565,433)	$ 1,341,260	$ 3,583,881	$ 152,918		$ 2,512,626
Present Value Factor							
Discount Rate	25.00%	0.88889	0.79012	0.70233	0.62430		
Discounted Cash Flow		($2,280,385)	$1,059,761	$2,517,074	$95,466		$1,391,916
Net Present Value		$1,391,916					

CONCLUSION OF VALUE BY DISCOUNTED CASH FLOW ANALYSIS (RD)						**$1,392,000** **$37,600 /lot**
NET INCOME BEFORE DEVELOPER'S INCENTIVE		($2,565,433)	$1,341,260	$3,583,881	$152,918	$2,512,626
Total Developer's Incentive	7.45%	$0	$417,341	$419,428	$23,417	$860,186
NET INCOME (BEFORE DISCOUNTING)		($2,565,433)	$923,919	$3,164,453	$129,501	$1,652,440
Present Value Factor						
Discount Rate (Cost of Borrowed Funds)	6.00%	0.97087	0.94260	0.91514	0.88849	
Discounted Cash Flow		($2,490,712)	$870,882	$2,895,923	$115,060	$1,391,153
Net Present Value		$1,391,153				

Conclusion of Improved Lot Value – Land Residual Analysis

Based on the previous analyses, the estimates of improved (finished) lot value via the land residual analysis are $25,600 per 2,450 square foot lot, $30,000 per 4,725 square foot lot, and $37,600 per 6,825 square foot lot (rounded).

Reconciliation of Improved Lot Value

The estimated finished lot value conclusions for the subjects' single-family residential lots indicated by the sales comparison approach and land residual analysis to value are presented in the following table:

	2,450 SF Lots	4,725 SF Lots	6,825 SF Lots
Sales Comparison Approach	$25,000	$31,000	$38,000
Land Residual Analysis	$25,600	$30,000	$37,600
Difference	*-2%*	*3%*	*1%*
Conclusion	**$25,300**	**$30,500**	**$37,750**

In our opinion both the sales comparison approach and land residual analysis provide reliable indicators of market value for the subject lots, with the indicated lot values within 2%, 3% and 1% of one another (respectively). Our conclusions of improved (finished) lot value are $25,300 per 2,450 square foot lot, $30,500 per 4,725 square foot lot, and $37,750 per 6,825 square foot lot.

In the following table, adjustments for any discrepancies in lot size are made to the above conclusions for each typical lot size category within the subject portion of Bellevue Ranch West CFD No. 2005-1. A survey of active new home subdivisions, as well as an analysis of bulk lot transactions in the market, suggests differences in typical, or average, lot sizes can generate between $3 and $10 per square foot in lot premiums. Therefore, for purposes of this analysis, an adjustment of approximately $3.25 per square foot differential in lot size is considered reasonable for the traditional lot size categories. Based on this approximate size adjustment, a value of $33,250 per lot is considered reasonable for the subject's 5,500 square foot lot size category.

Village	Typical Lot Size (SF)	No. of Lots	Indicated Lot Values	Aggregate
Village 1 (65 x 105)	6,825	37	$37,750	$1,396,750
Village 2 (35 x 70)	2,450	122	$25,300	$3,086,600
Village 3 (35 x 70)	2,450	70	$25,300	$1,771,000
Village 4 (45 x 105)	4,725	78	$30,500	$2,379,000
Village 5 (45 x 105)	4,725	97	$30,500	$2,958,500
Village 10 (50 x 110)	5,500	103	$33,250	$3,424,750

Total Sales Revenue

The total sales revenue (aggregate retail value) of the residential lots previously estimated are shown on the next page and will serve as the revenue component of the DCF.

Village	Tpical Lot Size (SF)	No. of Lots	Indicated Lot Values	Aggregate
Village 1 (65 x 105)	6,825	37	$37,750	$1,396,750
Village 2 (35 x 70)	2,450	122	$25,300	$3,086,600
Village 3 (35 x 70)	2,450	70	$25,300	$1,771,000
Village 4 (45 x 105)	4,725	78	$30,500	$2,379,000
Village 5 (45 x 105)	4,725	97	$30,500	$2,958,500
Village 10 (50 x 110)	5,500	103	$33,250	$3,424,750
Total		**507**	**$29,619 (average)**	**$15,016,600**

ABSORPTION ANALYSIS

Absorption rates are best measured by looking at historic absorption rates for similar properties in the region, which, in the case of the subject, will require consideration of similar developments outside the immediate market area. In developing an appropriate absorption period for the disposition of the subjects' components, we have considered historic absorption rates for similar properties and also attempted to consider the impacts of present market conditions, as well as the anticipated changes in the market. Real estate is cyclical in nature, and it is difficult to accurately forecast specific demand over a projected absorption period. In light of this, when estimating absorption, it is important to give significant weight to the past experience of parties marketing similar projects for sale.

In attempting to estimate the exposure time that would be required for the disposition of the residential land component of the subject, both the historical exposure times and projected economic conditions have been considered. For any master planned community it is common to segment the product to allow it to appeal to the broadest spectrum of potential users (housing offering a wide range of price points). While there is a correlation between the sell-off of the end product (roof tops) and the sell-off of the land components, the relationship may not be readily apparent. Generally, the higher priced end products are expected to experience slower absorption rates than the lower priced end products, which are driven by the size of the respective buying pools. Thus, you could sell two land use components that will not compete with each other, due to product and price point, at similar times in the development process without jeopardizing absorption. A master developer's goal, and the goal of any respective builder, would be to avoid saturating the market with product. By the use of segmenting the range of product and diversifying the type of product, a development can maximize the return to the land by hastening the disposition time necessary to sell off the land.

A number of assumptions are made in the discounted cash flow analysis, not the least of which is the forecast of absorption, or disposition, of the residential lots comprising the subject property. It is common for surveys of market participants to reveal different estimations of anticipated absorption periods for the sell-off of multiple components comprising a master planned development, with some developers preferring to hasten the holding period in favor of mitigating exposures to fluctuations in market conditions; whereas, other developers prefer to manage the sell-off of the property over an extended period of time so as to minimize direct competition of product within the master planned project. It is anticipated a controlled disposition of the residential lots, should occur within a 2.5-year period, averaging approximately 100 lots per period, or 200 lots per year. This programmed sell-off of the lots will allow the master developer greater control over the ultimate build-out of the community and capture anticipated market appreciation in lot (and home) prices, as well as manage any market contractions.

In light of the improving market conditions for residential land throughout the Central Valley, it may be reasonable to consider an appreciation factor for the subjects' land during the disposition period. As presented in the *Residential Market* section earlier, there are only two active single-family residential subdivisions currently marketing homes in Bellevue Ranch East; however, these projects have not been open long enough to track price trends. Therefore, as demonstrated by other active projects throughout the Central Valley region, there's been only nominal appreciation in home prices at these active subdivisions over the past several quarters, suggesting the market is moderately improving. Therefore, a modest appreciation factor of 0.25% per period (six months), or 0.50% per year, will be applied to the conclusion of underlying lot values.

EXPENSES

General and Administrative

The general and administrative expense category covers the various administrative costs associated with managing the overall development. This would include management, legal and accounting fees and other professional services common to a development project. For purposes of this analysis, we have estimated this expense at 2% of the total gross sale proceeds. This expense is spread evenly over the entire sellout period.

Marketing and Sales

The costs associated with marketing, commissions and closing costs relative to the disposition of the subjects' components are estimated at 2% of the total gross sale proceeds. Although this rate is somewhat negotiable, it is consistent with current industry trends.

Ad Valorem Taxes and Special Taxes (CFD)

This appraisal is predicated on, and assumes, a sale of the appraised property. Interim ad valorem real estate taxes are based on a tax rate of 1.1148%. This rate will be applied to the estimated market value, in bulk, and divided by the total number of lots to yield an estimate of ad valorem taxes/lot/year. The total tax expense is gradually reduced over the absorption period, as the residential lots are sold off. Property taxes are increased by 2% per year.

Based on a copy of the City of Merced CFD No. 2005-1 (Bellevue Ranch West) Estimated Fiscal Year 2014-15 Special Tax Revenue, the maximum (average) annual special tax for the subject property is $771 per lot, which will be used as the basis for estimating annual debt service while Bellevue Ranch West is under construction.

A copy of the City of Merced CFD No. 2005-1 (Bellevue Ranch West) Estimated Fiscal Year 2014-15 Special Tax Revenue is provided below.

Developed Property

Land Use Category	Tax Zone	Special Tax
Single Family Residential	A	$651.00 per Unit
Single Family Residential	B	$771.00 per Unit
Single Family Residential	C	$891.00 per Unit
Other Property	N/A	$5,220.00 per Acre

Undeveloped Property

Tax Zone	Special Tax
A	$9,362.00 per Acre
B	$7,258.00 per Acre
C	$6,911.00 per Acre

The bond indebtedness and direct levies will be considered in the valuation of the subject property.

As parcels are sold off by Forebay Farms, LLC, the ad valorem and special tax obligation will be assumed by the buyer and, ultimately, each end user (homebuyer). The purpose of this analysis is to estimate the market value of the underlying land, which will serve as the collateral to the proposed

Bond issuance. As components of the subject property are sold off in this analysis, the balance of the Special Tax obligations necessary to service the debt are presumed to be collected from the new owners (buyers of the various land parcels) in the District.

DISCOUNT RATE

A more detailed discussion on discount rates is provided in the revenue section, in the preceding land residual analysis.

The condition of the subject as finished lots in comparison to the properties referred to by the survey respondents is considered to exhibit less risk; however, given its location in Merced, a sub-market exhibiting slower home appreciation and new construction compared to other areas in the region. Additionally, the subjects' risk is upwardly influenced by the fact it is the largest such development in Merced in several decades.

Based on the preceding discussion and developer surveys, we have concluded a discount rate (IRR) of **18.0%** for the subject property given the duration of its estimated absorption period and size (507 lots).

Conclusion

The discounted cash flow is presented on the following page, which incorporates the preceding factors in estimating the market value of the subjects' production-oriented residential lot component, in bulk. The discounted cash flow analysis is calculated on a semi-annual basis.

SUBDIVISION DEVELOPMENT METHOD

	Period (6 months):	**1**	**2**	**3**	**4**	**5**	Total
Total SFR Lots	507						
	Sales (Lots):	100	100	100	100	107	507
	End of Period Inventory	407	307	207	107	0	
	Total Period Inventory	507	407	307	207	107	
Revenue							
Total Sales Revenue		$ 2,961,854	$ 2,961,854	$ 2,961,854	$ 2,961,854	$ 3,169,184	$ 15,016,600
Appreication Factor		0.00%	0.25%	0.75%	1.25%	1.75%	
Total Revenue		$ 2,961,854	$ 2,969,259	$ 2,984,068	$ 2,998,877	$ 3,224,645	$ 15,138,702
Expenses							
General & Administrative	2.0%	$ 60,555	$ 60,555	$ 60,555	$ 60,555	$ 60,555	$ 302,774
Marketing/Commissions	2.0%	$ 59,237	$ 59,385	$ 59,681	$ 59,978	$ 64,493	$ 302,774
Ad Valorem Taxes	1.1148%	$ 59,252	$ 47,565	$ 36,596	$ 24,675	$ 13,010	$ 181,098
CFD 2005-1		$ 195,449	$ 156,899	$ 120,715	$ 81,394	$ 42,915	$ 598,657
Total Expenses		$ (374,492)	$ (324,403)	$ (277,547)	$ (226,602)	$ (180,973)	$ (1,384,018)
NET INCOME		$ 2,587,362	$ 2,644,855	$ 2,706,521	$ 2,772,275	$ 3,043,672	$ 13,753,400
Present Value Factor	18.0%	0.91743	0.84168	0.77218	0.70843	0.64993	
Discounted Cash Flow		$ 2,373,727	$ 2,226,122	$ 2,089,930	$ 1,963,950	$ 1,978,178	$ 10,631,140
Net Present Value		$ 10,631,140					

CONCLUSION OF VALUE BY DISCOUNTED CASH FLOW ANALYSIS (RD) **$ 10,630,000**

COMMERCIAL PROPERTY VALUATION – SALES COMPARISON APPROACH

The 8.33± acre commercial land component is described as being best suited for a neighborhood retail use designed to meet the needs of the residences in the immediate one- to three-mile radius that offers a drug store and other neighborhood conveniences.

We will begin by presenting a summary tabulation and location map, followed by detailed sales sheets and a discussion of adjustments necessary for comparison with the subject property. These sales are the most recent transactions considered reasonably similar to the subject.

COMPARABLE COMMERCIAL LAND SALES SUMMARY

No.	Property Identification	Sale Date	Sale Price	Land Area (Acre / SF)	Price per SF	Zoning
1	E Mission Avenue, W/O S. Coffee Road Merced, Merced County APN: 061-250-081, -082 & -084	Apr-13	$2,350,000	25.64 1,116,878	**$2.10**	CT
2	N. Thornton Road & Highway 12 Lodi, San Joaquin County APN: 025-190-32, -33 & -34	Apr-13	$2,800,000	11.68 508,781	**$5.50**	C-FS
3	1880 Daniels Street Manteca, San Joaquin County APN: 222-250-060-001	Mar-13	$2,275,000	12.17 530,125	**$4.29**	GC

COMPARABLE COMMERCIAL LAND SALES MAP

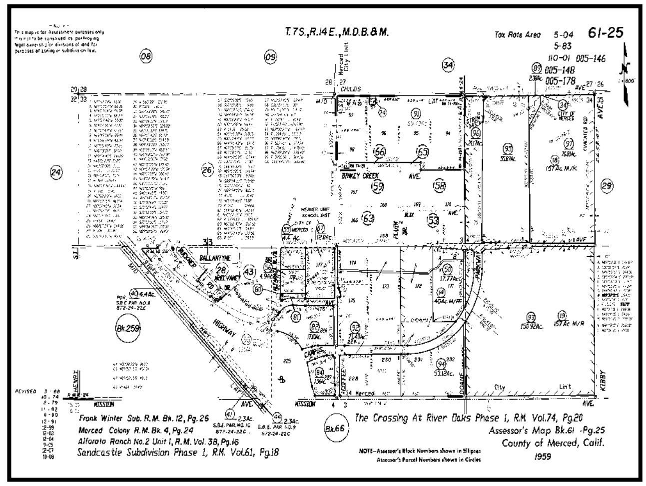
COMPARABLE 1

Property Identification

Commercial Land

E. Mission Avenue, W/O S. Coffee Road
Merced, CA 95340
Merced County

APN: 061-250-081, -082 & -084



Sale Data

Grantor	West America Bank
Grantee	Shemoll Moradzadeh
Sale Date	04/25/2013
Deed Book Page	2013-016391
Property Rights	Fee Simple
Conditions of Sale	REO
Financing Terms	Cash Equivalent
Sale Price	$2,350,000
PV of Bonds	$0

Land Data

Land Area (SF)	1,116,878
Land Area (Acres)	25.64
Zoning	CT, Commercial
Shape	Irregular
Corner Orientation	Yes
Street Frontage	E. Mission Avenue/Campus Parkway, S. Coffee Road and S. Parson Avenue
Topography	Generally level
Offsite Improvements	Partial
Onsite Improvements	None

Indicators

Sale Price per SF	$2.10
PV of Bonds per SF	$0.00

Remarks

This property is zoned highway commercial and is located at a newly constructed freeway interchange at Mission Avenue and State Highway 99. The bank foreclosed on the property and marketed the land for $6,000,000. The price was substantially reduced to $3,750,000, or $150,000 per acre, and was ultimately sold for $2,350,000, or $2.10 per square foot.

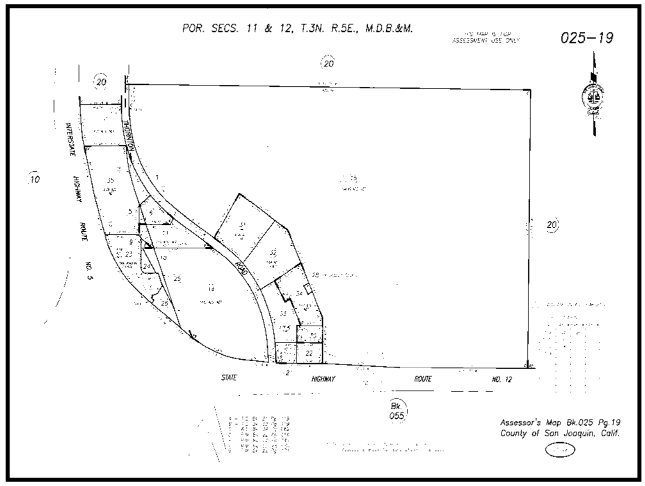
COMPARABLE 2

Property Identification

Commercial Land

N. Thornton Road and Highway 12
Lodi, CA 95242
San Joaquin County

APN: 025-190-32, -33, -34



Sale Data

Grantor	Highway 12 Investors, LLC
Grantee	Loves Country Stores of CA
Sale Date	04/24/2013
Deed Book Page	53927
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$2,800,000
PV of Bonds	$0

Land Data

Land Area (SF)	508,781
Land Area (Acres)	11.68
Zoning	C-FS, Freeway Service Commercial
Shape	Irregular
Corner Orientation	No
Street Frontage	North Thornton Road
Topography	Generally level
Offsite Improvements	All to site
Onsite Improvements	None

Indicators

Sale Price per SF	$5.50
PV of Bonds per SF	$0.00

Remarks

This property is located along the east line of N. Thornton Road, just north of Highway 12 and just east of Interstate 5. The property was reportedly purchased by Loves Country Stores for the development of a travel center. While the larger area surrounding the property is primarily comprised of agricultural land, the immediate area surrounding the intersection of Interstate 5 and Highway 12 contains numerous land uses serving Interstate 5 travelers (gas stations, hotels, convenience stores, fast food restaurants, etc.).

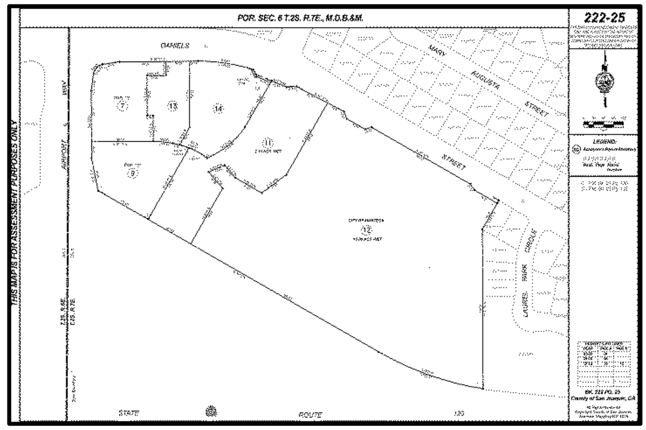
COMPARABLE 3

Property Identification

Commercial Land

1880 Daniels Street
Manteca, CA 95337
San Joaquin County

APN: 222-250-11



Sale Data

Grantor	Lowe's
Grantee	Manteca Development Group, LLC
Sale Date	03/26/2013
Deed Book Page	42380
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$2,275,000
PV of Bonds	$0

Land Data

Land Area (SF)	530,125
Land Area (Acres)	12.17
Zoning	GC, General Commercial
Shape	Nearly rectangular
Corner Orientation	No
Street Frontage	Daniels Street
Topography	Generally level
Offsite Improvements	Partial
Onsite Improvements	None

Indicators

Sale Price per SF	$4.29
PV of Bonds per SF	$0.00

Remarks

This comparable benefits from good visibility/accessibility with location in the northeast quadrant of the intersection of Highway 120 and Airport Way in Manteca. The property is adjacent to an off-ramp for Highway 120 and is proximate to significant anchored retail development located directly west of the property across Airport Way. We were unable to reach any of the parties involved with the sale for comment, but it appears the property was sold by the Lowe's corporation who declined to develop the property with a home improvement/appliance store. A parcel map for this property was not available in public records.

Adjustments and Conclusion

The comparable commercial land transactions are adjusted based on the profile of the subject commercial land with regard to categories that affect market value. A discussion involving each of these factors is presented as follows:

<u>Present Value of Bonds</u>

Bond debt has a direct impact on the amount for which the end product will sell. In an effort to account for the impact of bond indebtedness on the sales price, we establish a present value amount for the bond encumbrance based on the annual assessment. The present value amount is based on the annual assessment payment, an interest rate of 5.0% and the remaining term from the date of sale. None of the comparables are encumbered by bonds; thus, no adjustment for bond debt is warranted.

<u>Property Rights Conveyed</u>

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. The opinion of value for the retail land in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

<u>Financing Terms</u>

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. All of the comparable sales were cash to the seller transactions and do not require adjustments.

<u>Conditions of Sale</u>

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding.

Most of the comparable transactions were arms-length and do not require a conditions of sale adjustment. However, Comparable 1 was a REO (bank foreclosed) sale, which was initially marketed for $6,000,000. The price was substantially reduced to $3,750,000 and ultimately sold for $2,350,000, about 60% below the initial asking price. An upward adjustment is considered for this transaction as it likely sold below market. No other adjustments for conditions of sale are required.

<u>Expenditures After Sale</u>

This category includes all costs required after the transaction. No adjustments are required for this element of comparison.

<u>Market Conditions</u>

In evaluating market conditions, changes between the comparable sales date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required. After a prolonged period of decline from 2007 through 2011, the commercial real estate market has shown signs of stabilization and improvement within the past two years in many primary market areas. All of the comparables transferred in 2013 and are adjusted upward to account for the improvement in market conditions since the dates of these transactions.

<u>Physical Characteristics</u>

The physical characteristics of a property can impact the selling price. Those that may impact value include the following:

Location

The subject property is considered to possess an average location for retail development, with proximity to a significant amount of planned single-family residential development on all sides. The comparables are located in similar expanding market areas; however, Comparable 3 are considered to have superior location in comparison to the subject given its proximity to a significant amount of retail development, warranting a downward adjustment. Conversely, Comparables 1 and 2 are located in more rural areas and upward adjustments are applied to these transactions.

Visibility/Accessibility

The visibility and accessibility of a property can have a direct impact on property value. For example, if a property is landlocked, this is considered to be an inferior position compared to a property with open accessibility. However, if a property has good visibility or is proximate to major linkages, this is considered to be a superior amenity in comparison to a property with limited visibility.

The subject commercial parcel is located at the southeast corner of M Street and Cardella Road, a four-light intersection along two linkages within the community. Overall, the subject has average visibility/accessibility. All of the comparables are have visibility/accessibility along regional highways and downward adjustments for visibility/accessibility are required.

Land Area

The market generally exhibits an inverse relationship between parcel area and price per square foot such that larger parcels sell for a lower price per square foot than smaller parcels, all else being equal. For purposes of analysis, comparables with significantly larger parcel sizes than the subject are adjusted upward, while comparables with significantly smaller parcel sizes are adjusted downward.

Offsite Improvements

The subject property has all offsite improvements in place. Similarly, Comparable 2 transferred with offsite improvements in place and no adjustment is applied. However, Comparables 1 and 3 transferred with partial offsite work still to be complete; therefore, upward adjustments are applied to these comparables.

Site Utility

Differences in shape, topography, drainage or soil conditions can affect the utility and, therefore, the market value of undeveloped land. The subject and comparables offer average overall site utility; thus, no adjustments are applied for this factor.

Zoning/Entitlements

While the sales have similar zoning as the subject, the comparables zoning designations permit a wider variety of commercial development (primarily retail in nature). Thus, slight downward adjustments are applied.

Conclusion of Value – Commercial Land

Three land sales were analyzed for comparison to the subject's commercial land area (an 8.33-acre parcel). The market data analyzed herein reflects a range in value of $2.10 to $5.50 per square foot of land area (inclusive of bond encumbrances, if any). Overall, no one comparable is deemed to provide the best indicator of market value. The following grid arrays the comparables as they relate to the subject, suggesting where the subject's land value should fall in comparison.

Indicator	Total Consideration per SF	Overall the comparable is deemed… to the subject property	Conditions of Sale	Market Conditions	Location	Visibilty/ Accessibility	Land Area (Acres)	Offsite Improvements	Site Utility	Zoning/ Entitlements
Comprable 2	$5.50	Sl. Superior	↔ Market	↑↑ Apr-13	↑ Inferior	↓↓↓↓ Sig. Superior	↑ 11.68	↔ Similar	↔ Similar	↓ C-FS
SUBJECT			Market	Dec-15	Average	Average	8.33	All to site	Average	Neighborhood Commercial
Comparable 3	$4.29	Similar	↔ Market	↑↑ Mar-13	↓↓ Superior	↓ Superior	↑ 12.17	↑ Partial	↔ Similar	↓ GC
Comparable 1	$2.10	Sig. Inferior	↑↑ REO	↑↑ Apr-13	↑↑ Inferior	↓ Superior	↑↑↑↑ 25.64	↑ Partial	↔ Similar	↓ CT

Note: "↓" symbol connotes a "Superior" element of comparison to the subject property warranting a downward adjustment, "↑" symbol connotes an "Inferior" element of comparison warranting an upward adjustement, and "↔" symbol connotes "Similar" warrenting no adjustment

Based on the preceding discussion, and considering the specifics of the subject property, a conclusion of land value for the subject's commercial land area of **$4.75 per square foot** is estimated, which is supported by the comparable sales. Applying this unit indicator to the retail land area results in the following estimate of land value via the sales comparison approach:

8.33 acres x 43,560 square feet x $4.75 per square foot = $1,723,560

Rd. $1,725,000

It is noted the subjects' commercial property is actively being marketed for sale. The property has been marketed for almost one year (listing January 21, 2015) with an asking price of $2,175,000 (approximately $5.99 per square foot of land area). Based on our conversations with the listing broker, Loren Gonella with Coldwell Banker/Gonella Realty, interest has not been great, but the lack of interest is predominantly due to the fact there are few rooftops in the immediate area. Overall, due to the lack of rooftops in the immediate area (Bellevue Ranch) and the limited amount of new construction, the asking price is considered to be above market.

SUMMARY AND CONCLUSION

The purpose of this appraisal is to provide a market value of the appraised properties by ownership, subject to the Lien of the Special Tax securing the Bellevue Ranch West CFD No. 2005-1 Bonds (*fee simple estate*), as of December 9, 2015. The appraised properties comprise the residential lots within the boundaries of the City of Merced Community Facilities District No. 2005-1 (Bellevue Ranch West) *not* improved with a single-family residence, as well as an 8.33-acre commercial site. Bellevue Ranch West is generally located within the boundaries identified as follows: between Fahrens Creek and G Street, north of Community College Drive North/Lehigh Drive, and south of Bellevue Ranch East, within the city of Merced.

The market value of the appraised properties, by ownership, is estimated herein in accordance with the definitions, certifications, assumptions and conditions set forth in the attached document (please refer to pages 7 through 9). As a result of our analysis, it is our opinion the cumulative, or aggregate, value of the appraised properties, as of December 9, 2015, is:

Forebay Farms, LLC		
Market Value of Residential Lots, In Bulk	**$**	**10,630,000**
Merced High School Quarterback Club		
Market Value of Commercial Land	**$**	**1,725,000**

The value estimates assume a transfer that reflects a cash transaction or terms considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self interest and assuming neither is under duress.

EXPOSURE TIME & MARKETING TIME

Exposure time and marketing time may or may not be similar depending on whether market activity in the immediate future continues in the same manner as in the immediate past. Indications of the exposure time associated with the market value estimate are provided by the marketing times of sale comparables, interviews with participants in the market and analysis of general economic conditions. Estimation of a future marketing time is more difficult, requiring forecasting and analysis of trends.

Exposure Time

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. For a complete definition of exposure time, please reference the *Glossary of Terms* in the Addenda.

In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current and past economic conditions. The housing market has entered a growth stage for the past few years. A transfer of residential land in the region has typically occurred within 12 months of exposure. It is estimated the exposure time for the subject property, if appropriately priced, would be within 12 months.

Marketing Time

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into consideration current and future economic conditions and how they may impact marketing of the subject property.

The marketing time for the subject property is not anticipated to vary significantly from the exposure time. Thus, the marketing time is estimated at 12 months or less.

APPENDIX

A – TAX ROLL

City of Merced
Improvement Area No. 1 of
Community Facilities District No. 2005-1
(Bellvue Ranch West)
Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
224 - 030 - 013 - 000			B	Exempt				$0.00	$0.00
224 - 081 - 001 - 000	FOREBAY FARMS LLC	797 HEITZ WAY	C	Undeveloped		0.27	$7,106	$1,856.58	$1,276.70
224 - 081 - 002 - 000	FOREBAY FARMS LLC	787 HEITZ WAY	C	Undeveloped		0.17	$7,106	$1,205.94	$829.28
224 - 081 - 003 - 000	FOREBAY FARMS LLC	779 HEITZ WAY	C	Undeveloped		0.15	$7,106	$1,070.12	$735.88
224 - 081 - 004 - 000	FOREBAY FARMS LLC	773 HEITZ WAY	C	Undeveloped		0.15	$7,106	$1,041.26	$716.02
224 - 081 - 005 - 000	FOREBAY FARMS LLC	769 HEITZ WAY	C	Undeveloped		0.15	$7,106	$1,047.60	$720.38
224 - 081 - 006 - 000	FOREBAY FARMS LLC	761 HEITZ WAY	C	Undeveloped		0.15	$7,106	$1,037.28	$713.30
224 - 081 - 007 - 000	FOREBAY FARMS LLC	753 HEITZ WAY	C	Undeveloped		0.14	$7,106	$957.64	$658.52
224 - 081 - 008 - 000	FOREBAY FARMS LLC	749 HEITZ WAY	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 081 - 009 - 000	FOREBAY FARMS LLC	731 HEITZ WAY	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 081 - 010 - 000	FOREBAY FARMS LLC	725 HEITZ WAY	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 081 - 011 - 000	FOREBAY FARMS LLC	713 HEITZ WAY	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 081 - 012 - 000	FOREBAY FARMS LLC	701 HEITZ WAY	C	Undeveloped		0.15	$7,106	$1,045.86	$719.18
224 - 082 - 001 - 000	FOREBAY FARMS LLC	796 HEITZ WAY	C	Undeveloped		0.21	$7,106	$1,422.82	$978.42
224 - 082 - 002 - 000	FOREBAY FARMS LLC	790 HEITZ WAY	C	Undeveloped		0.20	$7,106	$1,403.30	$965.00
224 - 082 - 003 - 000	FOREBAY FARMS LLC	784 HEITZ WAY	C	Undeveloped		0.13	$7,106	$887.52	$610.30
224 - 082 - 004 - 000	FOREBAY FARMS LLC	776 HEITZ WAY	C	Undeveloped		0.15	$7,106	$1,025.22	$705.00
224 - 082 - 005 - 000	FOREBAY FARMS LLC	764 HEITZ WAY	C	Undeveloped		0.16	$7,106	$1,088.38	$748.42
224 - 082 - 006 - 000	FOREBAY FARMS LLC	756 HEITZ WAY	C	Undeveloped		0.13	$7,106	$872.92	$600.26
224 - 082 - 007 - 000	FOREBAY FARMS LLC	748 HEITZ WAY	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 082 - 008 - 000	FOREBAY FARMS LLC	730 HEITZ WAY	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 082 - 009 - 000	FOREBAY FARMS LLC	722 HEITZ WAY	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 082 - 010 - 000	FOREBAY FARMS LLC	716 HEITZ WAY	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 082 - 011 - 000	FOREBAY FARMS LLC	704 HEITZ WAY	C	Undeveloped		0.15	$7,106	$1,045.86	$719.18
224 - 083 - 001 - 000	FOREBAY FARMS LLC	697 HEITZ CT	C	Undeveloped		0.15	$7,106	$1,045.86	$719.18
224 - 083 - 002 - 000	FOREBAY FARMS LLC	681 HEITZ CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 083 - 003 - 000	FOREBAY FARMS LLC	675 HEITZ CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 083 - 004 - 000	FOREBAY FARMS LLC	673 HEITZ CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 083 - 005 - 000	FOREBAY FARMS LLC	663 HEITZ CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 083 - 006 - 000	FOREBAY FARMS LLC	659 HEITZ CT	C	Undeveloped		0.14	$7,106	$982.08	$675.34
224 - 083 - 007 - 000	FOREBAY FARMS LLC	651 HEITZ CT	C	Undeveloped		0.15	$7,106	$1,070.12	$735.88
224 - 083 - 008 - 000	FOREBAY FARMS LLC	643 HEITZ CT	C	Undeveloped		0.13	$7,106	$879.10	$604.52
224 - 083 - 009 - 000	FOREBAY FARMS LLC	637 HEITZ CT	C	Undeveloped		0.13	$7,106	$875.46	$602.02
224 - 083 - 010 - 000	FOREBAY FARMS LLC	631 HEITZ CT	C	Undeveloped		0.13	$7,106	$892.44	$613.68
224 - 083 - 011 - 000	FOREBAY FARMS LLC	623 HEITZ CT	C	Undeveloped		0.15	$7,106	$1,032.36	$709.92
224 - 083 - 012 - 000	FOREBAY FARMS LLC	609 HEITZ CT	C	Undeveloped		0.26	$7,106	$1,802.00	$1,239.16
224 - 083 - 013 - 000	FOREBAY FARMS LLC	608 HEITZ CT	C	Undeveloped		0.22	$7,106	$1,526.10	$1,049.44
224 - 083 - 014 - 000	FOREBAY FARMS LLC	614 HEITZ CT	C	Undeveloped		0.15	$7,106	$1,029.66	$708.06
224 - 083 - 015 - 000	FOREBAY FARMS LLC	626 HEITZ CT	C	Undeveloped		0.13	$7,106	$897.98	$617.50
224 - 083 - 016 - 000	FOREBAY FARMS LLC	632 HEITZ CT	C	Undeveloped		0.13	$7,106	$910.20	$625.90
224 - 083 - 017 - 000	FOREBAY FARMS LLC	640 HEITZ CT	C	Undeveloped		0.15	$7,106	$1,010.48	$694.86
224 - 083 - 018 - 000	FOREBAY FARMS LLC	648 HEITZ CT	C	Undeveloped		0.16	$7,106	$1,086.94	$747.44
224 - 083 - 019 - 000	FOREBAY FARMS LLC	656 HEITZ CT	C	Undeveloped		0.13	$7,106	$920.04	$632.68
224 - 083 - 020 - 000	FOREBAY FARMS LLC	664 HEITZ CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 083 - 021 - 000	FOREBAY FARMS LLC	670 HEITZ CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 083 - 022 - 000	FOREBAY FARMS LLC	678 HEITZ CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 083 - 023 - 000	FOREBAY FARMS LLC	684 HEITZ CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 083 - 024 - 000	FOREBAY FARMS LLC	692 HEITZ CT	C	Undeveloped		0.15	$7,106	$1,046.02	$719.30

City of Merced
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Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
224 - 091 - 001 - 000	FOREBAY FARMS LLC	705 NEWTON CT	C	Undeveloped		0.15	$7,106	$1,045.86	$719.18
224 - 091 - 002 - 000	FOREBAY FARMS LLC	711 NEWTON CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 003 - 000	FOREBAY FARMS LLC	719 NEWTON CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 004 - 000	FOREBAY FARMS LLC	725 NEWTON CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 005 - 000	FOREBAY FARMS LLC	733 NEWTON CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 006 - 000	COLE CATHERINE M	749 NEWTON CT	C	Single Family	1		$186,434	$891.00	$891.00
224 - 091 - 007 - 000	QUISENBERRY ALISON & JON	755 NEWTON CT	C	Single Family	1		$335,521	$891.00	$891.00
224 - 091 - 008 - 000	PHIMMASONE THAVONE & ARLENE P	763 NEWTON CT	C	Single Family	1		$295,082	$891.00	$891.00
224 - 091 - 009 - 000	JOHNSON ANTHONY H	779 NEWTON CT	C	Single Family	1		$252,933	$891.00	$891.00
224 - 091 - 010 - 000	FAN SUSAN SWEI	785 NEWTON CT	C	Single Family	1		$297,000	$891.00	$891.00
224 - 091 - 011 - 000	HO WINSTON	797 NEWTON CT	C	Single Family	1		$204,060	$891.00	$891.00
224 - 091 - 012 - 000	CAMAYA VICTORIA M	794 NEWTON CT	C	Single Family	1		$226,829	$891.00	$891.00
224 - 091 - 013 - 000	CLARK MICHAEL R	788 NEWTON CT	C	Single Family	1		$245,000	$891.00	$891.00
224 - 091 - 014 - 000	HARNAR JOSEPHINE	782 NEWTON CT	C	Single Family	1		$306,011	$891.00	$891.00
224 - 091 - 015 - 000	RUEDA RANDELL F	776 NEWTON CT	C	Single Family	1		$172,440	$891.00	$891.00
224 - 091 - 016 - 000	CLONINGER JAMES P	768 NEWTON CT	C	Single Family	1		$235,723	$891.00	$891.00
224 - 091 - 017 - 000	IQBAL ZAHID & NAHEED NIGHAT	762 NEWTON CT	C	Single Family	1		$273,225	$891.00	$891.00
224 - 091 - 018 - 000	FOREBAY FARMS LLC	750 NEWTON CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 019 - 000	FOREBAY FARMS LLC	742 NEWTON CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 020 - 000	FOREBAY FARMS LLC	730 NEWTON CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 021 - 000	FOREBAY FARMS LLC	722 NEWTON CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 022 - 000	FOREBAY FARMS LLC	702 NEWTON CT	C	Undeveloped		0.16	$7,106	$1,115.66	$767.20
224 - 091 - 023 - 000	FOREBAY FARMS LLC	703 SUNOL CT	C	Undeveloped		0.16	$7,106	$1,115.66	$767.20
224 - 091 - 024 - 000	FOREBAY FARMS LLC	711 SUNOL CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 025 - 000	FOREBAY FARMS LLC	719 SUNOL CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 026 - 000	FOREBAY FARMS LLC	727 SUNOL CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 027 - 000	FOREBAY FARMS LLC	741 SUNOL CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 028 - 000	FOREBAY FARMS LLC	753 SUNOL CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 029 - 000	FOREBAY FARMS LLC	761 SUNOL CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 091 - 030 - 000	FOREBAY FARMS LLC	775 SUNOL CT	C	Undeveloped		0.13	$7,106	$914.64	$628.96
224 - 091 - 031 - 000	FOREBAY FARMS LLC	781 SUNOL CT	C	Undeveloped		0.14	$7,106	$977.32	$672.06
224 - 091 - 032 - 000	FOREBAY FARMS LLC	789 SUNOL CT	C	Undeveloped		0.15	$7,106	$1,006.66	$692.24
224 - 091 - 033 - 000	FOREBAY FARMS LLC	795 SUNOL CT	C	Undeveloped		0.22	$7,106	$1,539.42	$1,058.60
224 - 091 - 034 - 000	FOREBAY FARMS LLC	790 SUNOL CT	C	Undeveloped		0.24	$7,106	$1,635.58	$1,124.72
224 - 091 - 035 - 000	FOREBAY FARMS LLC	782 SUNOL CT	C	Undeveloped		0.16	$7,106	$1,129.46	$776.68
224 - 091 - 036 - 000	FOREBAY FARMS LLC	774 SUNOL CT	C	Undeveloped		0.16	$7,106	$1,093.92	$752.24
224 - 091 - 037 - 000	FOREBAY FARMS LLC	768 SUNOL CT	C	Undeveloped		0.14	$7,106	$991.90	$682.10
224 - 091 - 038 - 000	FOREBAY FARMS LLC	760 SUNOL CT	C	Undeveloped		0.14	$7,106	$991.60	$681.88
224 - 091 - 039 - 000	FOREBAY FARMS LLC	752 SUNOL CT	C	Undeveloped		0.14	$7,106	$991.60	$681.88
224 - 091 - 040 - 000	FOREBAY FARMS LLC	744 SUNOL CT	C	Undeveloped		0.14	$7,106	$991.60	$681.88
224 - 091 - 041 - 000	KOMPELLA VACHASPATHI PETER & JACINTHA	732 SUNOL CT	C	Single Family	1		$175,206	$891.00	$891.00
224 - 091 - 042 - 000	GOZA KEVIN & JULIE	726 SUNOL CT	C	Single Family	1		$230,364	$891.00	$891.00
224 - 091 - 043 - 000	GUAN XIAODAN CHRISTINA	712 SUNOL CT	C	Single Family	1		$197,079	$891.00	$891.00
224 - 091 - 044 - 000	BALUYOT GERARDO PALLERA & MYLEEN B	706 SUNOL CT	C	Single Family	1		$257,196	$891.00	$891.00
224 - 092 - 001 - 000	FOREBAY FARMS LLC	695 KEENAN CT	C	Undeveloped		0.15	$7,106	$1,045.86	$719.18
224 - 092 - 002 - 000	FOREBAY FARMS LLC	687 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 003 - 000	FOREBAY FARMS LLC	679 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 004 - 000	FOREBAY FARMS LLC	671 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06

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Community Facilities District No. 2005-1
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Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
224 - 092 - 005 - 000	FOREBAY FARMS LLC	665 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 006 - 000	FOREBAY FARMS LLC	659 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 007 - 000	FOREBAY FARMS LLC	653 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 008 - 000	FOREBAY FARMS LLC	645 KEENAN CT	C	Undeveloped		0.15	$7,106	$1,034.12	$711.12
224 - 092 - 009 - 000	FOREBAY FARMS LLC	639 KEENAN CT	C	Undeveloped		0.16	$7,106	$1,112.80	$765.22
224 - 092 - 010 - 000	FOREBAY FARMS LLC	631 KEENAN CT	C	Undeveloped		0.15	$7,106	$1,034.90	$711.66
224 - 092 - 011 - 000	FOREBAY FARMS LLC	623 KEENAN CT	C	Undeveloped		0.15	$7,106	$1,038.56	$714.16
224 - 092 - 012 - 000	FOREBAY FARMS LLC	603 KEENAN CT	C	Undeveloped		0.23	$7,106	$1,565.12	$1,076.28
224 - 092 - 013 - 000	FOREBAY FARMS LLC	602 KEENAN CT	C	Undeveloped		0.21	$7,106	$1,449.62	$996.84
224 - 092 - 014 - 000	FOREBAY FARMS LLC	610 KEENAN CT	C	Undeveloped		0.16	$7,106	$1,090.90	$750.18
224 - 092 - 015 - 000	FOREBAY FARMS LLC	616 KEENAN CT	C	Undeveloped		0.14	$7,106	$966.84	$664.86
224 - 092 - 016 - 000	FOREBAY FARMS LLC	628 KEENAN CT	C	Undeveloped		0.14	$7,106	$964.30	$663.12
224 - 092 - 017 - 000	FOREBAY FARMS LLC	632 KEENAN CT	C	Undeveloped		0.13	$7,106	$922.58	$634.42
224 - 092 - 018 - 000	FOREBAY FARMS LLC	646 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 019 - 000	FOREBAY FARMS LLC	654 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 020 - 000	FOREBAY FARMS LLC	668 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 021 - 000	FOREBAY FARMS LLC	674 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 022 - 000	FOREBAY FARMS LLC	680 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 023 - 000	FOREBAY FARMS LLC	686 KEENAN CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 024 - 000	FOREBAY FARMS LLC	698 KEENAN CT	C	Undeveloped		0.15	$7,106	$1,046.02	$719.30
224 - 092 - 025 - 000	FOREBAY FARMS LLC	697 COPPOLA CT	C	Undeveloped		0.15	$7,106	$1,045.86	$719.18
224 - 092 - 026 - 000	FOREBAY FARMS LLC	689 COPPOLA CT	C	Undeveloped		0.13	$7,106	$872.60	$600.06
224 - 092 - 027 - 000	QUINTO PETER & OUYANG-QUINTO IRENE ZIQIAN	673 COPPOLA CT	C	Single Family	1		$171,842	$891.00	$891.00
224 - 092 - 028 - 000	TONG RONNIE & LIN	661 COPPOLA CT	C	Single Family	1		$164,322	$891.00	$891.00
224 - 092 - 029 - 000	JIANG LONG & ZHU HANSHONG	655 COPPOLA CT	C	Single Family	1		$293,000	$891.00	$891.00
224 - 092 - 030 - 000	HUA XUANDONG & PANG JIAN	641 COPPOLA CT	C	Single Family	1		$300,000	$891.00	$891.00
224 - 092 - 031 - 000	ROBERTS RUSSELL	637 COPPOLA CT	C	Single Family	1		$172,440	$891.00	$891.00
224 - 092 - 032 - 000	ZHANG QIYUE & GUO HUILAN	629 COPPOLA CT	C	Single Family	1		$286,000	$891.00	$891.00
224 - 092 - 033 - 000	NASAFI JALALUDDIN T	623 COPPOLA CT	C	Single Family	1		$281,000	$891.00	$891.00
224 - 092 - 034 - 000	ELLETT JOSEPH C & MICHELLE B	619 COPPOLA CT	C	Single Family	1		$195,699	$891.00	$891.00
224 - 092 - 035 - 000	ZENG YING & FA JINGJING	611 COPPOLA CT	C	Single Family	1		$245,814	$891.00	$891.00
224 - 092 - 036 - 000	VILLAFUERTE LEONARD A	605 COPPOLA CT	C	Single Family	1		$297,000	$891.00	$891.00
224 - 092 - 037 - 000	OLIVEIRA MANUEL & MARY LOU	602 COPPOLA CT	C	Single Family	1		$336,000	$891.00	$891.00
224 - 092 - 038 - 000	BARNES MICHAEL J & KRISTY L	614 COPPOLA CT	C	Single Family	1		$284,000	$891.00	$891.00
224 - 092 - 039 - 000	BAUTISTA CARMEN MANGALINO	618 COPPOLA CT	C	Single Family	1		$250,096	$891.00	$891.00
224 - 092 - 040 - 000	TRAN HENRY V & NGO MIMI L	624 COPPOLA CT	C	Single Family	1		$177,210	$891.00	$891.00
224 - 092 - 041 - 000	SANFORD THOMAS J & RHINA V	630 COPPOLA CT	C	Single Family	1		$170,362	$891.00	$891.00
224 - 092 - 042 - 000	HIGGINS SEAN J & LORI L	646 COPPOLA CT	C	Single Family	1		$216,929	$891.00	$891.00
224 - 092 - 043 - 000	STEWART EIRE KAY	652 COPPOLA CT	C	Single Family	1		$212,092	$891.00	$891.00
224 - 092 - 044 - 000	MAGANA JOSE L JR & ANNA B	664 COPPOLA CT	C	Single Family	1		$204,838	$891.00	$891.00
224 - 092 - 045 - 000	BONDOC URBANO & DABU-BONDOC SUSAN	670 COPPOLA CT	C	Single Family	1		$268,000	$891.00	$891.00
224 - 092 - 046 - 000	CHANG CHEN TSUNG	678 COPPOLA CT	C	Single Family	1		$214,139	$891.00	$891.00
224 - 092 - 047 - 000	FOREBAY FARMS LLC	682 COPPOLA CT	C	Undeveloped		0.14	$7,106	$991.60	$681.88
224 - 092 - 048 - 000	FOREBAY FARMS LLC	694 COPPOLA CT	C	Undeveloped		0.18	$7,106	$1,262.90	$868.44
230 - 010 - 011 - 000			C	Exempt				$0.00	$0.00
230 - 010 - 012 - 000	BAXTER RANCHES L L C		B	Exempt			$3,585	$0.00	$0.00
230 - 010 - 014 - 000			A	Exempt				$0.00	$0.00
230 - 010 - 015 - 000			A	Exempt				$0.00	$0.00

City of Merced
Improvement Area No. 1 of
Community Facilities District No. 2005-1
(Bellvue Ranch West)
Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 010 - 016 - 000	MERCED HIGH SCHOOL QUARTERBACK CLUB		A	Undeveloped		8.33	$2,175,000	$77,985.46	$53,627.32
230 - 010 - 017 - 000			A	Exempt				$0.00	$0.00
230 - 010 - 018 - 000			A	Exempt				$0.00	$0.00
230 - 010 - 019 - 000			B	Exempt				$0.00	$0.00
230 - 010 - 023 - 000	BAXTER RANCHES L L C		B	Exempt			$2,049	$0.00	$0.00
230 - 010 - 024 - 000			B	Exempt				$0.00	$0.00
230 - 020 - 001 - 000	AGUILAR ANTHONY J & ALICE	877 ROUND HILL DR	C	Single Family	1		$250,330	$891.00	$891.00
230 - 020 - 002 - 000			C	Exempt				$0.00	$0.00
230 - 020 - 003 - 000	CALOS CORELIOS A	878 ROUND HILL DR	C	Single Family	1		$201,231	$891.00	$891.00
230 - 020 - 004 - 000			C	Exempt				$0.00	$0.00
230 - 020 - 005 - 000	ANDREWS RODNEY G & CAROL	860 ROUND HILL DR	C	Single Family	1		$285,898	$891.00	$891.00
230 - 020 - 006 - 000	MEDEFIND GRANT N	854 ROUND HILL DR	C	Single Family	1		$213,197	$891.00	$891.00
230 - 031 - 001 - 000	FOREBAY FARMS LLC	689 TALBOTT CT	C	Undeveloped		0.25	$7,837	$1,704.74	$1,172.28
230 - 031 - 002 - 000	FOREBAY FARMS LLC	657 TALBOTT CT	C	Undeveloped		0.20	$7,837	$1,360.62	$935.64
230 - 031 - 003 - 000	FOREBAY FARMS LLC	657 TALBOTT CT	C	Undeveloped		0.19	$7,837	$1,326.20	$911.96
230 - 031 - 004 - 000	FOREBAY FARMS LLC	635 TALBOTT CT	C	Undeveloped		0.19	$7,837	$1,290.18	$887.20
230 - 031 - 005 - 000	FOREBAY FARMS LLC	621 TALBOTT CT	C	Undeveloped		0.23	$7,837	$1,568.30	$1,078.46
230 - 031 - 006 - 000	HIXSON BRIAN & KATHERINE R	614 TALBOTT CT	C	Single Family	1		$213,727	$891.00	$891.00
230 - 031 - 007 - 000	TSAI PAUL C & TAN DOLORES O	652 TALBOTT CT	C	Single Family	1		$278,581	$891.00	$891.00
230 - 031 - 008 - 000	TSAI PAUL & TAN DOLORES O	684 TALBOTT CT	C	Single Family	1		$279,242	$891.00	$891.00
230 - 032 - 001 - 000			C	Exempt				$0.00	$0.00
230 - 041 - 001 - 000	PEGUERO DARREN	851 ROUND HILL DR	C	Single Family	1		$233,579	$891.00	$891.00
230 - 041 - 002 - 000	HUANG TZULIN L	833 ROUND HILL DR	C	Single Family	1		$233,452	$891.00	$891.00
230 - 041 - 003 - 000	ABARCA FRANCISCO & DENISE	825 ROUND HILL DR	C	Single Family	1		$233,472	$891.00	$891.00
230 - 041 - 004 - 000	LIN CHUN MING & JIAN XIAOQIN	809 ROUND HILL DR	C	Single Family	1		$214,802	$891.00	$891.00
230 - 041 - 005 - 000	NOBILE LUCIO	791 IRONSTONE DR	C	Single Family	1		$311,476	$891.00	$891.00
230 - 041 - 006 - 000	RAY GERALD L & RAHEL	787 IRONSTONE DR	C	Single Family	1		$322,406	$891.00	$891.00
230 - 041 - 007 - 000	LI SI L & WU YAN FEN	783 IRONSTONE DR	C	Single Family	1		$170,557	$891.00	$891.00
230 - 041 - 008 - 000	WILLIAMS LINDSAY C	775 IRONSTONE DR	C	Single Family	1		$231,985	$891.00	$891.00
230 - 041 - 009 - 000	BARAJAS SANDRA	767 IRONSTONE DR	C	Single Family	1		$214,244	$891.00	$891.00
230 - 041 - 010 - 000	BURK ELLEN	761 IRONSTONE DR	C	Single Family	1		$177,210	$891.00	$891.00
230 - 041 - 011 - 000	SHELTON OSSIE & MICHELE	755 IRONSTONE DR	C	Single Family	1		$420,000	$891.00	$891.00
230 - 041 - 012 - 000	GUARDADO GERARDO & ELOISA	749 IRONSTONE DR	C	Single Family	1		$231,560	$891.00	$891.00
230 - 041 - 013 - 000	SONG ANNA V	743 IRONSTONE DR	C	Single Family	1		$241,081	$891.00	$891.00
230 - 041 - 014 - 000	SADIQI SHARIF	735 IRONSTONE DR	C	Single Family	1		$321,443	$891.00	$891.00
230 - 041 - 015 - 000	SAXON ADAM D & KRISTA L	727 IRONSTONE DR	C	Single Family	1		$316,941	$891.00	$891.00
230 - 041 - 016 - 000	FOREBAY FARMS LLC	721 IRONSTONE DR	C	Undeveloped		0.13	$7,106	$916.24	$630.06
230 - 041 - 017 - 000	FOREBAY FARMS LLC	713 IRONSTONE DR	C	Undeveloped		0.13	$7,106	$916.24	$630.06
230 - 041 - 018 - 000	FOREBAY FARMS LLC	709 IRONSTONE DR	C	Undeveloped		0.13	$7,106	$913.06	$627.88
230 - 041 - 019 - 000	FOREBAY FARMS LLC	705 IRONSTONE DR	C	Undeveloped		0.15	$7,106	$1,062.36	$730.54
230 - 042 - 001 - 000	BHAKTA BHASKARKUMAR H & KHARMISHTHA	4165 TUDAL AVE	C	Single Family	1		$316,941	$891.00	$891.00
230 - 042 - 002 - 000	SODHI ARCHNA & LAKHBIR	4155 TUDAL AVE	C	Single Family	1		$323,500	$891.00	$891.00
230 - 042 - 003 - 000	KHANDELWAL ANUPAM & CHITRA	4147 TUDAL AVE	C	Single Family	1		$285,247	$891.00	$891.00
230 - 042 - 004 - 000	BELEN KATHERINE T	4135 TUDAL AVE	C	Single Family	1		$247,687	$891.00	$891.00
230 - 042 - 005 - 000	SHABBIR MOHAMMED & CHUGHTAI NOSHABA	4123 TUDAL AVE	C	Single Family	1		$355,194	$891.00	$891.00
230 - 042 - 006 - 000	MORA VINCENT E	709 ROUND HILL DR	C	Single Family	1		$257,153	$891.00	$891.00
230 - 042 - 007 - 000	DAYAL GURPREET SINGH & JASWINDER KAUR	717 ROUND HILL DR	C	Single Family	1		$241,082	$891.00	$891.00
230 - 042 - 008 - 000	CORRAL JESUS J & TELLEZ-CORRAL LAURA P	725 ROUND HILL DR	C	Single Family	1		$300,547	$891.00	$891.00

City of Merced
Improvement Area No. 1 of
Community Facilities District No. 2005-1
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Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 042 - 009 - 000	LI YING	733 ROUND HILL DR	C	Single Family	1		$205,135	$891.00	$891.00
230 - 042 - 010 - 000	TOVAR KARINA	741 ROUND HILL DR	C	Single Family	1		$204,920	$891.00	$891.00
230 - 042 - 011 - 000	CONTRERAS ALMA AQUINO	757 ROUND HILL DR	C	Single Family	1		$251,796	$891.00	$891.00
230 - 042 - 012 - 000	CHAHAL KULDIP S & JOSEPHINE	773 ROUND HILL DR	C	Single Family	1		$329,000	$891.00	$891.00
230 - 042 - 013 - 000	DEVERA FEDERICO N JR & CAROLINA E	781 ROUND HILL DR	C	Single Family	1		$234,518	$891.00	$891.00
230 - 042 - 014 - 000	DRUMOND EMIDIO & ANNABELLE	792 IRONSTONE DR	C	Single Family	1		$273,225	$891.00	$891.00
230 - 042 - 015 - 000	QUEVEDO UBENCE J & PAMELA S	786 IRONSTONE DR	C	Single Family	1		$247,020	$891.00	$891.00
230 - 042 - 016 - 000	BAGGA HARSHINDER & KAUR SAVNEET	774 IRONSTONE DR	C	Single Family	1		$171,434	$891.00	$891.00
230 - 042 - 017 - 000	ALFORQUE JUANITO M JR & LULU B	4159 SATTUI CT	C	Single Family	1		$420,000	$891.00	$891.00
230 - 042 - 018 - 000	MIKKELSEN ROBERT L & SUSAN K	4125 SATTUI CT	C	Single Family	1		$388,000	$891.00	$891.00
230 - 042 - 019 - 000	TRUMM RACHEL SUSANNAH	4124 SATTUI CT	C	Single Family	1		$329,000	$891.00	$891.00
230 - 042 - 020 - 000	IYER MAHESH A & SHRIPRIYA A	4136 SATTUI CT	C	Single Family	1		$412,026	$891.00	$891.00
230 - 042 - 021 - 000	COSIAC ROBERT ESERIO & EDAR NORMA PADUA	4150 SATTUI CT	C	Single Family	1		$396,000	$891.00	$891.00
230 - 042 - 022 - 000	EVANS JAMES & ANDREA	4162 SATTUI CT	C	Single Family	1		$329,000	$891.00	$891.00
230 - 043 - 001 - 000	MOUA MARKEY CHONGTOUA	848 ROUND HILL DR	C	Single Family	1		$392,000	$891.00	$891.00
230 - 043 - 002 - 000	KOUZOUKIAN HARUTYOUN & KHORSHID	836 ROUND HILL DR	C	Single Family	1		$239,694	$891.00	$891.00
230 - 043 - 003 - 000	MA HOGAN XIAOPO & WANG PING	830 ROUND HILL DR	C	Single Family	1		$283,554	$891.00	$891.00
230 - 043 - 004 - 000	CHAU KIMLAN T & TUAN K	826 ROUND HILL DR	C	Single Family	1		$283,939	$891.00	$891.00
230 - 043 - 005 - 000	ASNANI MOHAN & BINA	814 ROUND HILL DR	C	Single Family	1		$210,043	$891.00	$891.00
230 - 043 - 006 - 000	ADRIAN PETER & BEKKER LIDIA	790 ROUND HILL DR	C	Single Family	1		$329,000	$891.00	$891.00
230 - 043 - 007 - 000	RAMISCAL FELIPE D JR & EVELYN M	786 ROUND HILL DR	C	Single Family	1		$392,000	$891.00	$891.00
230 - 043 - 008 - 000	KAUR SUMAN PAL	772 ROUND HILL DR	C	Single Family	1		$251,794	$891.00	$891.00
230 - 043 - 009 - 000	KOGANTI GOPICHAND & RAMA ANNE	764 ROUND HILL DR	C	Single Family	1		$228,485	$891.00	$891.00
230 - 043 - 010 - 000	DANG CHERI A	758 ROUND HILL DR	C	Single Family	1		$201,702	$891.00	$891.00
230 - 043 - 011 - 000	SHEN JIE & CAI YULI	750 ROUND HILL DR	C	Single Family	1		$298,361	$891.00	$891.00
230 - 043 - 012 - 000	YOMTOUBIAN RUBEN & ORNA	744 ROUND HILL DR	C	Single Family	1		$223,857	$891.00	$891.00
230 - 043 - 013 - 000	HE MIN & CHANG PHYLLIS	732 ROUND HILL DR	C	Single Family	1		$241,653	$891.00	$891.00
230 - 043 - 014 - 000	SINGHAL MUKESH	726 ROUND HILL DR	C	Single Family	1		$215,166	$891.00	$891.00
230 - 043 - 015 - 000	PADILLA NATHANAEL R	720 ROUND HILL DR	C	Single Family	1		$172,440	$891.00	$891.00
230 - 043 - 016 - 000	DICKINSON LAURIE A	714 ROUND HILL DR	C	Single Family	1		$306,834	$891.00	$891.00
230 - 043 - 017 - 000	SORENSON CONNIE H & JAMES E	702 ROUND HILL DR	C	Single Family	1		$329,000	$891.00	$891.00
230 - 043 - 018 - 000	BONILLAS DONALD	694 ROUND HILL DR	C	Single Family	1		$346,996	$891.00	$891.00
230 - 043 - 019 - 000	VILLAVER CLARK M & NORLYNDA S	676 ROUND HILL DR	C	Single Family	1		$249,652	$891.00	$891.00
230 - 043 - 020 - 000	FOREBAY FARMS LLC	650 ROUND HILL DR	C	Undeveloped		0.13	$7,106	$916.86	$630.50
230 - 043 - 021 - 000	FOREBAY FARMS LLC	634 ROUND HILL DR	C	Undeveloped		0.18	$7,106	$1,210.06	$832.10
230 - 043 - 022 - 000	FOREBAY FARMS LLC	610 ROUND HILL DR	C	Undeveloped		0.21	$7,106	$1,437.88	$988.78
230 - 043 - 023 - 000	FOREBAY FARMS LLC	4110 MONDAVI AVE	C	Undeveloped		0.24	$7,106	$1,649.86	$1,134.54
230 - 043 - 024 - 000	FOREBAY FARMS LLC	4116 MONDAVI AVE	C	Undeveloped		0.20	$7,106	$1,353.32	$930.62
230 - 043 - 025 - 000	FOREBAY FARMS LLC	4122 MONDAVI AVE	C	Undeveloped		0.15	$7,106	$1,041.56	$716.24
230 - 043 - 026 - 000	FOREBAY FARMS LLC	4128 MONDAVI AVE	C	Undeveloped		0.16	$7,106	$1,085.68	$746.58
230 - 043 - 027 - 000	FOREBAY FARMS LLC	4134 MONDAVI AVE	C	Undeveloped		0.17	$7,106	$1,143.10	$786.06
230 - 043 - 028 - 000	FOREBAY FARMS LLC	4140 MONDAVI AVE	C	Undeveloped		0.18	$7,106	$1,234.66	$849.02
230 - 043 - 029 - 000	FOREBAY FARMS LLC	4146 MONDAVI AVE	C	Undeveloped		0.20	$7,106	$1,387.92	$954.40
230 - 043 - 030 - 000	FOREBAY FARMS LLC	4152 MONDAVI AVE	C	Undeveloped		0.22	$7,106	$1,516.42	$1,042.78
230 - 044 - 001 - 000	FOREBAY FARMS LLC	4175 MONDAVI AVE	C	Undeveloped		0.22	$7,106	$1,550.38	$1,066.12
230 - 044 - 002 - 000	FOREBAY FARMS LLC	4171 MONDAVI AVE	C	Undeveloped		0.14	$7,106	$939.08	$645.76
230 - 044 - 003 - 000	FOREBAY FARMS LLC	4169 MONDAVI AVE	C	Undeveloped		0.14	$7,106	$975.40	$670.74
230 - 044 - 004 - 000	FOREBAY FARMS LLC	4157 MONDAVI AVE	C	Undeveloped		0.14	$7,106	$975.40	$670.74

City of Merced
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Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 044 - 005 - 000	FOREBAY FARMS LLC	4153 MONDAVI AVE	C	Undeveloped		0.14	$7,106	$975.56	$670.86
230 - 044 - 006 - 000	FOREBAY FARMS LLC	4139 MONDAVI AVE	C	Undeveloped		0.14	$7,106	$975.40	$670.74
230 - 044 - 007 - 000	FOREBAY FARMS LLC	4127 MONDAVI AVE	C	Undeveloped		0.14	$7,106	$962.56	$661.92
230 - 044 - 008 - 000	FOREBAY FARMS LLC	4121 MONDAVI AVE	C	Undeveloped		0.13	$7,106	$916.38	$630.16
230 - 044 - 009 - 000	FOREBAY FARMS LLC	4113 MONDAVI AVE	C	Undeveloped		0.15	$7,106	$1,064.58	$732.06
230 - 044 - 010 - 000	FOREBAY FARMS LLC	4108 TUDAL AVE	C	Undeveloped		0.15	$7,106	$1,064.10	$731.74
230 - 044 - 011 - 000	FOREBAY FARMS LLC	4120 TUDAL AVE	C	Undeveloped		0.13	$7,106	$916.38	$630.16
230 - 044 - 012 - 000	FOREBAY FARMS LLC	4132 TUDAL AVE	C	Undeveloped		0.14	$7,106	$958.28	$658.96
230 - 044 - 013 - 000	FOREBAY FARMS LLC	4136 TUDAL AVE	C	Undeveloped		0.14	$7,106	$991.76	$681.98
230 - 044 - 014 - 000	FOREBAY FARMS LLC	4148 TUDAL AVE	C	Undeveloped		0.14	$7,106	$991.76	$681.98
230 - 044 - 015 - 000	FOREBAY FARMS LLC	4154 TUDAL AVE	C	Undeveloped		0.14	$7,106	$991.76	$681.98
230 - 044 - 016 - 000	FOREBAY FARMS LLC	4162 TUDAL AVE	C	Undeveloped		0.14	$7,106	$936.70	$644.12
230 - 044 - 017 - 000	FOREBAY FARMS LLC	4170 TUDAL AVE	C	Undeveloped		0.20	$7,106	$1,353.48	$930.74
230 - 051 - 001 - 000	FOREBAY FARMS LLC	4257 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 051 - 002 - 000	FOREBAY FARMS LLC	4255 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 051 - 003 - 000	FOREBAY FARMS LLC	4251 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 051 - 004 - 000	FOREBAY FARMS LLC	4249 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 051 - 005 - 000	FOREBAY FARMS LLC	4245 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 051 - 006 - 000	FOREBAY FARMS LLC	4239 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 051 - 007 - 000	FOREBAY FARMS LLC	4235 FREEMARK AVE	B	Undeveloped		0.12	$6,583	$836.26	$575.06
230 - 051 - 008 - 000	FOREBAY FARMS LLC	4231 FREEMARK AVE	B	Undeveloped		0.13	$6,583	$934.24	$642.44
230 - 051 - 009 - 000	FOREBAY FARMS LLC	4227 CANDLE CT	B	Undeveloped		0.14	$6,583	$997.72	$686.10
230 - 051 - 010 - 000	FOREBAY FARMS LLC	4223 CANDLE CT	B	Undeveloped		0.14	$6,583	$995.72	$684.72
230 - 051 - 011 - 000	FOREBAY FARMS LLC	4219 CANDLE CT	B	Undeveloped		0.12	$6,583	$883.26	$607.38
230 - 051 - 012 - 000	FOREBAY FARMS LLC	4215 CANDLE CT	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 051 - 013 - 000	FOREBAY FARMS LLC	4211 CANDLE CT	B	Undeveloped		0.11	$6,583	$818.94	$563.16
230 - 051 - 014 - 000	FOREBAY FARMS LLC	4209 CANDLE CT	B	Undeveloped		0.12	$6,583	$838.26	$576.44
230 - 051 - 015 - 000	FOREBAY FARMS LLC	4207 CANDLE CT	B	Undeveloped		0.11	$6,583	$786.28	$540.70
230 - 051 - 016 - 000	FOREBAY FARMS LLC	4203 CANDLE CT	B	Undeveloped		0.15	$6,583	$1,078.70	$741.78
230 - 051 - 017 - 000	FOREBAY FARMS LLC	4202 CANDLE CT	B	Undeveloped		0.16	$6,583	$1,194.50	$821.42
230 - 051 - 018 - 000	FOREBAY FARMS LLC	4206 CANDLE CT	B	Undeveloped		0.13	$6,583	$978.06	$672.58
230 - 051 - 019 - 000	FOREBAY FARMS LLC	4208 CANDLE CT	B	Undeveloped		0.14	$6,583	$1,009.38	$694.12
230 - 051 - 020 - 000	FOREBAY FARMS LLC	4212 CANDLE CT	B	Undeveloped		0.11	$6,583	$817.10	$561.90
230 - 051 - 021 - 000	FOREBAY FARMS LLC	4214 CANDLE CT	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 051 - 022 - 000	FOREBAY FARMS LLC	4216 CANDLE CT	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 051 - 023 - 000	FOREBAY FARMS LLC	4218 CANDLE CT	B	Undeveloped		0.13	$6,583	$954.24	$656.18
230 - 051 - 024 - 000	PAGADALA HEROLD & MERCY	4217 THERESA CT	B	Single Family	1		$246,000	$771.00	$771.00
230 - 051 - 025 - 000	NOVOA ABRAHAM	4213 THERESA CT	B	Single Family	1		$200,000	$771.00	$771.00
230 - 051 - 026 - 000	TREVATHAN RODNEY	4211 THERESA CT	B	Single Family	1		$196,078	$771.00	$771.00
230 - 051 - 027 - 000	KHAN ZULKI & REBECCA	4209 THERESA CT	B	Single Family	1		$239,072	$771.00	$771.00
230 - 051 - 028 - 000	WONG YING	4205 THERESA CT	B	Single Family	1		$224,395	$771.00	$771.00
230 - 051 - 029 - 000	ELAHI ZILEHUMA	4203 THERESA CT	B	Single Family	1		$210,000	$771.00	$771.00
230 - 051 - 030 - 000	DOCHERTY CASEY BRYAN & CANDACE	4201 THERESA CT	B	Single Family	1		$181,845	$771.00	$771.00
230 - 051 - 031 - 000			B	Exempt				$0.00	$0.00
230 - 051 - 032 - 000	FLORES ARNULFO & CRUZ CELIA	4208 THERESA CT	B	Single Family	1		$184,391	$771.00	$771.00
230 - 051 - 033 - 000	HANIF TARIQUE M	4210 THERESA CT	B	Single Family	1		$189,550	$771.00	$771.00
230 - 051 - 034 - 000	WANG KUNYU KEN & SU RUIFENG RUBY	4212 THERESA CT	B	Single Family	1		$190,279	$771.00	$771.00
230 - 051 - 035 - 000	WIREN DANIEL B & AMANDA K	4216 THERESA CT	B	Single Family	1		$175,206	$771.00	$771.00

City of Merced
Improvement Area No. 1 of
Community Facilities District No. 2005-1
(Bellvue Ranch West)
Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 052 - 001 - 000	FOREBAY FARMS LLC	4262 FREEMARK AVE	B	Undeveloped		0.12	$6,583	$886.26	$609.44
230 - 052 - 002 - 000	FOREBAY FARMS LLC	4258 FREEMARK AVE	B	Undeveloped		0.13	$6,583	$916.58	$630.30
230 - 052 - 003 - 000	FOREBAY FARMS LLC	4254 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 052 - 004 - 000	FOREBAY FARMS LLC	4250 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 052 - 005 - 000	FOREBAY FARMS LLC	4246 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 052 - 006 - 000	FOREBAY FARMS LLC	4238 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 052 - 007 - 000	FOREBAY FARMS LLC	4234 FREEMARK AVE	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 052 - 008 - 000	FOREBAY FARMS LLC	4230 FREEMARK AVE	B	Undeveloped		0.12	$6,583	$874.76	$601.54
230 - 052 - 009 - 000	FOREBAY FARMS LLC	4226 FREEMARK AVE	B	Undeveloped		0.12	$6,583	$874.76	$601.54
230 - 052 - 010 - 000	FOREBAY FARMS LLC	4220 FREEMARK AVE	B	Undeveloped		0.13	$6,583	$954.24	$656.18
230 - 052 - 011 - 000	FOREBAY FARMS LLC	4221 THERESA LN	B	Undeveloped		0.13	$6,583	$942.74	$648.28
230 - 052 - 012 - 000	FOREBAY FARMS LLC	4223 THERESA LN	B	Undeveloped		0.12	$6,583	$874.76	$601.54
230 - 052 - 013 - 000	FOREBAY FARMS LLC	4225 THERESA LN	B	Undeveloped		0.12	$6,583	$874.76	$601.54
230 - 052 - 014 - 000	FOREBAY FARMS LLC	4229 THERESA LN	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 052 - 015 - 000	FOREBAY FARMS LLC	4231 THERESA LN	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 052 - 016 - 000	FOREBAY FARMS LLC	4233 THERESA LN	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 052 - 017 - 000	FOREBAY FARMS LLC	4237 THERESA LN	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 052 - 018 - 000	FOREBAY FARMS LLC	4241 THERESA LN	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 052 - 019 - 000	FOREBAY FARMS LLC	4245 THERESA LN	B	Undeveloped		0.12	$6,583	$840.94	$578.28
230 - 052 - 020 - 000	FOREBAY FARMS LLC	4249 THERESA LN	B	Undeveloped		0.12	$6,583	$843.60	$580.10
230 - 052 - 021 - 000	FOREBAY FARMS LLC	4253 THERESA LN	B	Undeveloped		0.12	$6,583	$843.60	$580.10
230 - 052 - 022 - 000	FOREBAY FARMS LLC	4259 THERESA LN	B	Undeveloped		0.12	$6,583	$844.60	$580.80
230 - 061 - 001 - 000	FOREBAY FARMS LLC	4297 FREEMARK AVE	B	Undeveloped		0.18	$7,106	$1,335.14	$918.12
230 - 061 - 002 - 000	FOREBAY FARMS LLC	4295 FREEMARK AVE	B	Undeveloped		0.14	$7,106	$1,012.22	$696.06
230 - 061 - 003 - 000	FOREBAY FARMS LLC	4291 FREEMARK AVE	B	Undeveloped		0.14	$7,106	$986.40	$678.30
230 - 061 - 004 - 000	FOREBAY FARMS LLC	4289 FREEMARK AVE	B	Undeveloped		0.14	$7,106	$1,011.06	$695.26
230 - 061 - 005 - 000	FOREBAY FARMS LLC	4285 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$862.10	$592.82
230 - 061 - 006 - 000	FOREBAY FARMS LLC	4283 FREEMARK AVE	B	Undeveloped		0.11	$7,106	$788.78	$542.42
230 - 061 - 007 - 000	FOREBAY FARMS LLC	4281 FREEMARK AVE	B	Undeveloped		0.13	$7,106	$959.40	$659.74
230 - 061 - 008 - 000	FOREBAY FARMS LLC	4279 FREEMARK AVE	B	Undeveloped		0.11	$7,106	$791.28	$544.14
230 - 061 - 009 - 000	FOREBAY FARMS LLC	4275 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$881.42	$606.12
230 - 061 - 010 - 000	FOREBAY FARMS LLC	4273 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$877.42	$603.36
230 - 061 - 011 - 000	FOREBAY FARMS LLC	4271 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$881.42	$606.12
230 - 061 - 012 - 000	FOREBAY FARMS LLC	4267 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$881.42	$606.12
230 - 061 - 013 - 000	FOREBAY FARMS LLC	4265 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$881.42	$606.12
230 - 061 - 014 - 000	FOREBAY FARMS LLC	4263 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$847.60	$582.86
230 - 061 - 015 - 000	FOREBAY FARMS LLC	4259 FREEMARK AVE	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 062 - 001 - 000	CORONEL MIGUEL ANGEL FIERROS	785 CHANDON DR	B	Single Family	1		$246,000	$771.00	$771.00
230 - 062 - 002 - 000	DOUGHERTY DAVID & PAMELA	779 CHANDON DR	B	Single Family	1		$205,000	$771.00	$771.00
230 - 062 - 003 - 000	CELESTINO FELIPE T & ZENAIDA P	755 CHANDON DR	B	Single Family	1		$246,000	$771.00	$771.00
230 - 062 - 004 - 000	REED RORY	733 CHANDON DR	B	Single Family	1		$292,000	$771.00	$771.00
230 - 062 - 005 - 000	GUNN WESLEY A & MARISELA	721 CHANDON DR	B	Single Family	1		$230,536	$771.00	$771.00
230 - 062 - 006 - 000	SOO SIEW FUN & TEH KAH MIN	709 CHANDON DR	B	Single Family	1		$191,600	$771.00	$771.00
230 - 062 - 007 - 000	STONE ROY F & AGNES MARIE	703 CHANDON DR	B	Single Family	1		$210,000	$771.00	$771.00
230 - 062 - 008 - 000	MAJUMDAR RUPAK & GHOSE TANDRA	697 CHANDON DR	B	Single Family	1		$200,365	$771.00	$771.00
230 - 062 - 009 - 000	MARQUEZ RAMIRO	693 CHANDON DR	B	Single Family	1		$210,000	$771.00	$771.00
230 - 062 - 010 - 000	LIU DANIEL & SU LINDA LI CHING	689 CHANDON DR	B	Single Family	1		$227,322	$771.00	$771.00
230 - 062 - 011 - 000	GALLARDO CELINA & PEDRO	681 CHANDON DR	B	Single Family	1		$292,000	$771.00	$771.00

City of Merced
Improvement Area No. 1 of
Community Facilities District No. 2005-1
(Bellvue Ranch West)
Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 062 - 012 - 000	MONTERO MARIO & JENNIFER P	679 CHANDON DR	B	Single Family	1		$258,000	$771.00	$771.00
230 - 062 - 013 - 000	CARDOZA CHRISTINA	667 CHANDON DR	B	Single Family	1		$204,371	$771.00	$771.00
230 - 062 - 014 - 000	SILVEIRA ZELINA	663 CHANDON DR	B	Single Family	1		$210,000	$771.00	$771.00
230 - 062 - 015 - 000	YU GONG-SAN & CHEN CHIN-LING	661 CHANDON DR	B	Single Family	1		$156,763	$771.00	$771.00
230 - 062 - 016 - 000	SINGH KHUSHWINDER	657 CHANDON DR	B	Single Family	1		$189,551	$771.00	$771.00
230 - 062 - 017 - 000	LO VIRGINIA LUK WAH	653 CHANDON DR	B	Single Family	1		$181,218	$771.00	$771.00
230 - 062 - 018 - 000	MOORE GEORGE & BECKY	649 CHANDON DR	B	Single Family	1		$197,209	$771.00	$771.00
230 - 062 - 019 - 000	DING HUAI & ZHOU PING	641 CHANDON DR	B	Single Family	1		$161,988	$771.00	$771.00
230 - 062 - 020 - 000	JIAO JEFF YUAN & DUAN TONG	637 CHANDON DR	B	Single Family	1		$179,304	$771.00	$771.00
230 - 062 - 021 - 000	NAVIS CONSULTING CORP	633 CHANDON DR	B	Single Family	1		$192,864	$771.00	$771.00
230 - 062 - 022 - 000	VANG YIA	629 CHANDON DR	B	Single Family	1		$188,012	$771.00	$771.00
230 - 062 - 023 - 000	LI ZHIXIONG	623 CHANDON DR	B	Single Family	1		$170,557	$771.00	$771.00
230 - 062 - 024 - 000	NJOO IE WEI & WONG WAI	615 CHANDON DR	B	Single Family	1		$186,547	$771.00	$771.00
230 - 062 - 025 - 000	FOREBAY FARMS LLC	611 CHANDON DR	B	Undeveloped		0.16	$7,106	$1,138.52	$782.92
230 - 062 - 026 - 000	FOREBAY FARMS LLC	603 CHANDON DR	B	Undeveloped		0.29	$7,106	$2,072.60	$1,425.24
230 - 062 - 027 - 000	FOREBAY FARMS LLC	4298 LASALLE DR	B	Undeveloped		0.19	$7,106	$1,383.12	$951.12
230 - 062 - 028 - 000	FOREBAY FARMS LLC	4296 LASALLE DR	B	Undeveloped		0.13	$7,106	$974.40	$670.06
230 - 062 - 029 - 000	RAINS STACIA LEE	4294 LASALLE DR	B	Single Family	1		$152,435	$771.00	$771.00
230 - 062 - 030 - 000	TIERNEY SEAN DANIEL	4292 LASALLE DR	B	Single Family	1		$198,221	$771.00	$771.00
230 - 062 - 031 - 000	WEBER KAREN	4290 LASALLE DR	B	Single Family	1		$187,506	$771.00	$771.00
230 - 062 - 032 - 000	TRIPATHY NIRANJAN & SUMITA	4288 LASALLE DR	B	Single Family	1		$184,730	$771.00	$771.00
230 - 063 - 001 - 000	PLUMMER JASON	788 CHANDON DR	B	Single Family	1		$210,000	$771.00	$771.00
230 - 063 - 002 - 000	AGRAWAL VINOD & MUKTA	764 CHANDON DR	B	Single Family	1		$186,547	$771.00	$771.00
230 - 063 - 003 - 000	CALIFORNIA RENTAL PROPERTIES L L C	756 CHANDON DR	B	Single Family	1		$152,060	$771.00	$771.00
230 - 063 - 004 - 000	KWONG DAVID WAI KIT	738 CHANDON DR	B	Single Family	1		$269,000	$771.00	$771.00
230 - 063 - 005 - 000	BUI VICTOR & LUONG TUONG VAN THI	724 CHANDON DR	B	Single Family	1		$209,834	$771.00	$771.00
230 - 063 - 006 - 000	PEDRONAN MARIE LOU & ARNOLD	702 CHANDON DR	B	Single Family	1		$236,000	$771.00	$771.00
230 - 063 - 007 - 000	OSBORNE RUSSELL L & INGRID S	694 CHANDON DR	B	Single Family	1		$250,000	$771.00	$771.00
230 - 063 - 008 - 000	LUTHRA JOAN M & PAL D	690 CHANDON DR	B	Single Family	1		$192,865	$771.00	$771.00
230 - 063 - 009 - 000	KWON JIM H & YOUNGSU	684 CHANDON DR	B	Single Family	1		$224,044	$771.00	$771.00
230 - 063 - 010 - 000	VALDENEGRO ANA M	678 CHANDON DR	B	Single Family	1		$161,101	$771.00	$771.00
230 - 063 - 011 - 000	AROKIASAMY MARY CHENCETTY	674 CHANDON DR	B	Single Family	1		$170,122	$771.00	$771.00
230 - 063 - 012 - 000	TRAN KIM N T	668 CHANDON DR	B	Single Family	1		$188,116	$771.00	$771.00
230 - 063 - 013 - 000	YABUT JOSE M	662 CHANDON DR	B	Single Family	1		$207,993	$771.00	$771.00
230 - 063 - 014 - 000	BHAKTA RUPAL V	658 CHANDON DR	B	Single Family	1		$228,487	$771.00	$771.00
230 - 063 - 015 - 000	CAYOWET JOVENA B & TEDD-CONNERY-BURNETT L	652 CHANDON DR	B	Single Family	1		$170,362	$771.00	$771.00
230 - 063 - 016 - 000	CHAHAL SURJIT SINGH	640 CHANDON DR	B	Single Family	1		$194,673	$771.00	$771.00
230 - 063 - 017 - 000	HANSEN WARD & MICHICO KOMCHAND	632 CHANDON DR	B	Single Family	1		$210,000	$771.00	$771.00
230 - 063 - 018 - 000	FLORES-VALDEZ ANGELICA	624 CHANDON DR	B	Single Family	1		$177,210	$771.00	$771.00
230 - 063 - 019 - 000	DUNLAP LAWRENCE & GENEVIEVE	618 CHANDON DR	B	Single Family	1		$282,000	$771.00	$771.00
230 - 063 - 020 - 000	MOE CHRISTIAN ROBERT	610 CHANDON DR	B	Single Family	1		$184,293	$771.00	$771.00
230 - 063 - 021 - 000	FOREBAY FARMS LLC	4297 LASALLE DR	B	Undeveloped		0.15	$7,106	$1,098.54	$755.42
230 - 063 - 022 - 000	FOREBAY FARMS LLC	4295 LASALLE DR	B	Undeveloped		0.12	$7,106	$860.42	$591.68
230 - 063 - 023 - 000	FOREBAY FARMS LLC	4293 LASALLE DR	B	Undeveloped		0.12	$7,106	$859.42	$591.00
230 - 063 - 024 - 000	FOREBAY FARMS LLC	4291 LASALLE DR	B	Undeveloped		0.16	$7,106	$1,190.18	$818.44
230 - 063 - 025 - 000	FOREBAY FARMS LLC	611 PHELPS DR	B	Undeveloped		0.13	$7,106	$913.74	$628.34
230 - 063 - 026 - 000	FOREBAY FARMS LLC	623 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 027 - 000	FOREBAY FARMS LLC	629 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38

City of Merced
Improvement Area No. 1 of
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Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 063 - 028 - 000	FOREBAY FARMS LLC	635 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 029 - 000	FOREBAY FARMS LLC	643 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 030 - 000	FOREBAY FARMS LLC	649 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 031 - 000	FOREBAY FARMS LLC	657 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 032 - 000	FOREBAY FARMS LLC	661 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 033 - 000	FOREBAY FARMS LLC	665 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 034 - 000	FOREBAY FARMS LLC	673 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 035 - 000	FOREBAY FARMS LLC	679 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 036 - 000	FOREBAY FARMS LLC	683 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 037 - 000	FOREBAY FARMS LLC	687 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 038 - 000	FOREBAY FARMS LLC	691 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 039 - 000	FOREBAY FARMS LLC	705 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 040 - 000	FOREBAY FARMS LLC	717 PHELPS DR	B	Undeveloped		0.11	$7,106	$787.28	$541.38
230 - 063 - 041 - 000	FOREBAY FARMS LLC	729 PHELPS DR	B	Undeveloped		0.12	$7,106	$874.76	$601.54
230 - 063 - 042 - 000	FOREBAY FARMS LLC	735 PHELPS DR	B	Undeveloped		0.12	$7,106	$874.76	$601.54
230 - 063 - 043 - 000	FOREBAY FARMS LLC	741 PHELPS DR	B	Undeveloped		0.19	$7,106	$1,378.46	$947.90
230 - 064 - 001 - 000	FOREBAY FARMS LLC	4279 THERESA LN	B	Undeveloped		0.15	$7,106	$1,066.88	$733.64
230 - 064 - 002 - 000	FOREBAY FARMS LLC	4275 THERESA LN	B	Undeveloped		0.13	$7,106	$975.40	$670.74
230 - 064 - 003 - 000	FOREBAY FARMS LLC	4273 THERESA LN	B	Undeveloped		0.12	$7,106	$843.60	$580.10
230 - 064 - 004 - 000	FOREBAY FARMS LLC	4267 THERESA LN	B	Undeveloped		0.12	$7,106	$843.60	$580.10
230 - 064 - 005 - 000	FOREBAY FARMS LLC	4263 THERESA LN	B	Undeveloped		0.12	$7,106	$844.44	$580.68
230 - 064 - 006 - 000	FOREBAY FARMS LLC	4264 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$890.42	$612.30
230 - 064 - 007 - 000	FOREBAY FARMS LLC	4268 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$881.92	$606.46
230 - 064 - 008 - 000	FOREBAY FARMS LLC	4270 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$886.26	$609.44
230 - 064 - 009 - 000	FOREBAY FARMS LLC	4274 FREEMARK AVE	B	Undeveloped		0.12	$7,106	$886.26	$609.44
230 - 064 - 010 - 000	FOREBAY FARMS LLC	4276 FREEMARK AVE	B	Undeveloped		0.15	$7,106	$1,066.70	$733.52
230 - 071 - 001 - 000	FOREBAY FARMS LLC	193 SHAFER AVE	A	Undeveloped		0.10	$5,747	$971.02	$667.72
230 - 071 - 002 - 000	CAMPOS MAYRA V	185 SHAFER AVE	A	Single Family	1		$192,863	$651.00	$651.00
230 - 071 - 003 - 000	NG KIN KWAN & CHILEE MAK	179 SHAFER AVE	A	Single Family	1		$178,496	$651.00	$651.00
230 - 071 - 004 - 000	ONZO JOSEPH JR	173 SHAFER AVE	A	Single Family	1		$195,006	$651.00	$651.00
230 - 071 - 005 - 000	FOREBAY FARMS LLC	167 SHAFER AVE	A	Undeveloped		0.07	$5,747	$663.46	$456.24
230 - 071 - 006 - 000	FOREBAY FARMS LLC	161 SHAFER AVE	A	Undeveloped		0.07	$5,747	$656.80	$451.66
230 - 071 - 007 - 000	FOREBAY FARMS LLC	155 SHAFER AVE	A	Undeveloped		0.07	$5,747	$651.64	$448.10
230 - 071 - 008 - 000	FOREBAY FARMS LLC	149 SHAFER AVE	A	Undeveloped		0.07	$5,747	$640.90	$440.72
230 - 071 - 009 - 000	FOREBAY FARMS LLC	137 SHAFER AVE	A	Undeveloped		0.07	$5,747	$637.02	$438.06
230 - 071 - 010 - 000	FOREBAY FARMS LLC	125 SHAFER AVE	A	Undeveloped		0.07	$5,747	$647.56	$445.30
230 - 071 - 011 - 000	FOREBAY FARMS LLC	119 SHAFER AVE	A	Undeveloped		0.07	$5,747	$669.70	$460.52
230 - 071 - 012 - 000	FOREBAY FARMS LLC	113 SHAFER AVE	A	Undeveloped		0.07	$5,747	$700.44	$481.66
230 - 071 - 013 - 000	FOREBAY FARMS LLC	107 SHAFER AVE	A	Undeveloped		0.10	$5,747	$976.40	$671.42
230 - 071 - 014 - 000	FOREBAY FARMS LLC	4254 BERRYESA AVE	A	Undeveloped		0.18	$5,747	$1,646.74	$1,132.38
230 - 071 - 015 - 000	FOREBAY FARMS LLC	4250 BERRYESA AVE	A	Undeveloped		0.10	$5,747	$967.58	$665.36
230 - 071 - 016 - 000	FOREBAY FARMS LLC	4246 BERRYESA AVE	A	Undeveloped		0.08	$5,747	$750.30	$515.94
230 - 071 - 017 - 000	FOREBAY FARMS LLC	4240 BERRYESA AVE #95348	A	Undeveloped		0.09	$5,747	$832.60	$572.54
230 - 071 - 018 - 000	FOREBAY FARMS LLC	4236 BERRYESA AVE	A	Undeveloped		0.09	$5,747	$834.98	$574.18
230 - 071 - 019 - 000	FOREBAY FARMS LLC	4232 BERRYESA AVE	A	Undeveloped		0.09	$5,747	$836.26	$575.06
230 - 071 - 020 - 000	KHAN ZULKI KHAN & REBECCA	4228 BERRYESA AVE	A	Single Family	1		$198,184	$651.00	$651.00
230 - 072 - 001 - 000	FOREBAY FARMS LLC	204 SHAFER AVE	A	Undeveloped		0.06	$5,016	$608.02	$418.10
230 - 072 - 002 - 000	FOREBAY FARMS LLC	196 SHAFER AVE	A	Undeveloped		0.06	$5,016	$608.02	$418.10

City of Merced
Improvement Area No. 1 of
Community Facilities District No. 2005-1
(Bellvue Ranch West)
Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 072 - 003 - 000	FOREBAY FARMS LLC	190 SHAFER AVE	A	Undeveloped		0.06	$5,016	$577.72	$397.26
230 - 072 - 004 - 000	FOREBAY FARMS LLC	184 SHAFER AVE	A	Undeveloped		0.06	$5,016	$529.14	$363.86
230 - 072 - 005 - 000	FOREBAY FARMS LLC	180 SHAFER AVE	A	Undeveloped		0.06	$5,016	$526.78	$362.24
230 - 072 - 006 - 000	FOREBAY FARMS LLC	176 SHAFER AVE	A	Undeveloped		0.06	$5,016	$526.78	$362.24
230 - 072 - 007 - 000	FOREBAY FARMS LLC	168 SHAFER AVE	A	Undeveloped		0.06	$5,016	$526.78	$362.24
230 - 072 - 008 - 000	FOREBAY FARMS LLC	162 SHAFER AVE	A	Undeveloped		0.08	$5,016	$749.86	$515.64
230 - 072 - 009 - 000	FOREBAY FARMS LLC	161 SULLIVAN DR	A	Undeveloped		0.09	$5,016	$812.40	$558.66
230 - 072 - 010 - 000	FOREBAY FARMS LLC	165 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$527.42	$362.68
230 - 072 - 011 - 000	FOREBAY FARMS LLC	173 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$527.42	$362.68
230 - 072 - 012 - 000	FOREBAY FARMS LLC	179 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$527.42	$362.68
230 - 072 - 013 - 000	FOREBAY FARMS LLC	185 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$562.02	$386.48
230 - 072 - 014 - 000	FOREBAY FARMS LLC	191 SULLIVAN DR	A	Undeveloped		0.07	$5,016	$617.48	$424.60
230 - 072 - 015 - 000	FOREBAY FARMS LLC	203 SULLIVAN DR	A	Undeveloped		0.07	$5,016	$652.50	$448.70
230 - 072 - 016 - 000	FOREBAY FARMS LLC	203 SULLIVAN DR	A	Undeveloped		0.07	$5,016	$666.04	$458.00
230 - 072 - 017 - 000	FOREBAY FARMS LLC	217 SULLIVAN DR	A	Undeveloped		0.07	$5,016	$629.72	$433.04
230 - 073 - 001 - 000	FOREBAY FARMS LLC	4244 RUTHERFORD AVE	A	Undeveloped		0.08	$5,016	$793.06	$545.36
230 - 073 - 002 - 000	FOREBAY FARMS LLC	4247 BERRYESA AVE	A	Undeveloped		0.08	$5,016	$773.50	$531.90
230 - 073 - 003 - 000	FOREBAY FARMS LLC	4233 BERRYESA AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 073 - 004 - 000	FOREBAY FARMS LLC	4231 BERRYESA AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 073 - 005 - 000	FOREBAY FARMS LLC	4225 BERRYESA AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 073 - 006 - 000	FOREBAY FARMS LLC	4224 RUTHERFORD AVE	A	Undeveloped		0.06	$5,016	$517.54	$355.88
230 - 073 - 007 - 000	FOREBAY FARMS LLC	4230 RUTHERFORD AVE	A	Undeveloped		0.06	$5,016	$517.54	$355.88
230 - 073 - 008 - 000	FOREBAY FARMS LLC	4236 RUTHERFORD AVE	A	Undeveloped		0.06	$5,016	$517.54	$355.88
230 - 081 - 001 - 000	FOREBAY FARMS LLC	210 SULLIVAN DR	A	Undeveloped		0.07	$5,016	$640.90	$440.72
230 - 081 - 002 - 000	FOREBAY FARMS LLC	204 SULLIVAN DR	A	Undeveloped		0.07	$5,016	$642.18	$441.60
230 - 081 - 003 - 000	FOREBAY FARMS LLC	196 SULLIVAN DR	A	Undeveloped		0.07	$5,016	$643.48	$442.50
230 - 081 - 004 - 000	FOREBAY FARMS LLC	188 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$518.18	$356.32
230 - 081 - 005 - 000	FOREBAY FARMS LLC	182 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$525.06	$361.06
230 - 081 - 006 - 000	FOREBAY FARMS LLC	174 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$525.06	$361.06
230 - 081 - 007 - 000	FOREBAY FARMS LLC	168 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$523.54	$360.02
230 - 081 - 008 - 000	FOREBAY FARMS LLC	164 SULLIVAN DR	A	Undeveloped		0.09	$5,016	$854.74	$587.78
230 - 081 - 009 - 000	FOREBAY FARMS LLC	165 KORBEL AVE	A	Undeveloped		0.09	$5,016	$834.32	$573.74
230 - 081 - 010 - 000	FOREBAY FARMS LLC	171 KORBEL AVE	A	Undeveloped		0.05	$5,016	$513.66	$353.22
230 - 081 - 011 - 000	FOREBAY FARMS LLC	175 KORBEL AVE	A	Undeveloped		0.05	$5,016	$514.10	$353.52
230 - 081 - 012 - 000	FOREBAY FARMS LLC	183 KORBEL AVE	A	Undeveloped		0.06	$5,016	$563.32	$387.36
230 - 081 - 013 - 000	FOREBAY FARMS LLC	189 KORBEL AVE	A	Undeveloped		0.07	$5,016	$628.00	$431.86
230 - 081 - 014 - 000	FOREBAY FARMS LLC	195 KORBEL AVE	A	Undeveloped		0.07	$5,016	$663.46	$456.24
230 - 081 - 015 - 000	FOREBAY FARMS LLC	207 KORBEL AVE	A	Undeveloped		0.07	$5,016	$672.92	$462.74
230 - 081 - 016 - 000	FOREBAY FARMS LLC	219 KORBEL AVE	A	Undeveloped		0.07	$5,016	$610.80	$420.02
230 - 082 - 001 - 000	FOREBAY FARMS LLC	230 KORBEL AVE	A	Undeveloped		0.06	$5,016	$586.30	$403.18
230 - 082 - 002 - 000	FOREBAY FARMS LLC	206 KORBEL AVE	A	Undeveloped		0.07	$5,016	$677.86	$466.14
230 - 082 - 003 - 000	FOREBAY FARMS LLC	198 KORBEL AVE	A	Undeveloped		0.07	$5,016	$678.50	$466.58
230 - 082 - 004 - 000	FOREBAY FARMS LLC	190 KORBEL AVE	A	Undeveloped		0.07	$5,016	$665.18	$457.42
230 - 082 - 005 - 000	FOREBAY FARMS LLC	184 KORBEL AVE	A	Undeveloped		0.06	$5,016	$549.78	$378.06
230 - 082 - 006 - 000	FOREBAY FARMS LLC	178 KORBEL AVE	A	Undeveloped		0.06	$5,016	$550.64	$378.64
230 - 082 - 007 - 000	FOREBAY FARMS LLC	172 KORBEL AVE	A	Undeveloped		0.06	$5,016	$586.30	$403.18
230 - 082 - 008 - 000	FOREBAY FARMS LLC	160 KORBEL AVE	A	Undeveloped		0.07	$5,016	$664.10	$456.68
230 - 083 - 001 - 000	FOREBAY FARMS LLC	4221 BERRYESA AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74

City of Merced
Improvement Area No. 1 of
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Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 083 - 002 - 000	FOREBAY FARMS LLC	4217 BERRYESA AVE	A	Undeveloped		0.06	$5,016	$560.08	$385.14
230 - 083 - 003 - 000	FOREBAY FARMS LLC	4213 BERRYESA AVE	A	Undeveloped		0.06	$5,016	$553.42	$380.56
230 - 083 - 004 - 000	FOREBAY FARMS LLC	4209 BERRYESA AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 083 - 005 - 000	FOREBAY FARMS LLC	4205 BERRYESA AVE #95348	A	Undeveloped		0.07	$5,016	$689.68	$474.26
230 - 083 - 006 - 000	FOREBAY FARMS LLC	133 KORBEL AVE	A	Undeveloped		0.08	$5,016	$720.84	$495.70
230 - 083 - 007 - 000	FOREBAY FARMS LLC	139 KORBEL AVE	A	Undeveloped		0.09	$5,016	$814.56	$560.14
230 - 083 - 008 - 000	FOREBAY FARMS LLC	4210 RUTHERFORD AVE	A	Undeveloped		0.07	$5,016	$641.98	$441.46
230 - 083 - 009 - 000	FOREBAY FARMS LLC	4214 RUTHERFORD AVE	A	Undeveloped		0.06	$5,016	$568.90	$391.20
230 - 083 - 010 - 000	FOREBAY FARMS LLC	4218 RUTHERFORD AVE	A	Undeveloped		0.06	$5,016	$539.66	$371.10
230 - 084 - 001 - 000	ROJO ANTHONY & CORINA	4224 BERRYESA AVE	A	Single Family	1		$200,000	$651.00	$651.00
230 - 084 - 002 - 000	KHAN ZULKI & REBECCA	4218 BERRYESA AVE	A	Single Family	1		$198,184	$651.00	$651.00
230 - 084 - 003 - 000	NORQUIST MITZI C	4214 BERRYESA AVE	A	Single Family	1		$200,000	$651.00	$651.00
230 - 084 - 004 - 000	HU PATRICK CHENGKAN & CAO CATHERINE	4210 BERRYESA AVE	A	Single Family	1		$173,396	$651.00	$651.00
230 - 084 - 005 - 000	BACICH BRADLEY G	4208 BERRYESA AVE	A	Single Family	1		$135,379	$651.00	$651.00
230 - 084 - 006 - 000	RED HIBISCUS INVESTMENTS L L C	4206 BERRYESA AVE	A	Single Family	1		$205,000	$651.00	$651.00
230 - 084 - 007 - 000	THAO BEE	4202 BERRYESA AVE	A	Single Family	1		$154,567	$651.00	$651.00
230 - 091 - 001 - 000			A	Exempt				$0.00	$0.00
230 - 091 - 002 - 000	FOREBAY FARMS LLC	291 SHAFER AVE	A	Undeveloped		0.08	$5,016	$744.06	$511.66
230 - 091 - 003 - 000	FOREBAY FARMS LLC	289 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 091 - 004 - 000	FOREBAY FARMS LLC	287 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 091 - 005 - 000	FOREBAY FARMS LLC	277 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 091 - 006 - 000	FOREBAY FARMS LLC	271 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 091 - 007 - 000	FOREBAY FARMS LLC	263 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 091 - 008 - 000	FOREBAY FARMS LLC	251 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 091 - 009 - 000	FOREBAY FARMS LLC	247 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 091 - 010 - 000	FOREBAY FARMS LLC	243 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 091 - 011 - 000	ODAYAMMATATH BIJU & SHANKAR SEENA	237 SHAFER AVE	A	Single Family	1		$185,635	$651.00	$651.00
230 - 091 - 012 - 000	VILLAS FLORILIN	225 SHAFER AVE	A	Single Family	1		$185,802	$651.00	$651.00
230 - 091 - 013 - 000	NAVAROLI GINA	217 SHAFER AVE	A	Single Family	1		$139,290	$651.00	$651.00
230 - 091 - 014 - 000	PAULY JAMES & NANCY	203 SHAFER AVE	A	Single Family	1		$155,731	$651.00	$651.00
230 - 092 - 001 - 000	FOREBAY FARMS LLC	288 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 092 - 002 - 000	FOREBAY FARMS LLC	280 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 092 - 003 - 000	FOREBAY FARMS LLC	276 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 092 - 004 - 000	FOREBAY FARMS LLC	272 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 092 - 005 - 000	FOREBAY FARMS LLC	266 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 092 - 006 - 000	FOREBAY FARMS LLC	260 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 092 - 007 - 000	FOREBAY FARMS LLC	256 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 092 - 008 - 000	FOREBAY FARMS LLC	248 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 092 - 009 - 000	FOREBAY FARMS LLC	236 SHAFER AVE	A	Undeveloped		0.06	$5,016	$517.74	$356.04
230 - 092 - 010 - 000	FOREBAY FARMS LLC	224 SHAFER AVE	A	Undeveloped		0.06	$5,016	$608.02	$418.10
230 - 092 - 011 - 000	FOREBAY FARMS LLC	218 SHAFER AVE	A	Undeveloped		0.06	$5,016	$608.02	$418.10
230 - 101 - 001 - 000	FOREBAY FARMS LLC	287 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 101 - 002 - 000	FOREBAY FARMS LLC	279 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 101 - 003 - 000	FOREBAY FARMS LLC	273 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 101 - 004 - 000	FOREBAY FARMS LLC	261 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 101 - 005 - 000	FOREBAY FARMS LLC	253 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 101 - 006 - 000	FOREBAY FARMS LLC	247 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 101 - 007 - 000	FOREBAY FARMS LLC	235 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$526.56	$362.10

City of Merced
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Community Facilities District No. 2005-1
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Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 101 - 008 - 000	FOREBAY FARMS LLC	221 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$592.54	$407.46
230 - 102 - 001 - 000	FOREBAY FARMS LLC	290 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 102 - 002 - 000	FOREBAY FARMS LLC	282 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 102 - 003 - 000	FOREBAY FARMS LLC	276 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 102 - 004 - 000	FOREBAY FARMS LLC	268 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 102 - 005 - 000	FOREBAY FARMS LLC	252 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 102 - 006 - 000	FOREBAY FARMS LLC	240 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 102 - 007 - 000	FOREBAY FARMS LLC	226 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$512.58	$352.48
230 - 102 - 008 - 000	FOREBAY FARMS LLC	218 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$576.00	$396.08
230 - 102 - 009 - 000	FOREBAY FARMS LLC	231 KORBEL AVE	A	Undeveloped		0.07	$5,016	$647.78	$445.44
230 - 102 - 010 - 000	FOREBAY FARMS LLC	249 KORBEL AVE	A	Undeveloped		0.06	$5,016	$584.58	$402.00
230 - 102 - 011 - 000	FOREBAY FARMS LLC	257 KORBEL AVE	A	Undeveloped		0.06	$5,016	$604.80	$415.88
230 - 102 - 012 - 000	FOREBAY FARMS LLC	265 KORBEL AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 102 - 013 - 000	FOREBAY FARMS LLC	273 KORBEL AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 102 - 014 - 000	FOREBAY FARMS LLC	289 KORBEL AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 103 - 001 - 000	FOREBAY FARMS LLC	294 KORBEL AVE	A	Undeveloped		0.07	$5,016	$651.22	$447.82
230 - 103 - 002 - 000	FOREBAY FARMS LLC	288 KORBEL AVE	A	Undeveloped		0.06	$5,016	$564.18	$387.96
230 - 103 - 003 - 000	FOREBAY FARMS LLC	276 KORBEL AVE	A	Undeveloped		0.06	$5,016	$564.18	$387.96
230 - 103 - 004 - 000	FOREBAY FARMS LLC	262 KORBEL AVE	A	Undeveloped		0.06	$5,016	$564.18	$387.96
230 - 103 - 005 - 000	FOREBAY FARMS LLC	246 KORBEL AVE	A	Undeveloped		0.06	$5,016	$564.18	$387.96
230 - 110 - 001 - 000	FOREBAY FARMS LLC	395 BALE MILL RD	A	Undeveloped		0.10	$5,225	$927.60	$637.88
230 - 110 - 002 - 000	FOREBAY FARMS LLC	389 BALE MILL RD	A	Undeveloped		0.07	$5,225	$624.34	$429.34
230 - 110 - 003 - 000	FOREBAY FARMS LLC	381 BALE MILL RD	A	Undeveloped		0.07	$5,225	$624.34	$429.34
230 - 110 - 004 - 000	MENDOZA ANGELICA & JUAN	377 BALE MILL RD	A	Single Family	1		$237,000	$651.00	$651.00
230 - 110 - 005 - 000	CHAN CHAU FEN & KUN ENG	373 BALE MILL RD	A	Single Family	1		$138,319	$651.00	$651.00
230 - 110 - 006 - 000	SATO DOUGLAS N & BEVERLY	369 BALE MILL RD	A	Single Family	1		$144,989	$651.00	$651.00
230 - 110 - 007 - 000	MOODY PAMELA	363 BALE MILL RD	A	Single Family	1		$198,000	$651.00	$651.00
230 - 110 - 008 - 000	BAINS SUKHPAL & GURJIT	357 BALE MILL RD	A	Single Family	1		$124,365	$651.00	$651.00
230 - 110 - 009 - 000	TIWANA AMRITPAL S & SURINDER K	351 BALE MILL RD	A	Single Family	1		$148,566	$651.00	$651.00
230 - 110 - 010 - 000	NANDIPATI RAMA L R & ANNAPURNAMMA K	347 BALE MILL RD	A	Single Family	1		$133,248	$651.00	$651.00
230 - 110 - 011 - 000	LANE SAM U & CHERYL A	339 BALE MILL RD	A	Single Family	1		$145,825	$651.00	$651.00
230 - 110 - 012 - 000	KHAN ZULKI & REBECCA	325 BALE MILL RD	A	Single Family	1		$163,177	$651.00	$651.00
230 - 110 - 013 - 000	SELVIDGE JAMES MORGAN & MICHELITSCH MELISSA DANIEL	317 BALE MILL RD	A	Single Family	1		$156,433	$651.00	$651.00
230 - 110 - 014 - 000	ALI SADDAM	309 BALE MILL RD	A	Single Family	1		$103,103	$651.00	$651.00
230 - 110 - 015 - 000	PAWS ESTATE L L C	320 BALE MILL RD	A	Single Family	1		$185,636	$651.00	$651.00
230 - 110 - 016 - 000	CALIFORNIA RENTAL PROPERTIES LLC	4292 CHALK HILL CT	A	Single Family	1		$147,104	$651.00	$651.00
230 - 110 - 017 - 000	YANG YONG	4280 CHALK HILL CT	A	Single Family	1		$135,862	$651.00	$651.00
230 - 110 - 018 - 000	RICO DD INC	4269 CHALK HILL CT	A	Single Family	1		$220,000	$651.00	$651.00
230 - 110 - 019 - 000	CASEY JESSICA & ROBERT	4273 CHALK HILL CT	A	Single Family	1		$200,000	$651.00	$651.00
230 - 110 - 020 - 000	HERNANDEZ CASSANDRA A & FINE MARTHA	4289 CHALK HILL CT	A	Single Family	1		$229,000	$651.00	$651.00
230 - 110 - 021 - 000	MARQUEZ LAURA & RAMIRO	4295 CHALK HILL CT	A	Single Family	1		$215,000	$651.00	$651.00
230 - 110 - 022 - 000	CAVERO VIRGINIA R & AGUSTIN A	372 BALE MILL RD	A	Single Family	1		$198,000	$651.00	$651.00
230 - 110 - 023 - 000	REED ROBERT & CHARLENE	380 BALE MILL RD	A	Single Family	1		$198,000	$651.00	$651.00
230 - 110 - 024 - 000	FOREBAY FARMS LLC	4290 KORBEL AVE	A	Undeveloped		0.06	$5,225	$607.16	$417.52
230 - 110 - 025 - 000	FOREBAY FARMS LLC	4284 KORBEL AVE	A	Undeveloped		0.05	$5,225	$511.52	$351.74
230 - 110 - 026 - 000	FOREBAY FARMS LLC	4278 KORBEL AVE	A	Undeveloped		0.11	$5,225	$1,015.08	$698.02
230 - 110 - 027 - 000	FOREBAY FARMS LLC	4272 KORBEL AVE	A	Undeveloped		0.10	$5,747	$929.96	$639.50
230 - 110 - 028 - 000			A	Exempt				$0.00	$0.00

City of Merced
Improvement Area No. 1 of
Community Facilities District No. 2005-1
(Bellvue Ranch West)
Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 110 - 029 - 000	FOREBAY FARMS LLC	377 SHAFER AVE	A	Undeveloped		0.07	$5,016	$655.30	$450.62
230 - 110 - 030 - 000	FOREBAY FARMS LLC	371 SHAFER AVE	A	Undeveloped		0.06	$5,016	$602.42	$414.26
230 - 110 - 031 - 000	FOREBAY FARMS LLC	365 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 110 - 032 - 000	FOREBAY FARMS LLC	359 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 110 - 033 - 000	FOREBAY FARMS LLC	351 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 110 - 034 - 000	FOREBAY FARMS LLC	337 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 110 - 035 - 000	FOREBAY FARMS LLC	329 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 110 - 036 - 000	FOREBAY FARMS LLC	321 SHAFER AVE	A	Undeveloped		0.08	$5,016	$742.34	$510.48
230 - 110 - 037 - 000	FOREBAY FARMS LLC	4297 KORBEL AVE	A	Undeveloped		0.08	$5,016	$783.18	$538.56
230 - 110 - 038 - 000	FOREBAY FARMS LLC	4293 KORBEL AVE	A	Undeveloped		0.06	$5,016	$565.02	$388.54
230 - 110 - 039 - 000	FOREBAY FARMS LLC	4291 KORBEL AVE	A	Undeveloped		0.06	$5,016	$594.48	$408.80
230 - 110 - 040 - 000	FOREBAY FARMS LLC	4287 KORBEL AVE	A	Undeveloped		0.07	$5,016	$641.54	$441.16
230 - 110 - 041 - 000	FOREBAY FARMS LLC	4283 KORBEL AVE	A	Undeveloped		0.07	$5,016	$665.40	$457.56
230 - 110 - 042 - 000	FOREBAY FARMS LLC	4279 KORBEL AVE	A	Undeveloped		0.07	$5,016	$630.80	$433.78
230 - 110 - 043 - 000	FOREBAY FARMS LLC	4275 KORBEL AVE	A	Undeveloped		0.10	$5,016	$953.60	$655.76
230 - 110 - 044 - 000	FOREBAY FARMS LLC	4271 KORBEL AVE	A	Undeveloped		0.09	$5,016	$883.76	$607.72
230 - 110 - 045 - 000			A	Exempt				$0.00	$0.00
230 - 120 - 001 - 000	FOREBAY FARMS LLC	308 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 002 - 000	FOREBAY FARMS LLC	314 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 003 - 000	FOREBAY FARMS LLC	326 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 004 - 000	FOREBAY FARMS LLC	340 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 005 - 000	FOREBAY FARMS LLC	352 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 006 - 000	FOREBAY FARMS LLC	360 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 007 - 000	FOREBAY FARMS LLC	368 SHAFER AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 008 - 000	FOREBAY FARMS LLC	374 SHAFER AVE	A	Undeveloped		0.06	$5,016	$516.24	$355.00
230 - 120 - 009 - 000	FOREBAY FARMS LLC	380 SHAFER AVE	A	Undeveloped		0.07	$5,016	$670.56	$461.12
230 - 120 - 010 - 000	FOREBAY FARMS LLC	386 SHAFER AVE	A	Undeveloped		0.08	$5,016	$705.16	$484.90
230 - 120 - 011 - 000	FOREBAY FARMS LLC	392 SHAFER AVE	A	Undeveloped		0.08	$5,016	$758.46	$521.56
230 - 120 - 012 - 000	FOREBAY FARMS LLC	393 SULLIVAN DR	A	Undeveloped		0.09	$5,016	$833.68	$573.28
230 - 120 - 013 - 000	FOREBAY FARMS LLC	385 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$525.06	$361.06
230 - 120 - 014 - 000	FOREBAY FARMS LLC	379 SULLIVAN DR	A	Undeveloped		0.07	$5,016	$657.88	$452.40
230 - 120 - 015 - 000	FOREBAY FARMS LLC	371 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$573.20	$394.16
230 - 120 - 016 - 000	FOREBAY FARMS LLC	363 SULLIVAN DR	A	Undeveloped		0.06	$5,016	$522.90	$359.58
230 - 120 - 017 - 000	FOREBAY FARMS LLC	351 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 018 - 000	FOREBAY FARMS LLC	345 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 019 - 000	FOREBAY FARMS LLC	339 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 020 - 000	FOREBAY FARMS LLC	327 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 021 - 000	FOREBAY FARMS LLC	313 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 022 - 000	FOREBAY FARMS LLC	307 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 023 - 000	FOREBAY FARMS LLC	314 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 024 - 000	FOREBAY FARMS LLC	342 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 025 - 000	FOREBAY FARMS LLC	360 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 026 - 000	FOREBAY FARMS LLC	374 SULLIVAN DR	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 027 - 000	FOREBAY FARMS LLC	380 SULLIVAN DR	A	Undeveloped		0.08	$5,016	$759.74	$522.44
230 - 120 - 028 - 000			A	Exempt				$0.00	$0.00
230 - 120 - 029 - 000	FOREBAY FARMS LLC	389 KORBEL AVE	A	Undeveloped		0.08	$5,016	$713.12	$490.38
230 - 120 - 030 - 000	FOREBAY FARMS LLC	377 KORBEL AVE	A	Undeveloped		0.08	$5,016	$716.54	$492.74
230 - 120 - 031 - 000	FOREBAY FARMS LLC	365 KORBEL AVE	A	Undeveloped		0.06	$5,016	$565.68	$389.00

City of Merced
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230 - 120 - 032 - 000	FOREBAY FARMS LLC	357 KORBEL AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 033 - 000	FOREBAY FARMS LLC	335 KORBEL AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 034 - 000	FOREBAY FARMS LLC	321 KORBEL AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 035 - 000	FOREBAY FARMS LLC	307 KORBEL AVE	A	Undeveloped		0.05	$5,016	$511.52	$351.74
230 - 120 - 036 - 000	FOREBAY FARMS LLC	389 SHAFTER AVE	A	Undeveloped		0.08	$5,016	$784.68	$539.60
230 - 120 - 037 - 000	FOREBAY FARMS LLC	4266 KORBEL AVE	A	Undeveloped		0.13	$5,016	$1,216.46	$836.50
230 - 120 - 038 - 000	FOREBAY FARMS LLC	4260 KORBEL AVE	A	Undeveloped		0.12	$5,016	$1,128.78	$776.20
230 - 130 - 001 - 000	FOREBAY FARMS LLC	340 KORBEL AVE	A	Undeveloped		0.06	$5,016	$549.78	$378.06
230 - 130 - 002 - 000	FOREBAY FARMS LLC	4229 PECOTA CT	A	Undeveloped		0.09	$5,016	$852.60	$586.30
230 - 130 - 003 - 000	FOREBAY FARMS LLC	4223 PECOTA CT	A	Undeveloped		0.09	$5,016	$854.52	$587.62
230 - 130 - 004 - 000	FOREBAY FARMS LLC	4215 PECOTA CT	A	Undeveloped		0.11	$5,016	$1,047.74	$720.48
230 - 130 - 005 - 000	FOREBAY FARMS LLC	4207 PECOTA CT	A	Undeveloped		0.15	$5,016	$1,391.40	$956.82
230 - 130 - 006 - 000	FOREBAY FARMS LLC	4204 PECOTA CT	A	Undeveloped		0.11	$5,016	$1,007.98	$693.14
230 - 130 - 007 - 000	FOREBAY FARMS LLC	4210 PECOTA CT	A	Undeveloped		0.09	$5,016	$849.80	$584.38
230 - 130 - 008 - 000	FOREBAY FARMS LLC	4218 PECOTA CT	A	Undeveloped		0.09	$5,016	$860.34	$591.62
230 - 130 - 009 - 000	FOREBAY FARMS LLC	4222 PECOTA CT	A	Undeveloped		0.06	$5,016	$518.82	$356.78
230 - 130 - 010 - 000	FOREBAY FARMS LLC	4230 PECOTA CT	A	Undeveloped		0.09	$5,016	$827.02	$568.70
230 - 140 - 001 - 000	FOREBAY FARMS LLC	670 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 002 - 000	FOREBAY FARMS LLC	658 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 003 - 000	FOREBAY FARMS LLC	654 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 004 - 000	FOREBAY FARMS LLC	648 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 005 - 000	FOREBAY FARMS LLC	638 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 006 - 000	FOREBAY FARMS LLC	632 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 007 - 000	FOREBAY FARMS LLC	620 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 008 - 000	FOREBAY FARMS LLC	614 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 009 - 000	FOREBAY FARMS LLC	610 PHELPS DR	B	Undeveloped		0.13	$6,583	$927.58	$637.86
230 - 140 - 010 - 000	FOREBAY FARMS LLC	4289 LASALLE DR	B	Undeveloped		0.15	$6,583	$1,086.04	$746.82
230 - 140 - 011 - 000	FOREBAY FARMS LLC	4287 LASALLE DR	B	Undeveloped		0.10	$6,583	$749.80	$515.60
230 - 140 - 012 - 000	FOREBAY FARMS LLC	4283 LASALLE DR	B	Undeveloped		0.13	$6,583	$924.92	$636.02
230 - 140 - 013 - 000	FOREBAY FARMS LLC	4281 LASALLE DR	B	Undeveloped		0.16	$6,583	$1,156.68	$795.40
230 - 140 - 014 - 000	FOREBAY FARMS LLC	607 PEGASUS DR	B	Undeveloped		0.13	$6,583	$925.24	$636.26
230 - 140 - 015 - 000	FOREBAY FARMS LLC	615 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 016 - 000	FOREBAY FARMS LLC	629 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 017 - 000	FOREBAY FARMS LLC	635 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 018 - 000	FOREBAY FARMS LLC	641 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 019 - 000	FOREBAY FARMS LLC	653 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 020 - 000	FOREBAY FARMS LLC	659 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 021 - 000	FOREBAY FARMS LLC	661 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 140 - 022 - 000	FOREBAY FARMS LLC	4286 LASALLE DR	B	Undeveloped		0.15	$7,106	$1,104.36	$759.42
230 - 140 - 023 - 000	FOREBAY FARMS LLC		B	Undeveloped		0.12	$7,106	$899.76	$618.72
230 - 140 - 024 - 000	FOREBAY FARMS LLC	4282 LASALLE DR	B	Undeveloped		0.12	$7,106	$899.76	$618.72
230 - 140 - 025 - 000	FOREBAY FARMS LLC	4278 LASALLE DR	B	Undeveloped		0.12	$7,106	$899.76	$618.72
230 - 140 - 026 - 000	FOREBAY FARMS LLC	4276 LASALLE DR	B	Undeveloped		0.12	$7,106	$899.76	$618.72
230 - 140 - 027 - 000	FOREBAY FARMS LLC	4272 LASALLE DR	B	Undeveloped		0.13	$7,106	$971.06	$667.76
230 - 150 - 001 - 000	FOREBAY FARMS LLC	670 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 150 - 002 - 000	FOREBAY FARMS LLC	662 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 150 - 003 - 000	FOREBAY FARMS LLC	656 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 150 - 004 - 000	FOREBAY FARMS LLC	644 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38

City of Merced
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Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 150 - 005 - 000	FOREBAY FARMS LLC	638 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 150 - 006 - 000	FOREBAY FARMS LLC	614 PEGASUS DR	B	Undeveloped		0.26	$6,583	$1,917.14	$1,318.34
230 - 150 - 007 - 000	FOREBAY FARMS LLC	4279 LASALLE DR	B	Undeveloped		0.18	$6,583	$1,272.14	$874.80
230 - 150 - 008 - 000	FOREBAY FARMS LLC	4277 LASALLE DR	B	Undeveloped		0.13	$6,583	$948.40	$652.18
230 - 150 - 009 - 000	FOREBAY FARMS LLC	4275 LASALLE DR	B	Undeveloped		0.13	$6,583	$936.90	$644.28
230 - 150 - 010 - 000	FOREBAY FARMS LLC	4271 LASALLE DR	B	Undeveloped		0.13	$6,583	$935.90	$643.58
230 - 150 - 011 - 000	FOREBAY FARMS LLC	4269 LASALLE DR	B	Undeveloped		0.13	$6,583	$909.24	$625.26
230 - 150 - 012 - 000	FOREBAY FARMS LLC	4265 LASALLE DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 150 - 013 - 000	FOREBAY FARMS LLC	4261 LASALLE DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 150 - 014 - 000	FOREBAY FARMS LLC	4259 LASALLE DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 150 - 015 - 000	FOREBAY FARMS LLC	4255 LASALLE DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 150 - 016 - 000	FOREBAY FARMS LLC	4251 LASALLE DR	B	Undeveloped		0.14	$6,583	$1,041.54	$716.22
230 - 150 - 017 - 000	FOREBAY FARMS LLC	4246 LASALLE DR	B	Undeveloped		0.11	$7,315	$827.28	$568.88
230 - 150 - 018 - 000	FOREBAY FARMS LLC	4248 LASALLE DR	B	Undeveloped		0.12	$7,315	$902.92	$620.90
230 - 150 - 019 - 000	FOREBAY FARMS LLC	4250 LASALLE DR	B	Undeveloped		0.13	$7,315	$947.40	$651.50
230 - 150 - 020 - 000	FOREBAY FARMS LLC	4254 LASALLE DR	B	Undeveloped		0.14	$7,315	$1,004.88	$691.02
230 - 150 - 021 - 000	FOREBAY FARMS LLC	4256 LASALLE DR	B	Undeveloped		0.16	$7,315	$1,144.86	$787.26
230 - 150 - 022 - 000	FOREBAY FARMS LLC	4258 LASALLE DR	B	Undeveloped		0.18	$7,315	$1,323.80	$910.32
230 - 150 - 023 - 000	FOREBAY FARMS LLC	4260 LASALLE DR	B	Undeveloped		0.20	$7,315	$1,425.10	$979.98
230 - 150 - 024 - 000	FOREBAY FARMS LLC	4264 LASALLE DR	B	Undeveloped		0.20	$7,315	$1,440.44	$990.52
230 - 150 - 025 - 000	FOREBAY FARMS LLC	4266 LASALLE DR	B	Undeveloped		0.17	$7,315	$1,220.00	$838.94
230 - 150 - 026 - 000	FOREBAY FARMS LLC	4268 LASALLE DR	B	Undeveloped		0.14	$7,315	$1,032.72	$710.16
230 - 160 - 001 - 000	FOREBAY FARMS LLC	692 PHELPS DR	B	Undeveloped		0.13	$6,583	$962.24	$661.68
230 - 160 - 002 - 000	FOREBAY FARMS LLC	686 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 160 - 003 - 000	FOREBAY FARMS LLC	680 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 160 - 004 - 000	FOREBAY FARMS LLC	674 PHELPS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 160 - 005 - 000	FOREBAY FARMS LLC	673 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 160 - 006 - 000	FOREBAY FARMS LLC	679 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 160 - 007 - 000	FOREBAY FARMS LLC	685 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 160 - 008 - 000	FOREBAY FARMS LLC	691 PEGASUS DR	B	Undeveloped		0.16	$6,583	$1,142.36	$785.54
230 - 160 - 009 - 000	FOREBAY FARMS LLC	676 PEGASUS DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 160 - 010 - 000	FOREBAY FARMS LLC	680 PEGASUS DR	B	Undeveloped		0.16	$6,583	$1,151.02	$791.50
230 - 160 - 011 - 000	FOREBAY FARMS LLC	4274 THERESA LN	B	Undeveloped		0.15	$6,583	$1,110.20	$763.44
230 - 160 - 012 - 000	FOREBAY FARMS LLC	4268 THERESA LN	B	Undeveloped		0.11	$6,583	$823.60	$566.36
230 - 160 - 013 - 000	FOREBAY FARMS LLC	4262 THERESA LN	B	Undeveloped		0.11	$6,583	$823.60	$566.36
230 - 170 - 001 - 000	FOREBAY FARMS LLC	4256 THERESA LN	B	Undeveloped		0.11	$6,583	$823.60	$566.36
230 - 170 - 002 - 000	FOREBAY FARMS LLC	4254 THERESA LN	B	Undeveloped		0.11	$6,583	$823.60	$566.36
230 - 170 - 003 - 000	FOREBAY FARMS LLC	4250 THERESA LN	B	Undeveloped		0.11	$6,583	$823.60	$566.36
230 - 170 - 004 - 000	FOREBAY FARMS LLC	4246 THERESA LN	B	Undeveloped		0.11	$6,583	$796.12	$547.46
230 - 170 - 005 - 000	STURGEON JENNIFER K	4242 THERESA LN	B	Single Family	1		$192,862	$771.00	$771.00
230 - 170 - 006 - 000	BUCCOLA KEVIN	4238 THERESA LN	B	Single Family	1		$192,864	$771.00	$771.00
230 - 170 - 007 - 000	GILKEY KATEEMA	4234 THERESA LN	B	Single Family	1		$238,251	$771.00	$771.00
230 - 170 - 008 - 000	KHAN SHAKIR A	4230 THERESA LN	B	Single Family	1		$200,000	$771.00	$771.00
230 - 170 - 009 - 000	MILLER JAY & JEAN M	4226 THERESA LN	B	Single Family	1		$189,162	$771.00	$771.00
230 - 170 - 010 - 000	MORENO JULIAN A & ROJAS GRACIELA	4224 THERESA LN	B	Single Family	1		$259,074	$771.00	$771.00
230 - 170 - 011 - 000	SUPINGER SPENCER A & KATE E	4220 THERESA LN	B	Single Family	1		$246,000	$771.00	$771.00
230 - 170 - 012 - 000	BARRAMEDA JOSE	4215 LASALLE DR	B	Single Family	1		$246,000	$771.00	$771.00
230 - 170 - 013 - 000	ADAMSON SHANNON	4217 LASALLE DR	B	Single Family	1		$210,000	$771.00	$771.00

City of Merced
Improvement Area No. 1 of
Community Facilities District No. 2005-1
(Bellvue Ranch West)
Special Tax Levy for Fiscal Year 2015-16

Assessor's Parcel Number	Owner	Situs Address	Tax Zone	Land Use	Units	Acres	FY 2015-16 AV	Maximum Assigned Special Tax	Actual FY 2015-16 Special Tax Levy
230 - 170 - 014 - 000	TANG AUGSTINE P & MING S	4221 LASALLE DR	B	Single Family	1		$256,831	$771.00	$771.00
230 - 170 - 015 - 000	TORRES ELOISE H	4223 LASALLE DR	B	Single Family	1		$200,000	$771.00	$771.00
230 - 170 - 016 - 000	FOREBAY FARMS LLC	4227 LASALLE DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 170 - 017 - 000	FOREBAY FARMS LLC	4229 LASALLE DR	B	Undeveloped		0.11	$6,583	$787.28	$541.38
230 - 170 - 018 - 000	FOREBAY FARMS LLC	4231 LASALLE DR	B	Undeveloped		0.12	$6,583	$860.10	$591.46
230 - 170 - 019 - 000	FOREBAY FARMS LLC	4235 LASALLE DR	B	Undeveloped		0.11	$6,583	$833.44	$573.12
230 - 170 - 020 - 000	FOREBAY FARMS LLC	4237 LASALLE DR	B	Undeveloped		0.12	$6,583	$849.60	$584.24
230 - 170 - 021 - 000	FOREBAY FARMS LLC	4241 LASALLE DR	B	Undeveloped		0.14	$6,583	$1,005.56	$691.48
230 - 170 - 022 - 000	FOREBAY FARMS LLC	4245 LASALLE DR	B	Undeveloped		0.19	$6,583	$1,351.46	$929.34
230 - 170 - 023 - 000	FOREBAY FARMS LLC	4249 LASALLE DR	B	Undeveloped		0.16	$6,583	$1,139.68	$783.72
Total Fiscal Year 2015-16 Special Tax Levy					**204**	**64.30**	**$51,923,648***		**$511,574.76**

* Does not include the assessed value of exempt parcels.

B - READDRESSING/REASSIGNING APPRAISAL REPORTS

Readdressing/Reassigning Appraisal Reports

Seevers Jordan Ziegenmeyer adheres to the requirements of the 2014-2015 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP). This edition is effective from January 1, 2014 through December 31, 2015. The following excerpts pertain to readdressing/reassigning appraisal reports:

Advisory Opinion 26, Page A-89:

> Once a report has been prepared for a named client(s) and any other identified intended users and for an identified intended use, the appraiser cannot "readdress" (transfer) the report to another party.

Advisory Opinion 27, Pages A-91 to A-92:

> Situations often arise in which appraisers who have previously appraised a property are asked by a different party to appraise the same property.... Accepting the assignment from the subsequent prospective client is not prohibited by USPAP, assuming appropriate disclosure is made to the client before being engaged and any existing confidential information is handled properly.... If there is a new potential client, valuation services performed for that new client would constitute a new assignment and the assignment results would be specific to that new assignment.

Frequently Asked Question No. 122, Page F-56 to F-57:

> It is never permissible to readdress a report by simply changing the client's name on a completed report, regardless of whether the first client gave a release. The request from Lender B must be treated as a new assignment.

C - GLOSSARY OF TERMS

GLOSSARY OF TERMS

Unless otherwise noted, the following definitions are from The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

Aggregate of Retail Values: The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

As Is Market Value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Band of Investment: A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

Bulk Value: The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

Comparative-Unit Method: A method used to derive a cost estimate in terms of dollars per unit of area or volume based on known costs of similar structures that are adjusted for time and physical differences; usually applied to total building area.

Cost Approach: A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.

Depreciation: In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Direct Capitalization: A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified.

Discounted Cash Flow (DCF) Analysis: The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Discount Rate: A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*.

Disposition Value: The most probable price that a specified interest in property should bring under the following conditions: 1) consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market; 2) the property is subjected to market conditions prevailing as of the date of valuation; 3) both the buyer and seller are acting prudently and knowledgeably; 4) the seller is under compulsion to sell; 5) the buyer is typically motivated; 6) both parties are acting in what they consider to be their best interests; 7) an adequate marketing effort will be made during the exposure time; 8) payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto; 9) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Easement: The right to use another's land for a stated purpose.

Exposure Time: The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

External Obsolescence: A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.

Extraction: A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land.

Extraordinary Assumption: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Fair Market Value: The highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available. (California Code of Civil Procedure, Section 1263.320(a))

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Functional Obsolescence (Curable): An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected.

Functional Obsolescence (Incurable): An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal.

Highest and Best Use: The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Hypothetical Condition: A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Neighborhood: A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

Obsolescence: One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external.

Prospective Opinion of Value: A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Quantity Survey Method: A cost-estimating method in which the quantity and quality of all materials used and all categories of labor required are estimated and unit cost figures are applied to arrive at a total cost estimate for labor and materials.

Replacement Cost: The estimated cost to construct, at current prices as of a specified date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.

Reproduction Cost: The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

Site Coverage Ratio: The gross area of the building footprint divided by the site area.

Stabilized Occupancy: 1. The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand. 2. An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.

Subdivision Development Method: A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

Superadequacy: An excess in the capacity or quality of a structure or structural component; determined by market standards.

Unit-In-Place Method: A cost-estimating method in which total building cost is estimated by adding together the unit costs for the various building components as installed; also called the *segregated cost method*.

Yield Capitalization: A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.

Yield Rate: A rate of return on capital, usually expressed as a compound annual percentage rate. A yield rate considers all expected property benefits, including the proceeds from sale at the termination of the investment.

D - QUALIFICATIONS OF APPRAISER(S)

Sara Gilbertson, Appraiser

Introduction

Ms. Gilbertson is a licensed appraiser with Seevers Jordan Ziegenmeyer, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. She joined the firm in April 2011 after completing her bachelor's degree at California State University, Sacramento and has been writing narrative appraisal reports for a variety of commercial properties. She is now involved in appraisal assignments covering office, retail, industrial, land and mixed-use properties, as well as special-use properties including self-storage facilities, hotels and mobile home parks. Ms. Gilbertson has developed the experience and background necessary to deal with complex assignments covering an array of property types.

Professional Affiliations

Certified General Real Estate Appraiser - State of California (No. 3002204)

Education

Academic:

Bachelor of Science in Business Administration (Concentration in Real Estate and Land Development), California State University, Sacramento

Appraisal Institute Courses:

Basic Appraisal Principles
Basic Appraisal Procedures
Uniform Standards of Professional Appraisal Practice
Real Estate Finance and Statistics and Valuation Modeling
Sales Comparison Approach
Report Writing and Case Studies
Market Analysis and Highest and Best Use
Site Valuation and Cost Approach
Basic Income Capitalization
Expert Witness for Commercial Appraisers
Commercial Appraisal Review

Sample of Appraisal Experience

27-Room Hotel Stockton, California	In this assignment for Wells Fargo Bank, we estimated the market value of the going concern of 27-room, limited service hotel. The market value of the going concern was also allocated between real property, FF&E (personal property), and business enterprise.
76,971 SF Multi-Building Office Complex Sacramento, California	This appraisal involved the valuation of a three, multi-tenant office buildings. In this assignment, we estimated the market value of the leased fee interest in the property as of a current inspection date, and the prospective market value upon stabilized occupancy. The as-is and prospective values were provided for each building, as well as in bulk. The client for this assignment was Mechanics Bank.
120,944 SF Office Building & 6,000 SF Bank Building Modesto, California	In this assignment for Bank of America, the subject property consisted of a five-story medical office building and a free standing bank branch building. We estimated the hypothetical market value of the property as if stabilized, the as-is market value, and the prospective market value upon stabilized occupancy.
14,703 SF Retail Building (Proposed) Escalon, California	This report involved the valuation of a commercial-zoned site proposed for development of a single tenant retail building with a credit tenant in place (build-to-suit). The valuation scenarios included the prospective market value (leased fee interest) upon completion of construction and at stabilized occupancy, the hypothetical market value (leased fee interest) at completion of construction and stabilized occupancy, and the as-is market value of the land (fee simple interest). The client for this assignment was Wells Fargo.
Commercial Laundry Facility Gilroy, California	This report involved the valuation of a two-building commercial laundry facility. We estimated the retrospective market value of the leased fee interest. The client was Libitzky Property Companies.
Mobile Home Park Lakeport, California	This assignment involved the valuation of multifamily project consisting of 19 income producing mobile home lots and two for-ret duplexes (or four apartment units). The valuation involved the prospective market value upon stabilized occupancy and the as-is market value which accounted for the renovation of the duplex units and deferred maintenance.
Mixed-Use Commercial Development (Proposed) Fresno, California	This appraisal involved the valuation of an 87.32 acre portion of master planned community proposed for retail, office, and multifamily development, as well as a plaza, lake, and recreation area. The valuation of multifamily parcels included some second level (“air rights”) area. We estimated the as-is market value, hypothetical market values assuming all backbone infrastructure is in place in bulk, by parcel and the aggregate retail value. This report was prepared for Wells Fargo.

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Sara A. Gilbertson

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3002204

Effective Date: May 30, 2014
Date Expires: May 29, 2016

Jim Martin, Bureau Chief, BREA

3014669

Northern California/Nevada
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Rocklin, California 95765
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Eric A. Segal, Partner

Introduction

Mr. Segal is a Certified General real estate appraiser with Seevers Jordan Ziegenmeyer, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for SJZ. By 1999, he began writing narrative appraisal reports covering a variety of income properties. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, Mello-Roos and Assessment Districts, and residential subdivisions. He has developed the experience and background necessary to deal with complex assignments covering an array of property types.

Professional Affiliations

Candidate for MAI Designation – Appraisal Institute
Certified General Real Estate Appraiser – State of California (No. AG026558)
Real Estate Appraiser - Certified General – State of Nevada (No. A.0207066-CG)

Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice
Appraisal Principles
Basic Income Capitalization
Highest & Best Use and Market Analysis
Advanced Income Capitalization
Report Writing and Valuation Analysis
Appraisal Litigation Practice and Courtroom Management
Computer Enhanced Cash Flow Modeling
Advanced Sales Comparison & Cost Approaches
Advanced Applications

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3825 Atherton Road, Suite 500
Rocklin, California 95765
P: (916) 435-3883 F: (916) 435-4774

Sample of Appraisal Experience

Pleasant Valley Mixed-Use Development Visitacion Valley Neighborhood San Francisco, San Francisco County, California	This appraisal was prepared for loan underwriting. The Pleasant Valley mixed-use development comprises approximately 20.08 gross acres of land to be developed in three phases. Phase 1 will contain 568 residential units, a grocery store, in-line retail stores, office space, public park and pedestrian access to the Caltrain Bayshore station, which is located just east of the development. Phase 2 will contain approximately 556 residential units and an additional public park (Visitacion Park). Phase 3 will contain approximately 555 residential units. In total, Pleasant Valley is expected to be developed with 1,679 residential units of studio/loft, 1, 2, 3 and 4-bedroom unit types.
Hunters Point Shipyard – Phase I San Francisco, San Francisco County, California	This appraisal was completed for use by the developer for determination of possible refinancing of the Redevelopment Agency of the City and County of San Francisco Community Facilities District (CFD) No. 7 (Hunters Point Shipyard) Bonds. The appraised property comprises Phase I of the Hunters Point Shipyard redevelopment area, which is commonly referred to as the Hilltop and Hillside subdivisions, and comprises approximately 75.32 gross acres of land, which includes 23.72± developable acres proposed for the construction of 1,142 residential units in a variety of attached single-family, townhouse and stacked residential units. Specifically, the Hilltop development contains 15.92± acres of land to be developed with 768 residential units, and the Hillside development contains 7.8± acres to be developed with 374 single-family residential units. In addition, Phase I will include 36.0± acres dedicated to parks and open space and 15.6± acres of streets and rights-of-way.
Santa Barbara Palms Las Vegas, Clark County, Nevada	Santa Barbara Palms is a 114-unit, age-restricted, low-income housing apartment project in Las Vegas. The appraisal was prepared under Section 223(f) of the Federal Housing Administration (FHA) MAP Program for a 223(f) Refinance for Capital One Multifamily Finance, LLC.
City of Dixon Community Facilities District No. 2013-1 (Parklane) Dixon, Solano County, California	This assignment involved the appraisal of 71.51 gross acres of land approved for the development of 401 single-family homes under construction by Brookefield Homes. The proposed Bond proceeds were to be used to reimburse the developer for infrastructure improvements. The estimate of market value accounted for the impact of the lien of the special taxes securing the proposed Bonds, and the estimated value was subject to a hypothetical condition such improvements were in place and available for use.

Sample of Appraisal Experience (continued)

City of San Mateo Community Facilities District No. 2008-1 (Bay Meadows) San Mateo, San Mateo County, California	This appraisal was completed for use in a land-secured financing associated with the development of 52± developable acres proposed for the development of 724,225 square feet of office space, approximately 85,374 square feet of retail space and 1,121 residential housing units, with 832 residential housing units being developed on the residential land component and the balance (289 units) to be developed as part of the mixed-use component. The report was prepared for the City of San Mateo Department of Finance.
City of Redwood City Community Facilities District No. 2010-1 (One Marina) Redwood City, San Mateo County, California	This appraisal was completed for use in a land-secured financing associated with the development of 16.62± acres proposed for the construction of 231 townhome and flat-style residential units within 24 detached buildings. The report was prepared for the City of Redwood City Department of Finance.
County of San Joaquin Community Facilities District No. 2009-2 (Vernalis Interchange) Vernalis, San Joaquin County, California	This assignment involved the appraisal of approximately 3,457.41 gross acres of land comprising 40 separate Assessor's parcels devoted to (or intended for) aggregate mining operations by six independent mining operators, including Teichert, West Coast Aggregates, Granite, Knife River, DeSilva Gates and Cemex. The summary appraisal was completed for bond financing purposes, with the proceeds intended to finance the construction of a new interchange on State Route 132 at Bird Road, which is intended to enhance traffic operation safety at this intersection. This report was prepared for the County of San Joaquin.
HUD 223(f) Apartment Portfolio San Francisco, San Francisco County, California	This appraisal assignment involved the appraisal of nine multifamily properties in San Francisco containing between seven and 50 units, as well as mixed-use properties including ground floor retail tenants. The self-contained appraisals were completed in compliance with Federal regulatory requirements and guidelines that may apply as well as the requirements of the Federal Housing Administration (FHA) MAP Program for a 223(f) Refinance. This report was prepared for Column Guaranteed, LLC.
The Parkway & Quinto Ranch Santa Nella, Merced County, California	This appraisal involved the valuation of a 1,464-lot single-family residential master planned community that included residential, commercial and public use components, and a non-contingent 1,644-acre ranch subject to a conservation easement. This report was prepared for IndyMac Bank.

Sample of Appraisal Experience (continued)

Reclamation District No. 17 – Mossdale Tract (portion) County of San Joaquin, California	The appraised properties represented a portion of Reclamation District No. 17 identified as vacant residential, vacant commercial and vacant industrial land, and excluded those properties within the boundaries of the District zoned as agricultural and public use, and those properties with an assessed improvement value on the most recent property tax roll. Reclamation District No. 17 (Mossdale Tract) is located in San Joaquin County and contains approximately 16,107.58 acres of land comprising approximately 13,335 assessor's parcels. This report was prepared for Reclamation District No. 17.
Bickford Ranch Community Facilities District No. 2003-1 Placer County, California	The hypothetical market valuation of a proposed master planned community that will include 847.2 acres of land designated for 1,783 residential lots and a 9.7-acre commercial component. The appraisal will be used for bond underwriting purposes and was prepared for the County of Placer.
El Dorado Hills Community Facilities District No. 1992-1 (portion) El Dorado County, California	This assignment involved the hypothetical cumulative, or aggregate, valuation of a sizeable portion of the existing Serrano master planned community. The appraisal included 1,597 single-family residential lots, 382 custom single-family residential lots, 33.05 acres of commercial land and 344 existing single-family residences. The appraisal will be used for bond underwriting purposes and was prepared for the County of El Dorado.
Diablo Grande Community Facilities District No. 1 (Series 2002) Stanislaus County, California	The appraisal involved the valuation of a partially improved resort and master planned community offering 1,410 residential lots, multifamily land, commercial land, a hotel site, vineyards and two 18-hole championship golf courses. The appraisal was used for bond underwriting purposes and was prepared for Western Hills Water District.
Plumas Lake Community Facilities District No. 2002-1 Yuba County, California	This appraisal included the valuation of a portion of the proposed, and partially improved, Plumas Lake Specific Plan area, and comprised 3,314 detached single-family residential lots. The appraisal was used for bond underwriting purposes and was prepared for the Olivehurst Public Utility District.
Patterson Gardens & Keystone Pacific Business Park Patterson, Stanislaus County, California	This appraisal involved the valuation of a 985-lot single-family residential master planned community that included residential, commercial and public use components, and a non-contingent 224-acre industrial park. This report was prepared for Bank of America.

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Eric A. Segal

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2015
Date Expires: February 18, 2017

Jim Martin, Bureau Chief, BREA

3017902

Kevin K. Ziegenmeyer, MAI, Partner

Introduction
Mr. Ziegenmeyer is a partner with Seevers Jordan Ziegenmeyer, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the Central Valley area of California, Northern Nevada, and within the Sacramento Metropolitan Area. Over the past several years, Mr. Ziegenmeyer has handled many of the firm's master-planned property appraisals and has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation.

Professional Affiliations
Appraisal Institute – MAI Designation
Certified General Real Estate Appraiser - State of California (No. AG013567)

Education
Academic:
Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:
Standards of Professional Practice, Parts A, B & C
Basic Valuation Procedures
Real Estate Appraisal Principles
Capitalization Theory and Techniques, Part A
Advanced Income Capitalization
Report Writing and Valuation Analysis
Advanced Applications
IRS Valuation Summit I & II
2008, 2009, 2010 & 2011 Economic Forecast
Business Practices and Ethics
Contemporary Appraisal Issues with Small Business Administration Financing
General Demonstration Appraisal Report Writing Seminar
7-Hour National USPAP Update Course
Valuation of Easements and Other Partial Interests
2009 Summer Conference
Uniform Appraisal Standards for Federal Land Acquisitions
2008 Economic Update
Valuation of Conservation Easements
Subdivision Valuation
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2005 Annual Fall Conference
General Comprehensive Exam Module I, II, III & IV
Advanced Income Capitalization
Advanced Sales Comparison & Cost Approaches
2004 Central CA Market Update
Computer-Enhanced Cash Flow Modeling
Forecast 2000, 2001, 2002, 2003 & 2004
Land Valuation Assignments
Land Valuation Adjustment Procedures
Highest & Best Use and Market Analysis
Entitlements, Land Subdivision & Valuation
Real Estate Value Cycles
El Dorado Hills Housing Symposium
Federal Land Exchanges
M & S Computer Cost-Estimating, Nonresidential

Appraisal Experience

General-purpose:

Offices
Retail
Industrial
Apartments
Subdivisions
Land

Special-purpose:

Athletic Clubs
Churches
Educational Facilities
Restaurants
Assisted-living Facilities
Auto Sales and Service
Lodging Facilities

Sample of Appraisal Experience

Hunters Point Shipyard – Phase I San Francisco, San Francisco County, California	This appraisal was completed for use by the developer for determination of possible refinancing of the Redevelopment Agency of the City and County of San Francisco Community Facilities District (CFD) No. 7 (Hunters Point Shipyard) Bonds. The appraised property comprises Phase I of the Hunters Point Shipyard redevelopment area, which is commonly referred to as the Hilltop and Hillside subdivisions, and comprises approximately 75.32 gross acres of land, which includes 23.72± developable acres proposed for the construction of 1,142 residential units in a variety of attached single-family, townhouse and stacked residential units. Specifically, the Hilltop development contains 15.92± acres of land to be developed with 768 residential units, and the Hillside development contains 7.8± acres to be developed with 374 single-family residential units. In addition, Phase I will include 36.0± acres dedicated to parks and open space and 15.6± acres of streets and rights-of-way.
City of San Mateo Community Facilities District No. 2008-1 (Bay Meadows) San Mateo, San Mateo County, California	This appraisal was completed for use in a land-secured financing associated with the development of 52± developable acres proposed for the development of 724,225 square feet of office space, approximately 85,374 square feet of retail space and 1,121 residential housing units, with 832 residential housing units being developed on the residential land component and the balance (289 units) to be developed as part of the mixed-use component. The report was prepared for the City of San Mateo Department of Finance.
City of Redwood City Community Facilities District No. 2010-1 (One Marina) Redwood City, San Mateo County, California	This appraisal was completed for use in a land-secured financing associated with the development of 16.62± acres proposed for the construction of 231 townhome and flat-style residential units within 24 detached buildings. The report was prepared for the City of Redwood City Department of Finance.
County of San Joaquin Community Facilities District No. 2009-2 (Vernalis Interchange) Vernalis, San Joaquin County, California	This assignment involved the appraisal of approximately 3,457.41 gross acres of land comprising 40 separate Assessor's parcels devoted to (or intended for) aggregate mining operations by six independent mining operators, including Teichert, West Coast Aggregates, Granite, Knife River, DeSilva Gates and Cemex. The summary appraisal was completed for bond financing purposes, with the proceeds intended to finance the construction of a new interchange on State Route 132 at Bird Road, which is intended to enhance traffic operation safety at this intersection. This report was prepared for the County of San Joaquin.

Sample of Appraisal Experience (continued)

Bickford Ranch Community Facilities District No. 2003-1 Placer County, California	The hypothetical market valuation of a proposed master planned community that will include 847.2 acres of land designated for 1,783 residential lots and a 9.7-acre commercial component. The appraisal will be used for bond underwriting purposes and was prepared for the County of Placer.
El Dorado Hills Community Facilities District No. 1992-1 (portion) El Dorado County, California	This assignment involved the hypothetical cumulative or aggregate, valuation of a sizeable portion of the existing Serrano master planned community. The appraisal included 1,597 single-family residential lots, 382 custom single-family residential lots, 33.05 acres of commercial land and 344 existing single-family residences. The appraisal will be used for bond underwriting purposes and was prepared for the County of El Dorado.
Community Facilities District No. 16 West Sacramento, California	This project involved the valuation of Bridgeway Lakes, a high-end 609-lot single-family residential community located in the Southport area of West Sacramento. Lot densities within the project varied from low and medium density to rural estate lots. This report was prepared for the City of West Sacramento.
Community Facilities District No. 17 West Sacramento, California	This assignment concerned the valuation of 252 single-family lots and 252 proposed multifamily units comprising the Parella residential community in the Southport area of West Sacramento. This report was prepared for the City of West Sacramento.
Diablo Grande Community Facilities District No. 1 (Series 2002) Stanislaus County, California	The appraisal involved the valuation of a partially improved resort and master planned community offering 1,410 residential lots, multifamily land, commercial land, a hotel site, vineyards and two 18-hole championship golf courses. The appraisal was used for bond underwriting purposes and was prepared for Western Hills Water District.
Plumas Lake Community Facilities District No. 2002-1 Yuba County, California	This appraisal included the valuation of a portion of the proposed, and partially improved, Plumas Lake Specific Plan area, and comprised 3,314 detached single-family residential lots. The appraisal was used for bond underwriting purposes and was prepared for the Olivehurst Public Utility District.

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Sample of Appraisal Experience (continued)

Brentwood Assessment District No. 2003-1 Brentwood, Contra Costa County, California	This assignment involved the valuation of an assessment district containing commercial and residential components comprising 5.66 acres of commercial land, 882 single-family residential lots and 15.8 acres of multifamily land. The appraisal was used for bond underwriting purposes and was prepared for the City of Brentwood.
Patterson Gardens & Keystone Pacific Business Park Patterson, Stanislaus County, California	This appraisal involved the valuation of a 985-lot single-family residential master planned community that included residential, commercial and public use components, and a non-contingent 224-acre industrial park. This report was prepared for Bank of America.
Syrah Condominiums Sacramento, Sacramento County, California	Syrah is a proposed 245-unit residential condominium development with dual phase valuations. This report was prepared for KeyBank.

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Kevin K. Ziegenmeyer

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date: June 5, 2015
Date Expires: June 4, 2017

Jim Martin, Bureau Chief, BREA

3020787

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENTS

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

APPENDIX G

BOOK ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC *Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Reference made to www.dttc.com is presented as a link for additional information regarding DTC and is not a part of this Official Statement.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal of such issue.

DTC, the world's largest 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 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 an issue 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 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 Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, 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 Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, 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 Paying Agent. 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 Paying Agent'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 Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.