

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 10, 2013

NEW ISSUE

**SERIES A BONDS RATING: S&P: "BBB"
SERIES B BONDS NOT RATED
See "RATING."**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS - Tax Exemption."

\$12,985,000*
CITY OF MOORPARK
COMMUNITIES FACILITIES DISTRICT NO. 2004-1
2013 SERIES A SENIOR LIEN
SPECIAL TAX REFUNDING BONDS

\$7,515,000*
CITY OF MOORPARK
COMMUNITIES FACILITIES DISTRICT NO. 2004-1
2013 SERIES B JUNIOR LIEN
SPECIAL TAX REFUNDING BONDS

Dated: Date of Delivery

Due: September 1, as shown on inside cover

The City of Moorpark Communities Facilities District No. 2004-1 2013 Series A Senior Lien Special Tax Refunding Bonds (the "Senior Lien Bonds") and the City of Moorpark Communities Facilities District No. 2004-1 2013 Series B Junior Lien Special Tax Refunding Bonds (the "Junior Lien Bonds", and together with the Senior Lien Bonds, the "Bonds") are being issued under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") and separate Fiscal Agent Agreements, each dated as of June 1, 2013 (together, the "Fiscal Agent Agreements"), by and between the City of Moorpark (the "City") and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"), and are payable from proceeds of Special Taxes (as defined herein) levied on property within the City of Moorpark Communities Facilities District No. 2004-1 (Moorpark Highlands) (the "District") according to the rate and method of apportionment of special tax approved by the qualified electors of the District and by the City Council of the City, as legislative body of the District.

The Bonds are being issued to (i) refund the District's outstanding \$38,030,000 original principal amount of City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands) Special Tax Bonds Series 2006, (ii) establish a separate debt service reserve fund for each series of the Bonds, and (iii) pay the costs of issuing the Bonds. See "FINANCING PLAN."

Interest on the Bonds is payable on March 1, 2014, and semiannually thereafter on each March 1 and September 1. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. See "THE BONDS - General Bond Terms" and "APPENDIX E - DTC and the Book-Entry Only System."

The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE BONDS - Redemption."

The Bonds are special limited obligations of the City. The Senior Lien Bonds are payable from Special Tax Revenues (as defined herein), consisting primarily of the proceeds of special taxes levied and collected by the City on properties within the District, as described herein. The Junior Lien Bonds are payable from Surplus Special Tax Revenues (as defined herein), consisting primarily of Special Tax Revenues less amounts needed to pay principal of, redemption premium, if any, and interest on the Senior Lien Bonds.

OWNERSHIP OF THE JUNIOR LIEN BONDS IS SUBJECT TO A SIGNIFICANT DEGREE OF RISK. THE JUNIOR LIEN BONDS ARE NOT RATED BY ANY NATIONAL RATING AGENCY. ACCORDINGLY, THERE MAY BE A LIMITED TRADING MARKET FOR THE JUNIOR LIEN BONDS. POTENTIAL INVESTORS ARE ADVISED TO READ CAREFULLY THE SECTION ENTITLED "BOND OWNERS' RISKS."

MATURITY SCHEDULE

(see inside cover)

THE BONDS, THE INTEREST THEREON, AND ANY PREMIUMS PAYABLE ON THE REDEMPTION OF ANY OF THE BONDS, ARE NOT AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN), THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE ON THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. OTHER THAN THE SPECIAL TAXES, NO TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT A GENERAL OBLIGATION OF THE CITY, BUT ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE SPECIAL TAXES AS MORE FULLY DESCRIBED HEREIN.

This cover page contains certain information for quick reference only. It is not a summary of essential information about the Bonds. Potential investors must read this entire Official Statement to obtain information essential for making an informed investment decision. Investment in the Bonds involves risks that may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds are offered when, as and if issued by the City and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall, A Professional Law Corporation, has also served as disclosure counsel to the City. Certain matters will be passed upon for the City by the City Attorney. Certain matters will be passed upon for the Underwriter by its counsel, Fulbright & Jaworski LLP, Los Angeles, California, a member of Norton Rose Fulbright. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about _____, 2013.

Jefferies

The date of this Official Statement is: _____, 2013.

* Preliminary; subject to change.

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 prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

Series A Senior Lien Bonds
\$ _____ **Serial Bonds**
(Base CUSIP[†]: _____)

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
---	-----------------------------------	--------------------------------	--------------	--------------------------

\$ ____ % Term Bond due September 1, 20____, Price: ____%
CUSIP[†] No. ____
\$ ____ % Term Bond due September 1, 20____, Price: ____%
CUSIP[†] No. ____

Series B Junior Lien Bonds
\$ _____ **Serial Bonds**
(Base CUSIP[†]: _____)

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
---	-----------------------------------	--------------------------------	--------------	--------------------------

\$ ____ % Term Bond due September 1, 20____, Price: ____%
CUSIP[†] No. ____
\$ ____ % Term Bond due September 1, 20____, Price: ____%
CUSIP[†] No. ____

[†] Copyright 2013, American Bankers Association. CUSIP data in this Official Statement are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. None of the District, City and Underwriter assumes any responsibility for the accuracy of CUSIP data.

CITY OF MOORPARK, CALIFORNIA

City Council

Janice S. Parvin, *Mayor*
Mark Van Dam, Ph.D., *Mayor Pro Tem*
David Pollock, *Councilmember*
Roseann Mikos, Ph.D., *Councilmember*
Keith F. Millhouse, *Councilmember*

City Staff

Steven Kueny, *City Manager*
Hugh R. Riley, *Assistant City Manager*
Deborah S. Traffenstedt, *Deputy City Manager*
Ron Ahlers, *Finance Director and City Treasurer*
Maureen Benson, *City Clerk*
Kevin Ennis, *City Attorney*

SPECIAL SERVICES

Bond and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Financial Advisor

Urban Futures, Inc.
Orange, California

Special Tax Consultant

Willdan Financial Services
Temecula, California

Fiscal Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement is not to be construed as a contract with the purchasers 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 a representation of facts

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority or the City, in any press release and in any oral statement made with the approval of an authorized officer of the Authority or the City, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions may identify "forward looking statements." Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. 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, give rise to any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. 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 of the Bonds.

Involvement of Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority since the date hereof. All summaries of the Trust Agreement or other documents referred to in this Official Statement, 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY 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, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE 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 EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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

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OFFICIAL STATEMENT

\$12,985,000*
CITY OF MOORPARK
COMMUNITIES FACILITIES DISTRICT NO. 2004-1
2013 SERIES A SENIOR LIEN
SPECIAL TAX REFUNDING BONDS

\$7,515,000*
CITY OF MOORPARK
COMMUNITIES FACILITIES DISTRICT NO. 2004-1
2013 SERIES B JUNIOR LIEN
SPECIAL TAX REFUNDING BONDS

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the "**Bonds**") to be issued by the City of Moorpark (the "**City**") on behalf of City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands) (the "**District**").

Capitalized terms used, but not defined, in this Official Statement have the definitions given to them in the Fiscal Agent Agreements.

INTRODUCTION

This introduction is not a summary of the entire Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained throughout the Official Statement, including the cover page, inside cover and attached appendices, and documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The City. The City is located in Ventura County (the "**County**"). For economic and demographic information regarding the area in and around the City, see APPENDIX A.

The District. The District is a residential area located in the northern portion of the City and consists of a 456-acre site on the northern terminus of Spring Road, north of the City's downtown area. The land in the District is comprised of completed homes, homes under construction and undeveloped land with entitlements for residential development. See "THE DISTRICT - Location and Description of the District and Immediate Area."

* Preliminary, subject to change.

Formation of the District. The District was formed and established by the City Council of the City (the "**City Council**"), as legislative body of the District, under the Mello-Roos Community Facilities Act of 1982, as amended (the "**Act**"), pursuant to a resolution adopted by the City Council on September 21, 2005 (the "**Resolution of Formation**"), following a public hearing and landowner election at which the qualified electors of the District authorized the City to incur bonded indebtedness for the District and approved the levy of special taxes. The District was formed to finance infrastructure improvements necessary for development. See "THE DISTRICT – Formation of the District."

Authority for Issuance of the Bonds. The Bonds are being issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, et seq., of the Government Code of the State of California) (the "**Act**"); two separate Fiscal Agent Agreements, each dated as of June 1, 2013 (the "Senior Lien Fiscal Agent Agreement" and the "Junior Lien Fiscal Agent Agreement," and together, the "Fiscal Agent Agreements"), by and between the City and The Bank of New York Mellon Trust Company, N.A. (the "**Fiscal Agent**"); and Resolution No. 2013-3169 (the "**Resolution**") adopted on March 20, 2013 by the City Council of the City (the "**City Council**"). The authorized amount of bonds for the District was set at a maximum of \$43,750,000; however, no additional bonds (excluding possible refunding bonds) are allowed to be issued in the future under the Fiscal Agent Agreement. See "THE BONDS – Authority for Issuance."

Description of the Bonds. The Bonds will be issued in denominations of \$5,000 or any integral multiple of \$5,000. Interest is payable semiannually on each March 1 and September 1, commencing March 1, 2014. See "THE BONDS."

The Bonds will be initially issued only in book-entry form and registered to Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which remits such payments to its Participants for subsequent distribution to the registered owners as shown on the Trustee's books.

Purpose of the Bonds. Proceeds of the Bonds will be used primarily to refund the District's outstanding bonds captioned "\$38,030,000 original principal amount of City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands) Special Tax Bonds Series 2006" (the "**2006 Bonds**"), which were issued on July 11, 2006. Proceeds of the 2006 Bonds were used to finance infrastructure improvements in the District, which have been completed. The 2006 Bonds have an outstanding aggregate principal balance of \$22,360,000 as of June 1, 2013. Proceeds of the Bonds will also be used to establish a separate debt service reserve fund for each series of the Bonds and pay costs of issuance. See "FINANCING PLAN."

Redemption of Bonds Before Maturity. The Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE BONDS – Redemption."

Security and Sources of Payment for the Bonds. The City Council annually levies special taxes on the property in the District (the "**Special Taxes**") in accordance with the Rate and Method of Apportionment for City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands) (the "**Rate and Method**"), which is attached as APPENDIX B to this Official Statement. The Senior Lien Bonds are secured by and payable from a first pledge of "**Special Tax Revenues.**" Special Tax Revenues are proceeds of the Special Taxes received by the City, including any scheduled payments thereof, interest and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said interest (but not including any interest in excess of

the interest due on the Bonds and the Bonds or any penalties collected in connection with any such foreclosure). Special Taxes are the special taxes levied by the City within the District under the Act, the Ordinance and the Fiscal Agent Agreements.

The Junior Lien Bonds are secured by and payable from a first pledge of **"Surplus Tax Revenues."** Surplus Special Tax Revenues are those Special Tax Revenues transferred to the Fiscal Agent for the Junior Lien Bonds pursuant to the Senior Lien Fiscal Agent Agreement. Such amounts will be transferred to the Fiscal Agent for the Junior Lien Bonds after the Fiscal Agent has set aside funds to pay (i) an amount necessary to pay any principal or interest on the Senior Lien Bonds not paid when due, together with additional interest at rate of the Senior Lien Bonds to the expected date of payment from the date such payment was due, plus (ii) an amount, taking into account any amounts then on deposit in the Bond Fund for the Senior Lien Bonds, such that the amount in the Bond Fund for the Senior Lien Bonds equals the principal (including any mandatory sinking fund installment), premium, if any, and interest due on the Senior Lien Bonds on the next two Interest Payment Dates with respect to Special Tax Revenues received during the period from September 1 through the last day of February in any year, and on the next Interest Payment Date with respect to Special Tax Revenues received during the period from March 1 through the last day of August in any year; and (iii) to the Reserve Fund for the Senior Lien Bonds an amount, taking into account amounts then on deposit in the Reserve Fund for the Senior Lien Bonds, so that the amount in the such fund equals the Reserve Requirement. See "SECURITY FOR THE BONDS."

Pursuant to the Act, the Resolution of Formation (as defined herein), and the Fiscal Agent Agreements, so long as any Bonds are outstanding, the City will annually levy the Special Tax against all land within the District taxable under the Act in accordance with the proceedings for the authorization and issuance of the Bonds and to make provision for the collection of the Special Tax in amounts which will be sufficient to pay interest on, principal of and redemption premium (if any) on the Bonds as such becomes due and payable and to replenish the Reserve Funds (as defined herein) as necessary. See "SECURITY FOR THE BONDS - Special Taxes" herein.

The City has also covenanted to cause foreclosure proceedings to be commenced and prosecuted in certain circumstances against certain parcels with delinquent installments of the Special Tax. (For a more detailed description of the foreclosure covenant see "SECURITY FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure").

Development Status. Property within the District subject to the Special Tax is comprised of developed homes and undeveloped residential property planned for a combined total of 685 single-family residential units, including townhome units, 25 of which are expected to be affordable units not subject to the Special Tax. The land comprises approximately 456 gross acres locally known as "Moorpark Highlands" and presently includes approximately 402 homes sold to homeowners, various homes under construction by two builder entities, and undeveloped residential lots. Land in the District also includes open space and public parks not subject to the Special Tax. See "THE DISTRICT."

Major Land Owners. Two home homebuilder/developers, Toll Brothers ("**Toll Brothers**") and Pardee Homes ("**Pardee**") hold the undeveloped residential property in the District. At the time of the formation of the District, all the land in the District was owned by Pardee, as the Master Developer of the Moorpark Highland subdivision. In 2006, it sold 132 lots, constituting its "Sterling Heights" neighborhood, to KB Home Greater Los Angeles Inc. and in 2009 KB Home sold the 132 lots to residential homebuilder Toll Brothers.

As of May, 2013, the Master Developer has sold 377 of its planned 420 homes, and has acquired a school site on which it has final map approval to develop an additional 133 homes, where grading for development has recently begun. Toll Brothers has homes under development and is actively marketing home sales in its 132-lot subdivision, having sold 30 as of May 2013. See "THE DISTRICT – Major Landowners."

Assessed Valuation. The fiscal year 2012-13 assessed value for all taxable property in the District is \$245,239,680. See "THE DISTRICT – Assessed Value-to-Burden Ratio."

Debt Service Reserve Fund. A debt service reserve fund (the "**Reserve Fund**") will be established for each series of the Bonds in order to further secure the payment of their principal and interest. See "FINANCING PLAN – Estimated Sources and Uses of Funds" and "SECURITY FOR THE BONDS – Reserve Fund."

Covenant to Foreclose. The City has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

Risk Factors Associated with Purchasing the Bonds. Investment in the Bonds involves risks that may not be appropriate for some investors. Ownership of the Junior Lien Bonds is subject to a significant degree of risk. The Junior Lien Bonds are not rated by any national rating agency. Accordingly, there may be a limited trading market for the Junior Lien Bonds. See "BOND OWNERS' RISKS" for a discussion of certain risk factors that should be considered, in addition to the other matters discussed in this Official Statement, in evaluating the investment quality of the Bonds.

FINANCING PLAN

Refunding Plan

The City issued the 2006 Bonds for the purpose of financing a portion of the costs of acquiring and constructing certain public infrastructure improvements (the "**Facilities**"), including certain development impact fees. The Facilities generally consist of water, wastewater, drainage, roadway and other infrastructure improvements necessary for residential development of property in the District. The Facilities are completed. For additional information about the formation of the District, see "THE DISTRICT – Formation of the District."

The 2006 Bonds are currently outstanding in the aggregate principal amount of \$22,360,000; in September 2010 \$8,395,000 principal amount of the Bonds were redeemed from proceeds of the original issuance originally intended to be used for acquisition of a school site. The outstanding 2006 Bonds will be redeemed in full on September 1, 2013 (the "**Redemption Date**"), at a redemption price equal to 103% of their principal amount, together with interest coming due and payable on the Redemption Date.

In order to accomplish the refunding plan, a portion of the proceeds of the Bonds, and certain other funds on hand with respect to the 2006 Bonds, will be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow agent for the 2006 Bonds (the "**Escrow Agent**"), for deposit in an escrow fund (the "**Escrow Fund**") to be established under an Escrow Agreement dated as of June 1, 2013, by and between the City and Escrow Agent. The Escrow Agent will invest the amounts deposited in the Escrow Fund in United States Treasury Securities, State and Local Government Series or other defeasance securities, maturing on September 1, 2013. These amounts will be sufficient to pay and redeem the 2006 Bonds in full on the Redemption Date.

The amounts held and invested by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the 2006 Bonds being redeemed. Neither the funds deposited in the Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

Estimated Sources and Uses of Funds

The sources and uses of funds relating to the Bonds are shown below.

Senior Lien Bonds:

Sources

Principal Amount of Bonds	\$
<i>[Plus][Less]:</i> Original Issue [Premium][Discount]	
<i>Plus:</i> Funds Related to 2006 Bonds	
<i>Total Sources</i>	\$

Uses

Deposit into Escrow Fund ^[1]	\$
Deposit into Reserve Fund ^[2]	
Deposit into Costs of Issuance Account ^[3]	
Underwriter's Discount	
<i>Total Uses</i>	\$

[1] Will be used to defease and refund the 2006 Bonds. See "--Refunding Plan" above.

[2] Equals the Reserve Requirement on the date of delivery of the Bonds. See "SECURITY FOR THE BONDS - Reserve Fund."

[3] Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, Fiscal Agent, Financial Advisor, Special Tax Consultant, Rating Agency, and the costs of printing the preliminary and final Official Statements.

Junior Lien Bonds:

Sources

Principal Amount of Bonds	\$
<i>[Plus][Less]:</i> Original Issue [Premium][Discount]	
<i>Plus:</i> Funds Related to 2006 Bonds	
<i>Total Sources</i>	\$

Uses

Deposit into Escrow Fund ^[1]	\$
Deposit into Reserve Fund ^[2]	
Deposit into Costs of Issuance Account ^[3]	
Underwriter's Discount	
<i>Total Uses</i>	\$

[1] Will be used to defease and refund the 2006 Bonds. See "--Refunding Plan" above.

[2] Equals the Reserve Requirement on the date of delivery of the Bonds. See "SECURITY FOR THE BONDS - Reserve Fund."

[3] Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, Fiscal Agent, Financial Advisor, Special Tax Consultant and the costs of printing the preliminary and final Official Statements.

THE BONDS

This section generally describes certain of the terms of the Bonds contained in the Fiscal Agent Agreement.

Authority for Issuance

The Bonds are issued pursuant to the Fiscal Agent Agreement, approved by a resolution adopted by the City Council on March 20, 2013, and the Act.

The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$43,750,000 at a special election in the District held on September 21, 2005 pursuant to the Act. The 2006 Bonds were issued in the original amount of \$38,030,000, of which \$22,360,000 remains outstanding; no additional bonds are permitted to be issued under the Fiscal Agent Agreement (except refunding bonds).

There were fewer than 12 registered voters residing within the District at any point during the 90-day period preceding the adoption of the City's resolution to form the District on September 21, 2005, and therefore the Master Developer constituted the sole qualified elector within the District for purposes of the Act. The landowner voted to incur the indebtedness and approve the annual levy of Special Taxes, to be collected within the District, for the purpose of paying for the Facilities, including repaying any indebtedness of the District, replenishing the Reserve Fund and paying the administrative expenses of the District. See "THE DISTRICT - Formation of the District."

Description of the Bonds

The Bonds are being issued 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 ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the Bonds.

Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's participants and indirect participants, as more fully described in APPENDIX E to this Official Statement.

The Bonds will be dated as of, and bear interest from, the date of their delivery at the rates contained, and mature in the amounts and years shown on the inside cover page of this Official Statement.

The principal of, and any redemption premium due with respect to, the Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in San Francisco, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the Bonds. Interest on the Bonds, computed on the basis of a 360-day year consisting of twelve 30-day months, will be paid in lawful money of the United States of America semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2014.

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Dates by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the 15th day of the calendar month preceding the Interest Payment Date (the "**Record Date**"), or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable by the Fiscal Agent, to DTC. See "APPENDIX E – DTC and the Book-Entry Only System."

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the dated date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's participants and indirect participants, as more fully described herein. See "APPENDIX E – DTC and the Book-Entry Only System."

Redemption

Optional Redemption. The Bonds will be subject to optional redemption prior to maturity from any source of available funds other than prepayments of Special Taxes, in whole, or in part among maturities on a pro rata basis among the Senior Lien Bonds and the Junior Lien Bonds and by lot within a maturity, on any Interest Payment Date on or after September 1, _____, at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 1, ____ through September 1, _____	
March 1, _____ and thereafter	

Special Mandatory Redemption From Prepaid Special Taxes. The Bonds are subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part among maturities on a pro rata basis among the Senior Lien Bonds and the Junior Lien Bonds and by lot within a maturity, on March 1, 2014 or on any Interest Payment Date thereafter, at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
March 1, 2014 through September 1, _____	
March 1, _____ and thereafter	

Toll Brothers, a homebuilder and current owner/developer of land in the District, has been prepaying the Special Tax attributable to each home it sells as the sale to the new home buyer is concluded. Investors should expect that this practice will continue.

Mandatory Sinking Fund Redemption - Senior Lien Bonds. The Senior Lien Bonds maturing September 1, _____ and September 1, _____ (the "**Term Bonds**") are subject to mandatory sinking payment redemption in part on September 1, _____ and September 1, _____, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of their principal amount to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term Senior Lien Bonds of _____

Mandatory Redemption Date (September 1)	Sinking Fund Payment

Term Senior Lien Bonds of _____

Mandatory Redemption Date (September 1)	Sinking Fund Payment

Mandatory Sinking Fund Redemption - Junior Lien Bonds. The Junior Lien Bonds maturing September 1, _____ and September 1, _____ (the "**Term Bonds**") are subject to mandatory sinking payment redemption in part on September 1, _____ and September 1, _____, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of their principal amount to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term Junior Lien Bonds of _____

Mandatory Redemption Date (September 1)	Sinking Fund Payment
---	-------------------------

Term Junior Lien Bonds of _____

Mandatory Redemption Date (September 1)	Sinking Fund Payment
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The amounts in the foregoing tables will be reduced pro rata, in order to maintain substantially uniform debt service, as a result of any prior partial optional redemption or mandatory redemption of the Bonds.

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

Redemption Procedure by Fiscal Agent. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the MSRB, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal 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.

The 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 CUSIP numbers and Bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond 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 Principal 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. Any notice of redemption may indicate that such redemption will be conditional upon the Fiscal Agent having sufficient moneys available on the date specified to cause the redemption to occur as provided in the notice.

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

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds of any maturity, the Fiscal Agent will select the Bonds to be redeemed, from all Bonds or such given portion thereof of such maturity by lot in any manner which the Fiscal Agent in its sole discretion will deem appropriate. Upon surrender of Bonds redeemed in part only, the City will execute and the Fiscal Agent will authenticate and deliver to the registered Owner a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

The City shall have the right to rescind any notice of prepayment delivered by the Fiscal Agent prior to the date fixed for prepayment.

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

Transfer or Exchange of Bonds

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See "Appendix E." Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond(s) will be surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new Bond(s), for a like aggregate principal amount of Bond(s) of authorized denominations and of the same maturity. The City will pay the cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after that Bond has been selected for redemption.

SECURITY FOR THE BONDS

General

Pursuant to the Act, the Resolution of Formation and the Fiscal Agent Agreements, the City will annually levy the Special Taxes in an amount sufficient to pay the principal of and interest on the Bonds.

The Senior Lien Bonds are secured by and payable from a first pledge of "Special Tax Revenues". Special Tax Revenues are proceeds of the Special Taxes received by the City, including any scheduled payments thereof, interest and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said interest, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure. Special Taxes are the special taxes levied by the City within the District under the Act, the Ordinance and the Fiscal Agent Agreements.

The Senior Lien Bonds are further secured by a first pledge of all moneys deposited in the Senior Lien Bond Fund and the Senior Lien Reserve Fund, both of which are established for the Senior Lien Bonds under the Senior Lien Fiscal Agent Agreement. Furthermore, until disbursed as provided in the Senior Lien Fiscal Agent Agreement, the Senior Lien Bonds are secured by a first pledge of all moneys in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into such funds are dedicated to the payment of the principal of, and interest and any premium on, the Senior Lien Bonds as provided Senior Lien Fiscal Agent Agreement and in the Act until all of the Senior Lien Bonds have been paid and retired or until moneys or Federal Securities (as defined in the Senior Lien Fiscal Agent Agreement) have been set aside irrevocably for that purpose.

The Junior Lien Bonds are secured by and payable from a first pledge of "Surplus Tax Revenues". Surplus Special Tax Revenues are those Special Tax Revenues transferred to the Fiscal Agent for the Junior Lien Bonds pursuant to the Senior Lien Fiscal Agent Agreement. Such amounts will be transferred to the Fiscal Agent for the Junior Lien Bonds after the Fiscal Agent has set aside funds to pay (i) an amount necessary to pay any principal or interest on the Senior Lien Bonds not paid when due, together with additional interest at rate of the Senior Lien Bonds to the expected date of payment from the date such payment was due, plus (ii) an amount, taking into account any amounts then on deposit in the Bond Fund for the Senior Lien Bonds, such that the amount in the Bond Fund for the Senior Lien Bonds equals the principal (including any mandatory sinking fund installment), premium, if any, and interest due on the Senior Lien Bonds on the next two Interest Payment Dates with respect to Special Tax Revenues received during the period from September 1 through the last day of February in any year, and on the next Interest Payment Date with respect to Special Tax Revenues received during the period from March 1 through the last day of August in any year; and (iii) to the Reserve Fund for the Senior Lien Bonds an amount, taking into account amounts then on deposit in the Reserve Fund for the Senior Lien Bonds, so that the amount in the such fund equals the Reserve Requirement.

The Junior Lien Bonds are further secured by a first pledge of all of all moneys deposited in the Junior Lien Bond Fund and the Junior Lien Reserve Fund, both of which are established for the Junior Lien Bonds under the Junior Lien Fiscal Agent Agreement. Furthermore, until disbursed as provided in the Senior Lien Fiscal Agent Agreement, the Junior Lien Bonds shall be secured by a pledge of all moneys in the Special Tax Fund, subordinate to the Senior Lien Bonds. The Surplus Special Tax Revenues and all moneys deposited into such funds are dedicated to the payment of the principal of, and interest and any premium on, the Junior Lien Bonds as provided Junior Lien Fiscal Agent Agreement and in the Act until all of the Junior Lien Bonds have been paid and retired or until moneys

or Federal Securities (as defined in the Junior Lien Fiscal Agent Agreement) have been set aside irrevocably for that purpose.

Amounts in the Costs of Issuance Funds established for Senior Lien Bonds and the Junior Lien Bonds and the Administrative Expense Fund established under the Senior Lien Fiscal Agent Agreement are not pledged to the repayment of the Bonds. The facilities financed with the proceeds of the 1990 Bonds are not in any way pledged to pay the debt service on the Bonds. Any proceeds of condemnation, destruction or other disposition of any such facilities are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreements.

The Facilities are not in any way pledged to pay the debt service on the Bonds. Any proceeds of condemnation, destruction or other disposition of any Facilities are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

Special Taxes

The City has covenanted in the Fiscal Agent Agreements to comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes. The Fiscal Agent Agreements provide that the Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

Because the Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay the Bonds.

A Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the City Council through the application of the Rate and Method prepared by Willdan Financial Services, Temecula, California (the "**Special Tax Consultant**") and set forth in APPENDIX B hereto for all taxable properties in the District. Interest and principal on the Bonds is payable from the annual Special Taxes to be levied and collected on taxable property within the District, from amounts held in the funds and accounts established under the Fiscal Agent Agreement (other than the Rebate Fund) and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

The Special Taxes are exempt from the property tax limitation of Article XIII A of the California Constitution, pursuant to Section 4 thereof, as a "special tax" authorized by a two-thirds vote of the qualified electors. The levy of the Special Taxes was authorized by the City pursuant to the Act in an amount determined according to the Rate and Method approved by the City. See "Special Tax Methodology" below and "APPENDIX B - Rate and Method of Apportionment for City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands)."

The amount of Special Taxes that the District may levy in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within the District. The rates are set forth as the annual "**Maximum Special Tax**" in the Rate and Method. Under the Rate and Method, Special Taxes for the purpose of making

payments on the Bonds will be levied annually in an amount, not in excess of the annual Maximum Special Tax. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Rate and Method apportions the Special Tax Requirement (as defined in the Rate and Method and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Rate and Method. See "-Special Tax Methodology" below. See also "APPENDIX B - Rate and Method of Apportionment for City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands)."

The City may levy the Special Tax at the annual Maximum Special Tax rate, which has been authorized by the qualified electors within the District, as set forth in the Rate and Method, if conditions so require. The City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Special Tax Requirement (as defined below). Because each Special Tax levy is limited to the annual Maximum Special Tax rates authorized as set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Special Tax Requirement will in fact be collected in any given year. See "SPECIAL RISK FACTORS — Tax Delinquencies" herein. The Special Taxes are collected for the City by the County in the same manner and at the same time as ad valorem property taxes.

Special Tax Methodology

The Special Tax authorized under the Act applicable to land within the District will be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate as described in the Rate and Method set forth in "APPENDIX B - Rate and Method of Apportionment for City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands)." Capitalized terms set forth in this section and not otherwise defined have the meanings set forth in the Rate and Method.

Determination of Special Tax Requirement. Each year, the City will determine the Special Tax Requirement for Facilities and the Special Tax Requirement for Services (collectively, the "**Special Tax Requirement**") for the District for the upcoming fiscal year. The Special Tax Requirement for Facilities includes the following items:

- (i) debt service or the periodic costs on all outstanding bonds issued for the District;
- (ii) administrative expenses of the City;
- (iii) the costs associated with the release of funds from an escrow account, if applicable;
- (iv) any amounts needed to establish or replenish bond reserve funds; and
- (v) the collection of funds in any Fiscal Year to pay directly for the acquisition or construction of eligible facilities or for the payment of City Police Services authorized by the District provided that the inclusion of such amount does not cause an increase in the levy of the Special Tax on Final Map Property or Undeveloped Property.

The Special Tax for Services is primarily for offsetting the cost of law enforcement services attributable to land in the District. Revenue from the Special Tax for Services will be levied and

collected in each Fiscal Year following the issuance of a building permit. The Special Tax for Services will escalate annually at a minimum of 2%. The Special Tax for Services cannot be prepaid partially or in full. See APPENDIX B.

The Special Tax Requirement is the basis for the amount of Special Tax to be levied within the District. In no event may the City levy a Special Tax in any year above the annual Maximum Special Tax identified for each parcel in the Rate and Method.

Parcels Subject to the Special Tax. The City will prepare a list of the parcels subject to the Special Tax using the records of the City and the County Assessor. The City will tax all parcels within the District except property which is exempt from the Special Tax pursuant to the Rate and Method.

Annual Special Tax Levy. The Special Tax will be levied each year by calculating the Special Tax Requirement which needs to be generated by all Taxable Property in the District; the Special Tax (up to maximum allowable amount) which will be levied against each Taxable Property until the total scheduled Special Tax revenue equals the Special Tax Requirement, however the Rate and Method establishes a priority for which properties will be levied a Special Tax, with "Developed Property" (as defined in the Rate and Method) receiving a Special Tax levy prior to "Undeveloped Property." For single family detached property, Developed Property is property for which building permits were issued on or before April 1 preceding the Fiscal Year for which Special Taxes are being levied, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and the each such parcel is associated with a Lot, as reasonably determined by the City. See the Rate and Method in APPENDIX B. The Rate and Method provides that the annual Maximum Special Tax for Services shall escalate, as described below. The Maximum Special Tax for Facilities does not escalate.

Termination of the Special Tax. The Special Tax will be levied and collected (up to the maximum allowable amount) for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct and acquire the authorized District-funded facilities and to pay the Special Tax Requirement. The Rate and Method provides that the Special Tax for Facilities may not be levied on any parcel in the District after fiscal Year 2044-45. When the Special Tax Requirement for Facilities has all been paid, the Special Tax for Facilities will cease to be levied.

Prepayment of the Special Tax. The Rate and Method provides that landowners may permanently satisfy all or a portion of the Special Tax for Facilities by a cash settlement with the City. The amount of the prepayment required is to be calculated according to a formula set forth in the Rate and Method, which is generally based on the Parcel's share of the outstanding Bonds and Future Facilities Costs (as defined in the Rate and Method), remaining facilities costs which have not been bonded, the Reserve Fund, fees, call premiums, negative arbitrage and any expenses incurred by the City in connection with the prepayment and expected future facilities costs.

Levy of Annual Special Tax; Maximum Special Tax

For purposes of calculating the Special Tax, the District is comprised of four Special Tax zones, designated "**Zone 1**," "**Zone 2**", "**Zone 3**", and "**Zone 4**." Zone 1 is planned to consist of 95 homes; Zone 2 is planned for 77 condominium homes; Zone 3 is planned for 322 homes and Zone 4 is planned for 37 homes. The minimum Taxable Acreage is 9.86 for Zone 1, 2.47 for Zone 2, 67.20 for Zone 3 and 24.12 for Zone 4.

The annual Special Tax for Facilities will be calculated by the City and levied to provide money for debt service on the Bonds, replenishment of the Reserve Fund, anticipated Special Tax delinquencies, administration of the District, and for payment of authorized District facilities not funded

from Bond proceeds. In no event may the City levy a Special Tax in any year above the annual Maximum Special Tax identified for each parcel in the Rate and Method. The initial annual Maximum Special Tax for Facilities is based upon square footage of the residential unit; in Zone 1 it ranges from \$3,858 to \$4,483 per unit, in Zone 2 (condominiums) it ranges from \$2,041 to \$2,818 per unit, in Zone 3 it ranges from \$4,497 to \$6,576 per unit, and in Zone 4 it ranges from \$5,868 to \$7,097 per unit. Special Taxes for Undeveloped Property in each Zone is taxed based on acreage, ranging from \$10,034 (Zone 4) to \$79,030 (Zone 2) per acre. The annual Maximum Special Tax for Facilities does not escalate. The annual Maximum Special Tax for Services in was initially (Fiscal Year 2005-06) set at \$400 per Lot and is adjusted annually by an amount equal to the greater of (i) 2% or (ii) the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year, not to exceed 7%. See "APPENDIX B - Rate and Method of Apportionment for City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands)."

The Special Tax will be levied in an amount at least equal to the Special Tax Requirement as described in the Rate and Method and may be levied in an amount up to the maximum rates, which may include a component for construction of authorized facilities not funded from proceeds of the Bonds. See "— Special Tax Methodology" above. See also "APPENDIX B - Rate and Method of Apportionment for City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands)" for a copy of the Rate and Method.

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

The Special Tax will be collected in the same manner and the same time as ad valorem property taxes, except at the City's option, the Special Taxes may be billed directly to property owners. In the event of a delinquency in the payment of any installment of Special Taxes, the City is authorized by the Act to order institution of an action in superior court to foreclose the lien therefor.

The City has covenanted in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will annually on or before September 1 of each year review the public records of the County of Ventura relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if the City determines on the basis of such review that the amount so collected is deficient by more than 5% of the total amount of the Special Tax levied in such Fiscal Year, it will within 30 days thereafter institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installment of the Special Tax against each separate lot or parcel of land in the District for which such installment of the Special Tax is delinquent, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; *provided*, that if the City determines on the basis of such review that the amount so collected is deficient by less than 5% of the total amount of the Special Tax levied in the District in such Fiscal Year, but that (a) property owned by any single property owner in the District is delinquent by more than \$5,000 with respect to the Special Tax due and payable with respect to it in such Fiscal Year, or (b) property owned by any single property owner in the District is delinquent cumulatively by more than \$3,000 with respect to the current and past Special Tax due (irrespective of the total delinquencies in the District), then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against each such property owner.

Under the Act, foreclosure proceedings are instituted by the bringing of an action in the superior court of the county in which the parcel lies, naming the owner and other interested persons as defendants. The action is prosecuted in the same manner as other civil actions. In such action, the real property subject to the special taxes may be sold at a judicial foreclosure sale for a minimum price which will be sufficient to pay or reimburse the delinquent special taxes.

The owners of the Bonds benefit from the Reserve Fund established pursuant to the Fiscal Agent Agreement; however, if delinquencies in the payment of the Special Taxes with respect to the Bonds are significant enough to completely deplete the Reserve Fund, there could be a default or a delay in payments of principal and interest to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the City of the proceeds of foreclosure sales. Provided that it is not levying the Special Tax at the annual Maximum Special Tax rates set forth in the Rate and Method, the City may adjust (but not to exceed the annual Maximum Special Tax) the Special Taxes levied on all property within the District subject to the Special Tax to provide an amount required to pay debt service on the Bonds and to replenish the Reserve Fund.

Under current law, a judgment debtor (property owner) has at least 140 days from the date of service of the notice of levy in which to redeem the property to be sold. If a judgment debtor fails to redeem and the property is sold, his or her only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (California Code of Civil Procedure Section 701.680).

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the debtor's filing for relief under the Federal bankruptcy laws. The Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for ad valorem taxes and special assessments.

No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the District to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the District becomes the purchaser under a credit bid, the District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Reserve Fund

In order to further secure the payment of principal of and interest on the Bonds, a separate Reserve Fund, to be held by the Fiscal Agent, has been established for the Senior Lien Bonds and the Junior Lien Bonds pursuant to the respective Fiscal Agent Agreement. Each Fiscal Agent Agreement provides that, from the proceeds of the sale of the respective series of Bonds, an amount will be deposited into the respective Reserve Fund equal to the Reserve Requirement, and upon delivery of the Bonds, the amount on deposit in each Reserve Fund will be established by depositing certain proceeds of the Bonds in the amount of the "**Reserve Requirement**" for the Series of Bonds, which is the least of 10% of the initial offering price to the public of each Series of Bonds, 100% of maximum annual debt service on the Series of Bonds, or 125% of average annual debt service as of the date of issuance of each Series of Bonds. The City is required to maintain an amount of money or other

security equal to the Reserve Requirement in each Reserve Fund at all times that the Bonds are outstanding. All amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the respective Bond Fund in the event of any deficiency at any time in such Bond Fund of the amount then required for payment of the principal of, and interest on, the respective Series of Bonds. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the City.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds the then applicable Reserve Requirement, the Fiscal Agent will transfer an amount equal to the excess from the respective Reserve Fund to the respective Bond Fund or the Improvement Fund as provided below, except that investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the Federal government to comply with rebate requirements.

Moneys in the Reserve Funds will be invested and deposited in accordance with the Fiscal Agent Agreements. Interest earnings and profits resulting from the investment of moneys in the Reserve Funds and other moneys in the Reserve Fund will remain therein until the balance exceeds the respective Reserve Requirement; any amounts in excess of the Reserve Requirement will be transferred to the respective Bond Fund to be used for the payment of the principal of and interest on the respective Bonds in accordance with the Fiscal Agent Agreements.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding respective Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, and make any other transfer required under the Fiscal Agent Agreement, the Fiscal Agent will transfer the amount in the Reserve Fund to the respective Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding respective Bonds. If the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding respective Bonds, the balance in the Reserve Fund will be transferred to the City, after payment of any amounts due the Fiscal Agent, to be used for any lawful purpose of the City.

Special Tax Fund

Pursuant to the Senior Lien Fiscal Agent Agreement, the City establishes a separate fund to be held by the Finance Director, to the credit of which the Finance Director is required to deposit, immediately upon receipt, all Special Tax Revenue received by the City. Moneys in the Special Tax Fund will be held by the Finance Director for the benefit of the City and the Owners of the Senior Lien Bonds, will be disbursed as provided in the Senior Lien Fiscal Agent Agreement, as provided below, and, pending any disbursement, are subject to a first lien in favor of the Owners of the Senior Lien Bonds, and a subordinate lien in favor of the Owners of the Junior Lien Bonds.

Disbursements. As soon as practicable after the receipt by the City of any Special Tax Revenues or the transfer of amounts for Administrative Expenses, but no later than 10 business days after such receipt or transfer, the Finance Director shall withdraw from the Special Tax Fund and transfer:

- (i) to the Fiscal Agent for deposit in the Bond Fund, (a) an amount necessary to pay any principal or interest on the Senior Lien Bonds not paid when due, together with additional interest at rate of the Senior Lien Bonds to the expected date of payment from the date such payment was due, plus (b) an

amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal (including any mandatory sinking fund installment), premium, if any, and interest due on the Senior Lien Bonds on the next two Interest Payment Dates with respect to Special Tax Revenues received during the period from September 1 through the last day of February in any year, and on the next Interest Payment Date with respect to Special Tax Revenues received during the period from March 1 through the last day of August in any year;

- (ii) to the Senior Lien Reserve Fund an amount, taking into account amounts then on deposit in the Senior Lien Reserve Fund, so that the amount in the Senior Lien Reserve Fund equals the Reserve Requirement; and
- (iii) after the foregoing transfers, any amount remaining in the Special Tax Fund shall be transferred to the Junior Lien Fiscal Agent for deposit in the Junior Lien Bond Fund as provided in the Junior Lien Fiscal Agent Agreement.

Investment. Moneys in the Special Tax Fund will be invested and deposited by the Finance Director as described in "Investment of Moneys in Funds" below. Interest earnings and profits resulting from such investment and deposit will be retained in the Special Tax Fund to be used for the purposes thereof.

Bond Fund

Senior Lien Bond Fund. Moneys in the Senior Lien Bond Fund established pursuant to the Senior Lien Fiscal Agent Agreement will be held by the Fiscal Agent for the benefit of the City and the Owners of the Senior Lien Bonds and will be disbursed as follows:

(i) 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Finance Director in writing as to the principal and premium, if any, and interest due on the Senior Lien Bonds on the next Interest Payment Date.

(ii) 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Senior Lien Bonds on the next Interest Payment Date.

(iii) On each Interest Payment Date, the Fiscal Agent will withdraw from the Senior Lien Bond Fund and pay to the Owners of the Senior Lien Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Senior Lien Bonds.

(iv) In the event that amounts in the Bond Fund are insufficient for such purpose with respect to any Interest Payment Date, the Fiscal Agent shall withdraw from the Senior Lien Reserve Fund to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Senior Lien Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Senior Lien Bond Fund.

(v) If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make such payments, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the

Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the bonds by reason of sinking payments.

(vi) Any excess moneys remaining in the Senior Lien Bond Fund following the payment of debt service on the Senior Lien Bonds, will be transferred to the Special Tax Fund.

Junior Lien Bond Fund. Moneys in the Junior Lien Bond Fund established pursuant to the Junior Lien Fiscal Agent Agreement will be held by the Fiscal Agent for the benefit of the City and the Owners of the Junior Lien Bonds and will be disbursed as follows:

(i) 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Finance Director in writing as to the principal and premium, if any, and interest due on the Junior Lien Bonds on the next Interest Payment Date.

(ii) 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Junior Lien Bonds on the next Interest Payment Date.

(iii) On each Interest Payment Date, the Fiscal Agent will withdraw from the Junior Lien Bond Fund and pay to the Owners of the Junior Lien Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Junior Lien Bonds.

(iv) In the event that amounts in the Bond Fund are insufficient for such purpose with respect to any Interest Payment Date, the Fiscal Agent shall withdraw from the Junior Lien Reserve Fund to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Junior Lien Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Junior Lien Bond Fund.

(v) If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make such payments, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the bonds by reason of sinking payments.

(vi) Any excess moneys remaining in the Junior Lien Bond Fund following the payment of debt service on the Junior Lien Bonds and following the transfer of amounts, if any, necessary to make the Reserve Fund for the Junior Lien Bonds equal the Reserve Requirements, will be transferred to the Senior Lien Fiscal Agent for deposit in the Administrative Expense Fund established and administered under the Senior Lien Fiscal Agent Agreement.

The City covenants in the Fiscal Agent Agreements to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Act for the purpose of curing any Bond Fund deficiencies.

Deposit and Use of Proceeds of Bonds

The Bonds are additionally secured by amounts generated from proceeds of the Bonds, together with interest earnings thereon pledged under the respective Fiscal Agent Agreement. The proceeds of the Bonds will be paid to the Fiscal Agent, who will deposit such proceeds in the respective Reserve Fund, Bond Fund and Costs of Issuance Fund established under each Fiscal Agent Agreement. The Fiscal Agent Agreements include direction on the use of the moneys, including investment earnings thereon, in the various funds established under the Fiscal Agent Agreement. See "Reserve Fund" below.

Additional Bonds

In the Fiscal Agent Agreement, the City covenants that it will not authorize the issuance of additional bonds payable from Special Taxes and secured by the Special Tax Revenues equally and ratably with the Bonds previously issued, except bonds or other indebtedness payable from the Special Taxes may be issued to refund all or a portion of the Bonds.

DEBT SERVICE SCHEDULES

The following table shows annual debt service on the Bonds, assuming no optional redemption or special mandatory redemption from prepaid Special Taxes.

**CITY OF MOORPARK
Community Facilities District No. 2004-1 (Moorpark Highlands)
Special Tax Refunding Bonds Series 2013**

Debt Service- 2013 Senior Lien Bonds

Period Ending (September 1)	Bonds Principal	Bonds Interest	Bonds Total
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			

CITY OF MOORPARK
Community Facilities District No. 2004-1 (Moorpark Highlands)
Special Tax Refunding Bonds Series 2013

Debt Service- 2013 Junior Lien Bonds

Period Ending (September 1)	Bonds Principal	Bonds Interest	Bonds Total
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			

THE DISTRICT

Formation of the District

On September 15, 2004, 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 the Facilities and making contributions to certain public facilities. After conducting a noticed public hearing, on September 7, 2005, the City Council adopted the Resolution of Formation, which established Community Facilities District No. 2004-1 (Moorpark Highlands), set forth the Rate and Method within the District and set forth the necessity to incur bonded indebtedness in a total amount not to exceed \$43,750,000. On the same day, an election was held within the District in the Master Developer (who was then the only eligible landowner voter in the District) unanimously approved the proposed bonded indebtedness and the levy of the Special Tax. The 2006 Bonds were issued in the original amount of \$38,030,000, of which \$22,360,000 remains outstanding; after issuance of the Bonds no additional bonds are permitted to be issued under the Fiscal Agent Agreement (except refunding bonds).

Location and Description of the District and Immediate Area

The District is located in the northern portion of the City and consists of a 445-acre site on the northern terminus of Spring Road, north of the City's downtown area. The development includes detached and attached single-family homes, homes under construction and undeveloped land owned by two developer entities.

Map. A boundary map of the District is shown on the following page.

BOUNDARY MAP FOR ANNEXATION MAP NO. 1 OF COMMUNITY FACILITIES DISTRICT NO. 2004-1

CITY OF MOORPARK
COUNTY OF VENTURA
STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE CITY CLERK THIS _____
DAY OF _____, 2010.

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING
PROPOSED BOUNDARIES OF ANNEXATION NO. 1 TO
COMMUNITY FACILITIES DISTRICT NO. 2004-1, CITY OF
MOORPARK, COUNTY OF VENTURA, STATE OF CALIFORNIA,
WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF
MOORPARK AT A REGULAR MEETING THEREOF, HELD ON
THE _____ DAY OF _____, 2010, BY ITS
RESOLUTION NO. _____.

CITY CLERK
CITY OF MOORPARK

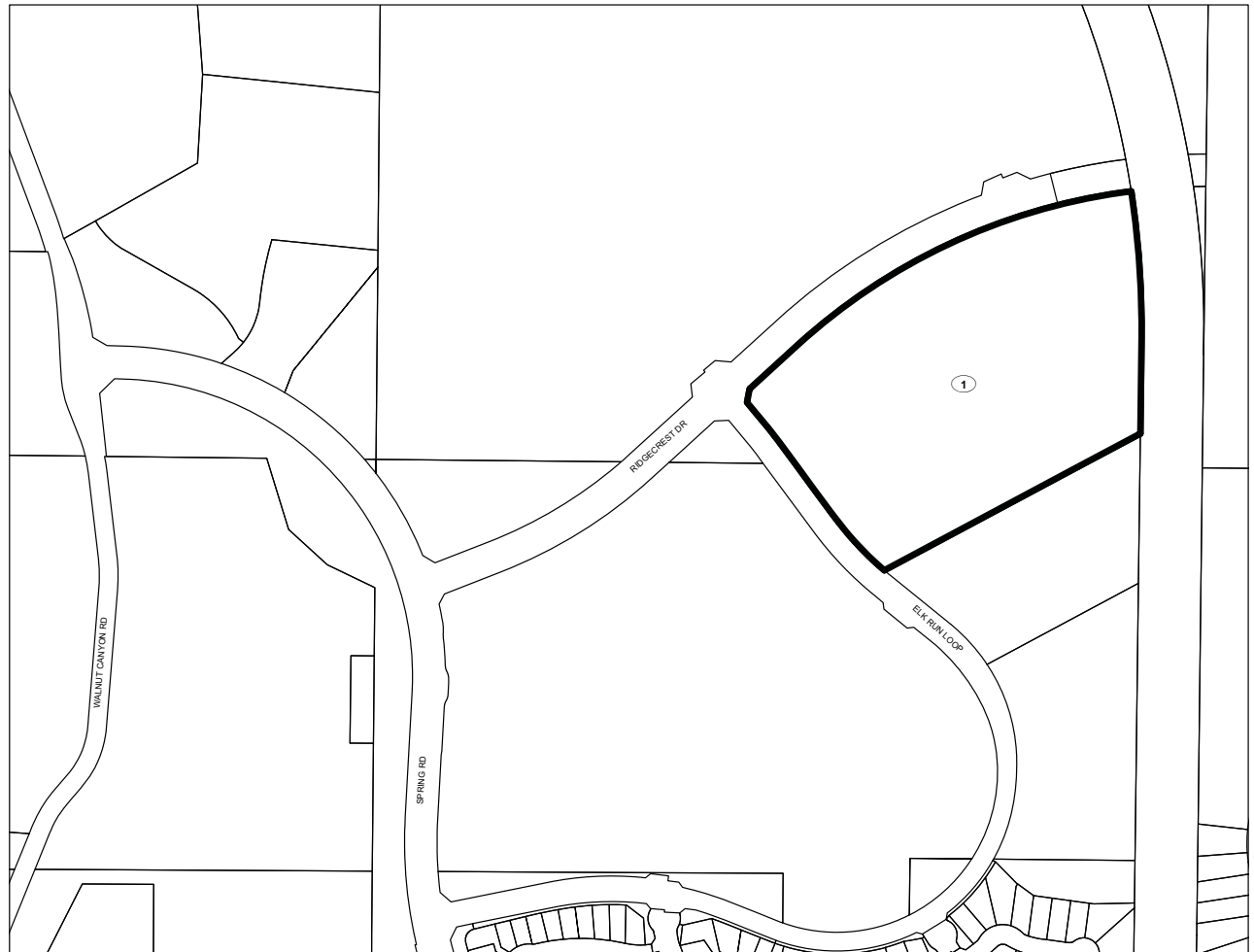
FILED THIS _____ DAY OF _____, 2010, AT THE
HOUR OF _____ O'CLOCK _____ M. IN BOOK
OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES
DISTRICTS, PAGE(S) _____ AND AS INSTRUMENT NO. _____
IN THE OFFICE OF THE COUNTY
RECORDER IN THE COUNTY OF VENTURA, STATE OF
CALIFORNIA.

BY DEPUTY
COUNTY RECORDER
COUNTY OF VENTURA
STATE OF CALIFORNIA

REFERENCE IS MADE TO THAT BOUNDARY MAP OF
COMMUNITY FACILITIES DISTRICT NO. 2004-1 OF THE CITY
OF MOORPARK RECORDED WITH THE VENTURA COUNTY
RECORDER'S OFFICE IN BOOK 19 OF MAPS OF ASSESSMENT
AND COMMUNITY FACILITIES DISTRICTS ON PAGE 4.

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL
SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND
DIMENSIONS AS SHOWN ON THE VENTURA COUNTY
ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE VENTURA COUNTY ASSESSOR'S MAPS SHALL
GOVERN FOR ALL DETAILS CONCERNING THE LINES AND
DIMENSIONS OF SUCH LOTS OR PARCELS.



LEGEND

ANNEXATION BOUNDARY

MAP REF NO.

MAP REF. NO.	ASSESSOR'S PARCEL NO.
1	513-0-070-155



Development in the District

Land in the District is a partially developed 685 single family home residential subdivision. The land comprises approximately 456 gross acres originally planned for 552 single-family residential units, including 102 townhome units, twenty-five of which were to be designated as affordable housing and are exempt from the Special Tax. Land in the District also includes open space and public parks not subject to the Special Tax. Land originally designated as a school site is now planned for residential development, adding 133 units to the original projected unit count.

The undeveloped land is expected to be fully developed by the current owners, Pardee Homes and Toll Brothers. At the time of the formation of the District, all the land in the District was owned by Pardee Homes, the Master Developer. In 2006, it sold 132 lots, constituting its "Sterling Heights" neighborhood, to KB Home, which then sold all of its lots to Toll Brothers in December 2009. Toll Brothers has homes under development and is actively marketing home sales of the 132 lots, having sold 30 as of May 2013. As of May, 2013, the Master Developer has sold 377 of its previously planned 420 homes, and has acquired a school site on which it has received final map approval for an additional 133 homes.

Levy of Special Tax; Maximum Special Tax Revenue

Levy of Special Tax. The Special Tax will be levied and collected through the application of the appropriate amount or rate as described in the Rate and Method each year in an amount at least sufficient to pay debt service on outstanding Bonds and administrative expenses of the District. See "SECURITY FOR THE BONDS - Special Tax Methodology" above and APPENDIX B.

The following table shows a development and Special Tax summary for the District and the current status of development and the related 2012-13 Special Tax levy. See "- Major Landowners."

**City of Moorpark
Community Facilities District No. 2004-1
(Moorpark Highlands)
Maximum Special Tax and Valuation Summary
2012-13 Assessed Value and Special Tax Levy**

Property Owners	Number of Parcels	2012-13 Assessed Land Value	2012-13 Assessed Structure Value ^[1]	2012-13 Value	2012-13 Maximum Tax	Bonded Debt	Assessed Value to Bonded Debt	Percent of Bonded Debt
Pardee Homes	167	\$ 34,464,550	\$ 0	\$ 34,464,550	\$ 820,152	\$6,342,704	5.43	28.37%
Toll Brothers	104	28,376,053	988,229	29,364,282	820,275	4,197,593	7.00	18.77%
All Other	<u>358</u>	<u>114,077,368</u>	<u>76,048,286</u>	<u>190,125,654</u>	<u>1,412,958</u>	<u>11,819,703</u>	<u>16.09</u>	<u>52.86%</u>
Total	629	176,917,971	77,036,515	253,954,486	3,053,384	22,360,000	11.36	100.00%

[1] Includes only parcels subject to the Special Tax
Source: The Underwriter.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the City may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Special Tax rates specified for each category of property within the District. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See "BOND OWNERS' RISKS."

Assessed Valuation of Land in the District. The District has not commissioned an appraisal of the taxable property in the District in connection with the issuance of the Bonds. Therefore, the valuation of the taxable property in the District will be estimated for the purposes of the Act based on the County Assessor's values.

A six-year history of assessed values in the District is shown below.

**City of Moorpark
Community Facilities District No. 2004-1
(Moorpark Highlands)
District Assessed Valuation History**

<u>Fiscal Year</u>	<u>Total Assessed Valuation</u>	<u>Percentage Change</u>
2007-08	\$218,322,640	-
2008-09	215,637,003	(1.23%)
2009-10	227,435,170	5.47%
2010-11	229,780,087	1.03%
2011-12	232,084,806	1.00%
2012-13	245,239,680	5.67%

Source: Ventura County Tax Collector data as compiled by Urban Futures.

Value to Burden Ratios. The fiscal year 2012-13 assessed value for all taxable property in the District is \$245,239,680. Assuming Bonds in the principal amount of \$_____* and overlapping general obligation and assessment debt outstanding of \$_____ (see "Direct and Overlapping Governmental Obligations" below), the assessed value to lien ratio for the District is ____:1*.

* Preliminary; subject to change.

Major Landowners

Pardee Homes. The Master Developer of the District, Pardee Homes, acquired all the land within the District in October 2004. Pardee Homes is a California corporation based in Los Angeles, California, and was established in 1921. Pardee Homes develops new-home neighborhoods, master-planned communities, multi-family developments and business parks throughout Southern California and Southern Nevada. Its Nevada operations are a wholly owned subsidiary. In 1969, Pardee Homes became a wholly owned subsidiary of Weyerhaeuser Real Estate Company, a national leader in residential, commercial and industrial construction. Weyerhaeuser Real Estate Company is itself a wholly owned subsidiary of Weyerhaeuser Company. Weyerhaeuser Company is listed on the New York Stock Exchange under the symbol "WY."

More information about Pardee Homes is available on the Internet at www.pardeehomes.com. *This website address is included for reference only, and the information the website contains is not incorporated by reference in this Official Statement.*

The status of Pardee Homes development within the District is as follows:

Magnolia Lane (Planning Area 1) - Sold Out. The Magnolia Lane gated neighborhood consists of 95 single family homes on home sites ranging from 4,500 to 8,000 square feet with a total of ten phases. Magnolia Lane's two-story homes comprise three floorplans with 3 or 4 bedrooms, 2.5 bathrooms and 2-bay garages in approximately 2,115 to 2,973 square feet. The original base sale prices ranged from \$685,000 to \$800,000.

The final phase and model build-out was completed December 2007 and the project is sold out.

Pardee Homes – Magnolia Lane – Final Sold-Out Results

<u>No. of Units</u>	<u>Opened Model Homes</u>	<u>Homes Under Contract</u>	<u>No. of Homes Closed</u>	<u>No. of Homes under Construction</u>	<u>No. of Homes Available</u>
95	Jan 2006	0	95	0	0

Source: Pardee Homes

Cherry Hill (Planning Areas 2 & 3) - 43 Remaining Lots. Cherry Hill consists of 102 completed homes and 43 lots. The gated neighborhood of Cherry Hill features 2-story homes with three floorplans of approximately 2,607 to 3,165 square feet with 2 to 5 bedrooms, 2.5 to 4 bathrooms and 2-3 bay garages. The original base sale prices ranged from \$630,000 to \$707,000.

Final build-out of the last phase and models occurred in 2012. Currently, there are 43 homesite lots in the Cherry Hill planning area; Pardee Homes has no current plans for development of these lots.

Homeowners of this neighborhood are subject to monthly homeowner's association fees of \$264 per month and an annual special assessment for a landscape maintenance district of approximately \$2,000 which is included in the overall property tax bill.

The most recent development data obtainable from Pardee Homes is presented in the table below.

Pardee Homes– Cherry Hill

<u>No. of Units</u>	<u>Opened Model Homes</u>	<u>Homes Under Contract</u>	<u>No. of Homes Closed</u>	<u>No. of Homes under Construction</u>	<u>No. of Homes Available</u>
145	Aug 2006	0	102	0	0

Source: Pardee Homes, May, 2013

Shenandoah (Planning Area 4) - Sold Out. Shenandoah consists of 78 single family homes in three floorplans of 2-story homes with 4 to 5 bedrooms, 2.5 to 4.5 bathrooms and 2-3 bay garages in approximately 3,112 to 3,766 square feet. The home sites average approximately 7,700 square feet. The original base sale prices ranged from \$875,000 to \$906,000.

Final phase and model build-out was completed in December of 2008 and the project is sold out.

Homeowners of this neighborhood are subject to monthly homeowner’s association fees of \$171.00 per month and an annual special assessment for a landscape maintenance district of approximately \$2,000 which is included in the overall property tax bill.

Pardee Homes– Shenandoah - Final Sold-Out Results

<u>No. of Units</u>	<u>Opened Model Homes</u>	<u>Homes Under Contract</u>	<u>No. of Homes Closed</u>	<u>No. of Homes under Construction</u>	<u>No. of Homes Available</u>
78	Jun 2006	0	78	0	0

Source: Pardee Homes

Waverly Place (Planning Area 5) - Sold Out. Waverly Place is comprised of 102 town homes in three floorplans consisting of one and two-story triplex townhomes with 3 bedrooms, 2-3 bathrooms with 1-2 bay garages in approximately 1,136 to 1,819 square feet. The neighborhood consists of a community center, community pool, barbeque area, a playground, equestrian trails, walking trails, and a golf course nearby. The original base sale prices ranged from \$349,990 to \$429,990.

Final phase and model build-out was completed in June 2009 and the project is sold out.

Homeowners are subject to monthly homeowner’s association fees and an annual assessment for a landscape maintenance district of approximately \$2,800 which is included in the overall property tax bill.

Twenty-five units in this neighborhood are designated as affordable housing units and are exempt from the Special Tax.

Pardee Homes- Waverly Place - Final Sold-Out Results

<u>No. of Units</u>	<u>Opened Model Homes</u>	<u>Homes Under Contract</u>	<u>No. of Homes Closed</u>	<u>No. of Homes under Construction</u>	<u>No. of Homes Available</u>
102	Aug 2007	0	102	0	0

Source: Pardee Homes

Former School Site - Construction Underway. In 2004 the Master Developer acquired a site in the District originally designated as a school site, on which it expects to develop an additional 133 homes. On July 7, 2010 the City adopted Resolution No. 2010-2935 approving Amendment No. 2 to Specific Plan No.2, Moorpark Highlands, and Resolution No. 2010-2936 approving Residential Planned Development Permit 2009-02 and Tentative Tract Map No. 5860, subject to conditions of approval. On July 21, 2010 the City adopted Ordinance No. 390 approving Zoning Ordinance Amendment No. 2009-01, and adopted Ordinance No. 391, approving Development Agreement No. 2009-01 with Pardee Homes for this site. A final map for the site has been approved by the City and Pardee Homes has obtained building permits to construct models for its planned "Living Smart Homes at Moorpark Highlands" development. Grading and installation of streets is currently underway and construction of model homes is expected to commence in June 2013. 133 homes are planned on the 21.85 acre site, with 7 being affordable units not subject to the Special Tax. The market price homes are expected to have three plans ranging from 2,247 to 2,375 square feet, and the affordable homes are expected to have two plans, 1,108 square feet and 1,425 square feet. Completion of the models expected by August 2013. The first phase of homes consists of 10 units, and is expected to commence construction in July 2013.

Toll Brothers - The Pinnacle at Moorpark Highlands. Sterling Heights consists of 132 estate size lots, some with views, in a gated community, with 9 floorplans for single and two-story homes of approximately 3,262 to 4,827 square feet. Construction of the three model homes by KB Home was completed in May of 2008 and sale efforts commenced, however these efforts stopped due to the poor real estate market and KB Home sold the project to Toll Brothers in 2010. Toll Brothers re-opened the project with its model homes and commenced its sales efforts in April 2010. Sales prices for this neighborhood range from the upper \$800,000's to over \$1,000,000.

Toll Brothers is currently marketing these homes as having "no Mello-Roos tax" and prepays the Special Tax on each homes as sales occur.

The most recent development data obtainable from Toll Brothers is presented in the table below.

Toll Brothers - Sterling Heights - Partially Complete

<u>No. of Units</u>	<u>Re-Opened Model Homes</u>	<u>Homes Under Contract</u>	<u>No. of Homes Closed</u>	<u>No. of Homes under Construction</u>	<u>No. of Homes Available</u>
132	April 2010	10	30	16	7

Source: Toll Brothers, May 2013

Special Tax Collection and Delinquency Rate

The County reports (as of June 7, 2013) that there are no prior year Special Tax delinquencies outstanding. For fiscal year 2012-13, as of June 7, 2013, there has been \$1,644,823.89 collected against the total annual special tax amount of \$1,662,292.66. There are 8 parcels delinquent on the first installment for 2012-13, owing a total of \$12,530, or 1.5% of the semi-annual total of \$831,146.33. The table below shows the annual Special Tax levies and current delinquencies for the past two years, with 2012-13 collections reflected as of June 7, 2013.

**City of Moorpark
Community Facilities District No. 2004-1
(Moorpark Highlands)
Special Tax Levy & Delinquencies (as of February 28, 2013)**

<u>Installment</u>	<u>Fiscal Year</u>	<u>Special Tax Levy</u>	<u>Amount Delinquent</u>	<u>Percent Delinquent</u>	<u>Parcels Levied</u>	<u>Parcels Delinquent</u>
First	2011-12	\$891,119	-	0%	523	0
Second	2011-12	891,119	-	0	523	0
First	2012-13	831,146	\$12,530	1.50	516	8
Second ^[1]	2012-13	831,146	4,938	0.59	516	8

[1] Second Installment was due by April 10, 2013.

Source: Ventura County Tax Collector data as compiled by Urban Futures.

Future delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in the District could result in draws on the Reserve Fund established, and perhaps, ultimately, a default in the payment on the Bonds. See "BOND OWNERS' RISKS."

Special Tax Enforcement and Collection Procedures. The City could receive additional funds for the payment of debt service through foreclosure sales of delinquent property, but no assurance can be given as to the amount foreclosure sale proceeds or when foreclosure sale proceeds would be received. The City has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described in this Official Statement. See "SECURITY FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

Foreclosure actions would include, among other steps, formal City Council action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable special taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the City may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Special Tax rates specified for each category of property within the District. See "SECURITY FOR THE BONDS – Special Tax Methodology." In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more

than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See "BOND OWNERS' RISKS."

Direct and Overlapping Governmental Obligations

Overlapping Debt Statement. Contained within the boundaries of the District are certain overlapping local agencies providing public services. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting the District as of March 20, 2013, is shown in the table below, a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. These long-term obligations are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. The amount shown reflects the amount outstanding as of the date indicated and does not reflect the amount of authorized but unissued debt.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the District; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the public agency's assessed valuation represented in column 2.

**City of Moorpark
Community Facilities District No. 2004-1
(Moorpark Highlands)
Direct and Overlapping Governmental Obligations
As of March, 2013**

CITY OF MOORPARK COMMUNITY FACILITIES DISTRICT NO. 2004-1

2012-13 Local Secured Assessed Valuation:\$245,239,680

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/13</u>
The Metropolitan Water District of Southern California	0.012%	\$ 19,290
Ventura County Community College District	0.235	723,894
Moorpark Unified School District	4.845	2,789,767
City of Moorpark Community Facilities District No. 2004-1	100.	<u>23,360,000</u> (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$26,892,951

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Ventura County General Fund Obligations	0.234%	\$202,529
Ventura County Superintendent of Schools Certificates of Participation	0.234	26,984
Moorpark Unified School District Certificates of Participation	4.845	320,499
TOTAL OVERLAPPING GENERAL FUND DEBT		\$550,012

COMBINED TOTAL DEBT \$27,442,963 (2)

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

Ratios to 2012-13 Local Secured Assessed Valuation:

Direct Debt (\$23,360,000)	9.53%
Total Direct and Overlapping Tax and Assessment Debt.....	10.97%
Combined Total Debt.....	11.19%

BOND OWNERS' RISKS

The purchase of the Bonds involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks that should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive or a complete statement of all factors that may be considered as risks in evaluating the credit quality of the Bonds.

Limited Obligation of the City to Pay Debt Service

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

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Bonds.

In addition to the maximum annual Special Tax rate limitation in the Rate and Method, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

Transfers to Governmental Entities. The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See "–Property Tax Delinquencies" below. For a summary of recent Special Tax collection and delinquency rates in the District, see "THE DISTRICT – Special Tax Collection and Delinquency Rates."

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary ad valorem property taxes are collected and, except as provided in the special covenant for foreclosure described in "SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure" and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary ad valorem property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Reserve Fund is depleted. See "SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "**FDIC**") has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution that has made a loan that is secured by property within the District. See " – FDIC/Federal Government Interests in Properties" below.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner, including situations in which the County initially sent property tax bills to the property developer or merchant builder at a time when the parcels in question had already been sold to individual homeowners. Delinquencies can also reflect economic difficulties and duress by the property owner. See "THE DISTRICT – Special Tax Collection and Delinquency Rates."

Numerous future delinquencies by the owners of Taxable Property in the District in the payment of property taxes (and, consequently, the Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax Revenues necessary to pay debt service on the Bonds, which could in turn result in the depletion of the Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that

event, there could be a delay or failure in payments of the principal of and interest on the Bonds. See "SECURITY FOR THE BONDS – Reserve Fund."

Measures to Mitigate Consequences of Continuing Delinquencies. The City intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see "SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure"); and increasing the levy of Special Taxes against non-delinquent property owners in the District, to the extent permitted under the Rate and Method and the Act and to the extent the Special Taxes are not already being levied at the Maximum Special Tax rate.

Risks Related to Homeowners With High Loan-to-Value Ratios

Any future decline in home values in the District could result in property owner unwillingness or inability to pay mortgage payments, as well as ad valorem property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the City to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

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

An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the City, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the City has no recourse against the owner.

Property Values

The value of Taxable Property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Special Tax, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the City's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in the District.

Risks Related to Availability of Mortgage Loans. 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.

Natural Disasters. The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements.

The areas in and surrounding the District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes. See "THE DISTRICT – Environmental Conditions."

Other natural disasters could include, without limitation, floods, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

Legal Requirements. Other events that may affect the value of Taxable Property include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

Hazardous Substances. One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the City is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property 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 value of Taxable Property that is realizable upon a delinquency.

Future Property Development

Continuing development of the parcels in the District may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the developer, water or electricity shortages, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, and other similar factors. Development in the District may also be affected by development in surrounding areas, which may compete with the property in the District.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section entitled "THE DISTRICT – Direct and Overlapping Governmental Obligations" shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The table also states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

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 of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax 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. In the event of proceedings to foreclose for delinquency of Special Taxes securing the Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See "– Bankruptcy and Foreclosure Delays" below.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. See "SECURITY FOR THE BONDS – Special Tax Methodology."

In addition, although 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, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

FDIC/Federal Government Interests in Properties

General. The ability of the City to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "**FDIC**"), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

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

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

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("**FNMA**") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from special taxes levied under the Act.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement for the Bonds. See "SECURITY FOR THE BONDS –Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the Bonds (and the 2006 Bonds and any Additional Bonds, the principal of and interest on which is payable from amounts in the Reserve Fund) if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the District. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the owners of the Bonds (and the 2006 Bonds and any Additional Bonds, the principal of and interest on which is payable from amounts in the Reserve Fund) under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the annual Maximum Special Tax rates, it is possible that no replenishment would be achieved if the Special Tax proceeds, 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 and collection of the Special Taxes.

Bankruptcy Delays

The payment of the Special Tax and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. 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 bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent Special Taxes not being paid in full.

To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

Disclosure to Future Purchasers

The City has recorded a notice of the Special Tax lien in the Office of the County Recorder. 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 parcel of land or a home in the District or the lending of money secured by property in the District. The Act and the Goals and Policies require the subdivider of a subdivision (or its agent or representative) 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 these 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.

No Acceleration Provisions

The Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bondholders similarly situated to pursue certain remedies. So long as the Bonds are in book-entry form, DTC will be the sole Bondholder and will be entitled to exercise all rights and remedies of Bond holders.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Exemption," interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to become includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See "THE BONDS – Redemption."

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of such Bonds might be affected as a result of such an audit of such Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

Voter 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 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 XIII C and XIII D 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 XIII A and XIII C of the State Constitution. The amendments to Article XIII A 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 XIII C 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 City 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 and its obligations 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.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond 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.

Ownership of the Junior Lien Bonds is subject to a significant degree of risk. The Junior Lien Bonds are not rated by any national rating agency. Accordingly, there may be a limited trading market for the Junior Lien Bonds.

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

LEGAL MATTERS

Legal Opinions

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX C.

Jones Hall, A Professional Law Corporation, San Francisco, California, has served as Disclosure Counsel to the City. The City Attorney will pass upon certain legal matters for the City as its general counsel.

Tax Exemption

Opinion of Bond Counsel. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original

issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

No Litigation

At the time of delivery of and payment for the Bonds, the City Attorney will deliver his opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the City affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Tax to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Fiscal Agent Agreement or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any of said documents.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District by not later than January 15 after the end of the City's fiscal year (presently June 30) in each year (the "**Annual Report**"), commencing with its report for fiscal year 2012-13, and provide notices of the occurrence of certain enumerated events.

The Annual Report will be filed with the Municipal Securities Rulemaking Board ("**MSRB**") or otherwise as required by Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). Likewise, the notices of enumerated events will be filed with the MSRB. These covenants have been made in order to assist the Underwriter in complying with the Rule. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events by the City is summarized in "APPENDIX C - Form of Continuing Disclosure Certificate."

The City has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of bonds. Certain continuing disclosure information with respect to previous undertakings was filed after the required filing date for Fiscal Years 2007-08 through 2011-12. In order to assist it in complying with its disclosure undertakings, including timely submission of information, for its outstanding bonds and the Bonds, the District will utilize a third party to serve as its dissemination agent to assist with future disclosure undertakings.

RATING

Standard & Poor's Financial Services LLC, a subsidiary of the McGraw-Hill Companies, Inc. ("**S&P**"), has assigned its municipal bond rating of "____" to the Bonds. This rating reflects only the view of S&P, and an explanation of the significance of the rating, and any outlook assigned to or associated with the rating, should be obtained from S&P.

The City provided certain information and materials to the rating agency (some of which does not appear in this Official Statement) in connection with the application for a rating. Generally, a rating agency bases its rating on the information and materials furnished to it, as well as investigations, studies and assumptions of its own.

There is no assurance that this rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of the rating agency,

circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

UNDERWRITING

The Senior Lien Bonds are being purchased by Jeffries LLC (the "**Underwriter**"), at a purchase price of \$_____, which represents the aggregate principal amount of the Senior Lien Bonds (\$_____) less an Underwriter's discount of \$_____ and [less/ plus] an original issue [discount/premium] of \$_____. The Junior Lien Bonds are being purchased by the Underwriter at a purchase price of \$_____, which represents the aggregate principal amount of the Junior Lien Bonds (\$_____) less an Underwriter's discount of \$_____ and [less/ plus] an original issue [discount/premium] 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 being subject to certain terms and conditions set forth in such purchase agreement.

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 ADVISOR

The City has retained Urban Futures, Inc., of Orange, California, as financial advisor (the "**Financial Advisor**") in connection with the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Urban Futures, Inc., is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PROFESSIONAL FEES

In connection with the issuance of the Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the Bonds. Those professionals include: the Underwriter; Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel; Urban Futures, Inc., as Financial Advisor; and The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent for the Bonds.

EXECUTION

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

CITY OF MOORPARK

By: _____
Assistant City Manager

APPENDIX A

**CITY OF MOORPARK AND VENTURA COUNTY
DEMOGRAPHIC INFORMATION**

The following information concerning the City of Moorpark and the County of Ventura is included only for the purpose of supplying general information regarding the area of the District. The CFD No 97-1 Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.

Population

The table below shows population estimates for the City, County of Ventura and the State of California for the last six years.

**CITY OF MOORPARK, COUNTY OF VENTURA
AND STATE OF CALIFORNIA
Population Estimates**

Calendar Year	City of Moorpark	County of Ventura	State of California
2008	36,617	827,191	37,871,509
2009	37,051	835,298	38,255,508
2010	34,389	822,108	37,223,900
2011	34,710	828,383	37,510,766
2012	34,660	829,065	37,668,804
2013	34,904	835,436	37,966,471

Source: State Department of Finance estimates.

Employment and Industry

The unemployment rate in the Ventura County was 6.9 percent in April 2013, down from a revised 7.8 percent in March 2013, and below the year-ago estimate of 8.5 percent. This compares with an unadjusted unemployment rate of 8.5 percent for California and 7.1 percent for the nation during the same period.

The following table shows civilian labor force and wage and salary employment data for the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area, which is coterminous with Ventura County and, therefore, includes the City of Ventura, for the past five calendar years. These figures are area-wide statistics and may not necessarily accurately reflect employment trends in the City.

OXNARD-THOUSAND OAKS-VENTURA METROPOLITAN STATISTICAL AREA Civilian Labor Force, Employment and Unemployment (Annual Averages)

	2008	2009	2010	2011	2012
Civilian Labor Force ⁽¹⁾	431,400	431,300	430,900	437,000	438,100
Employment	404,400	388,200	384,300	393,100	398,400
Unemployment	26,900	43,100	46,600	43,900	39,800
Unemployment Rate	6.2%	10.0%	10.8%	10.1%	9.1%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	25,100	24,000	24,400	25,000	25,400
Mining and Logging	1,200	1,200	1,200	1,200	1,100
Construction	16,700	13,300	11,300	11,100	10,500
Manufacturing	35,900	32,600	31,600	30,700	30,200
Wholesale Trade	12,800	12,100	12,300	12,600	13,000
Retail Trade	37,300	34,700	35,200	36,200	35,800
Trans., Warehousing and Utilities	5,000	4,300	5,400	5,600	5,900
Information	5,600	5,200	5,200	4,900	5,000
Finance and Insurance	16,400	16,100	16,200	17,100	17,800
Real Estate and Rental and Leasing	4,700	4,300	4,000	4,500	4,700
Professional and Business Services	38,300	36,100	35,500	32,900	34,600
Educational and Health Services	31,800	32,200	32,900	32,800	31,200
Leisure and Hospitality	31,500	29,500	30,300	31,200	33,000
Other Services	10,000	9,400	8,900	9,000	9,000
Federal Government	7,300	7,400	7,600	7,500	7,300
State Government	2,700	2,600	2,600	2,700	2,500
Local Government	33,100	33,000	32,400	34,700	34,700
Total, All Industries ⁽³⁾	316,400	299,000	296,800	299,600	301,700

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

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

(3)Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

"Total Employment" as used below represents the total employment of all employers located within City limits. The total number of employees within the City limits in 2012 were 17,379 as compared to the total number of employees within the City limits in 2002 were 16,799. The following table lists the major employers within the City and the County.

CITY OF MOORPARK Principal Employers As of June 2012

Employer	Number of Employees	Percent of Total Employment
Moorpark Unified School District	1,147	6.60%
PennyMac	756	4.35
Moorpark College	608	3.50
Pentair Pool Products	375	2.16
Kavlico	400	2.30
Target	175	1.01
AJ Machining	135	0.78
Boething Tree Farm	121	0.70
American Board Assembly	87	0.50
Kohl's	84	0.48

Source: City of Moorpark, Comprehensive Annual Financial Report, Year Ended June 30, 2012.

**VENTURA COUNTY
Major Employers
As of January 2013**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Amgen Inc	Thousand Oaks	Biological Specimens-Manufacturers
Bankers Capital Financial Inc	Westlake Village	Real Estate Loans
Baxter Healthcare	Westlake Village	Physicians & Surgeons Equip & Supls-Mfrs
Boskovich Farms Inc	Oxnard	Ranches
Central Purchasing Inc	Camarillo	Tools-New & Used
Coleman Welding	Ventura	Steel-Structural (Mfrs)
Crown Golf Properties	Ojai	Hotels & Motels
Dole Berry Co	Oxnard	Fruits & Vegetables-Growers & Shippers
Farmers Insurance	Simi Valley	Insurance
Haas Automation Inc	Oxnard	Machinery-Manufacturers
Harbor Freight Tools USA Inc	Camarillo	Tools-New & Used
Los Robles Hospital & Med Ctr	Thousand Oaks	Hospitals
Moorpark College	Moorpark	Schools-Universities & Colleges Academic
Nancy Reagan Breast Ctr	Simi Valley	Diagnostic Imaging Centers
Naval Air Warfare Ctr Weapons	Point Mugu Nawc	Federal Government-National Security
Naval Construction Battalion	Point Mugu Nawc	Federal Government-National Security
Ojai Valley Inn & Spa	Ojai	Hotels & Motels
Oxnard College	Oxnard	Schools-Universities & Colleges Academic
Pentair Water	Moorpark	Chemicals-Manufacturers
Richview Inc	Oxnard	Fruits & Vegetables-Wholesale
Santa Paula School Supt	Santa Paula	Schools
Sheriff's Dept-Jails	Ventura	Sheriff
Simi Valley Hospital	Simi Valley	Hospitals
St John's Regional Medical Ctr	Oxnard	Medical Centers
Technicolor	Camarillo	Motion Picture Producers & Studios
Ventura County Superintendent	Camarillo	Schools

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2013 1st Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2007 through 2012.

CITY OF MOORPARK; VENTURA COUNTY Effective Buying Income As of January 1, 2007 through 2012

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2007	City of Moorpark	\$ 902,675	\$74,370
	Ventura County	20,238,013	59,954
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Moorpark	\$ 909,955	\$73,847
	Ventura County	19,931,933	59,275
	California	832,531,445	498,952
	United States	6,443,994,426	42,303
2009	City of Moorpark	\$ 945,568	\$75,767
	Ventura County	20,448,570	62,193
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Moorpark	\$ 913,825	\$71,102
	Ventura County	19,427,353	58,583
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Moorpark	\$ 891,345	\$ 69,822
	Ventura County	19,920,950	58,300
	California	814,578,457	47,062
	United States	6,438,704,663	41,253
2012	City of Moorpark	\$1,008,960	\$74,817
	Ventura County	21,829,753	59,284
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

Source: The Neilson Company (US), Inc.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 is not comparable to that of prior years. A summary of historic taxable sales within the City and County during the past five years in which data is available is shown in the following tables.

Total taxable sales reported during the calendar year 2011 in the City of Moorpark were reported to be \$320,072,000, a 7.25 percent increase over the total taxable sales of \$298,439,000 reported during the calendar year 2010. 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. Figures are not yet available for 2012.

**CITY OF MOORPARK
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	256	214,013	767	285,945
2008	274	221,838	789	290,250
2009	450	220,853	776	276,104
2010	447	231,085	778	298,439
2011	430	248,615	752	320,072

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales reported during their calendar year 2011 in the County of Ventura were reported to be \$11,020,181,000, a 7.77 percent increase over the total taxable sales of \$10,225,488,000 reported during the calendar year 2010. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the County is presented in the following table. Figures are not yet available for 2012.

VENTURA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

Year	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	8,623	8,822,848	23,953	12,230,207
2008	8,902	8,075,751	23,940	11,322,410
2009	14,331	7,213,606	22,564	9,883,853
2010	14,134	7,546,960	22,422	10,225,488
2011	13,788	8,156,404	22,032	11,020,181

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

The following table shows a five-year summary of the valuation of building permits issued in the City.

CITY OF MOORPARK
Building Permit Valuation
(Valuation In Thousands Of Dollars)

	2008	2009	2010	2011	2012
Permit Valuation					
New Single-family	\$18,923.2	\$18,859.7	\$13,087.2	\$7,026.2	\$3,484.1
New Multi-family	2,839.1	6,169.3	5,036.6	0.0	0.0
Res. Alterations/Additions	<u>2,366.5</u>	<u>1,740.0</u>	<u>2,014.3</u>	<u>3,196.6</u>	<u>1,177.2</u>
Total Residential	24,128.8	26,769.0	20,138.1	10,222.8	4,661.3
New Commercial	9,873.1	0.0	0.0	0.0	1,075.1
New Industrial	0.0	0.0	0.0	0.0	35.0
New Other	1,320.0	914.0	1,126.6	0.0	0.0
Com. Alterations/Additions	<u>4,805.6</u>	<u>1,999.5</u>	<u>3,056.7</u>	<u>5,104.0</u>	<u>2,306.8</u>
Total Nonresidential	15,998.7	2,913.5	4,183.2	5,104.0	3,416.9
New Dwelling Units					
Single Family	64	48	40	14	10
Multiple Family	21	30	20	0	0
TOTAL	85	78	60	14	10

Source: Construction Industry Research Board, Building Permit Summary.

The following table shows a five-year summary of the valuation of building permits issued in the County.

VENTURA COUNTY
Building Permit Valuation
(Valuation In Thousands Of Dollars)

	2008	2009	2010	2011	2012
Permit Valuation					
New Single-family	\$119,157.3	\$81,959.7	\$68,191.5	\$65,286.8	\$62,359.0
New Multi-family	82,542.3	32,433.1	52,395.9	67,765.1	23,303.3
Res. Alterations/Additions	79,040.2	60,450.2	61,349.0	83,791.4	56,288.6
Total Residential	280,739.8	174,843.0	181,936.4	216,843.3	141,950.9
New Commercial	120,076.7	30,640.9	41,329.1	33,617.1	36,557.8
New Industrial	16,258.5	16,561.1	0.0	6,955.4	9,636.2
New Other	49,012.6	31,878.8	39,078.1	5,326.7	3,147.1
Com. Alterations/Additions	159,278.0	74,224.4	80,035.6	80,890.5	69,241.1
Total Nonresidential	344,625.9	153,305.2	160,442.7	126,789.7	118,582.2
New Dwelling Units					
Single Family	354	231	192	167	175
Multiple Family	488	173	398	539	147
TOTAL	842	404	590	706	322

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX B

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF MOORPARK
COMMUNITY FACILITIES DISTRICT NO. 2004-1 (MOORPARK HIGHLANDS)**

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**FIRST AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
FOR COMMUNITY FACILITIES DISTRICT NO. 2004-1
OF THE CITY OF MOORPARK
(Moorpark Highlands)**

This First Amended Rate and Method of Apportionment of Special Tax represents a complete restatement of the original Rate and Method of Apportionment adopted on September 7, 2005. The First Amended Rate and Method of Apportionment of Special Tax was structured to reflect the effects of the annexation of territory into CFD No. 2004-1 through Annexation No. 1, and a bond call scheduled for September 1, 2010 in an amount equal to \$8,395,000.

A special tax as hereinafter defined shall be levied on and collected for Community Facilities District No. 2004-1 (Moorpark Highlands) of the City of Moorpark ("CFD No. 2004-1") each Fiscal Year, in an amount determined by the City Council of the City of Moorpark through the application of the appropriate Special Tax for "Annexed Property," "Developed Property," "Final Map Property," and "Undeveloped Property" as described below. All of the real property in CFD No. 2004-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560. The minimum acreage of Taxable Property for CFD No. 2004-1 is determined in accordance with Section K.

"Act" means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expense of the City of Moorpark to carry out the administration of CFD No. 2004-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any City employee whose duties are directly related to the administration of CFD No. 2004-1, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2004-1.

"Affordable Unit(s)" means, for each Fiscal year, up to a total of 28 dwelling unit(s) located on an Assessor's Parcel(s) of Residential Property within Zone 2 and 7 dwelling unit(s) located on an Assessor's Parcel(s) of Residential Property within Zone 3 that are subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the City providing for very low income housing prior to March 1 of the prior Fiscal Year. In order to insure that a dwelling unit is

correctly classified as an Affordable Unit, the owner of such property shall provide the CFD Administrator with a copy of any applicable deed restrictions, resale restrictions, and/or regulatory agreements. Dwelling units shall be classified as Affordable Units by the CFD Administrator in the chronological order in which such notification is received. If the total number of Affordable Units exceeds the amount stated above, then the units exceeding such total shall not be considered Affordable Units and shall be assigned to Land Use Classes 1 through 5 within Zone 2 as described in Section E below based on the Building Square Footage for such units.

“Annexed Final Map Property” means an Assessor’s Parcel of Annexed Property that is included in a Final Map that was recorded prior to January 1 of the Fiscal Year preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to April 1 of the Fiscal Year preceding the Fiscal Year in which the Special Tax is being levied.

“Annexed Property” means all Assessor’s Parcels representing territory not identified within the original boundaries of CFD No. 2004-1 that have subsequently been annexed to CFD No. 2004-1, pursuant to Annexation Map No. 1, recorded on _____, 2010, in Book _____ Page _____ of Maps of Assessments and Community Facilities Districts in the recorder’s office of the County; such annexed territory shall be designated as Zone 3 property.

“Annexed Property Entitlements” means Amendment No. 1 to Specific Plan No. 95-2, Vesting Tentative Tract Map No. 5860, Residential Planned Development Permit No. 2009-02 and the Development Agreement by and between the City of Moorpark and Pardee Homes with respect to the Annexed Property, all as presented to the City of Moorpark Planning Commission June 15, 2010.

“Annexed Undeveloped Property” means an Assessor’s Parcel of Annexed Property that is not classified as Exempt Property, Developed Property, or Annexed Final Map Property.

“Assessor’s Parcel” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 2004-1.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

“Assigned Special Tax for Facilities” means the annual special tax of that name described in Section E below.

“Backup Special Tax for Facilities” means the Special Tax of that name described in Section F below.

“Bonds” means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes have been pledged.

“Boundary Map” means the map of the boundaries for CFD No. 2004-1, as approved by the City Council.

“Building Permit” means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Building Square Footage” or “BSF” means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 2004-1” means Community Facilities District No. 2004-1 (Moorpark Highlands) established by the City under the Act.

“City” means the City of Moorpark.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 2004-1, or its designee.

“City Police Services” means the costs of police services for CFD No. 2004-1.

“Condo Unit” means each separate residential condominium unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

“Consumer Price Index” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“County” means the County of Ventura.

“Developed Property” means all Assessor’s Parcels within Zones 1, 2, 3, and 4 of CFD No. 2004-1 for which Building Permits were issued on or before April 1 of the Fiscal Year preceding the Fiscal Year for which Special Taxes are being levied, provided that such Assessor’s Parcels were created on or before January 1 of such prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the City.

“Exempt Property” means all Assessor’s Parcels within Zones 1, 2, 3, and 4 of CFD No. 2004-1, or Annexed Property designated as being exempt from the Special Tax as determined in Section K.

“Final Map” means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

“Final Map Property” means all Assessor’s Parcels within Zones 1, 2, 3, and 4 of CFD No. 2004-1, exclusive of Annexed Property,; (i) that are included in a Final Map that was recorded prior to January 1 of the Fiscal Year preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to April 1 of the Fiscal Year preceding the Fiscal Year in which the Special Tax is being levied.

“Fiscal Year” means the period commencing on July 1 of any year and ending the following June 30.

“Initial Special Tax for Facilities” means the annual special tax of that name described in Section D below.

“Land Use Type” means any of the land use types listed in Tables 1 to 4 below.

“Lot” means an individual legal lot created by a Final Map or Condo Unit created by a condominium plan for which a Building Permit could or has been issued.

“Maximum Special Tax” means the Maximum Special Tax for Facilities and the Maximum Special Tax for Services, determined in accordance with Section C, which can be levied by CFD No. 2004-1 in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax for Facilities” means the Maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 2004-1 in any Fiscal Year on any Assessors’ Parcel.

“Maximum Special Tax for Services” means the Maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 2004-1 in any Fiscal Year on any Assessor’s Parcel of Developed Property.

“Non Residential Property” means all Assessors’ Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax for Facilities obligation for an Assessor’s Parcel, as described in Section I.

“Prepayment Amount” means the amount required to prepay the Annual Special Tax for Facilities obligation in full for an Assessor’s Parcel, as described in Section H.

“Proportionately” means for Developed Property, the ratio of the actual Special Tax for Facilities levied on Developed Property to the Maximum Special Tax for Facilities for Developed Property is equal for all Assessor's Parcels of Developed Property. For Final Map Property, it means that the ratio of the actual Special Tax for Facilities levied on Final Map Property to the Maximum Special Tax for Facilities for Final Map Property is equal for all Assessor's Parcels of Final Map Property. For Annexed Final Map Property, it means that the ratio of the actual Special Tax for Facilities levied on Annexed Final Map Property to the Maximum Special Tax for Facilities for Annexed Final Map Property is equal for all Assessor's Parcels of Annexed Final Map Property. For Undeveloped Property, it means that the ratio of the actual Special Tax for Facilities levied on Undeveloped Property to the Maximum Special Tax for Facilities for Undeveloped Property is equal for all Assessor's Parcels of Undeveloped Property. For Annexed Undeveloped Property,

it means that the ratio of the actual Special Tax for Facilities levied on Annexed Undeveloped Property to the Maximum Special Tax for Facilities for Annexed Undeveloped Property is equal for all Assessor's Parcels of Annexed Undeveloped Property. Regarding the Special Tax for Services for Developed Property, "Proportionately" means the ratio of the actual Special Tax for Services levied on Developed Property to the Maximum Special Tax for Services for Developed Property is equal for all Assessor's Parcels of Developed Property.

"Residential Property" means all Assessors' Parcels of Developed Property or for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Special Tax" means any of the special taxes authorized to be levied by CFD No. 2004-1 (including the Special Tax for Facilities and the Special Tax for Services) pursuant to the Act to fund the Special Tax Requirement.

"Special Tax for Facilities" means any of the special taxes authorized to be levied by CFD No. 2004-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax for Services" means any of the special taxes authorized to be levied by CFD No. 2004-1 pursuant to the Act to fund the Special Tax Requirement for Services.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year for CFD No. 2004-1 to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection of funds in any Fiscal Year to pay directly for the acquisition or construction of eligible facilities or for the payment of City Police Services authorized by CFD No. 2004-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Final Map Property or Undeveloped Property, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

"Special Tax Requirement for Services" means the amount determined in any Fiscal Year for CFD 2004-1 equal to (i) the budgeted costs of the City Police Services during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in CFD 2004-1 for the previous Fiscal Year.

"Taxable Property" means all Assessors' Parcels within Zones 1, 2, 3, and 4 of CFD No. 2004-1 that are not Exempt Property.

"Undeveloped Property" means all Assessors' Parcels within Zones 1, 2, 3, and 4 of CFD No. 2004-1 of Taxable Property, which are not Developed Property, Annexed Property, or Final Map Property.

"Unit" means each separate residential unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

“Zone(s)” means Zone 1, 2, 3, or 4 as geographically identified on the boundary map of the CFD No. 2004-1.

“Zone 1” means the specific area identified on the Boundary Map as Zone 1 of CFD No. 2004-1.

“Zone 2” means the specific area identified on the Boundary Map as Zone 2 of CFD No. 2004-1.

“Zone 3” means the specific area identified on the original Boundary Map as Zone 3 of CFD No. 2004-1, and territory annexed to CFD No. 2004-1 pursuant to Annexation Map No. 1.

“Zone 4” means the specific area identified on the Boundary Map as Zone 4 of CFD No. 2004-1.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2006-2007, each Assessor’s Parcel within CFD No. 2004-1 shall be categorized into Zones 1, 2, 3, or 4 and shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property, Annexed Final Map Property, Undeveloped Property, or Annexed Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property.

SECTION C MAXIMUM SPECIAL TAXES FOR ZONES 1, 2, 3, AND 4

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property shall be the amount determined by the greater of (i) the application of the Initial Special Tax for Facilities set forth in Section D, (ii) the application of the Assigned Special Tax for Facilities set forth in Section D or (iii) the application of the Backup Special Tax for Facilities set forth in Section E.
- b. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property shall be equal to the Assigned Special Tax for Facilities set forth in Section D.
- c. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property in Fiscal Year 2005-2006 shall be \$400 per Lot. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property shall be \$1,500 per Acre. On each July 1, commencing July 1, 2006, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the greater of (i) three percent (3.00%), or (ii) the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year, not to exceed seven percent (7.00%).

2. Final Map Property and Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property or Undeveloped Property shall be the Assigned Special Tax for Facilities set forth in Section D.

3. Annexed Final Map Property and Annexed Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Annexed Final Map Property or Annexed Undeveloped Property shall be equal to the Assigned Special Tax for Facilities set forth in Section D for Annexed Final Map Property and Annexed Undeveloped Property.

**SECTION D
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES
FOR ZONES 1, 2, 3, AND 4**

1. Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property within Zones 1, 2, 3 and 4, shall be subject to an Initial Special Tax for Facilities and an Assigned Special Tax for Facilities. The Initial Special Tax for Facilities and Assigned Special Tax for Facilities applicable to an Assessor's Parcel of Developed Property within CFD No. 2004-1 shall be determined pursuant to Tables 1 through 4 below.

**TABLE 1
ZONE 1 - DEVELOPED PROPERTY
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES**

Land Use Type	Building Square Footage	Initial Special Tax for Facilities	Assigned Special Tax for Facilities
1. Residential Property	Less than 2,151	\$2,431 per Unit	\$3,858 per Unit
2. Residential Property	2,151 – 2,350	\$2,548 per Unit	\$4,044 per Unit
3. Residential Property	2,351 – 2,550	\$2,646 per Unit	\$4,200 per Unit
4. Residential Property	2,551 – 2,750	\$2,689 per Unit	\$4,268 per Unit
5. Residential Property	Greater than 2,750	\$2,825 per Unit	\$4,483 per Unit
6. Non Residential Property	N/A	\$25,315 per Acre	\$40,182 per Acre

TABLE 2

**ZONE 2 - DEVELOPED PROPERTY
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES**

Land Use Type	Building Square Footage	Initial Special Tax for Facilities	Assigned Special Tax for Facilities
1. Residential Property	Less than 1,401	\$1,286 per Condo Unit	\$2,041 per Condo Unit
2. Residential Property	1,401 – 1,600	\$1,502 per Condo Unit	\$2,383 per Condo Unit
3. Residential Property	Greater than 1,600	\$1,776 per Condo Unit	\$2,818 per Condo Unit
4. Non Residential Property	N/A	\$49,789 per Acre	\$79,030 per Acre

TABLE 3

**ZONE 3 - DEVELOPED PROPERTY
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES**

Land Use Type	Building Square Footage	Initial Special Tax for Facilities	Assigned Special Tax for Facilities
1. Residential Property	Less than 2,351	\$2,834 per Unit	\$4,497 per Unit
2. Residential Property	2,351 – 2,600	\$2,887 per Unit	\$4,581 per Unit
3. Residential Property	2,601 – 2,850	\$2,939 per Unit	\$4,665 per Unit
4. Residential Property	2,851 – 3,100	\$3,016 per Unit	\$4,786 per Unit
5. Residential Property	3,101 – 3,350	\$3,136 per Unit	\$4,977 per Unit
6. Residential Property	3,351 – 3,600	\$3,501 per Unit	\$5,556 per Unit
7. Residential Property	3,601 – 3,850	\$3,618 per Unit	\$5,742 per Unit
8. Residential Property	3,851 – 4,100	\$3,745 per Unit	\$5,943 per Unit
9. Residential Property	4,101 – 4,350	\$3,908 per Unit	\$6,203 per Unit
10. Residential Property	4,351 – 4,600	\$4,026 per Unit	\$6,390 per Unit
11. Residential Property	Greater than 4,600	\$4,143 per Unit	\$6,576 per Unit
12. Non Residential Property	N/A	\$16,072 per Acre	\$25,511 per Acre

TABLE 4
ZONE 4 - DEVELOPED PROPERTY
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES

Land Use Type	Building Square Footage	Initial Special Tax for Facilities	Assigned Special Tax for Facilities
1. Residential Property	Less than 3,201	\$3,697 per Unit	\$5,868 per Unit
2. Residential Property	3,201 – 3,750	\$3,956 per Unit	\$6,278 per Unit
3. Residential Property	3,751 – 4,300	\$4,073 per Unit	\$6,464 per Unit
4. Residential Property	4,301 – 4,900	\$4,237 per Unit	\$6,725 per Unit
5. Residential Property	Greater than 4,900	\$4,472 per Unit	\$7,097 per Unit
6. Non Residential Property	N/A	\$6,322 per Acre	\$10,034 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, each Assessor's Parcel classified as Final Map Property or Undeveloped Property within CFD No. 2004-1 shall be subject to an Initial Special Tax for Facilities and an Assigned Special Tax for Facilities. The Initial Special Tax for Facilities and Assigned Special Tax for Facilities applicable to an Assessor's Parcel of Final Map Property or Undeveloped Property within CFD No. 2004-1 shall be determined pursuant to Tables 5 below.

TABLE 5
FINAL MAP PROPERTY AND UNDEVELOPED PROPERTY
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES

Zone	Initial Special Tax for Facilities	Assigned Special Tax for Facilities
Zone 1	\$25,315 per Acre	\$40,182 per Acre
Zone 2	\$49,789 per Acre	\$79,030 per Acre
Zone 3	\$16,072 per Acre	\$25,511 per Acre
Zone 4	\$6,322 per Acre	\$10,034 per Acre

3. Annexed Final Map Property and Annexed Undeveloped Property

Each Fiscal Year, each Assessor's Parcel classified as Annexed Final Map Property or Annexed Undeveloped Property within CFD No. 2004-1 shall be subject to an Initial Special Tax for Facilities and an Assigned Special Tax for Facilities. The Initial Special Tax for Facilities and Assigned Special Tax for Facilities for an Assessor's Parcel classified as Annexed Final Map Property or Annexed Undeveloped Property shall be \$30,209 per Acre and \$47,936 per Acre, respectively.

**SECTION E
BACKUP SPECIAL TAXES FOR FACILITIES
FOR ZONES 1, 2, 3, AND 4**

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities within each Final Map shall be the amount per Lot calculated according to the following sections:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Lot in each Fiscal Year.
- R = Maximum Special Tax for Facilities per Acre for Undeveloped Property. For Annexed Property, the Maximum Special Tax for Facilities per Acre for Annexed Undeveloped Property.
- A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
- L = Lots in the Final Map which are classified or to be classified as Residential Property.

Based on the preceding formula, Table 6 identifies the Backup Tax Special Tax for Facilities for each Final Map within CFD No. 2004-1

**TABLE 6
BACKUP SPECIAL TAX RATES FOR FACILITIES**

Final Map	Zone	Backup Special Tax
5045-2	Zone 1	\$4,922.08 per Lot
5045-6	Zone 2	\$2,535.12 per Lot
5045-3	Zone 3	\$5,064.93 per Lot
5045-4	Zone 3	\$5,245.06 per Lot
5045-5	Zone 3	\$5,777.52 per Lot
5045-8	Zone 3	\$8,438.40 per Lot
5860	Zone 3	\$4,528.33 per Lot
5045-8	Zone 4	\$7,694.28 per Lot

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Special Tax for Facilities for each affected Assessor's Parcel classified or to be classified as Residential Property in such Final Map area that is changed or modified shall be an amount per square foot of Acreage calculated as follows:

1. Determine the total Backup Special Tax for Facilities anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the total Acreage of the affected Assessor's Parcels classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the City.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities per square foot of Acreage which shall be applicable to the affected Assessor's Parcels classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax for Facilities may be levied.

SECTION F
METHOD OF APPORTIONMENT OF THE SPECIAL TAX
FOR FACILITIES AND THE SPECIAL TAX FOR SERVICES

1. Commencing Fiscal Year 2006-2007 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within CFD No. 2004-1 until the total amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property, Annexed Final Map Property, and Annexed Undeveloped Property up to 100% of the applicable Initial Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property up to 100% of the Initial Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Initial Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Annexed Final Map Property and Final Map Property up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Six: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first five steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Annexed Undeveloped Property and Undeveloped Property up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Seven: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first six steps have been completed, then for each Assessor's Parcel of Developed Property, whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Notwithstanding the above, under no circumstances will the Special Taxes for Facilities levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2004-1.

2. Commencing Fiscal Year 2006-2007 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Developed Property within CFD No. 2004-1 until the total amount of Special Tax for Services equals the Special Tax Requirement for Services as follows:

The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

SECTION G PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

“CFD Public Facilities” means \$43,750,000 expressed in 2005 dollars, which shall increase by the Construction Inflation Index on January 1, 2006, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2004-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2004-1.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Outstanding Bonds” means all previously issued bonds issued and secured by the levy of Special Tax which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding bonds to be redeemed at a later date with the proceeds of prior prepayments of the Maximum Special Tax.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, as well as an Assessor's Parcel of Final Map Property, Annexed Final Map Property, Undeveloped Property, or Annexed Undeveloped Property for which a Building Permit has been issued may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2004-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Taxes and the Backup Special Taxes applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property, Annexed Final Map Property, Undeveloped Property, or Annexed Undeveloped Property for which a Building Permit has been issued, compute the Assigned Special Tax and the Backup Special Tax applicable to the Assessor's Parcel as though it was already designated as Developed Property based upon the Building Permit issued or to be issued for that Assessor's Parcel.
2. For each Assessor's Parcel to be prepaid, (a) divide the Assigned Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax applicable to all Assessor's Parcels of Taxable Property at build out, as reasonably determined by the City, and (b) divide the Backup Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax applicable to all Assessor's Parcels of Taxable Property at build out, as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 9) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
6. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
7. Subtract the amount computed pursuant to paragraph 6 from the amount computed pursuant to paragraph 5. This difference is the "Defeasance."

8. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
9. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than \$0.
10. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 2004-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.10 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, as well as an Assessor's Parcel of Final Map Property, Annexed Final Map Property, Undeveloped Property, or Annexed Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H. below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

P_G = the Prepayment Amount calculated according to Section G.

F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 2004-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities for shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.10 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION I TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding, the Special Tax for Facilities shall be levied on all Assessor's Parcels of Taxable Property. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 2004-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2044-45 Fiscal Year.

The Special Tax for Services shall be levied for as long as the Special Tax for Services is needed to meet the Special Tax Requirement for Services as determined at the sole discretion of the City Council.

SECTION J EXEMPTIONS

The City shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to (a) less than 9.86 Acres for Tax Zone 1, (b) less than 2.47 Acres for Tax Zone 2, (c) less

than 79.80 Acres for Tax Zone 3, or (d) less than 24.12 Acres for Tax Zone 4. Assessor's Parcels which cannot be classified as Exempt Property will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly. All Affordable Units shall be exempt from the Special Tax.

Notwithstanding any provision of this First Amended Rate and Method of Apportionment of Special Tax to the contrary, in any Fiscal Year after Fiscal Year 2010-2011, the Annexed Property shall be classified as Exempt Property and shall not be subject to the levy of Special Taxes other than as specified in the following sentence if any of the Annexed Property Entitlements are not effective due to the filing or prosecution of a legal challenge, the filing of a referendum petition or as the result of a referendum election. Such Exempt Property status shall continue until the Annexed Property receives final, effective entitlements from the City that either conform substantially to the Annexed Property Entitlements or are for a subsequent development plan submitted by the owner of the Annexed Property. Upon receiving such entitlements, the levy of the Special Taxes applicable to the Annexed Property shall resume as specified herein or as set forth in a subsequent amendment of this First Amended Rate and Method of Apportionment of Special Tax.

SECTION K APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2004-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION L MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2004-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

APPENDIX C
FORM OF OPINION OF BOND COUNSEL
SENIOR LIEN BONDS

_____, 2013

City of Moorpark
799 Moorpark Avenue
Moorpark, California 93021

OPINION: \$_____ City of Moorpark Special Tax Community Facilities District No. 2004-1 (Moorpark Highlands) 2013 Series A Senior Lien Special Tax Refunding Bonds

Members of the Authority:

We have acted as bond counsel in connection with the issuance by the City of Moorpark (the "City") of its \$_____ City of Moorpark Community Facilities District No. 2004-1 2013 Series A Senior Lien Special Tax Refunding Bonds (the "Bonds") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code (the "Act"), a resolution of the City adopted March 20, 2013 (the "Resolution") and a Fiscal Agent Agreement, dated as of June 1, 2013 by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent Agreement"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The City is a charter city duly organized and existing under the laws of the State of California, with power to enter into the Fiscal Agent Agreement, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City, payable solely from the sources provided therefor in the Fiscal Agent Agreement.
3. The Fiscal Agent Agreement has been duly approved by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

4. Pursuant to the Act, the Fiscal Agent Agreement establishes a valid lien on and pledge of the Special Tax Revenues (as such term is defined in the Fiscal Agent Agreement) for the security of the Bonds.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

FORM OF OPINION OF BOND COUNSEL

JUNIOR LIEN BONDS

_____, 2013

City of Moorpark
799 Moorpark Avenue
Moorpark, California 93021

OPINION: \$_____ City of Moorpark Special Tax Community Facilities District No. 2004-1 (Moorpark Highlands) 2013 Series B Junior Lien Special Tax Refunding Bonds

Members of the Authority:

We have acted as bond counsel in connection with the issuance by the City of Moorpark (the "City") of its \$_____ City of Moorpark Community Facilities District No. 2004-1 2013 Series B Junior Lien Special Tax Refunding Bonds (the "Bonds") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code (the "Act"), a resolution of the City adopted March 20, 2013 (the "Resolution") and a Fiscal Agent Agreement, dated as of June 1, 2013 by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent Agreement"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The City is a charter city duly organized and existing under the laws of the State of California, with power to enter into the Fiscal Agent Agreement, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City, payable solely from the sources provided therefor in the Fiscal Agent Agreement.

3. The Fiscal Agent Agreement has been duly approved by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

4. Pursuant to the Act, the Fiscal Agent Agreement establishes a valid lien on and pledge of the Surplus Special Tax Revenues (as such term is defined in the Fiscal Agent Agreement) for the security of the Bonds.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

\$ _____
CITY OF MOORPARK
COMMUNITIES FACILITIES DISTRICT NO. 2004-1
2013 SERIES A SENIOR LIEN
SPECIAL TAX REFUNDING BONDS

\$ _____
CITY OF MOORPARK
COMMUNITIES FACILITIES DISTRICT NO. 2004-1
2013 SERIES B JUNIOR LIEN
SPECIAL TAX REFUNDING BONDS

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Moorpark (the "District") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are being issued pursuant to a separate Fiscal Agent Agreement for each Series, each dated as of June 1, 2013 (the "Fiscal Agent Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means each January 15 after the end of the City's fiscal year (presently June 30).

"*Dissemination Agent*" means _____, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement dated _____, 2013, executed by the City in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Jeffries LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 15, 2014, with the report for the 2012-13 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following documents and information:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. This submission should be made with the following caveat:

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO

FUNDS OR ASSETS OF THE CITY (OTHER THAN THE PROCEEDS OF THE SPECIAL TAXES LEVIED FOR THE DISTRICT AND SECURING THE BONDS) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) The following additional items, indicating information as of the previous September 30th, with respect to the Bonds:

- (1) Balance in Reserve Fund.
- (2) Table indicating Special Tax levy, amount collected, delinquent amount and percent delinquent for the most recent year.
- (3) Status of foreclosure proceedings and summary of results of foreclosure sales, if available.
- (4) Identity of any delinquent taxpayer representing more than 5% of levy and value-to-lien ratios of applicable properties (using assessed values unless more accurate information is available).

(c) For so long as there is any owner of property in the District whose properties in the District collectively represent 10% or more of the Special Taxes, the following information regarding the status of development in the District:

- (1) Significant amendments to land use entitlements.
- (2) Status of any legislative, administrative and judicial challenges to the construction of the development known to the Issuer.
- (3) Assessed valuation of property shown on County Assessor's tax rolls with no "improvements" value in the District for the current (as of the date of the report) fiscal year.
- (4) List of landowners (as shown County Assessor's tax roll) and assessor's parcel number(s) of parcels held by owners whose properties collectively represent 10% or more of the Special Taxes for the current (as of the date of the report) fiscal year.
- (5) Number of building permits issued by the City for property in the District for the reported fiscal year.

(d) In addition to any of the information expressly required to be provided under paragraphs (a), (b) and (c) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City.
- (13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be _____.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with

the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Fiscal Agent, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2013

CITY OF MOORPARK for and on behalf of the
CITY OF MOORPARK COMMUNITY FACILITIES
DISTRICT NO. 2004-1 (MOORPARK
HIGHLANDS)

By: _____
Authorized Officer

AGREED AND ACCEPTED:

_____,
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Moorpark

Name of Bond Issue: City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands) 2013 Senior Series A and 2013 Junior Series B Special Tax Refunding Bonds

Date of Issuance: _____, 2013

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated _____, 2013 executed by the City and countersigned by _____, as dissemination agent. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Securities (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "Agent") takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. 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 amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and

dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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