



October 9, 2020

To: CADA Board of Directors

**SUBJECT: October 16, 2020 Board Meeting
AGENDA ITEM 5
CADA TAX ALLOCATION BOND**

CONTACT PERSON: Wendy S. Saunders, Executive Director
Noelle Mussen, Chief Financial Officer

RECOMMENDED ACTION:

Adopt a resolution of the Authority:

AUTHORIZING THE ISSUANCE OF ITS TAX ALLOCATION REVENUE BONDS, SERIES 2020 (FEDERALLY TAXABLE); AUTHORIZING AND DIRECTING EXECUTION OF AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING DISTRIBUTION OF THE OFFICIAL STATEMENT; AUTHORIZING THE SALE OF BONDS; AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

BACKGROUND

CADA was established under the same organizing principles as redevelopment agencies. Like redevelopment agencies prior to their dissolution in 2011, CADA receives tax increment from the redevelopment areas within its jurisdiction. CADA has two separate redevelopment areas, which include the original CADA area established in 1978, and the R Street Area, added in 2002 (see map, **Attachment A**). When a redevelopment area is established, the valuation of all properties in that area is set as the property tax “base” year. Taxes attributable to increases in property value above the base year are known as tax increment. Property values, and thus tax increment, generally increase over time due to the annual Proposition 13 two percent increase, the sale of property, and new development. The tax increment on property values above the base year flows to the redevelopment agency which may then elect to securitize these revenues through the issuance of bonds to facilitate further development.

CADA’s tax increment flow has increased significantly in the last several years in both of its redevelopment areas. In the original area, the construction of Legado de Ravel, the construction and sale of 16 Powerhouse and Eviva, and the construction of the nearly complete 15/Q apartment project have all increased CADA’s tax increment flow. In the R Street Area, the Ice Blocks added significantly to CADA’s tax increment flow as did the sale of the office building at 16th and R and the construction of the nearly complete Carlaw apartment project at 11th and R. Over the last five years, the assessed values upon which tax increment is based have increased by 62% in original area and have more than tripled in the R Street area. In FY 19-20, CADA received approximately \$7.0 million in tax

increment. The draft Fiscal Consultant's Report, included as **Attachment B**, includes a history of tax increment receipts for CADA's two redevelopment areas, a summary of property value trends, projections, and adjustments and liens on CADA's tax increment.

CADA's cash needs have grown recently due to the number of commitments we have made and the projects we are poised to pursue. CADA has committed \$3.3 million in the form of a deferred loan to the 1717 S Street project (159-units of affordable housing) and has committed to loan \$3.1 million to the 1322 O Street project (58 units of affordable housing). CADA recently committed \$2.0 million to repurchase Site 21. In addition, CADA is preparing plans for development of a 150+/- unit affordable housing project at Site 5/6/7 and would like to pursue development of an additional 150+/- unit affordable housing at a location to be determined. In addition, the aging CADA housing portfolio has a variety of capital improvement needs. CADA has adequate budget and reserves to meet all of its current commitments, but without generation of additional cash, will not be able to pursue any of the projects in our planning pipeline.

The timing for issuance of debt is favorable for CADA. The State of California and the City of Sacramento recently extended CADA's JPA to July 2055, which enables CADA to issue a 30-year bond, the typical bond term. Interest rates are at a historic low. CADA's advisors project that CADA could issue taxable debt at an interest rate of around 3.54%, including all the costs of the financing. The statutes that added R Street to CADA's jurisdiction included a requirement that any debt against a pledge of R Street tax increment must be issued by 2022, meaning the window for issuing bonds against R Street tax increment is closing. Finally, CADA has very little debt and strong debt service coverage, which should result in a favorable credit rating.

FINANCIAL IMPACT

The staff along with CADA's municipal advisor and underwriter (the "Financing Team") have analyzed the issuance of a bond that will net \$30 million for projects. The Financing Team assumed the issuance of a bond that has level debt service or essentially equal payments for each of the next 30 years. The debt service on the proposed bond grouped with other obligations payable from tax increment starts out at about \$2.7 million per year and declines over time as obligations are paid off, ultimately leveling out at about \$1.6 million per year by 2035. This level of annual payments, assuming no additional growth in tax increment, would leave approximately \$4.0 million in unobligated tax increment after payment of all debt. A table showing CADA tax increment and debt service secured by tax increment is included as **Attachment C**.

The Financing Team consists of Kronick, Moskovitz, Tiedemann & Girard as Bond and Disclosure Counsel, Del Rio Advisors, LLC as Municipal Advisor, Hilltop Securities as Underwriter and the Bank of New York Mellon Trust Company, N.A. as Trustee.

The Financing Team anticipates the issuance of \$30,705,000 in principal amount consisting of a project fund of \$30,000,000, costs of issuance of \$211,160.71 and possibly paying the fees associated with the purchase of a bond insurance policy and surety policy instead of cash funding a reserve fund, estimated in the amount of \$294,256.79. It is anticipated that CADA would only purchase the insurance if the savings in interest cost of the insurance outweighs the cost of the insurance policy.

This decision regarding insurance will greatly depend on the bond rating from S&P. If rated in the AA category, then there would be no benefit from the insurance but the Financing Team would still seek a surety policy instead of funding a cash reserve fund for the bonds. An estimate of the total amount of bond proceeds and their projected uses are included as **Attachment D**.

The bonds will be on parity or co-equal to the payments on several other obligations including the 2016 Tax Allocation Bonds, the Eviva tax increment Pledge and the I-Bank Loan. Please see Table 3 below. The DGS Site 1-3 Loans are subordinate to the payments on the parity obligations.

CADA staff and the Financing Team recently concluded a rating presentation to S&P. The rating is expected by the time of the meeting and the Financing Team will be happy to present the results.

Table 1 – Estimated Debt Sizing and Results (*)

Sources of Funds	
Par Amount of Bonds	\$30,705,000.00
Uses of Funds	
Project Fund	\$30,000,000.00
Estimated Cost of Issuance	\$211,160.71
Insurance and Surety Premiums	\$294,256.79
Underwriter's Discount	\$199,582.50
Total Uses of Funds	\$30,705,000.00
Total Debt Service	\$49,087,311.93
Average Annual Debt Service	\$1,631,211.73

(*) Assumes Market Interest Rates as of October 6, 2020

Table 2 – Estimated Costs of Issuance

Bond / Disclosure Counsel	\$78,000.00
Bond Counsel Expenses	1,500.00
Municipal Advisor	62,500.00
Trustee Acceptance	250.00
Trustee First Year	1,500.00
Trustee Counsel	2,300.00
Rating Fee	28,000.00
Fiscal Consultant	23,000.00
Printing	5,000.00
Miscellaneous	5,000.00
Rounding Adjustment	1,715.92
Total	\$211,715.92

Table 3 - Current CADA Debt

Obligation	Maturity	Annual Payment
2016 TAB	2034	\$700,000
Eviva TI Pledge	2028	\$300,000
DGS Site 1-3 Loans	2028	\$133,000
I-Bank	2033	\$41,000

Documents Subject to Review and Approval

- (1) **Official Statement:** Disclosure Counsel prepares a preliminary Official Statement (**Attachment E**) with input from the Financing Team including tables prepared by the Fiscal Consultant. Following CADA authorization, the preliminary Official Statement will be distributed by the Underwriter and used as the primary marketing document to prospective bond purchasers. A table of contents identifies critical topics such as the plan of finance, security for the bonds, information on CADA, information on the project areas, the continuing disclosure requirements and the form of opinion of Bond Counsel. The agenda packet includes a draft of the preliminary Official Statement that the Financing Team considers to be essentially final. A final Official Statement will be made available shortly after the bonds are sold; it will be identical to the preliminary Official Statement except that it will reflect the final bond sale information.

The distribution of the preliminary Official Statement and the final Official Statement is subject to the federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the preliminary Official Statement to include all facts that would be material to an investor in the bonds. Material information exists where there is a substantial likelihood that the information would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell securities. The Securities and Exchange Commission (SEC), the agency with regulatory authority over compliance with the federal securities laws, has indicated that if a member of a legislative body, like the CADA Board, has knowledge of any facts or circumstances that an investor would want to know prior to investing in securities, like the bonds, whether relating to their repayment, tax status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the preliminary Official Statement. The steps that a member of the CADA Board could take to fulfill this obligation include becoming familiar with the preliminary Official Statement and questioning staff and other members of the Financing Team about the disclosure of such facts.

- (2) **Indenture:** An agreement between CADA and the Bank of New York Mellon Trust Company, N.A. as Trustee that governs all the terms and conditions of the bonds including but not limited to the pledge of tax increment, the application of proceeds, redemption of the bonds and the issuance of additional obligations. The agreement also governs the role and responsibilities of the Trustee. **Please see Attachment F.**
- (3) **Bond Purchase Agreement:** An agreement between CADA and Hilltop Securities as Underwriter, whereby Hilltop Securities will agree to purchase the bonds contingent upon CADA satisfying the obligations imposed within the agreement. The Underwriter agrees to make a bona-fide public offering of the Bonds in an “arms-length” transaction. **Please see Attachment G.**

- (4) **Continuing Disclosure Certificate:** SEC Rule 15c2-12 requires the underwriter of an issue of municipal securities to obtain a commitment by the issuer of the securities to provide ongoing disclosure. The Continuing Disclosure Certificate -- which is attached to the preliminary Official Statement -- requires CADA, as the obligated party with respect to the bonds, to provide two types of ongoing disclosure -- an annual report each year, and timely notices of certain types of events that are likely to be material to investors, if and when any occur. **Please see Attachment H.**

Prospective Projects

CADA would use bond proceeds both to replenish funds committed to current projects and to pay for planned projects. The prospective project list is as follows:

- | | |
|-------------------------------------|-------------------|
| • 1717 S Street | \$3.5 million |
| • 1322 O Street | \$3.5 million |
| • Site 21 Land Purchase | \$2.0 million |
| • O Street Improvements | \$2.0 million |
| • CADA Development Site 5/6/7 | +/- \$7.0 million |
| • New Affordable Housing Projects | +/- \$7.0 million |
| • Land acquisition opportunity(ies) | +/- \$5.0 million |

The prospective project list is what the staff envisions recommending to the Board at this time. The project list could evolve over time as circumstances change and opportunities arise. Given the current very low interest rate environment, the Financing Team is suggesting that CADA should consider the issuance of taxable bonds. The proceeds of taxable bonds do not have the same spending limitations as those for tax-exempt bonds. For example, 85% of tax-exempt bond proceeds must be spent within three years of issuance. Also, a good deal of the money will be used to assist private affordable housing developers (including the CACDC), causing certain private activity rules to apply which limits the amount of tax-exempt bonds that could be issued. Neither of these restrictions apply to the proceeds of taxable bonds. Historically, tax-exempt interest rates are much lower than taxable interest rates. However, due to the pandemic and the accompanying economic concerns, U.S. Treasury Rates are near all-time lows. Given the lower relative borrowing costs and the spending flexibility, the CADA Financing team is recommending the issuance of the bonds as taxable.

DGS's Consent to Mix R Street and Original Area Funds

CADA does not need DGS's permission to issue debt. However, it would be of great advantage to pledge both R Street tax increment and Capitol Area tax increment to support a single debt issuance in order to minimize costs, maximize flexibility and enhance the credit rating of the bond by providing greater diversification of repayment resources. Due to language that was approved when the R Street redevelopment area was adopted, CADA must have DGS's consent to expend moneys generated in the Capitol Redevelopment Area within the R Street Redevelopment Area. By pledging both streams of income to repayment of the debt, we would be enabling expenditure of bond money in both areas without geographic limitation. The staff has requested DGS's concurrence on this matter and at this writing, is awaiting a reply.

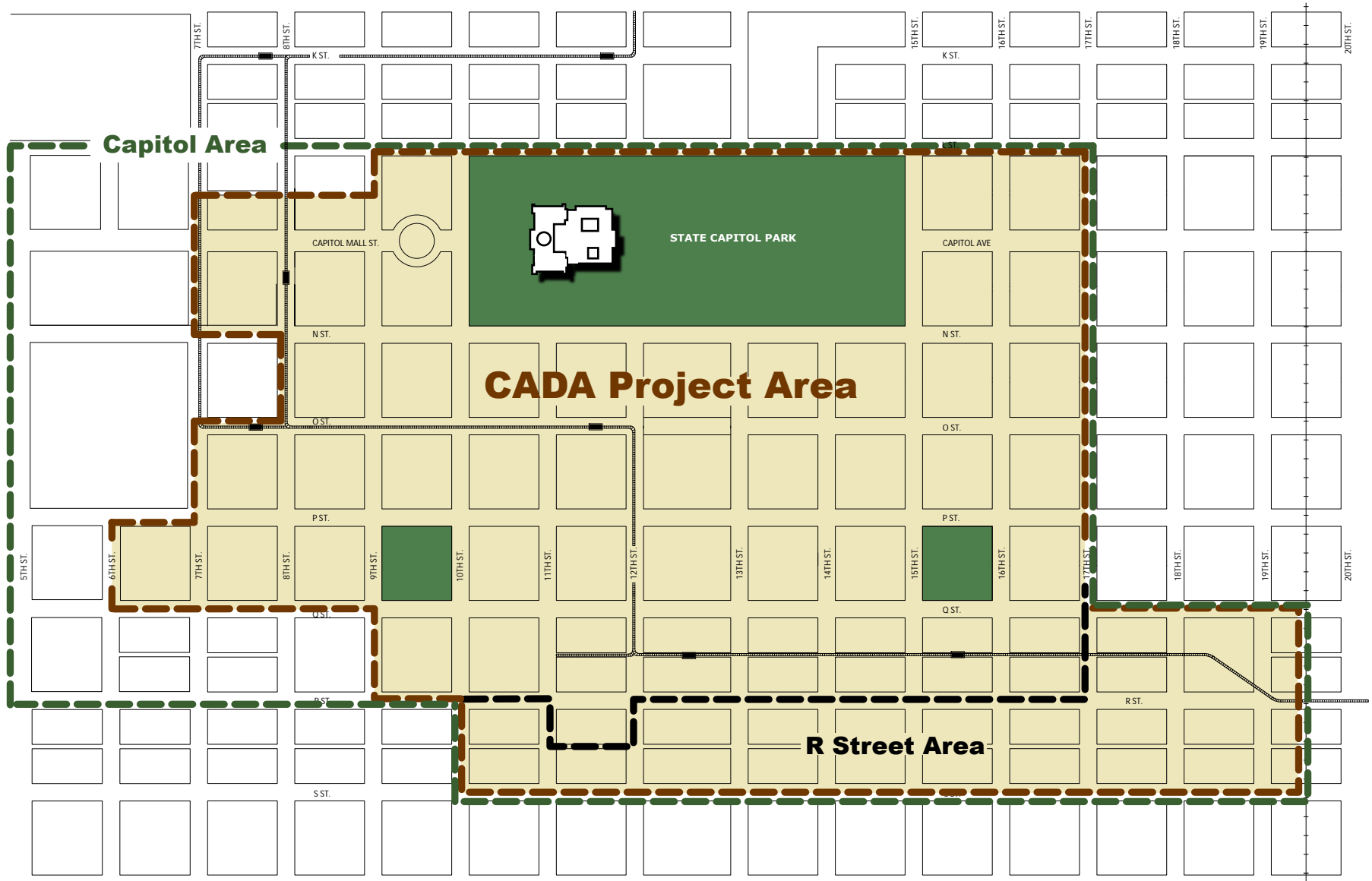
ENVIRONMENTAL CONSIDERATIONS


N/A


Approved for transmittal to the Board:


Wendy S. Saunders, Executive Director

Attachment A: CADA Boundary Map
Attachment B: Draft Fiscal Consultant Report
Attachment C: Tax Increment Projection and Debt Service Coverage Calculation
Attachment D: Draft Bond Sources and Uses
Attachment E: Preliminary Draft Official Statement
Attachment F: Draft Indenture
Attachment G: Draft Bond Purchase Agreement
Attachment H: Draft Continuing Disclosure Certificate



 Boundaries for the State's Capitol Area. The Capitol Area Plan (CAP) (GC 8160-8169.6) is the official state master plan for development within the Central City and is a guide for future state policy in the locating of state buildings and other facilities in the Metropolitan Area.

 Boundaries of CADA's Project Area including R Street Area. CADA develops residential and retail projects in this area as governed by the CAP and Government Code 8180-8194.

April 2007 



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FISCAL CONSULTANT REPORT

Capitol Area Development Authority

Capitol Area Redevelopment Project
R Street Redevelopment Project

September 2020

Section A - Introduction

The Capitol Area Development Authority (Authority) is considering the issuance of Tax Allocation Bonds (Bonds). The Authority will pledge a portion of the tax increment revenues generated from the Capitol Area Project Area and the R Street Project Area (combined these are referred to as the Project Area) to repayment of the Bonds, which will have parity lien on such revenues with certain other Authority obligations.

The purpose of this Fiscal Consultant Report (Report) is to provide in depth information about the tax increment revenues to be used to support repayment of the Bonds. The Report includes the following sections that address various aspects of the revenue stream:

- A. **Introduction:** This section provides an overview of the Report and its purpose.
- B. **General Information:** Provides information on the legal authority for the Authority to undertake redevelopment activities and a general description of the Project Area, including a chart showing time limits that are contained in state law for the collection of tax increment and repayment of debt. A brief description of the systems and procedures used by Sacramento County for the allocation of tax increment is also included in this section.
- C. **Taxable Values and Historical Revenues:** Information in this section includes a description of the categories of taxable values, the Top Ten Assesseees in the Project Area and the historical trends in values and revenues.
- D. **Assessment Appeals:** The findings from a review of the records of the Sacramento County Assessment Appeals Board are included in this section.
- E. **Estimate of Current and Future Revenues:** This part of the report includes the tax increment projections for the Project Area.
- F. **Adjustments and Liens on Revenue / Coverage Analysis:** This section provides information on and the estimated impact of adjustments and liens on the revenue stream that must be paid prior to payments on the Bonds along with parity and subordinate obligations of the Authority.

The value and revenue estimates contained in this Report are based upon information and data which we believe to be reasonable and accurate. The assessment practices and county allocation procedures discussed in this Report are based on information provided by representatives of Sacramento County. Assessment practices and allocation procedures are set, in part, administratively and can be changed. Nothing came to our attention during this review to indicate changes are imminent. To a certain extent, the estimates of revenue are based on assumptions that are subject to a degree of uncertainty and variation and therefore we do not represent them as results that will actually be achieved. However, they have been conscientiously prepared on the basis of our experience in the field of financial analysis for redevelopment agencies.

The spread of the COVID-19 coronavirus pandemic is impacting governments, businesses and people in a manner that is having negative effects on global, national and local economies. In addition, stock markets in the United States and globally initially

saw significant declines and volatility attributed to coronavirus concerns, although the markets have stabilized. Future property taxes to the Authority could be impacted. The impact could occur because future property tax installments could be deferred, or some taxpayers may be unable to make their property tax payments. Such impacts could be offset because the County operates under the Teeter Plan, which shields the Agency from delinquencies. There is the possibility that the County could end the Teeter Plan in the future although County staff has indicated that they have no plans to do that as of the date of this report. For 2019-20 the County reports it has received 98.85 percent of the property tax levy, which equates to a 1.15 percent delinquency rate. The Agency has also received over 99 percent of the original levy for the 2019-20 fiscal year. The value of property on the 2021-22 and future tax rolls could be reduced. At this time, there is no way to provide an estimate of the impact that the pandemic could have on future property taxes.

Section B - General Information

The Authority was formed pursuant to a Joint Exercise of Powers Agreement entered into in 1978 between the State of California and the City of Sacramento per Government Code Section 8169.4. The Authority was created to carry out the goals and objectives contained in the Capitol Area Plan (Plan), as amended from time to time.

The boundaries of the Project Area were established pursuant to Government Code Section 8180 (a). The Project Area includes the original Capitol Area Project (referred to as the Original Area) and the R Street Area. The R Street Area was added during the 2002 Legislative session pursuant to SB 1460. The boundaries of the Original Area generally encompass L Street to the north, R Street to the south (except that portion lying between 11th and 12th Street, where the southern boundary is the alley lying between R and S Street) on the west by 7th Street, and on the east by 17th Street. The above code section excludes the area bounded by Q Street to the north, R Street to the south, 7th Street to the west and 8th Street to the east because it is within the boundaries of a redevelopment project area adopted prior to April 1, 1979, by the City pursuant to the Community Redevelopment Law. The Original Area contains State and commercial office and retail space, the State Capitol and residential uses.

The boundaries of the R Street Area encompass the area which is bounded on the north by Q Street, on the south by S street, on the west by 17th Street, and on the east by the westerly edge of the current right-of-way for the rail lines running north and south between 19th and 20th Streets, and which is bounded on the North by R street, excepting that portion lying between 11th and 12th Streets which northern boundary is the alley lying between R and S Streets, on the south by S Street, on the west by 10th Street, and on the east by 17th Street. The R Street Area includes primarily commercial and industrial uses.

Tax increment financing authority is authorized pursuant to Section 8183 (b) of the Government Code. The Authority is not required to have a cumulative tax increment limit, a limit on bonded indebtedness, or time limits for the establishment and repayment

of debt and the effectiveness of the Plan for the Original Area. The Joint Powers Agreement was recently extended and now ends in July 2055. Tax increment can continue to be collected until all bonds then outstanding are paid.

The R Street Area contains the following time limits:

<i>R Street Area – Time Limits</i>	
Debt Establishment	12/31/2022
Plan Effectiveness	12/31/2032
Debt Repayment	12/31/2047

The table below provides a breakdown of land uses by taxable value for the Original Area and the R Street Area as of 2020-21.

LAND USE CATEGORY SUMMARY 2020-21			
	Parcels	Taxable Value	Percent of Total
<u>Original Area</u>			
Residential	321	\$299,504,506	66.6%
Commercial	60	99,156,333	22.0%
Industrial	9	5,549,617	1.2%
Recreational	2	11,017,835	2.4%
Government	293	0	0.0%
Miscellaneous	0	0	0.0%
Vacant Land	5	3,243,597	0.7%
Total Secured	690	418,471,888	93.0%
Unsecured / SBE		31,484,156	7.0%
Grand Total		\$449,956,044	100%

R Street Area			
Residential	30	\$70,658,987	21.2%
Commercial	54	236,643,884	71.1%
Industrial	4	1,792,544	0.5%
Recreational	1	6,167,132	1.9%
Institutional	1	0	0.0%
Government	13	0	0.0%
Miscellaneous	2	18	0.0%
Vacant Land	8	4,518,253	1.4%
Total Secured	113	319,780,818	96.1%
Unsecured / SBE		12,923,612	3.9%
Grand Total		\$332,704,430	100%

Property Tax Allocation Procedures

The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. Incorrectly allocated revenues can result in a redevelopment project area receiving erroneous amounts of revenue. In addition, the method a county uses to allocate delinquent taxes, roll corrections and property tax refunds will impact the amount of tax increment received. For these reasons, Sacramento County’s procedures for the allocation of property taxes were evaluated.

Sacramento County calculates tax increment to the Authority by applying the current year tax rate to secured and unsecured incremental taxable value. The tax rate for the Authority only includes the basic one percent tax rate. The County also allocates unitary revenue on the basis of the total unitary revenue in a project area, without reductions for base year revenues. The allocation of unitary revenue is based on revenues received in 1987-88, adjusted by the actual growth or decline in unitary revenues on a countywide basis.

Tax increment generated from the secured tax roll is allocated based on 100 percent of the County calculated levy. The method is often referred to as the Teeter Plan. Under the Teeter Plan, the Authority is shielded from the impact of delinquent property taxes. The County does adjust secured tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments. Tax increment generated from the application of the total tax rate to the unsecured incremental value of the project areas are based on the actual collections of unsecured revenues on a countywide basis.

Subsequent sections of this Report include a discussion of the impact of the County’s allocation practices on the Project Area’s tax increment revenues, to the extent applicable.

Section C – Taxable Values and Historical Revenues

Taxable Values

Property is valued as of January 1 of each year. Property which is subject to taxation is valued at 100 percent of its full cash value. Locally assessed property is appraised by the county assessor's office. The State Board of Equalization (SBE) values state assessed property.

Real property consists of land and improvements and can either appear on the secured or the unsecured roll. The secured roll includes property on which the property tax levied becomes a lien on the property to secure payment of taxes. Unsecured property does not become a lien on such property, but may become a lien on other property of the taxpayer.

Locally assessed real property is subject to the provisions of Article XIII A of the California Constitution, commonly referred to as Proposition 13. Under Proposition 13, property is valued based either on its value in 1975-76 or if newly constructed or sold after this date, then on the full cash value of the property at that time. Property values may only increase annually by an inflation factor of up to 2 percent annually. The Proposition 13 value of property is sometimes referred to as the factored base year value. Pursuant to Section 51 (b) of the Revenue and Taxation Code, assessors must enroll the lesser of the market value or the factored base year value of property.

Personal property values can be classified as either secured or unsecured property. Personal property is not subject to the provisions of Proposition 13. Such property is annually appraised at the full cash value of the property. Absent new acquisitions, the full cash value of personal property tends to decline over time as a result of depreciation. Fixtures, while categorized as real property and subject to the restrictions of Proposition 13, are also subject to declining values through depreciation.

State-assessed property is also not subject to the provisions of Proposition 13. Such property is valued by the SBE based on the full cash value of the property. State-assessed property is categorized as secured property and is either unitary or non-unitary property. Since 1987-88, unitary property has been reported on a countywide basis, with unitary revenues allocated to taxing entities and redevelopment projects pursuant to a formula contained in AB 454 (Chapter 921, Statutes of 1986). Starting in 2007-08, unitary railroad value has been reported on a county-wide basis with the resulting revenues allocated under a formula contained in state law. State-assessed non unitary values are reported at the local tax rate area level.

Project Area Value Trends

Table 1 shows the historical taxable values of the Project Area over the past ten years. We have separated the Original Area from the R Street Area on Table 1. Taxable values

have increased from \$231.2 million in 2010-11 to \$450 million in 2020-21 for the Original Area. The total percentage change was 95 percent over the ten year period. The average annual percentage increase in values was 7 percent.

In 2012-13, secured values in the Original Area declined by \$5.4 million. This was caused by the reduction in value for Griffin Capital Investments (which has since been sold) by \$8.7 million due to a successful assessment appeal. The value for unsecured property went down by \$20 million in the Original Area between 2011-12 and 2013-14, and by an additional \$20 million in 2015-16. The unsecured value of Comcast Cable, which reflects cable lines in the public right of way, reflected most of this reduction due to successful assessment appeals.

For the more recent period since 2016-17, secured taxable values have been increasing rapidly, by over \$150 million. This has occurred in large part due to new development activity in the Original Area, including two new mixed-use projects. The Fountains Eviva added over \$54 million and 1430 Q Street Investors added over \$20 million. The sale of property added almost \$45 million.

Table 1 also shows the historical taxable values of the R Street Area over the past ten years. Taxable values have increased from \$152 million in 2010-11 to \$332.7 million in 2020-21. The total percentage change was 119 percent. The average annual percentage increase in values was 8 percent.

Between 2010-11 and 2014-15, secured values went down by 16.4 million. Almost all of this was due to a reduction for property then owned by Hines Reit \$14.9 million based on the Assessor's finding that the value of the property was worth less under Proposition 8. The properties were sold in 2019 to Sacramento California I FGF. Since 2016-17, secured values in the R Street Area have increased by \$175 million. Most of this was due to the completion of the Ice House development, which added over \$90 million. Property sales added \$43 million.

Top Ten Assesseees

The Top Ten Assesseees in the Project Area are summarized on Tables 2 through 2.2. The total taxable value for the Top Ten Assesseees represents 55.32 percent of the total value of the Project Area and 63.26 percent of the incremental value, as shown on Table 2. Tables 2.1 and 2.2 show the Top Ten for the Original and R Street Area.

Historical Tax Increment Revenues

Table 3 shows the historical receipt of tax increment revenues in the Project Area. The initial County levy is compared to the actual receipt of tax increment (exclusive of supplemental revenues) to determine collection trends. As shown on Table 3, actual receipts of tax increment for the Project Area have averaged approximately 99.11 percent of the levy over the past four years.

Supplemental property tax receipts are also shown on Table 3. Supplemental taxes are a function of new construction or changes of ownership since the last property tax lien date. When supplemental taxes are included, the Authority has received an average of 109.88 percent of the levy. Table 4 shows the history of Tax Revenues.

Section D – Assessment Appeals

Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the SBE. Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If an assessee is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent annually. Appeals can also be filed pursuant to Section 51 (b) of the Revenue and Taxation Code. Under this section of the code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value, including a reduction in the market value of property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property.

Due to the impact that assessment appeals can have on the taxable values and tax increment revenues of a project area, a review of recently resolved and open appeals was conducted. The review revealed that there has been limited appeals activity since 2016-17.

Prior Resolved Appeals – Analysis of Impacts	
Filed Appeals	13
Appeals Outstanding	3
Appeals Withdrawn / Denied	10
Resolved Appeals with Reductions	0
% Resulting in AV Reductions	0%
AV Reductions from Resolved Appeals	\$0
Average Percent Reduction to AV	0%
Overall Success Factor	0%

The table below shows the open appeals in the Project Area:

Assessee	Open Appeals		
	Original Roll Value	Applicants Opinion of Value	Potential Value Reduction
Sixteenth and O Street	\$2,340,000	\$1,404,000	\$936,000
Safeway	1,114,373	557,187	557,186
Sac. 3 Dental Services	296,571	192,691	103,880
Total	3,750,944	2,153,878	1,597,066

As shown above, there are three open appeals of value for which the applicants have requested reductions totaling approximately \$1.6 million. Given that there have been no successful appeals since 2016-17, we have used the applicants requested value reduction for purposes of reductions in taxable value shown in the tax increment projections discussed in Section F.

Sacramento County allocates refunds related to appeals based on two different methods. For major refunds over a certain dollar threshold, the County reduces tax increment revenues based on the actual refunds that occur within the project area. For small refunds related to appeals, the County allocates such refunds on the basis of the Project’s AB 8 apportionment factor applied to all refunds countywide (The AB 8 apportionment factor represents a project area’s tax increment revenue in relation to total countywide property taxes). We would expect all of the above appeals to fall under the AB 8 factor approach.

Proposition 8 Reductions

A number of counties in California, including Sacramento, had processed temporary assessed value reductions for certain properties (Proposition 8 reductions) where the assessed values exceeded the current market value of properties as of January 1, 2012 without prompting from individual taxpayers. Typically, the properties to be reviewed for “automatic” reductions are single family homes and condominiums which transferred ownership between 2003 and December 31, 2011. These reductions were triggered because residential property values have decreased in the County.

We have reviewed information on all Proposition 8 residential value changes between fiscal years 2008-09 and 2016-17 to determine how many parcels went down in value in the Project Area during that period, and also how many have received partial or complete reversals. The results of our analysis are shown on the following page.

Proposition 8 Residential Impacts	
<i>Decreases - 2008-09 to 2009-10</i>	
Number of Residential Parcels	157
Total Value Decline	(12,093,747)
<i>Increases - 2009-10 to 2016-17</i>	
Number of Residential Parcels	157
Average % Value Increase	9%
Total Value Increase	11,041,755

As shown on the table above, 157 residential parcels (inclusive of both single and multifamily parcels) had been reduced as of the fiscal year 2009-10 tax roll, with a value reduction of \$12.1 million. All of these had either been reversed (67) or had sold (90) as of 2016-17.

Section E - Estimate of Current and Future Tax Increment Revenue

Tax increment revenues are calculated by first subtracting the base year value of a project area from the current year taxable value in order to determine the incremental taxable value of the project area. Applicable tax rates are then applied to incremental taxable value in order to determine tax increment revenues.

Unitary revenues are allocated to a project area based on a formula contained in AB 454. Generally, the Authority receives unitary revenues for the Original Area on the basis of amounts that were received in the prior fiscal year. The prior year allocations are adjusted annually based on changes in unitary revenue on a countywide basis.

The Authority also receives supplemental property taxes for the Project Area on an annual basis. Due to the difficulty of estimating supplemental revenues, we have not included such revenues in the estimates shown on Tables 6 or 6.1. Supplemental property taxes typically increase the receipt of tax increment.

Current Year Revenues

An estimate of current year (2020-21) tax increment revenues is shown on Table 5. The values utilized are the actual taxable values as provided by Sacramento County. Tax increment generated from the application of the 1 percent tax rate to incremental taxable value for 2020-21 is estimated at \$6.8 million. Tax rates in excess of 1 percent are no longer levied in the Project Area.

Unitary revenues are estimated to equal \$34,000 for the Original Area. The estimate is based on the actual allocation of unitary revenues in 2019-20.

Projected Revenues

A projection of tax increment revenues is shown on Tables 6 and 6.1. Real property consists of locally reported secured and unsecured land and improvement values. The other property category includes personal property and state assessed values.

The future level of real and other property values has been estimated on Table 6. Real property values have been increased by 1 percent in 2020-21, which is the current inflation factor for the period from June of 2019 to June of 2020. For years after 2021-22, we have increased values by a 2 percent inflation factor on Table 6, which is the maximum which assessors are allowed to use. The other property category of values shown on Table 6 has been held constant in the projections. All values have been held constant in Table 6.1. The potential impact of appeals has been factored in on Tables 6 and 6.1.

Future year tax increment revenues have also been increased on Table 6 for new developments that have recently been completed but are not yet fully on the tax roll. Table 7 shows the new developments that have been included, which are further described below:

1. 1430 R Street: This development includes 75 residential units and 8,500 square feet of commercial space. It was completed in June 2020 but only partial value is on the tax rolls, with the balance expected to be added in 2021-22.
2. The Carlaw: This project is also complete and includes a total of 26 units and 15,000 square feet of retail space. Remaining value is expected to be added to the 2021-22 tax roll.

Section F – Adjustments and Liens on Tax Increment / Coverage Analysis

The tax increment revenues of the Project Area are subject to certain adjustments and liens, as described in this section and as shown on Table 6 and 6.1. The adjustments and liens must be paid prior to the payment of debt service on the Bonds. In addition, the Authority has certain other obligations that are on parity with the Bonds, and obligations that are subordinate to debt service on the Bonds and parity obligations. The various obligations are described below.

Senior Adjustments to Revenue

The one senior adjustment is for property tax administrative fees collected by Sacramento County. State law (SB 2557) allows counties to charge taxing entities, including the Authority, for the cost of administering the property tax collection system. The fees have been estimated based on the percentage that such fees represented to total tax increment in 2019-20.

Housing Set-Aside

The Authority is required by Government Code Section 8191 to use not less than 20 percent of the tax increment generated in the project area for qualified low and moderate income housing purposes.

Parity Obligations

In January 2014, the Authority entered into a Tax Allocation Loan Agreement with the California Infrastructure and Economic Development Bank (I-Bank). In August 2012, the Authority entered into a Revised and Restated Disposition and Development Agreement with East End Gateway 1. These are not shown on Tables 6 and 6.1 but will be included in the Official Statement for the Bonds.

Subordinate Obligations

The Authority also has the following obligations that are subordinate to the Parity Obligations:

1. DGS Promissory Notes: The Authority has entered into four Promissory Notes with the State of California's Department of General Services (DGS) that pledge certain tax increment revenues generated from the development projects in the East End Gateway sites to repayment of the Notes.
2. DDA Payments – EEG 2 & 3: Pursuant to a Fourth Amendment to a Disposition and Development Agreement (DDA) between the Authority and 16th & O Gateway (Developer), the Authority has agreed to use a portion of the tax increment generated from the East End Gateway sites 2 and 3 to pay the Developer.
3. SHRA Loan Payments: The Authority has entered into four separate loan agreements with the Sacramento Housing and Redevelopment Agency (SHRA). Only two of the loan agreements require a pledge of tax increment.

Since these are subordinate they are not shown on Tables 6 or 6.1.

Table 1
 Capitol Area Development Authority
 Capitol Area Redevelopment Project Area

HISTORICAL TAXABLE VALUE

Fiscal Year	Locally-Assessed Secured Value	Unsecured Value	Total Taxable Value	Percentage Change	Total Incremental Value (1)
<i>Original Area</i>					
2020-21	\$418,471,888	\$31,484,156	\$449,956,044	9%	\$416,460,633
2019-20	387,233,729	24,484,560	411,718,289	7%	378,222,878
2018-19	362,396,352	23,936,181	386,332,533	14%	352,837,122
2017-18	318,835,490	20,018,310	338,853,800	17%	305,358,389
2016-17	265,510,463	25,007,138	290,517,601	-1%	257,022,190
2015-16	248,517,463	44,285,049	292,802,512	20%	259,307,101
2014-15	193,366,873	50,397,620	243,764,493	6%	210,269,082
2013-14	187,015,538	43,985,443	231,000,981	-1%	197,505,570
2012-13	178,016,260	54,631,051	232,647,311	-6%	199,151,900
2011-12	183,368,410	64,096,192	247,464,602	7%	213,969,191
2010-11	183,614,052	47,582,700	231,196,752	N/A	197,701,341
Total Percentage Change				95%	
Average Percentage Change				7%	
<i>R Street Area</i>					
2020-21	\$319,780,818	\$12,923,612	\$332,704,430	15%	\$267,961,872
2019-20	280,653,402	9,726,177	290,379,579	39%	225,637,021
2018-19	202,554,865	6,950,267	209,505,132	13%	144,762,574
2017-18	177,679,031	7,051,659	184,730,690	23%	119,988,132
2016-17	144,320,962	5,612,764	149,933,726	11%	85,191,168
2015-16	130,765,428	4,201,805	134,967,233	7%	70,224,675
2014-15	122,518,634	3,814,127	126,332,761	-5%	61,590,203
2013-14	127,968,463	4,543,002	132,511,465	-6%	67,768,907
2012-13	135,345,440	4,892,590	140,238,030	-1%	75,495,472
2011-12	136,119,649	4,946,552	141,066,201	-7%	76,323,643
2010-11	147,129,904	4,838,732	151,968,636	N/A	87,226,078
Total Percentage Change				119%	
Average Percentage Change				8%	

(1) Taxable Value above base year value of \$33,495,411 for the Original Area and \$64,742,558 for the R Street Area.

Source: Sacramento County Assessors Office and Fraser & Associates

Table 2
 Capitol Area Development Authority
 Capitol Area Redevelopment Project Area

TEN MAJOR PROPERTY TAX ASSESSEES

<u>Assessee</u>	<u>Type of Use</u>	<u>Secured Value (1)</u>	<u>Unsecured Value (1)</u>	<u>2020-21 Total</u>	<u>%of Value (2)</u>	<u>%of Inc. Value (2)</u>
1) Sacramento California I FGF LLC	Commerical	\$105,612,416	\$37,858	\$105,650,274	13.50%	15.44%
2) Ice House LP	Residential	98,040,445	0	98,040,445	12.53%	14.32%
3) Fountains Eviva LLC	Residential	55,581,596	0	55,581,596	7.10%	8.12%
4) Demmon Powerhouse Investments	Residential	33,813,000	0	33,813,000	4.32%	4.94%
5) 1102 Q Street Investors	Commercial	31,849,765	0	31,849,765	4.07%	4.65%
6) Roseville Investment Company LLC (3)	Commercial	30,775,881	0	30,775,881	3.93%	4.50%
7) RMF Legado Land LLC	Mixed Use	30,061,220	0	30,061,220	3.84%	4.39%
8) 14th P Corporation (Homestead Western)	Residential	19,741,272	0	19,741,272	2.52%	2.88%
9) Union of California State Work	Commercial	13,350,393	941,202	14,291,595	1.83%	2.09%
10) Fremont Downtown Sacramento Partners	Residential	13,153,092	0	13,153,092	1.68%	1.92%
Total Valuation		431,979,080	979,060	432,958,140	55.32%	63.26%

(1) Based on ownership of locally-assessed property.

(2) Based on 2020-21 Project Area total taxable value of \$782,660,474 and incremental value of \$684,422,505.

(3) Includes Safeway which has appealed their value and requested a reduction of \$557,000.

Table 2.1
 Capitol Area Development Authority
 Capitol Area Redevelopment Project Area

TEN MAJOR PROPERTY TAX ASSESSEES - ORIGINAL AREA

Assessee	Type of Use	Secured	Unsecured	2020-21 Total (1)	%of Value (2)	%of Inc. Value (2)
1) Fountains Eviva LLC	Residential	\$55,581,596	\$0	\$55,581,596	12.35%	13.35%
2) Demmon Powerhouse LLC	Residential	33,813,000	0	33,813,000	7.51%	8.12%
3) 1102 Q Street Investors	Commercial	31,849,765	0	31,849,765	7.08%	7.65%
4) RMF Legado Land LLC	Residential	30,061,220	0	30,061,220	6.68%	7.22%
5) 1430 Q St. Investors LLC	Residential	20,830,600	0	20,830,600	4.63%	5.00%
6) 14th P Corporation (Homestead Western)	Residential	19,741,272	0	19,741,272	4.39%	4.74%
7) Sacramento California I FGF LLC	Commercial	18,731,484	37,858	18,769,342	4.17%	4.51%
8) Fremont Downtown Sacramento Partners	Residential	13,153,092	0	13,153,092	2.92%	3.16%
9) 1724 10Th Street Investors LLC	Commercial	7,747,702	0	7,747,702	1.72%	1.86%
10) State of California CADA	Recreational	7,299,996	0	7,299,996	1.62%	1.75%
Total Valuation		238,809,727	37,858	238,847,585	40.73%	44.01%

(1) Based on ownership of locally-assessed property.
 (2) Based on 2020-21 Project Area taxable value of \$449,956,044 and incremental value of \$416,460,633.
 (3) These owners each have outstanding assessment appeals.

Table 2.2
 Capitol Area Development Authority
 Capitol Area Redevelopment Project Area

MAJOR PROPERTY TAX ASSESSEES - R STREET AREA

Assessee	Type of Use	Secured	Unsecured	2020-21 Total (1)	%of Value (2)	%of Inc. Value (2)
1) Ice House LP	Residential	\$98,040,445	\$0	\$98,040,445	29.47%	36.59%
2) Sacramento California I FGF LLC	Commercial	86,880,932	0	86,880,932	26.11%	32.42%
3) Roseville Investment Company LLC (3)	Commercial	30,775,881	0	30,775,881	9.25%	11.49%
4) Union of California State Work	Commercial	13,530,393	941,202	14,471,595	4.35%	5.40%
5) 1200 R LLC	Commercial	12,240,000	0	12,240,000	3.68%	4.57%
6) Valley Oak Midtown LLC	Commercial	6,664,385	0	6,664,385	2.00%	2.49%
7) 15 R DEVCO	Commercial	6,229,962	0	6,229,962	1.87%	2.32%
8) 11 R DEVCO	Recreational	6,167,132	0	6,167,132	1.85%	2.30%
9) Cordano Redding LLC	Commercial	6,044,159	0	6,044,159	1.82%	2.26%
10) 17R Orchard Partners	Commercial	4,752,964	0	4,752,964	1.43%	1.77%
Total Valuation		271,326,253	941,202	272,267,455	81.83%	101.61%

(1) Based on ownership of locally-assessed property.

(2) Based on 2020-21 Project Area taxable value of \$332,704,430 and incremental value of \$267,961,872.

(3) Includes Safeway which has appealed their value and requested a reduction of \$557,000.

Table 3
 Capitol Area Development Authority
 Capitol Area Redevelopment Project Area

HISTORICAL RECEIPTS (1)

	Levy per County (2)	Tax Increment Receipts Less Supplementals	% of Levy Received	Supplementals	Total Tax Increment Receipts	% of Levy Received
2019-20	6,073,658	6,035,704	99.38%	988,777	7,024,481	115.65%
2018-19	5,011,065	4,934,974	98.48%	436,934	5,371,908	107.20%
2017-18	4,290,358	4,256,769	99.22%	415,373	4,672,142	108.90%
2016-17	3,457,432	3,431,104	99.24%	206,679	3,637,783	105.22%
2015-16	3,327,619	3,304,574	99.31%	338,515	3,643,089	109.48%
Average Receipts to Levy			99.11%			109.88%

- (1) Receipts per Agency records prior to reduction for property tax admin. fees.
 Does not include interest paid by County. Amounts shown have been
 adjusted from audited amounts to reflect the year in which payments were due.
- (2) Initial levy reported by Sacramento County.

Table 4
 Capitol Area Development Authority
 Capitol Area Redevelopment Project Area

HISTORICAL TAX REVENUES (1)

Category	2015-16	2016-17	2017-18	2018-19	2019-20
Tax Increment	\$3,269,664	\$3,394,887	\$4,219,232	\$4,899,439	\$5,999,655
Unitary Tax Increment	34,910	36,217	37,537	35,535	36,049
Supplemental / Other Taxes	338,515	206,679	415,373	436,934	988,777
Total Tax Increment	3,643,089	3,637,783	4,672,142	5,371,908	7,024,481
<i><u>Adjustments / Liens to Tax Revenue:</u></i>					
Property Tax Admin. Fees	48,141	46,806	56,615	62,113	72,921
Housing Set-Aside	728,618	727,557	934,428	1,074,382	1,404,896
Tax Revenue	2,866,330	2,863,420	3,681,099	4,235,413	5,546,664

(1) Reflects actual receipts based on the records of the Agency.

Table 5
 Capitol Area Development Authority
 Capitol Area Redevelopment Project Area

**ESTIMATE OF INCREMENTAL TAX REVENUE
 FOR FISCAL YEAR 2020-21**

	Original Area			R Street Area			Combined		
	Taxable Value (1)	Base Year Taxable Value	Incremental Taxable Value	Taxable Value (1)	Base Year Taxable Value	Incremental Taxable Value	Taxable Value (1)	Base Year Taxable Value	Incremental Taxable Value
Local Secured									
Real Property	\$431,411,881			\$320,131,926	\$61,115,357		\$751,543,807		
Personal Property	358,240.00			73,383	299,423		431,623		
Gross Secured	431,770,121			320,205,309	61,414,780		751,975,430		
Less: Exemptions	13,298,233			424,491	0		13,722,724		
Net Secured	418,471,888	15,974,539		319,780,818	61,414,780		738,252,706	77,389,319	
State-Assessed	0	0		0	265,259		0	265,259	
Total Secured	418,471,888	15,974,539	402,497,349	319,780,818	61,680,039	258,100,779	738,252,706	77,654,578	660,598,128
Unsecured									
Real Property	24,685,841			5,710,365	399,979		30,396,206		
Personal Property	7,622,160			7,213,247	2,662,540		14,835,407		
Gross Unsecured	32,308,001			12,923,612	3,062,519		45,231,613		
Less: Exemptions	823,845			0	0		823,845		
Net Unsecured	31,484,156	17,520,872	13,963,284	12,923,612	3,062,519	9,861,093	44,407,768	20,583,391	23,824,377
Total Secured & Unsecured	449,956,044	33,495,411	416,460,633	332,704,430	64,742,558	267,961,872	782,660,474	98,237,969	684,422,505
Tax Increment (2)			4,164,600			2,679,600			6,844,200
Unitary Tax Increment			36,000			0			36,000
Total Tax Increment			4,200,600			2,679,600			6,880,200
<i>Adjustments to Tax Revenue:</i>									
Property Tax Administration Fees (3)			51,000			33,000			84,000
<i>Liens On Tax Increment</i>									
Housing Set-Aside			840,000			536,000			1,376,000
Tax Revenues			3,309,600			2,110,600			5,420,200

(1) Based on taxable value information from the Sacramento County Auditor-Controller
 (2) Calculated based on the application of the 1% tax rate.
 (3) The administrative fee is based on 1.22%, which is the percentage the fee represented in 2019-20.

Table 6
 Capitol Area Development Authority
 Capitol Area Redevelopment Project Area

PROJECTION OF INCREMENTAL TAX REVENUE
 (000's Omitted)

Fiscal Year	Real (1) Property	New (2) Development	Total Real Property	Other (3) Property	Total Value	Value Over Base Of \$98,238	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment	Property Tax Admin. Fees (6)	Housing Tax Set-Aside	Tax Revenues	(7) Parity Obligations	(8) Other Subordinate Obligations	Net Tax Revenues
2020 - 2021	\$768,217	N/A	\$768,217	\$14,443	\$782,660	\$684,423	\$6,844	\$36	\$6,880	\$84	\$1,376	\$5,420	300	\$133	\$4,987
2021 - 2022	774,381	4,108	778,488	14,443	792,932	694,694	6,947	36	6,983	85	1,397	5,501	300	133	5,068
2022 - 2023	794,058	0	794,058	14,443	808,501	710,263	7,103	36	7,139	87	1,428	5,624	300	133	5,191
2023 - 2024	809,939	0	809,939	14,443	824,383	726,145	7,261	36	7,297	89	1,459	5,749	300	133	5,316
2024 - 2025	826,138	0	826,138	14,443	840,581	742,343	7,423	36	7,459	91	1,492	5,876	300	133	5,444
2025 - 2026	842,661	0	842,661	14,443	857,104	758,866	7,589	36	7,625	93	1,525	6,007	300	133	5,574
2026 - 2027	859,514	0	859,514	14,443	873,957	775,719	7,757	36	7,793	95	1,559	6,139	300	133	5,707
2027 - 2028	876,704	0	876,704	14,443	891,148	792,910	7,929	36	7,965	97	1,593	6,275	300	133	5,842
2028 - 2029	894,239	0	894,239	14,443	908,682	810,444	8,104	36	8,140	100	1,628	6,413	0	0	6,413
2029 - 2030	912,123	0	912,123	14,443	926,566	828,329	8,283	36	8,319	102	1,664	6,554	0	0	6,554
2030 - 2031	930,366	0	930,366	14,443	944,809	846,571	8,466	36	8,502	104	1,700	6,697	0	0	6,697
2031 - 2032	948,973	0	948,973	14,443	963,416	865,178	8,652	36	8,688	106	1,738	6,844	0	0	6,844
2032 - 2033	967,953	0	967,953	14,443	982,396	884,158	8,842	36	8,878	109	1,776	6,994	0	0	6,994
2033 - 2034	987,312	0	987,312	14,443	1,001,755	903,517	9,035	36	9,071	111	1,814	7,146	0	0	7,146
2034 - 2035	1,007,058	0	1,007,058	14,443	1,021,501	923,263	9,233	36	9,269	113	1,854	7,302	0	0	7,302
2035 - 2036	1,027,199	0	1,027,199	14,443	1,041,642	943,404	9,434	36	9,470	116	1,894	7,460	0	0	7,460
2036 - 2037	1,047,743	0	1,047,743	14,443	1,062,186	963,948	9,639	36	9,676	118	1,935	7,622	0	0	7,622
2037 - 2038	1,068,698	0	1,068,698	14,443	1,083,141	984,903	9,849	36	9,885	121	1,977	7,787	0	0	7,787
2038 - 2039	1,090,072	0	1,090,072	14,443	1,104,515	1,006,277	10,063	36	10,099	124	2,020	7,956	0	0	7,956
2039 - 2040	1,111,873	0	1,111,873	14,443	1,126,316	1,028,078	10,281	36	10,317	126	2,063	8,127	0	0	8,127
2040 - 2041	1,134,111	0	1,134,111	14,443	1,148,554	1,050,316	10,503	36	10,539	129	2,108	8,302	0	0	8,302
2041 - 2042	1,156,793	0	1,156,793	14,443	1,171,236	1,072,998	10,730	36	10,766	132	2,153	8,481	0	0	8,481
2042 - 2043	1,179,929	0	1,179,929	14,443	1,194,372	1,096,134	10,961	36	10,997	134	2,199	8,663	0	0	8,663
2043 - 2044	1,203,527	0	1,203,527	14,443	1,217,971	1,119,733	11,197	36	11,233	137	2,247	8,849	0	0	8,849
2044 - 2045	1,227,598	0	1,227,598	14,443	1,242,041	1,143,803	11,438	36	11,474	140	2,295	9,039	0	0	9,039
2045 - 2046	1,252,150	0	1,252,150	14,443	1,266,593	1,168,355	11,684	36	11,720	143	2,344	9,232	0	0	9,232
2046 - 2047 (9)	1,277,193	0	1,277,193	14,443	1,291,636	1,193,398	11,934	36	11,970	146	2,394	9,430	0	0	9,430
2047 - 2048	747,798	0	747,798	7,157	754,955	656,717	7,215	36	7,251	89	1,450	5,712	0	0	5,712
2048 - 2049	762,754	0	762,754	7,157	769,911	671,673	7,364	36	7,400	91	1,480	5,830	0	0	5,830
2049 - 2050	778,009	0	778,009	7,157	785,166	686,928	7,517	36	7,553	92	1,511	5,950	0	0	5,950
2050 - 2051	793,569	0	793,569	7,157	800,726	702,488	7,672	36	7,708	94	1,542	6,072	0	0	6,072

- (1) Prior Year Real Property increased by 1 percent in 2021-22 and then by 2 percent per year. The value in 2021-22 has been reduced for open appeals.
- (2) See Table 7 "Schedule of New Development".
- (3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
- (4) Based on the application of Project Area tax rates to the total incremental taxable value.
- (5) Amount based on actual for 2019-20.
- (6) Estimated based on 1.22 percent of tax increment.
- (7) Payments due under revised DDA with East End Gateway One LLC.
- (8) Payments due under developer agreements that are subordinate to debt service.
- (9) The last date to receive tax increment in the R Street Area is December 31, 2047.

Table 6.1
 Capitol Area Development Authority
 Capitol Area Redevelopment Project Area

PROJECTION OF INCREMENTAL TAX REVENUE
 (000's Omitted)

Fiscal Year	Real (1) Property	New (2) Development	Total Real Property	Other (3) Property	Total Value	Value Over Base Of \$98,238	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment	Property Tax Admin. Fees (6)	Housing Set-Aside	Tax Revenues
2020 - 2021	\$768,217	N/A	\$768,217	\$14,443	\$782,660	\$684,423	\$6,844	\$36	\$6,880	\$84	\$1,376	\$5,420
2021 - 2022	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2022 - 2023	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2023 - 2024	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2024 - 2025	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2025 - 2026	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2026 - 2027	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2027 - 2028	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2028 - 2029	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2029 - 2030	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2030 - 2031	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2031 - 2032	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2032 - 2033	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2033 - 2034	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2034 - 2035	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2035 - 2036	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2036 - 2037	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2037 - 2038	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2038 - 2039	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2039 - 2040	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2040 - 2041	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2041 - 2042	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2042 - 2043	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2043 - 2044	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2044 - 2045	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2045 - 2046	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2046 - 2047 (9)	766,714	0	766,714	14,443	781,157	682,919	6,829	36	6,865	84	1,373	5,408
2047 - 2048	441,863	0	441,863	7,157	449,020	350,782	4,155	36	4,191	51	838	3,302
2048 - 2049	441,863	0	441,863	7,157	449,020	350,782	4,155	36	4,191	51	838	3,302
2049 - 2050	441,863	0	441,863	7,157	449,020	350,782	4,155	36	4,191	51	838	3,302
2050 - 2051	441,863	0	441,863	7,157	449,020	350,782	4,155	36	4,191	51	838	3,302

- (1) Prior Year Real Property increased by 1 percent in 2021-22 and then by 2 percent per year. The value in 2021-22 has been reduced for open appeals.
- (2) See Table 7 "Schedule of New Development".
- (3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
- (4) Based on the application of Project Area tax rates to the total incremental taxable value.
- (5) Amount based on actual for 2019-20.
- (6) Estimated based on 1.22 percent of tax increment.
- (7) Payments due under revised DDA with East End Gateway One LLC.
- (8) Payments due under developer agreements that are subordinate to debt service.
- (9) The last date to receive tax increment in the R Street Area is December 31, 2047.

Table 7
 Capitol Area Development Authority
 Capitol Area Redevelopment Project Area

SCHEDULE OF NEW DEVELOPMENT AND OWNERSHIP CHANGES

Development	Square Footage/ Units	Completion Date	Remaining Value Expected To Add To Project	Year Added to Tax Roll
<i>Original Area</i>				
1430 Q Street	75 units / 8,569 Commercial	August-20	\$586,600	21-22
<i>R Street Area</i>				
The Carlaw	26 units / 14,917 Commercial	June-20	3,521,000	21-22
GRAND TOTAL			\$4,107,600	

Capitol Area Development Authority
Tax Increment and Debt Service Coverage Projection
0.00% Growth in Tax Increment
(\$000 Omitted)

Attachment C

Projected Debt Service Coverage									
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
Non-Housing Tax Increment	Plus: Available 20% Housing Tax Increment	Total Available Tax Increment	2016 Ref. Series A Debt Service	2016 Refunding Series B Debt Service	Total Series 2020 Debt Service	I-Bank Debt Service	Other Parity Obligations	Total Payment Obligations	Estimated Debt Service Coverage
5,420	1,286	6,706	142	572	1,631	41	300	2,686	2.50
5,408	1,286	6,694	141	565	1,629	41	300	2,676	2.50
5,408	1,286	6,695	140	573	1,633	41	300	2,687	2.49
5,408	1,285	6,693	139	568	1,630	40	300	2,677	2.50
5,408	1,280	6,688	139	551	1,630	40	300	2,659	2.52
5,408	1,280	6,688	138	544	1,629	40	300	2,650	2.52
5,408	1,282	6,690	142	546	1,631	40	300	2,659	2.52
5,408	1,282	6,690	141	548	1,631	40	300	2,660	2.52
5,408	1,279	6,687	140	544	1,629	40	-	2,353	2.84
5,408	1,124	6,532	699	-	1,631	40	-	2,370	2.76
5,408	1,124	6,532	697	-	1,631	40	-	2,368	2.76
5,408	1,124	6,532	699	-	1,632	40	-	2,371	2.75
5,408	1,122	6,530	700	-	1,632	40	-	2,372	2.75
5,408	1,123	6,531	699	-	1,631	-	-	2,330	2.80
5,408	1,123	6,531	-	-	1,630	-	-	1,630	4.01
5,408	1,122	6,530	-	-	1,633	-	-	1,633	4.00
5,408	1,124	6,532	-	-	1,630	-	-	1,630	4.01
5,408	1,121	6,529	-	-	1,631	-	-	1,631	4.00
5,408	1,122	6,530	-	-	1,630	-	-	1,630	4.01
5,408	1,121	6,529	-	-	1,634	-	-	1,634	4.00
5,408	1,124	6,532	-	-	1,631	-	-	1,631	4.01
5,408	1,121	6,529	-	-	1,634	-	-	1,634	4.00
5,408	1,124	6,532	-	-	1,631	-	-	1,631	4.01
5,408	1,121	6,529	-	-	1,631	-	-	1,631	4.00
5,408	1,122	6,530	-	-	1,630	-	-	1,630	4.01
5,408	1,122	6,530	-	-	1,632	-	-	1,632	4.00
5,408	1,120	6,528	-	-	1,632	-	-	1,632	4.00
3,302	838	4,140	-	-	1,631	-	-	1,631	2.54
3,302	838	4,140	-	-	1,633	-	-	1,633	2.54
3,302	838	4,140	-	-	1,632	-	-	1,632	2.54
155,939	34,263	190,202	4,757	5,010	48,935	523	2,400	61,625	

Notes

- [1] Per Table 6.1 from the Fiscal Consultant's Report
[2] Available 20% Housing Revenue Available for Bonds Debt Service
[3] [1]+[2]
[9] Sum of [4]+[5]+[6]+[7]+[8]
[10] [3]/[9]

SOURCES AND USES OF FUNDS

Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020

Dated Date 11/18/2020
Delivery Date 11/18/2020

Sources:

Bond Proceeds:	
Par Amount	30,705,000.00
	<u>30,705,000.00</u>

Uses:

Project Fund Deposits:	
Project Fund	30,000,000.00
Delivery Date Expenses:	
Cost of Issuance	210,000.00
Underwriter's Discount	199,582.50
Bond Insurance (50 bps)	244,681.76
Surety (3%)	<u>49,019.82</u>
	703,284.08
Other Uses of Funds:	
Additional Proceeds	1,715.92
	<u>30,705,000.00</u>

BOND PRICING

Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	10/01/2021	830,000	0.850%	0.850%	100.000
	10/01/2022	715,000	0.950%	0.950%	100.000
	10/01/2023	725,000	1.080%	1.080%	100.000
	10/01/2024	730,000	1.320%	1.320%	100.000
	10/01/2025	740,000	1.470%	1.470%	100.000
	10/01/2026	750,000	1.770%	1.770%	100.000
	10/01/2027	765,000	1.920%	1.920%	100.000
	10/01/2028	780,000	2.200%	2.200%	100.000
	10/01/2029	795,000	2.300%	2.300%	100.000
	10/01/2030	815,000	2.400%	2.400%	100.000
		<u>7,645,000</u>			
Term Bond 2035:					
	10/01/2031	835,000	2.900%	2.900%	100.000
	10/01/2032	860,000	2.900%	2.900%	100.000
	10/01/2033	885,000	2.900%	2.900%	100.000
	10/01/2034	910,000	2.900%	2.900%	100.000
	10/01/2035	935,000	2.900%	2.900%	100.000
		<u>4,425,000</u>			
Term Bond 2040:					
	10/01/2036	965,000	3.440%	3.440%	100.000
	10/01/2037	995,000	3.440%	3.440%	100.000
	10/01/2038	1,030,000	3.440%	3.440%	100.000
	10/01/2039	1,065,000	3.440%	3.440%	100.000
	10/01/2040	1,105,000	3.440%	3.440%	100.000
		<u>5,160,000</u>			
Term Bond 2050:					
	10/01/2041	1,140,000	3.640%	3.640%	100.000
	10/01/2042	1,185,000	3.640%	3.640%	100.000
	10/01/2043	1,225,000	3.640%	3.640%	100.000
	10/01/2044	1,270,000	3.640%	3.640%	100.000
	10/01/2045	1,315,000	3.640%	3.640%	100.000
	10/01/2046	1,365,000	3.640%	3.640%	100.000
	10/01/2047	1,415,000	3.640%	3.640%	100.000
	10/01/2048	1,465,000	3.640%	3.640%	100.000
	10/01/2049	1,520,000	3.640%	3.640%	100.000
	10/01/2050	1,575,000	3.640%	3.640%	100.000
		<u>13,475,000</u>			
		<u>30,705,000</u>			

Dated Date	11/18/2020	
Delivery Date	11/18/2020	
First Coupon	04/01/2021	
Par Amount	30,705,000.00	
Original Issue Discount		
Production	30,705,000.00	100.000000%
Underwriter's Discount	-199,582.50	-0.650000%
Purchase Price	30,505,417.50	99.350000%
Accrued Interest		
Net Proceeds	30,505,417.50	

BOND SUMMARY STATISTICS

Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020

Dated Date	11/18/2020
Delivery Date	11/18/2020
Last Maturity	10/01/2050
Arbitrage Yield	3.425191%
True Interest Cost (TIC)	3.400571%
Net Interest Cost (NIC)	3.431972%
All-In TIC	3.533659%
Average Coupon	3.394808%
Average Life (years)	17.490
Duration of Issue (years)	12.774
Par Amount	30,705,000.00
Bond Proceeds	30,705,000.00
Total Interest	18,231,351.86
Net Interest	18,430,934.36
Total Debt Service	48,936,351.86
Maximum Annual Debt Service	1,633,994.00
Average Annual Debt Service	1,638,341.55
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	6.500000
Total Underwriter's Discount	6.500000
Bid Price	99.350000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	7,645,000.00	100.000	1.931%	5.423
Term Bond 2035	4,425,000.00	100.000	2.900%	12.926
Term Bond 2040	5,160,000.00	100.000	3.440%	17.937
Term Bond 2050	13,475,000.00	100.000	3.640%	25.664
	30,705,000.00			17.490

	TIC	All-In TIC	Arbitrage Yield
Par Value	30,705,000.00	30,705,000.00	30,705,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-199,582.50	-199,582.50	
- Cost of Issuance Expense		-210,000.00	
- Other Amounts		-293,701.58	-293,701.58
Target Value	30,505,417.50	30,001,715.92	30,411,298.42
Target Date	11/18/2020	11/18/2020	11/18/2020
Yield	3.400571%	3.533659%	3.425191%

AGGREGATE DEBT SERVICE

Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020

Period Ending	Tax Allocation Revenue Bonds, Series 2020	Aggregate Debt Service
10/01/2021	1,631,174.36	1,631,174.36
10/01/2022	1,629,423.50	1,629,423.50
10/01/2023	1,632,631.00	1,632,631.00
10/01/2024	1,629,801.00	1,629,801.00
10/01/2025	1,630,165.00	1,630,165.00
10/01/2026	1,629,287.00	1,629,287.00
10/01/2027	1,631,012.00	1,631,012.00
10/01/2028	1,631,324.00	1,631,324.00
10/01/2029	1,629,164.00	1,629,164.00
10/01/2030	1,630,879.00	1,630,879.00
10/01/2031	1,631,319.00	1,631,319.00
10/01/2032	1,632,104.00	1,632,104.00
10/01/2033	1,632,164.00	1,632,164.00
10/01/2034	1,631,499.00	1,631,499.00
10/01/2035	1,630,109.00	1,630,109.00
10/01/2036	1,632,994.00	1,632,994.00
10/01/2037	1,629,798.00	1,629,798.00
10/01/2038	1,630,570.00	1,630,570.00
10/01/2039	1,630,138.00	1,630,138.00
10/01/2040	1,633,502.00	1,633,502.00
10/01/2041	1,630,490.00	1,630,490.00
10/01/2042	1,633,994.00	1,633,994.00
10/01/2043	1,630,860.00	1,630,860.00
10/01/2044	1,631,270.00	1,631,270.00
10/01/2045	1,630,042.00	1,630,042.00
10/01/2046	1,632,176.00	1,632,176.00
10/01/2047	1,632,490.00	1,632,490.00
10/01/2048	1,630,984.00	1,630,984.00
10/01/2049	1,632,658.00	1,632,658.00
10/01/2050	1,632,330.00	1,632,330.00
	48,936,351.86	48,936,351.86

BOND DEBT SERVICE

Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2021	830,000	0.850%	801,174.36	1,631,174.36
10/01/2022	715,000	0.950%	914,423.50	1,629,423.50
10/01/2023	725,000	1.080%	907,631.00	1,632,631.00
10/01/2024	730,000	1.320%	899,801.00	1,629,801.00
10/01/2025	740,000	1.470%	890,165.00	1,630,165.00
10/01/2026	750,000	1.770%	879,287.00	1,629,287.00
10/01/2027	765,000	1.920%	866,012.00	1,631,012.00
10/01/2028	780,000	2.200%	851,324.00	1,631,324.00
10/01/2029	795,000	2.300%	834,164.00	1,629,164.00
10/01/2030	815,000	2.400%	815,879.00	1,630,879.00
10/01/2031	835,000	2.900%	796,319.00	1,631,319.00
10/01/2032	860,000	2.900%	772,104.00	1,632,104.00
10/01/2033	885,000	2.900%	747,164.00	1,632,164.00
10/01/2034	910,000	2.900%	721,499.00	1,631,499.00
10/01/2035	935,000	2.900%	695,109.00	1,630,109.00
10/01/2036	965,000	3.440%	667,994.00	1,632,994.00
10/01/2037	995,000	3.440%	634,798.00	1,629,798.00
10/01/2038	1,030,000	3.440%	600,570.00	1,630,570.00
10/01/2039	1,065,000	3.440%	565,138.00	1,630,138.00
10/01/2040	1,105,000	3.440%	528,502.00	1,633,502.00
10/01/2041	1,140,000	3.640%	490,490.00	1,630,490.00
10/01/2042	1,185,000	3.640%	448,994.00	1,633,994.00
10/01/2043	1,225,000	3.640%	405,860.00	1,630,860.00
10/01/2044	1,270,000	3.640%	361,270.00	1,631,270.00
10/01/2045	1,315,000	3.640%	315,042.00	1,630,042.00
10/01/2046	1,365,000	3.640%	267,176.00	1,632,176.00
10/01/2047	1,415,000	3.640%	217,490.00	1,632,490.00
10/01/2048	1,465,000	3.640%	165,984.00	1,630,984.00
10/01/2049	1,520,000	3.640%	112,658.00	1,632,658.00
10/01/2050	1,575,000	3.640%	57,330.00	1,632,330.00
	30,705,000		18,231,351.86	48,936,351.86

BOND DEBT SERVICE

Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2021			340,435.11	340,435.11	
10/01/2021	830,000	0.850%	460,739.25	1,290,739.25	1,631,174.36
04/01/2022			457,211.75	457,211.75	
10/01/2022	715,000	0.950%	457,211.75	1,172,211.75	1,629,423.50
04/01/2023			453,815.50	453,815.50	
10/01/2023	725,000	1.080%	453,815.50	1,178,815.50	1,632,631.00
04/01/2024			449,900.50	449,900.50	
10/01/2024	730,000	1.320%	449,900.50	1,179,900.50	1,629,801.00
04/01/2025			445,082.50	445,082.50	
10/01/2025	740,000	1.470%	445,082.50	1,185,082.50	1,630,165.00
04/01/2026			439,643.50	439,643.50	
10/01/2026	750,000	1.770%	439,643.50	1,189,643.50	1,629,287.00
04/01/2027			433,006.00	433,006.00	
10/01/2027	765,000	1.920%	433,006.00	1,198,006.00	1,631,012.00
04/01/2028			425,662.00	425,662.00	
10/01/2028	780,000	2.200%	425,662.00	1,205,662.00	1,631,324.00
04/01/2029			417,082.00	417,082.00	
10/01/2029	795,000	2.300%	417,082.00	1,212,082.00	1,629,164.00
04/01/2030			407,939.50	407,939.50	
10/01/2030	815,000	2.400%	407,939.50	1,222,939.50	1,630,879.00
04/01/2031			398,159.50	398,159.50	
10/01/2031	835,000	2.900%	398,159.50	1,233,159.50	1,631,319.00
04/01/2032			386,052.00	386,052.00	
10/01/2032	860,000	2.900%	386,052.00	1,246,052.00	1,632,104.00
04/01/2033			373,582.00	373,582.00	
10/01/2033	885,000	2.900%	373,582.00	1,258,582.00	1,632,164.00
04/01/2034			360,749.50	360,749.50	
10/01/2034	910,000	2.900%	360,749.50	1,270,749.50	1,631,499.00
04/01/2035			347,554.50	347,554.50	
10/01/2035	935,000	2.900%	347,554.50	1,282,554.50	1,630,109.00
04/01/2036			333,997.00	333,997.00	
10/01/2036	965,000	3.440%	333,997.00	1,298,997.00	1,632,994.00
04/01/2037			317,399.00	317,399.00	
10/01/2037	995,000	3.440%	317,399.00	1,312,399.00	1,629,798.00
04/01/2038			300,285.00	300,285.00	
10/01/2038	1,030,000	3.440%	300,285.00	1,330,285.00	1,630,570.00
04/01/2039			282,569.00	282,569.00	
10/01/2039	1,065,000	3.440%	282,569.00	1,347,569.00	1,630,138.00
04/01/2040			264,251.00	264,251.00	
10/01/2040	1,105,000	3.440%	264,251.00	1,369,251.00	1,633,502.00
04/01/2041			245,245.00	245,245.00	
10/01/2041	1,140,000	3.640%	245,245.00	1,385,245.00	1,630,490.00
04/01/2042			224,497.00	224,497.00	
10/01/2042	1,185,000	3.640%	224,497.00	1,409,497.00	1,633,994.00
04/01/2043			202,930.00	202,930.00	
10/01/2043	1,225,000	3.640%	202,930.00	1,427,930.00	1,630,860.00
04/01/2044			180,635.00	180,635.00	
10/01/2044	1,270,000	3.640%	180,635.00	1,450,635.00	1,631,270.00
04/01/2045			157,521.00	157,521.00	
10/01/2045	1,315,000	3.640%	157,521.00	1,472,521.00	1,630,042.00
04/01/2046			133,588.00	133,588.00	
10/01/2046	1,365,000	3.640%	133,588.00	1,498,588.00	1,632,176.00
04/01/2047			108,745.00	108,745.00	
10/01/2047	1,415,000	3.640%	108,745.00	1,523,745.00	1,632,490.00
04/01/2048			82,992.00	82,992.00	
10/01/2048	1,465,000	3.640%	82,992.00	1,547,992.00	1,630,984.00
04/01/2049			56,329.00	56,329.00	
10/01/2049	1,520,000	3.640%	56,329.00	1,576,329.00	1,632,658.00
04/01/2050			28,665.00	28,665.00	
10/01/2050	1,575,000	3.640%	28,665.00	1,603,665.00	1,632,330.00
	30,705,000		18,231,351.86	48,936,351.86	48,936,351.86

CALL PROVISIONS

Capitol Area Development Authority
 Tax Allocation Revenue Bonds, Series 2020

Call Table: CALL

Call Date	Call Price
10/01/2030	100.00

Call Provisions Setup

Bond Component	Call Table	Callable Dates
Bond Component	CALL	Any Date
Term Bond 2035	CALL	Any Date
Term Bond 2040	CALL	Any Date
Term Bond 2050	CALL	Any Date

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2020**NEW ISSUE**
BOOK-ENTRY ONLY**Insured Rating:**
S&P: “_”**Underlying Rating:**
S&P: “_”
(See “Ratings”)

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “Tax Matters.”

[\$[PRINCIPAL AMOUNT]*
CAPITOL AREA DEVELOPMENT AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2020
(Federally Taxable)

Dated: Date of Issuance

Due: October 1, as shown on inside cover

The above-captioned bonds (the “Bonds”) are being issued by the Capitol Area Development Authority (the “Authority”) to (i) finance affordable housing and other development projects within the Authority’s area of operation in downtown Sacramento, (ii) pay the premiums for a policy of bond insurance and a debt service reserve insurance policy, and (iii) pay costs of issuance of the Bonds. The Bonds are being issued pursuant to an indenture dated November 1, 2020 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Authority is a joint exercise of powers agency formed by the City of Sacramento (the “City”) and the State of California (the “State”) in 1978.

The Bonds are limited obligations of the Authority payable only from and secured by a lien on (i) certain tax increment revenues derived from property in the Capitol Area Project Area (as described herein) and allocated to the Authority and (ii) moneys in certain funds and accounts established under the Indenture, as further described in this Official Statement. The Authority has no taxing power. The Authority may issue additional obligations payable on a parity with the Bonds under the terms of the Indenture. See “Security for the Bonds.”

The Bonds are not a debt of the City or the State or any of its political subdivisions, and neither the City nor the State or any of its political subdivisions is liable thereon.

Interest on the Bonds is payable on April 1, 2021, and semiannually thereafter on April 1 and October 1 of each year. The Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Purchasers of the Bonds will not receive physical certificates representing their ownership interests in the Bonds purchased. The Bonds will be issued in the principal amount of \$5,000 and any integral multiple thereof. Principal of and interest on the Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Bonds. See “The Bonds – Description” and Appendix G - “DTC and the Book-Entry Only System.”

The Bonds are subject to redemption prior to their stated maturities as described herein. See “The Bonds - Redemption.”

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by _____. See “Bond Insurance” and Appendix H – “Specimen Municipal Bond Insurance Policy.”

[Insurer Logo]

This cover page contains certain information for quick reference only. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds. The purchase of the Bonds involves risks, and the Bonds are not appropriate investments for all types of investors. See “Bondowners’ Risks” for a discussion of certain risk factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating the investment quality of the Bonds.

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel. Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, is also serving as Disclosure Counsel to the Authority. Jones Hall, a Professional Law Corporation, San Francisco, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds in definitive form will be available for delivery to Cede & Co., as nominee of The Depository Trust Company, on or about November 18, 2020.

[Hilltop Securities Logo]

* Preliminary; subject to change.

The date of this Official Statement is November ____, 2020.

MATURITY SCHEDULE*

**[\$[PRINCIPAL AMOUNT]*
CAPITOL AREA DEVELOPMENT AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2020
(Federally Taxable)**

Base CUSIP[†]: 14055 R

\$ _____ * Serial Bonds

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u> %	<u>Yield</u> %	<u>CUSIP suffix[‡]</u>
--	-----------------------------------	-------------------------------------	-------------------	---------------------------------

\$ _____ .__% Term Bonds due October 1, 20__ – Yield: .__% - CUSIP[†] 14055 R ____

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2020 CUSIP Global Services. All rights reserved. CUSIP® numbers are provided for convenience of reference only. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Authority, Bond Counsel, Disclosure Counsel, and the Municipal Advisor are responsible for the selection or correctness of the CUSIP® numbers set forth above.

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

* Preliminary; subject to change.

CAPITOL AREA DEVELOPMENT AUTHORITY

Authority Board

Ann Bailey, *Chair*
Bob Lagomarsino, *Vice-Chair*
Randall Winston, *Member*
Nick Avdis, *Member*

Authority Staff

Wendy Saunders, *Executive Director*
Marc de la Vergne, *Deputy Executive Director*
Renee Funston, *Development Manager*
Tom Kigar, *Special Projects Director*
Todd Leon, *Developer Director*
Noelle Mussen, *Controller*
Kronick, Moskovitz, Tiedemann & Girard,
a Professional Corporation, *Authority Counsel*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Kronick, Moskovitz, Tiedemann & Girard
A Professional Corporation
Sacramento, California

Municipal Advisor

Del Rio Advisors, LLC
Modesto, California

Fiscal Consultant

Fraser & Associates, Redevelopment and Financial Consultants
Roseville, California

Trustee

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

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 a contract between any bond owner and the Authority or the Underwriter.

No Offering Except by This Official Statement. 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 in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may 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.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the Authority and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement are “forward-looking statements.” Such statements generally use expressions such as “plan,” “project,” “forecast,” “expect,” “intend,” “estimate,” “budget” or other similar words. Any forecast is subject to uncertainties. The realization of the projections or other expectations described in such forward-looking statements is subject to risks that may cause the actual results, performance or achievements to be materially different from those described in the forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or the events, conditions or circumstances on which such statements are based occur.

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

Documents. All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents, are qualified in their entirety by reference to such documents, and do not purport to be complete statements of any or all of such provisions. Copies of documents referred to herein and other information concerning the Bonds are available from the Authority, 1522 14th Street, Sacramento, CA 95814-5958, telephone number (916) 322-2114. The Authority may impose a charge for copying, handling, and mailing.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority or the other parties described in this Official Statement, or the condition of the property within the Project Area (as defined herein) since the date of this Official Statement.

Website. The Authority maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

Insurer’s Disclaimer. _____ (the “Insurer”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading “Bond Insurance” and Appendix H – “Specimen Municipal Bond Insurance Policy.”

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OFFICIAL STATEMENT

[\$[PRINCIPAL AMOUNT]*
CAPITOL AREA DEVELOPMENT AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2020
(Federally Taxable)

INTRODUCTION

The purpose of this Official Statement is to provide information concerning the issuance by the Capitol Area Development Authority (the “Authority”) of its Tax Allocation Revenue Bonds, Series 2020 (the “Bonds”).

The Bonds are being issued pursuant to an Indenture dated November 1, 2020 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) and in accordance with Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code, and other applicable laws of the State of California (the “State”). See “The Bonds – Authority for Issuance.”

Proceeds from the sale of the Bonds will be used to (i) finance affordable housing and other development projects within the Authority’s area of operation in downtown Sacramento, (ii) pay the premiums for a policy of bond insurance and a debt service reserve insurance policy, and (iii) pay costs of issuance of the Bonds. See “The Financing Plan.”

There are risks inherent in the purchase of the Bonds. See “Bondowners’ Risks” for a discussion of some of the special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

Definitions of certain terms used in this Official Statement and summaries of certain provisions of the Indenture that are not described elsewhere in this Official Statement are included in Appendix C. All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Indenture.

THE AUTHORITY

Establishment of the Authority

The Authority is a joint exercise of powers agency duly organized in 1978 and operating under (i) Chapter 2.8 (commencing with Section 8160) of Division 1 of Title 2 of the Government Code (the “Capitol Area Planning Act”), (ii) Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code (the “Joint Powers Act”), and (iii) the Joint Exercise of Powers Agreement dated July 1, 1978 (the “Agreement”), between the State, acting through its Department of General Services, and the City of Sacramento. The Agreement was amended as of April 1, 2020, to extend its duration to July 1, 2055, “or such time thereafter as any Bonds then outstanding and the interest thereon shall have been paid in full, or provision for such payment shall have been made.”

Function of the Authority

The Capitol Area Plan, adopted by the State Legislature in 1977 and updated in July 1997, provides for the orderly development of the State’s facilities in the Sacramento metropolitan area. Goals of the

* Preliminary; subject to change.

Capitol Area Plan included supplying additional office space for the State, developing parking and transportation facilities, expanding the supply of private and publicly owned housing in the Capitol area, and promoting the cooperative development of property in the Sacramento metropolitan area by the State and local agencies.

The Authority was created to implement and oversee the residential and neighborhood commercial elements of the State's Capitol Area Plan, primarily in the vicinity of the State Capitol building in Sacramento. CADA's mission was further expanded to include implement the City of Sacramento's R Street Corridor Master Plan.

The Authority manages residential and commercial properties owned by the State; facilitates new residential construction by private developers; develops new urban infill housing through its associated nonprofit corporation, the Capitol Area Community Development Corporation; obtains funding for infrastructure improvements to encourage private development projects; and funds streetscape, park, street lighting, and other projects to enhance the living and working environment of the Capitol area. The Authority manages 720 rental housing units, about one-quarter of which are affordable to low and very low-income households.

Financial Statements

The Authority's financial statements for the fiscal year ended June 30, 2019, are attached as Appendix E. As described in "Security for the Bonds -- General," the Bonds are payable only from and secured by a pledge of tax increment revenues (and funds established by the Indenture) and not from other revenues of the Authority. The Authority's financial statements were audited by CohnReznick LLP (the "Auditor"). The Auditor has not been asked to consent to the inclusion of the Authority's financial statements in this Official Statement and has not reviewed this Official Statement.

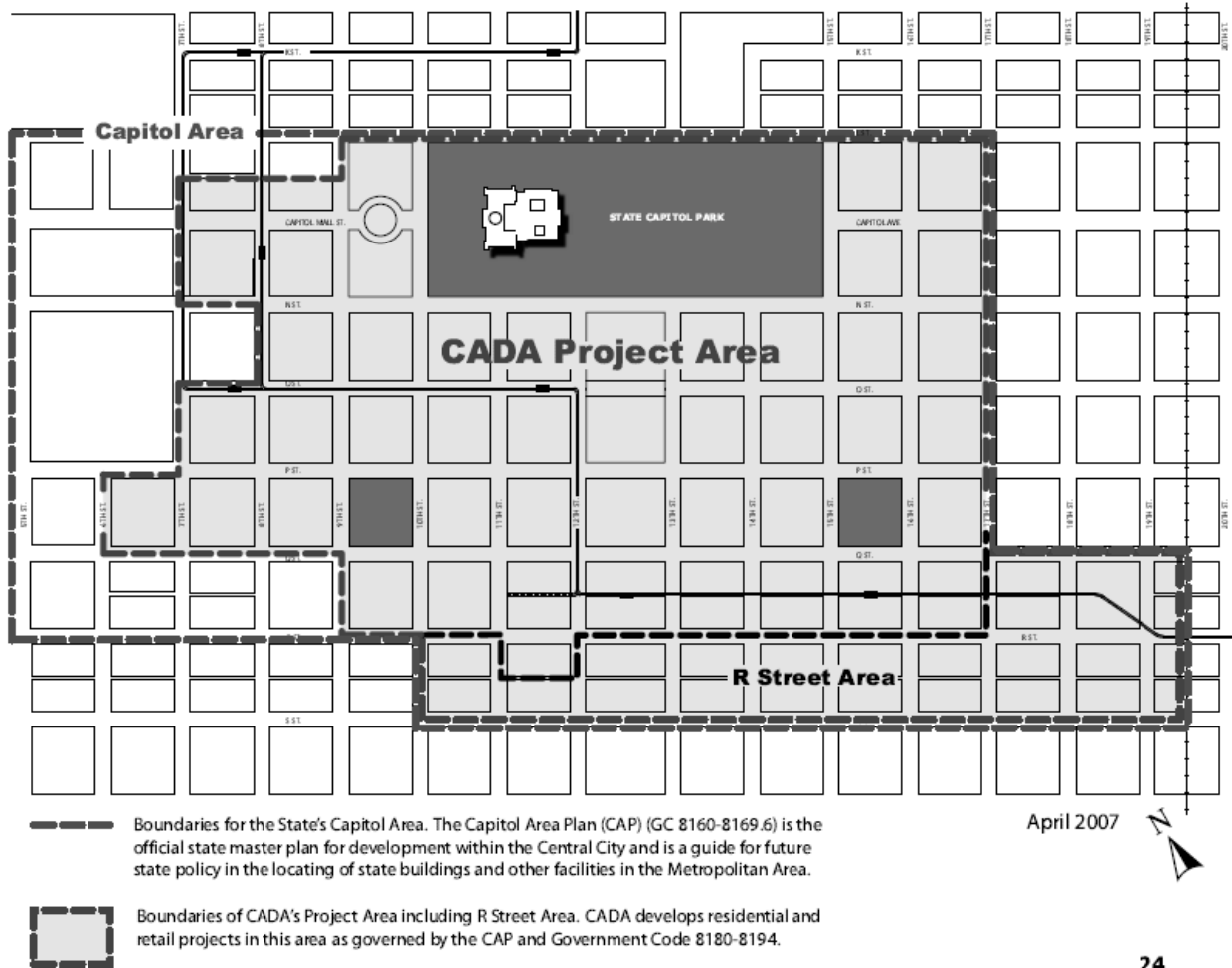
Project Area

The State legislature has given the Authority responsibility to direct the redevelopment of an area of downtown Sacramento in the vicinity of the State Capitol building that is described in detail in Government Code section 8180 (the "Project Area"); and the Authority receives tax increment revenues from the Project Area to finance those activities. The Project Area comprises 167 acres (or 65 city blocks) and includes two sub-areas, the "Original Area" of 138 acres and the "R Street Area" of 29 acres. (The R Street Area was added to the Project Area in 2002.)

The Original Area encompasses the area within Sacramento that is bounded by L Street on the north, R Street on the south (except a portion between 11th and 12th Streets, where the southern boundary is the alley between R and S Streets), 7th Street on the west, and 17th Street on the east (but excluding the area bounded by Q Street on the north, R Street on the south, 7th Street on the west, and 8th Street on the east). The Original Area contains the State Capitol building, State office buildings, commercial office and retail space, and some residential buildings.

The R Street Area, which is adjacent to the Original Area, encompasses (i) the area that is bounded by Q Street on the north, S street on the south, 17th Street on the west, and the westerly edge of the current right-of-way for the rail lines running north and south between 19th and 20th Streets on the east and (ii) the area that is bounded on the North by R street (except a portion between 11th and 12th Streets, which northern boundary is the alley between R and S Streets), on the south by S Street, on the west by 10th Street, and on the east by 17th Street. The R Street Area includes primarily commercial and industrial uses.

The Project Area and its two sub-areas are depicted on the map below.



FINANCING PLAN

Projects

The Authority expects to use proceeds of the Bonds to finance the projects described below, but this identification of projects and funding amounts is subject to change by the Authority. None of the potential revenues from any of the projects is available to pay debt service on the Bonds, which are payable only from Tax Revenues (as defined herein).

Site 21. The Authority will reimburse itself the \$2.0 million purchase price it paid in August 2020 for land located at 14th and N Streets. The Authority currently plans to sell the site to a private developer for construction of market rate condominiums or apartments.

1717 S Street. The Authority, through its associated nonprofit corporation, the Capitol Area Community Development Corporation (“CACDC”), entered into a joint venture with CFY Development for the purchase and rehabilitation of 1717 S Street into a mix-used project, including mixed-income housing. The Authority plans to provide a residual receipts loan of approximately \$3.5 million to CACDC in October 2021 for a 159-unit affordable housing project on the site.

1322 O Street (The Courtyard). The Authority plans to extend a residual receipts loan of approximately \$3.5 million in March 2021 to CACDC to finance a 58-unit affordable housing project as part of a mixed-use project in a 5-story building that will include 1,301 square feet of ground floor commercial space.

East End Gateway Site 5/6/7. The Authority plans to use approximately \$7 million to finance a 150 +/- unit affordable housing project.

New Affordable Housing Project. The Authority intends to use approximately \$7 million for a prospective 150 +/- unit affordable housing project at a location to be determined.

Housing Facility Improvements. The Authority expects to use approximately \$2.0 million for major improvements to or rehabilitation of several housing facilities owned or leased by the Authority.

Land Acquisition. The Authority expects to apply approximately \$5.0 million toward land acquisition opportunities.

Sources and Uses of Funds

The proceeds from the sale of the Bonds are expected to be applied as follows:

Sources of Funds:	
Par Amount of Bonds	_____
Total Sources	_____
 Uses of Funds:	
Deposit to Project Fund	
Costs of Issuance ⁽¹⁾	_____
Total Uses	_____

⁽¹⁾ Includes underwriter’s discount, fees of bond counsel, disclosure counsel, municipal advisor, the premiums for municipal bond insurance and debt service reserve insurance, fiscal consultant, verification agent, trustee and rating agencies, printing costs and other closing costs.

THE BONDS

Authority for Issuance

The Bonds are being issued pursuant to the Joint Powers Act, the Indenture, and a resolution adopted on October 16, 2020, by the Board of the Authority.

Description

Form and Registration. The Bonds will be issued in fully registered form only, in denominations of \$5,000 each or any integral multiple thereof, registered in the name of Cede & Co. as nominee of DTC. Beneficial owners of the Bonds will not receive physical certificates representing their interests in the Bonds, but will receive a credit balance on the books of the nominees for such beneficial owners.

Book-Entry Only System. As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the registered owners mean Cede & Co. and do not mean the beneficial owners of the Bonds. See Appendix G – “DTC and the Book-Entry Only System” for more information about DTC. If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered as described under the caption “Registration, Transfer and Exchange of Bonds.”

Debt Service. The Bonds will be dated their date of delivery and will bear interest from their date at the rates per annum set forth on the inside cover page hereof, payable on April 1, 2021, and semiannually thereafter on each April 1 and October 1 (each an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside cover page hereof. Interest on the Bonds will be calculated on the basis of a 360-day year comprising twelve 30-day months and is payable on each Interest Payment Date until maturity or prior redemption as described herein.

Payments on Bonds. Debt service on the Bonds will be paid by the Trustee to DTC, which will in turn remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

The Trustee, the Authority, and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

If the Bonds are no longer registered in book-entry form, payment of interest on any Bond on any Interest Payment Date will be made to the person appearing on the registration books of the Trustee as the owner thereof as of the Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed to such owner on the Interest Payment Date at the owner's address as it appears on such registration books or at such other address as the owner may have filed with the Trustee for that purpose on or before the Record Date. The owner of an aggregate principal amount of \$1,000,000 or more may request in writing to the Trustee that such owner be paid interest by wire transfer to the bank and account number on file with the Trustee as of the Record Date. "Record Date" means the fifteenth day of the month immediately preceding the Interest Payment Date. The principal of the Bonds is payable upon maturity or redemption upon surrender at the Corporate Trust Office of the Trustee. The interest on and principal of the Bonds is payable in lawful money of the United States of America.

Redemption

Optional Redemption. The Bonds are subject to redemption on or after October 1, 20__, at the option of the Authority, from any source of available funds, on any date, as a whole or in part (by such maturities as shall be selected by the Authority and at random within a maturity), at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption. Term Bonds maturing on October 1, 20__, shall also be subject to mandatory sinking fund redemption prior to their stated maturity, in part, at random, from Mandatory Sinking Account Payments, in the following amounts and on the following dates, at the principal amount thereof, without premium:

Mandatory Redemption Dates	Principal
<u>(October 1)</u>	<u>Amount</u>

The amount of each such redemption will be reduced proportionately in the event and to the extent of any optional redemptions of the term Bonds.

Selection of Bonds for Redemption. If less than all the outstanding Bonds of any maturity are to be redeemed, the Trustee will select the particular Bonds to be redeemed from the outstanding Bonds of such maturity that have not previously been called for redemption, in minimum denominations of \$5,000, at random in any manner that the Trustee in its sole discretion shall deem appropriate and fair.

Notice of Redemption. The Trustee is required to mail notice of redemption not less than 30 nor more than 60 days prior to the date fixed for redemption, by first class mail, to (i) the respective registered owners of the Bonds to be redeemed at their addresses appearing on the bond register, (ii) the Securities Depositories, and (iii) the Information Service. Each notice of redemption will state (1) the date of such notice, (2) the date of issue of the Bonds, (3) the redemption date, (4) the Redemption Price, (5) the place

or places of redemption (including the name and appropriate address or addresses of the Trustee), (6) the CUSIP number (if any) of each maturity to be redeemed, and, (7) if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also (a) state that on the redemption date there will become due and payable on each of said Bonds the Redemption Price thereof or of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, (b) state that from and after the redemption date interest thereon will cease to accrue, and (c) will require that the Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Authority nor the Trustee has any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee is liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to the Information Service or the Securities Depositories or failure of any Owner to receive notice or any defect in any such notice will not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice to any one or more of the respective Owners of any Bonds designated for redemption will not affect the sufficiency of the proceedings for redemption with respect to the Owner or Owners to whom such notice was mailed. So long as the book-entry system is used for determining beneficial ownership of the Bonds, the notice of redemption will be given to DTC as registered owner of the Bonds.

Right to Rescind Notice. The Authority may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason sufficient monies are not available on the date fixed for redemption for such purpose. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission is not a condition precedent to rescission, and failure to receive such notice or any defect in such notice does not affect the validity of the rescission.

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 are held by the Trustee, the Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Registration, Transfer and Exchange of Bonds

If the book-entry system is discontinued, the provisions in the Indenture summarized below will govern the registration, exchange and transfer of the Bonds.

The Trustee will keep or cause to be kept, at the Corporate Trust Office, the Bond Register to provide for the registration and transfer of the Bonds. The Bond Register will be open to inspection by the Authority during normal business hours.

Upon surrender of a Bond for transfer at the Corporate Trust Office, the Authority will execute and, if required, the Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same tenor and maturity and for an equivalent aggregate principal amount.

Bonds may be exchanged for an equivalent aggregate principal amount of Bonds of other authorized denominations of the same tenor and maturity, upon surrender of the Bonds for exchange at the Corporate Trustee Office. Upon surrender of Bonds for exchange, the Authority will execute and, if required, the Trustee will authenticate and deliver the Bonds that the owner of the Bonds making the exchange is entitled to receive.

Every Bond presented or surrendered for transfer or exchange must be accompanied by a written instrument of transfer, in a form satisfactory to the Trustee, that is duly executed by the owner or by the owner’s attorney duly authorized in writing. All fees and costs of any transfer or exchange of Bonds must be paid by the owner requesting such transfer or exchange.

No transfer or exchanges of Bonds are required to be made (a) during the period established by the Trustee for selection of Bonds for redemption or (b) with respect to a Bond that has been selected for redemption in whole or in part, except the unredeemed portion of a Bond selected for redemption in part, from and after the day that the Bond has been selected for redemption in whole or in part.

DEBT SERVICE SCHEDULES

The Bonds

The following table sets forth the scheduled annual debt service for the Bonds in each year ending October 1, assuming no optional redemptions.

Debt Service Schedule – The Bonds

Year Ending October 1	Principal	Interest	Total Debt Service	Year Ending October 1	Principal	Interest	Total Debt Service
2021				2036			
2022				2037			
2023				2038			
2024				2039			
2025				2040			
2026				2041			
2027				2042			
2028				2043			
2029				2044			
2030				2045			
2031				2046			
2032				2047			
2033				2048			
2034				2049			
2035				2050			
<hr/>							
Total							

Other Authority Obligations

Parity Debt. Following the issuance of the Bonds, the Authority will have outstanding other bonds and debt obligations that have a parity claim on the Tax Revenues (the “Parity Debt”), as follows:

- Capitol Area Development Authority 2016 Tax Allocation Revenue Refunding Bonds, Series A (the “2016 A Bond”), currently outstanding in the principal amount of \$3,401,404, and Capitol Area Development Authority 2016 Taxable Tax Allocation Revenue Refunding Bonds, Series B (the “2016 B Bond”), currently outstanding in the principal amount of \$4,205,489 (together, the “2016 Bonds”). The 2016 A Bond bears interest at 3.44% per annum. If an event of default occurs

under the indenture under which the 2016 A Bond was issued, that rate may be increased to 6.44%. If interest on the 2016 A Bond is declared to be federally taxable, then that rate may be increased to 4.92%. The 2016 B Bond bears interest at 3.69% per annum. If an event of default occurs under the indenture under which the 2016 B Bond was issued, that rate may be increased to 6.69%. (*Note: the 2016 A Bond and the 2016 B Bond were privately purchased.*)

- Tax Allocation Loan Agreement dated as of January 1, 2014, between the Authority and the California Infrastructure and Economic Development Bank (I-Bank)
- Revised and Restated Disposition and Development Agreement dated August 24, 2012, between the Authority and East End Gateway One, LLC

The following table sets forth the scheduled annual debt service for all of the outstanding parity Debt and the Bonds, in each year ending October 1, assuming no optional redemptions.

Debt Service Schedule – Bonds and Parity Debt

Year Ending October 1	2014 Loan Agreement (I-Bank)	2016 Bonds	East End Gateway One DDA	The Bonds	Total Debt Service
2021	\$40,755	\$713,645.84	\$300,000		
2022	40,672	705,963.66	300,000		
2023	40,586	713,455.16	300,000		
2024	40,499	706,991.80	300,000		
2025	40,409	689,157.80	300,000		
2026	40,316	681,323.80	300,000		
2027	40,221	688,120.80	300,000		
2028	40,124	689,007.80	300,000		
2029	40,023	684,156.80			
2030	39,920	698,733.30			
2031	39,813	697,232.96			
2032	39,724	699,483.06			
2033	39,592	700,233.36			
2034	40,755	699,483.00			
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
<hr/>					
	Total				

Source: Debt service on Parity Debt from Authority

Subordinate Obligations. The following obligations of the Authority are payable from the Tax Revenues but are subordinate to the Bonds and the Parity Debt:

- Brownfields Cleanup Revolving Loan Fund - CADA Warehouse Project - Agreement for Pledge of Specific Tax Increment Revenues dated as of June 2, 2002, between the Capitol Area Development Authority and the Sacramento Housing and Redevelopment Agency
- Fourth Amendment to Disposition and Development Agreement - East End Gateway Sites 2 and 3 dated as of August 26, 2011, between the Capitol Area Development Authority and 16th & O Gateway
- First Amended and Restated Promissory Note (East End Gateway Site 2) (APN # 006-0231-012, 013, 014, 015 & 016) dated July 9, 2009, between the Capitol Area Development Authority and the State of California
- First Amended and Restated Promissory Note (East End Gateway Site 4) (APN #006-0293-001, 002 & 026) dated July 9, 2009, between the Capitol Area Development Authority and the State of California
- First Amended and Restated Promissory Note (East End Gateway Site 1) (APN # 006-0172-011-012, 013, 017 & 018) dated July 9, 2009, between the Capitol Area Development Authority and the State of California
- First Amended and Restated Promissory Note (East End Gateway Site 3) (APN # 006-0232-005, 006, 007 & 008) dated July 9, 2009, between the Capitol Area Development Authority and the State of California

SECURITY FOR THE BONDS

General

The Bonds are payable only from and are secured by a pledge of, security interest in and lien on (i) all of the Tax Revenues (as described below) and (ii) all of the moneys held from time to time in the Special Fund, including the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account. The pledge and allocation of Tax Revenues under the Indenture is for the exclusive benefit of the Bonds and any Parity Debt and is irrevocable until all of the Bonds have been paid and retired or until money has been set aside irrevocably for that purpose.

The Bonds are not a debt of the City of Sacramento (the “City”), the State, or any of their political subdivisions except the Authority, and none of the City, the State, or any of their political subdivisions except the Authority are liable therefor.

Tax Revenues

“Tax Revenues” are defined in the Indenture to mean all taxes allocated and paid to the Authority, following the Closing Date, under Government Code section 8183, or under other applicable State laws, including that portion of such taxes required by Government Code section 8191 to be used for increasing or improving the supply of housing for persons of low and moderate income, but only to the extent of debt service on that portion of the Bonds and the Parity Debt (including applicable reserves and financing costs) issued to finance or refinance such affordable housing.

The Authority is required by Government Code Section 8191 to use not less than 20% of the tax increment generated in the Project Area for qualified low and moderate income housing purposes. That amount is commonly referred to as the “housing set-aside.”

As provided in Government Code section 8183 and pursuant to implementing action of the Authority, the base year value of taxable property within the Project Area was established as the value shown on the assessment roll for fiscal year 1979-80 in the case of the Original Area and fiscal year 2001-02 in the case of the R Street Area. Taxes levied at the basic one percent tax rate on any increase in taxable valuation over the base year value are allocated to the Authority to finance the redevelopment of the Project Area. The calculations of increases of assessed valuation over each base year is computed separately for each sub-area.

State subvention payments made with respect to property within the Project Area are deemed to be taxes levied on such property. Tax Revenues also include unitary revenues allocated to the Project Area by the Sacramento County Auditor. From all taxes collected, Sacramento County first deducts its property tax administrative fees.

The Authority itself has no authority to levy property taxes and relies on the allocation of taxes produced as described above.

Pledge Under the Indenture

Except as provided in the Indenture regarding compensation and indemnification of the Trustee, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Indenture, the Authority pledges (i) all of the Tax Revenues and (ii) any other amounts (including proceeds of the sale of Bonds) held in any fund or account established pursuant to the Indenture.

This pledge constitutes a lien on and security interest in the Tax Revenues and other assets for the payment of the Bonds in accordance with their terms. Except for the Tax Revenues and such moneys, no funds or properties of the Authority are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. The pledge of Tax Revenues is for the exclusive benefit of the Bonds and the Outstanding Parity Debt and is irrevocable until all of the Bonds have been paid and retired or until moneys have been set aside irrevocably for that purpose.

Pursuant to the Indenture, the Authority may not make or suffer to exist any pledge or assignment of, lien on, or security interest in the Tax Revenues and other assets that ranks prior to or on a parity with the pledge granted under the Indenture, or file any financing statement describing any such pledge, assignment, lien, or security interest, except as expressly permitted under the Indenture. In the Indenture, the Authority represents and warrants that, other than the pledge of the Tax Revenues that secures the Parity Debt, it has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Tax Revenues that ranks on a parity with or prior to the pledge granted under the Indenture. The pledge of Tax Revenues made in the Indenture is on parity with the pledge that secures payment of the Parity Debt.

Additional Debt

Issuance of Parity Debt. The Authority may issue or incur debt payable from Tax Revenues on a parity with the Bonds and other Parity Debt to finance or refinance the Project, in such principal amount as may be determined by the Authority, subject to the specific conditions set forth in the Indenture, including the following (among others):

- The Authority must be in compliance with all covenants set forth in the 2016 Indenture and the Indenture.

- The Tax Revenues for the preceding Fiscal Year based on the assessed valuation of property in the Original Area, as evidenced in written documentation from an appropriate official of Sacramento County, must be at least equal to 125% of Maximum Annual Debt Service on all Bonds and Parity Debt that will be Outstanding following the issuance of such Parity Debt.

Issuance of Parity Refunding Debt . The Authority may also issue Parity Debt to refund and defease Parity Debt, if either (i) the Authority meets the requirements for the issuance of Parity Debt described above or (ii) the annual debt service on the Bonds and all Parity Debt for each future Fiscal Year following the defeasance of the refunded debt is less than or equal to the debt service for that Fiscal Year if such defeasance did not occur.

Issuance of Subordinate Debt. The Authority may issue debt that is subordinate to the Bonds and the other Parity Debt, if the Tax Revenues for the preceding Fiscal Year based on the assessed valuation of property in the Original Area, as evidenced in written documentation from an appropriate official of Sacramento County, is at least equal to 100% of Maximum Annual Debt Service on all Bonds, Parity Debt, and obligations subordinate to Parity Debt that will be Outstanding following the issuance of the subordinate obligations.

Flow of Funds Under the Indenture

General. The Authority has previously established a fund known as the “Special Fund,” which the Authority will continue to hold as a separate fund during the entire term of the Indenture. The Authority agrees that, so long as any of the Bonds remain Outstanding, it will continue to deposit all of the Tax Revenues in the Special Fund as soon as practicable upon receipt, until such time during each Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee under the Indenture.

All Tax Revenues and any other amounts at any time deposited in the Special Fund will be held by the Authority Agency solely for the uses and purposes set forth in the Indenture. So long as any of the Bonds are Outstanding, the Authority does not have any beneficial right or interest in the moneys on deposit in the Special Fund, except only as provided in the Indenture, and such moneys must be used and applied as set forth in the Indenture.

Transfers of Tax Revenues. The Trustee will establish a special fund known as the “Revenue Fund” (the “Revenue Fund”), which the Trustee shall hold as a separate fund during the entire term of the Indenture. So long as any Bonds are Outstanding, no later than the fifth (5th) Business Day preceding each Interest Payment Date, the Authority will withdraw from the Special Fund and transfer to the Trustee for deposit into the Revenue Fund Tax Revenues in the amounts required by the Trustee to make the transfers required by the Indenture on or before such Interest Payment Date.

So long as any Bonds are Outstanding, the Trustee will set aside the moneys in the Revenue Fund in the following respective accounts (each of which the Trustee will establish, maintain, and hold in trust for the benefit of the Owners of the Bonds) in the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of moneys sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority:

Interest Account. On or before each Interest Payment Date, the Trustee will set aside in the Interest Account an amount that, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such

Interest Payment Date. No such deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on such Interest Payment Date. The Trustee will also deposit in the Interest Account any other amounts received by it from the Authority designated by the Authority in writing for deposit in the Interest Account.

Principal Account; Sinking Accounts. On or before each Principal Payment Date, the Trustee will withdraw from the Revenue Fund and deposit in the Principal Account an amount that, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and the aggregate Mandatory Sinking Account Payments to be paid into the respective Sinking Accounts for the Outstanding Term Bonds on such Principal Payment Date. No such deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal and Mandatory Sinking Account Payments to become due on such Principal Payment Date. The Trustee will also deposit in the Principal Account any other amounts received by it from the Authority designated by the Authority in writing for deposit in the Principal Account.

Reserve Account. If the Reserve Account is funded with cash, on each Interest Payment Date, the Trustee will withdraw from the Revenue Fund and deposit in the Reserve Account an amount of money that, after taking into account the then applicable valuation of Permitted Investments in the Reserve Account, will be required to maintain in the Reserve Account an amount equal to the Reserve Requirement. No such deposit need be made to the Reserve Account so long as there shall be on deposit therein an amount, or a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, in a principal amount, at least equal to the Reserve Requirement.

Redemption Account. On or before the Business Day preceding any date on which Bonds will be optionally redeemed, the Trustee will withdraw from the Revenue Fund and deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be optionally redeemed on such date, taking into account any funds then on deposit in the Redemption Account. The Trustee will also deposit in the Redemption Account any other amounts received by it from the Authority designated by the Authority in writing to be deposited in the Redemption Account.

Reserve Account

The Authority will purchase a debt service reserve insurance policy in the amount of \$_____, which is equal to the “Reserve Requirement” for the Bonds. Reserve Requirement is defined in the Indenture to mean _____.

All amounts in the Reserve Account (including all amounts that may be obtained from a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution on deposit in the Reserve Account will be used and withdrawn by the Trustee solely for the purposes of (i) making up any deficiency in the Interest Account or the Principal Account, or (ii) (together with any other moneys available therefor) for the payment or redemption of all Bonds then Outstanding, or (iii) for the payment of the final principal and interest payment of the Bonds if following such payment the amounts in the Reserve Account (including the amounts that may be obtained from Reserve Facilities on deposit therein) will equal the Reserve Requirement. The Reserve Account secures the payment of the Bonds only and not the Parity Debt.

Notwithstanding the foregoing, so long as the Authority is not in default under the Indenture, any amount held in the form of cash or Permitted Investments in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account by the Trustee at least two Business Days prior to each Interest Payment Date and deposited in the Interest Account to be used to make payment on the Bonds, provided that, for the purpose of any such withdrawal, Permitted Investments in the Reserve

Account shall be valued as of each Interest Payment Date at their fair market value determined to the extent practical by reference to the closing bid price thereof published in the Wall Street Journal or any other financial publication or quotation service selected by the Trustee in its discretion.

Reserves for Parity Debt

The Authority established a debt service reserve fund for the 2016 Bonds, which was funded in cash in the amount of 50% of maximum annual debt service on the 2016 Bonds. No debt service reserve fund was established for the other Parity Debt.

PROPERTY TAXATION IN CALIFORNIA

Property Taxed

All property (real, personal, and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. State law provides exemptions from *ad valorem* property taxation for real property owned by local governments, churches, colleges, non-profit hospitals, and charitable institutions, among others.

State law also exempts \$7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies because an amount equivalent to the taxes that would have been payable on such exempt values is paid by the State to local agencies.

Assessed Value

Property is assessed for tax purposes using “full cash value,” which is as defined by Article XIII A of the State Constitution as the county assessor’s valuation of the property as of March 1, 1975, and thereafter the appraised value of real property when purchased, newly constructed, or a change of ownership has occurred. Assessed value is also adjusted by not to exceed 2% per year to reflect inflation. Accordingly, assessed valuation may not be representative of the market value of certain property.

Under California law, an owner of property may apply for a reduction in the assessed value of the property if the market value of the property has declined, including because of current market conditions (such as general declines in residential home prices), below its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted applies to the year for which application is made and during which the written application was filed. Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively after that. The “base year” is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

After a reduction is allowed, the property is reviewed on an annual basis to determine its full cash value and the valuation may be adjusted accordingly. This may result in further reductions or increases in value. Such increases are in accordance with the actual cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it is once again subject to the annual inflationary growth rate allowed under Article XIII A.

The State Board of Equalization, rather than the County, assesses the property of regulated public utilities. Property assessed by the State Board of Equalization is commonly identified for purposes of

presentation of taxation data as “utility” property. To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of project areas, therefore, the base year values of project areas have been reduced by the amount of utility value that existed originally in the base year.

Property Tax Levy and Collection

Taxes are levied for each fiscal year on taxable real and personal property located in the County as of the preceding January 1. Real property that changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed and a supplemental tax bill is issued for that property. When a supplemental tax bill is issued, the current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

Property taxes on the secured roll are due in installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month from the time of becoming tax delinquent to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are due on January 1 and if unpaid become delinquent on August 31. A penalty of 10% attaches immediately to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property improvements or possessor’s interests belonging or assessed to the delinquent taxpayer.

Allocation of Property Taxes

Sacramento County calculates tax increment to the Authority by applying the current year tax rate to secured and unsecured incremental taxable value. The tax rate for the Authority only includes the basic one percent tax rate. The County also allocates unitary revenue on the basis of the total unitary revenue in a project area, without reductions for base year revenues. The allocation of unitary revenue is based on revenues received in 1987-88, adjusted by the actual growth or decline in unitary revenues on a countywide basis.

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), sections 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, tax increment generated from the secured tax roll is allocated based on 100% of the County’s calculated levy. The Authority is thereby shielded from the impact of delinquent property taxes on the secured roll. The County does adjust secured tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments. Such adjustments are made on a situs basis. Tax increment can therefore be adjusted based on changes to the roll that occur within the boundaries of a project area. Tax increment generated from the application of the 1% tax rate to the unsecured incremental value of a project area is based on the actual collections of unsecured revenues on a county-wide basis.

The Teeter Plan is to remain in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the county, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any taxing entity in its county.

Were the Teeter Plan discontinued, the Authority’ revenues would be affected by delinquencies. For 2019-20, the County reports it has received 98.85% of the property tax levy, which equates to a 1.15% delinquency rate. The Authority has also received over 99% of the original levy for the 2019-20 fiscal year.

PROPERTY TAX BASE AND REVENUES

The Bonds are payable from a portion of the property taxes levied on the Project Area. In connection with issuance of the Bonds, the Authority engaged the services of Fraser & Associates, Redevelopment and Financial Consultants, Roseville, California, to prepare a Fiscal Consultant Report (the “Fiscal Consultant Report”), which is dated _____, 2020, and which reviews and provides information about the Project Area and the Tax Revenues.

The tables in this section are taken from the Fiscal Consultant Report. Investors should read the entire Fiscal Consultant Report to obtain information essential to the making of an informed investment decision with respect to the Bonds.

No assurances are provided by the Authority as to the certainty of the projected tax increment revenues or debt service coverage shown in the Fiscal Consultant Report. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new development or transfers of ownership, resolution of outstanding appeals, and future appeals.

Land Uses in the Project Area

The Project Area encompasses 167 acres (or 65 city blocks) in the central city area of Sacramento in the vicinity of the State Capitol building. The following table shows a land use breakdown of the Project Area by parcel and taxable value. See Appendix A – “Fiscal Consultant Report – Section B.”

CAPITOL AREA PLAN PROJECT AREA Land Use Category Summary 2020-21

	Parcels	Taxable Value	Percent of Total		Parcels	Taxable Value	Percent of Total
<u>Original Area</u>				<u>R Street Area</u>			
Residential	321	\$299,504,506	66.6%	Residential	30	\$70,658,987	21.2%
Commercial	60	99,156,333	22.0	Commercial	54	236,643,884	71.1
Industrial	9	5,549,617	1.2	Industrial	4	1,792,544	0.5
Recreational	2	11,017,835	2.4	Recreational	1	6,167,132	1.9
Government	293	0	0.0	Institutional	1	0	0.0
Miscellaneous	0	0	0.0	Government	13	0	0.0
Vacant Land	5	3,243,597	0.7	Miscellaneous	2	18	0.0
Total Secured	690	\$418,471,888	93.0%	Vacant Land	8	4,518,253	1.4
				Total Secured	113	\$319,780,818	96.1
Unsecured / State Assessed		\$31,484,156	7.0%	Unsecured / State Assessed		12,923,612	3.9

Grand Total **\$449,956,044** **100.00%** **Grand Total** **\$332,704,430** **100.00%**

Source: Fiscal Consultant Report

Assessed Valuation

The following table summarizes the assessed valuation of property in the two sub-areas of the Project Area from fiscal year 2009-10 through 2020-21. Until fiscal year 2015-16, taxable values had remained largely unchanged since the end of the Great Recession. The growth in the last year has been due to the partial reversal of residential Proposition 8 reductions, changes of ownership that increased residential values, new residential development, new commercial development, and sales of commercial and industrial property. See Appendix A – “Fiscal Consultant Report – Section D.”

**CAPITOL AREA PLAN PROJECT AREA
Historical Taxable Values
Fiscal Years 2010-11 Through 2020-21**

Original Area

Fiscal Year	Locally Assessed Secured Value ⁽¹⁾	Unsecured Value	Total Taxable Value	Percentage Change	Total Incremental Value ⁽²⁾
2020-21	\$418,471,888	\$31,484,156	\$449,956,044	9%	\$416,460,633
2019-20	387,233,729	24,484,560	411,718,289	7	378,222,878
2018-19	362,396,352	23,936,181	386,332,533	14	352,837,122
2017-18	318,835,490	20,018,310	338,853,800	17	305,358,389
2016-17	265,510,463	25,007,138	290,517,601	-1	257,022,190
2015-16	248,517,463	44,285,049	292,802,512	20	259,307,101
2014-15	193,366,873	50,397,620	243,764,493	6	210,269,082
2013-14	187,015,538	43,985,443	231,000,981	-1	197,505,570
2012-13	178,016,260	54,631,051	232,647,311	-6	199,151,900
2011-12	183,368,410	64,096,192	247,464,602	7	213,969,191
2010-11	183,614,052	47,582,700	231,196,752	N/A	197,701,341

Total percentage change: 95%

Average percentage change: 7%

R Street Area

Fiscal Year	Locally Assessed Secured Value ⁽¹⁾	Unsecured Value	Total Taxable Value	Percentage Change	Total Incremental Value ⁽²⁾
2020-21	\$319,780,818	\$12,923,612	\$332,704,430	15%	\$267,961,872
2019-20	280,653,402	9,726,177	290,379,579	39	225,637,021
2018-19	202,554,865	6,950,267	209,505,132	13	144,762,574
2017-18	177,679,031	7,051,659	184,730,690	23	119,988,132
2016-17	144,320,962	5,612,764	149,933,726	11	85,191,168
2015-16	130,765,428	4,201,805	134,967,233	7	70,224,675
2014-15	122,518,634	3,814,127	126,332,761	-5	61,590,203
2013-14	127,968,463	4,543,002	132,511,465	-6	67,768,907
2012-13	135,345,440	4,892,590	140,238,030	-1	75,495,472
2011-12	136,119,649	4,946,552	141,066,201	-7	76,323,643
2010-11	147,129,904	4,838,732	151,968,636	N/A	87,226,078

Total percentage change: 119%

Average percentage change: 8%

(1) Includes locally assessed and state assessed value.

(2) Incremental value above base year value reported by County of \$_____.

Source: Fiscal Consultant Report; Sacramento County Assessor's Office

The tables below show the ten largest property taxpayers in the Project Area and each sub-area. The information in each table is from the Fiscal Consultant Report and the Sacramento County Auditor-Controller's Office. See Appendix A – "Fiscal Consultant Report – Section D."

**CAPITOL AREA PLAN PROJECT AREA
Ten Major Property Tax Assesseees**

Assessee	Type of Use	Secured Value ⁽¹⁾	Unsecured Value ⁽¹⁾	2020-21 Total	% of Total Value ⁽²⁾	% of Incr Value ⁽²⁾
Sacramento California I FGF LLC	Commercial	\$105,612,416	\$37,858	\$105,650,274	13.50%	15.44%
Ice House LP	Residential	98,040,445	0	98,040,445	12.53	14.32
Fountains Eviva LLC	Residential	55,581,596	0	55,581,596	7.10	8.12
Demmon Powerhouse Investments	Residential	33,813,000	0	33,813,000	4.32	4.94
1102 Q Street Investors	Commercial	31,849,765	0	31,849,765	4.07	4.65
Roseville Investment Company LLC ⁽³⁾	Commercial	30,775,881	0	30,775,881	3.93	4.50
RMF Legado Land LLC	Mixed Use	30,061,220	0	30,061,220	3.84	4.39
14 th P Corporation (Homestead Western)	Residential	19,741,272	0	19,741,272	2.52	2.88
Union of California State Work	Commercial	13,350,393	941,202	14,291,595	1.83	2.09
Fremont Downtown Sacramento Partners	Residential	13,153,092	0	13,153,092	1.68	1.92
Total Valuation:		\$431,978,080	\$979,060	\$432,958,140	55.32%	63.26%

(1) Based on ownership of locally-assessed secured and unsecured property.

(2) Based on 2020-21 Project Area total taxable value of \$782,660,474 and incremental value of \$684,422,505.

(3) Includes Safeway which has appealed their value and requested a reduction of \$557,000.

Ten Major Property Tax Assesseees – Original Area

Assessee	Type of Use	Secured Value	Unsecured Value	2020-21 Total ⁽¹⁾	% of Total Value ⁽²⁾	% of Incr Value ⁽²⁾
Fountains Eviva LLC	Residential	\$55,581,596	\$0	\$55,581,596	12.35%	13.35%
Demmon Powerhouse LLC	Residential	33,813,000	0	33,813,000	7.51	8.12
1102 Q Street Investors	Commercial	31,849,765	0	31,849,765	7.08	7.65
RMF Legado Land LLC	Residential	30,061,220	0	30,061,220	6.68	7.22
1430 Q St. Investors LLC	Residential	20,830,600	0	20,830,600	4.63	5.00
14 th P Corporation (Homestead Western)	Residential	19,741,272	0	19,741,272	4.39	4.74
Sacramento California I FGF LLC	Commercial	18,731,484	37,858	18,769,342	4.17	4.51
Fremont Downtown Sacramento Partners	Residential	13,153,092	0	13,153,092	2.92	3.16
1724 10 th Street Investors LLC	Commercial	7,747,702	0	7,747,702	1.72	1.86
State of California CADA	Residential	7,299,996	0	7,299,996	1.62	1.75
Total Valuation:		\$238,809,727	\$37,858	\$238,847,585	40.73%	44.01%

(1) Based on ownership of locally-assessed secured and unsecured property.

(2) Based on 2020-21 Project Area total taxable value of \$449,956,044 and incremental value of \$416,460,633.

(3) Each of these owners has outstanding assessment appeals on some or all of the parcels they own.

Ten Major Property Tax Assesseees – R Street Area

Assessee	Type of Use	Secured Value	Unsecured Value	2020-21 Total ⁽¹⁾	% of Total Value ⁽²⁾	% of Incr Value ⁽²⁾
Ice House LP	Residential	\$98,040,445	\$0	\$98,040,445	29.47%	36.59%
Sacramento California I FGF LLC	Commercial	86,880,932	0	86,880,932	26.11	32.42
Roseville Investment Company LLC ⁽³⁾	Commercial	30,775,881	0	30,775,881	9.25	11.49
Union of California State Work	Commercial	13,530,393	941,202	14,471,595	4.35	5.40
1200 R LLC	Commercial	12,240,000	0	12,240,000	3.68	4.57
Valley Oak Midtown LLC	Commercial	6,664,385	0	6,664,385	2.00	2.49
15 R DEVCO	Commercial	6,229,962	0	6,229,962	1.87	2.32
11 R DEVCO	Recreational	6,167,132	0	6,167,132	1.85	2.30
Cordano Redding LLC	Commercial	6,044,159	0	6,044,159	1.82	2.26
17R Orchard Partners	Commercial	4,752,964	0	4,752,964	1.43	1.77
Total Valuation:		\$271,326,253	\$941,202	\$272,267,455	81.83%	101.61%

- (1) Based on ownership of locally-assessed secured and unsecured property.
- (2) Based on 2020-21 Project Area total taxable value of \$332,704,430 and incremental value of \$267,961,872.
- (3) Includes Safeway, which has appealed their value and requested a reduction of \$557,000.

Historical Receipts

The following table provides information on the historical receipt of tax increment revenues from the Project Area. The amount shown as the County levy each fiscal year is net of property tax administration fees retained by the County.

The Fiscal Consultant first compares the initial County levy to the actual receipt of tax increment (exclusive of supplemental revenues) to determine collection trends. Actual receipts vary from the levied amounts because the County adjusts tax increment by the amount of roll corrections, including reductions for property tax refunds from successful assessment appeals. As described above under “Property Taxation in California -- Allocation of Property Taxes,” the County has adopted the Teeter Plan, under which tax increment generated from the secured tax roll is allocated to the recipient agencies based on 100% of the County’s calculated levy. See Appendix A – “Fiscal Consultant Report – Section D.”

**CAPITOL AREA PLAN PROJECT AREA
Historical Tax Increment Levy and Receipts⁽¹⁾**

Fiscal Year	Levy (per the County) ⁽²⁾	Tax Increment Receipts Less Supplementals	% of Levy Received	Supplementals	Total Tax Increment Receipts	% of Levy Received
2019-20	\$6,073,658	\$6,035,704	99.38%	\$988,777	\$7,024,481	115.65%
2018-19	5,011,065	4,934,974	98.48	436,934	5,371,908	107.20
2017-18	4,290,358	4,256,769	99.22	415,373	4,672,142	108.90
2016-17	3,457,432	3,431,104	99.24	206,679	3,637,783	105.22
2015-16	3,327,619	3,304,574	99.31	338,515	3,643,089	109.48
Average Receipts to Levy			99.11%			109.88%

(1) Receipts per Authority records after reduction for property tax administration fees. Does not include interest paid by County. Amounts shown have been adjusted from audited amounts to reflect the year in which payments were due.

(2) Initial levy reported by Sacramento County net of administration fees.

Source: Fiscal Consultant Report

Tax Increment Revenue Projections

The projections of tax increment revenues made in the Fiscal Consultant Report begin with actual taxable values as provided by Sacramento County for fiscal year 2020-21. Unitary revenue estimates are based on the County’s estimate for 2020-21. Owing to the difficulty of estimating supplemental property tax revenues, the Report does not include them in the projections. See Appendix A - “Fiscal Consultant Report – Section F.” The following table sets forth the estimated tax increment revenues from the Project Area for fiscal year 2020-21.

CAPITOL AREA PLAN PROJECT AREA
Estimated Fiscal Year 2020-21 Tax Increment Revenues⁽¹⁾

	Original Area	R Street Area	Combined
<u>Local Secured Value</u>			
Real Property	\$431,411,881	\$320,131,926	\$751,543,807
Personal Property	<u>358,240</u>	<u>73,383</u>	<u>431,623</u>
Gross Local Secured Value	<u>\$431,770,121</u>	<u>320,205,309</u>	<u>751,975,430</u>
Less: Exemptions	<u>13,298,233</u>	<u>424,491</u>	<u>13,722,724</u>
Net Local Secured Value	\$418,471,888	319,780,818	738,252,706
State Assessed Value	<u>0</u>	<u>0</u>	<u>0</u>
Total Secured	\$418,471,888	319,780,818	738,252,706
<u>Unsecured Value</u>			
Real Property	\$24,685,841	5,710,365	30,396,206
Personal Property	<u>7,622,160</u>	<u>7,213,247</u>	<u>14,835,407</u>
Gross Unsecured Value	<u>\$32,308,001</u>	<u>12,923,612</u>	<u>45,231,613</u>
Less: Exemptions	<u>(823,845)</u>	<u>(0)</u>	<u>(823,845)</u>
Net Unsecured Value	\$31,484,156	12,923,612	44,407,768
Total Secured & Unsecured Value	\$449,956,044	332,704,430	782,660,474
Less: Base Year Taxable Value	<u>(33,495,411)</u>	<u>64,742,558</u>	<u>98,237,969</u>
Incremental Taxable Value	\$416,460,633	267,961,872	684,422,505
Tax Increment Revenue (2)	\$4,164,600	2,679,600	6,844,200
Unitary Tax Increment Revenue	<u>36,000</u>	<u>0</u>	<u>36,000</u>
Total Tax Increment Revenue	4,200,600	2,679,600	6,880,200
<u>Adjustments to Tax Increment Revenue:</u>			
Property Tax Administration Fees (3)	(51,000)	(33,000)	(84,000)
<u>Liens on Tax Increment</u>			
Housing Set-Aside	<u>(840,000)</u>	<u>(536,000)</u>	<u>(1,376,000)</u>
Tax Increment Revenues	\$3,309,600	\$2,110,600	\$5,420,200

(1) Values are based on taxable value information from the Sacramento County Auditor-Controller.

(2) Calculated based on the application of the 1% tax rate.

(3) The 2020-21 administrative fee is based on County reported amount..

Source: Fiscal Consultant Report

The following table provides a projection of tax increment revenues from the Project Area through the final maturity of the Bonds. Real property shown in the tables consists of locally reported secured and unsecured land and improvement values. The other property category includes personal property and state assessed values. The values utilized in the projection begin with actual taxable values as provided by Sacramento County for 2020-21. Taxable values have been reduced for outstanding appeals in the amount of \$1,597,066 in 2021-22. See Appendix A – “Fiscal Consultant Report – Section D.”

Real property values have been increased by 1% percent in 2020-21, which is the current inflation factor for the period from June 2019 to June 2020. For years after 2021-22, values are increased by a 2%

inflation factor, which is the maximum that assessors are allowed to use. The other property category of values shown in the table has been held constant. See Appendix A - “Fiscal Consultant Report – Section F.”

CAPITOL AREA PLAN PROJECT AREA
Projected Tax Increment Revenues (applying inflation factors)
(Dollars in Thousands)

Fiscal Year	Real Property ⁽¹⁾	New Development ⁽²⁾	Total Real Property	Other Property ⁽³⁾	Total Value	Value Over Base of \$98,238	Tax Increment ⁽⁴⁾	Unitary Revenue ⁽⁵⁾	Total Tax Increment	Property Tax Admin. Fees ⁽⁶⁾	20% Housing Set-Aside	Unrestricted Tax Revenues
2020-21	\$768,217	N/A	\$768,217	\$14,443	\$782,660	\$684,423	\$6,844	\$36	\$6,880	\$84	\$1,376	\$5,420
2021-22	774,381	4,108	778,488	14,443	792,932	694,694	6,947	36	6,983	85	1,397	5,501
2022-23	794,058	0	794,058	14,443	808,501	710,263	7,103	36	7,139	87	1,428	5,624
2023-24	809,939	0	809,939	14,443	824,383	726,145	7,261	36	7,297	89	1,459	5,749
2024-25	826,138	0	826,138	14,443	840,581	742,343	7,423	36	7,459	91	1,492	5,876
2025-26	842,661	0	842,661	14,443	857,104	758,866	7,589	36	7,625	93	1,525	6,007
2026-27	859,514	0	859,514	14,443	873,957	775,719	7,757	36	7,793	95	1,559	6,139
2027-28	876,704	0	876,704	14,443	891,148	792,910	7,929	36	7,965	97	1,593	6,275
2028-29	894,239	0	894,239	14,443	908,682	810,444	8,104	36	8,140	100	1,628	6,413
2029-30	912,123	0	912,123	14,443	926,566	828,329	8,283	36	8,319	102	1,664	6,554
2030-31	930,366	0	930,366	14,443	944,809	846,571	8,466	36	8,502	104	1,700	6,697
2031-32	948,973	0	948,973	14,443	963,416	865,178	8,652	36	8,688	106	1,738	6,844
2032-33	967,953	0	967,953	14,443	982,396	884,158	8,842	36	8,878	109	1,776	6,994
2033-34	987,312	0	987,312	14,443	1,001,755	903,517	9,035	36	9,071	111	1,814	7,146
2034-35	1,007,058	0	1,007,058	14,443	1,021,501	923,263	9,233	36	9,269	113	1,854	7,302
2035-36	1,027,199	0	1,027,199	14,443	1,041,642	943,404	9,434	36	9,470	116	1,894	7,460
2036-37	1,047,743	0	1,047,743	14,443	1,062,186	963,948	9,639	36	9,676	118	1,935	7,622
2037-38	1,068,698	0	1,068,698	14,443	1,083,141	984,903	9,849	36	9,885	121	1,977	7,787
2038-39	1,090,072	0	1,090,072	14,443	1,104,515	1,006,277	10,063	36	10,099	124	2,020	7,956
2039-40	1,111,873	0	1,111,873	14,443	1,126,316	1,028,078	10,281	36	10,317	126	2,063	8,127
2040-41	1,134,111	0	1,134,111	14,443	1,148,554	1,050,316	10,503	36	10,539	129	2,108	8,302
2041-42	1,156,793	0	1,156,793	14,443	1,171,236	1,072,998	10,730	36	10,766	132	2,153	8,481
2042-43	1,179,929	0	1,179,929	14,443	1,194,372	1,096,134	10,961	36	10,997	134	2,199	8,663
2043-44	1,203,527	0	1,203,527	14,443	1,217,971	1,119,733	11,197	36	11,233	137	2,247	8,849
2044-45	1,227,598	0	1,227,598	14,443	1,242,041	1,143,803	11,438	36	11,474	140	2,295	9,039
2045-46	1,252,150	0	1,252,150	14,443	1,266,593	1,168,355	11,684	36	11,720	143	2,344	9,232
2046-47 ⁽⁷⁾	1,277,193	0	1,277,193	14,443	1,291,636	1,193,398	11,934	36	11,970	146	2,394	9,430
2047-48	747,798	0	747,798	7,157	754,955	656,717	7,215	36	7,251	89	1,450	5,712
2048-49	762,754	0	762,754	7,157	769,911	671,673	7,364	36	7,400	91	1,480	5,830
2049-50	778,009	0	778,009	7,157	785,166	686,928	7,517	36	7,553	92	1,511	5,950

(1) Prior year real property value increased by 1% in 2021-22 and then by 2% per year. The value has been reduced in 2021-22 for open appeals.

(2) See Table 7 "Schedule of New Development" in the Fiscal Consultant Report.

(3) Includes the value of secured and unsecured personal property and state-assessed railroad and non-unitary property.

(4) Based on the application of the 1% tax rate to the total incremental taxable value.

(5) Amount based on actual revenue for 2019-20.

(6) Estimated based on 1.22% of tax increment.

(7) The last date to receive tax increment in the R Street Area is December 31, 2047.

Source: Fiscal Consultant Report

The foregoing projections reflect the Authority’s understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or legislative mandate. While the Authority believes the estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

Projected Debt Service Coverage

The following tables set forth estimated debt service coverage for the Bonds and Parity Debt. The first table assumes no growth in revenues from increasing property values, while the second table assumes growth in revenues as set forth in the projected tax increment revenues table above. Estimated tax increment revenue is from the Fiscal Consultant Report Table 6.1 and is net of annual property tax administration fees. The amounts shown in the tables as “Available Tax Increment Revenues” exclude a portion of the 20% housing set-aside. The portion of the 20% of tax increment revenues set aside for affordable housing that is available to pay debt service is equal to 28.84% of debt service on the 2016 B Bond and 70% of debt service on the Bonds, based on the proportion of the proceeds of such bonds used or expected to be used for affordable housing projects.

**CAPITOL AREA PLAN PROJECT AREA
Estimated Debt Service Coverage
(no growth in tax increment revenues from projected increase in property values)
(Dollars in Thousands)**

Fiscal Year Ending June 30	Available Tax Increment Revenues	Proposed 2020 Bond Debt Service ⁽¹⁾	2016 Bond Debt Service	I-Bank Loan Debt Service	Payments to Developers ⁽²⁾	Total Debt Service on Parity Obligations	Coverage of Parity Debt
2021	\$6,706	\$1,602	\$714	\$41	\$300	\$2,657	2.52
2022	6,694	1,604	706	41	300	2,651	2.53
2023	6,695	1,601	713	41	300	2,655	2.52
2024	6,693	1,602	707	40	300	2,649	2.53
2025	6,688	1,601	690	40	300	2,630	2.54
2026	6,688	1,604	682	40	300	2,625	2.55
2027	6,690	1,605	688	40	300	2,633	2.54
2028	6,690	1,605	689	40	300	2,634	2.54
2029	6,687	1,603	684	40		2,327	2.87
2030	6,532	1,605	699	40		2,344	2.79
2031	6,532	1,605	697	40		2,342	2.79
2032	6,532	1,605	699	40		2,344	2.79
2033	6,530	1,603	700	40		2,343	2.79
2034	6,531	1,604	699			2,303	2.84
2035	6,531	1,604				1,604	4.07
2036	6,530	1,603				1,603	4.07
2037	6,532	1,606				1,606	4.07
2038	6,529	1,602				1,602	4.08
2039	6,530	1,603				1,603	4.07
2040	6,529	1,602				1,602	4.08
2041	6,532	1,606				1,606	4.07
2042	6,529	1,601				1,601	4.08
2043	6,532	1,605				1,605	4.07
2044	6,529	1,602				1,602	4.08
2045	6,530	1,603				1,603	4.07
2046	6,530	1,603				1,603	4.07
2047	6,528	1,600				1,600	4.08
2048	4,140	1,602				1,602	2.58
2049	4,140	1,601				1,601	2.59
2050	4,140	1,604				1,604	2.58

⁽¹⁾ Estimated by Underwriter. Debt service is for the Bond Year ending the October 1 next following the end of the fiscal year.

⁽²⁾ Payments to developers under the East End Gateway DDA are on parity with the Bonds.

Sources: Revenue: Fiscal Consultant Report; prior debt service: Authority; 2020 Bonds projected debt service: Underwriter.

CAPITOL AREA PLAN PROJECT AREA
Estimated Debt Service Coverage
(increasing tax increment revenues from projected increases in property values)
(Dollars in Thousands)

Fiscal Year Ending June 30	Available Tax Increment Revenues	Proposed 2020 Bond Debt Service ⁽¹⁾	2016 Bond Debt Service	I-Bank Loan Debt Service	Payments to Developers ⁽²⁾	Total Debt Service on Parity Obligations	Coverage of Parity Debt
2021	\$6,706	\$1,602	\$714	\$41	\$300	\$2,657	2.52
2022	6,787	1,604	706	41	300	2,651	2.56
2023	6,910	1,601	713	41	300	2,655	2.60
2024	7,034	1,602	707	40	300	2,649	2.66
2025	7,156	1,601	690	40	300	2,630	2.72
2026	7,287	1,604	682	40	300	2,625	2.77
2027	7,421	1,605	688	40	300	2,633	2.82
2028	7,557	1,605	689	40	300	2,634	2.87
2029	7,692	1,603	684	40		2,327	3.31
2030	7,678	1,605	699	40		2,344	3.28
2031	7,821	1,605	697	40		2,342	3.34
2032	7,968	1,605	699	40		2,344	3.40
2033	8,116	1,603	700	40		2,343	3.46
2034	8,269	1,604	699			2,303	3.59
2035	8,425	1,604				1,604	5.25
2036	8,582	1,603				1,603	5.35
2037	8,746	1,606				1,606	5.45
2038	8,908	1,602				1,602	5.56
2039	9,078	1,603				1,603	5.66
2040	9,248	1,602				1,602	5.77
2041	9,426	1,606				1,606	5.87
2042	9,602	1,601				1,601	6.00
2043	9,787	1,605				1,605	6.10
2044	9,970	1,602				1,602	6.22
2045	10,161	1,603				1,603	6.34
2046	10,354	1,603				1,603	6.46
2047	10,550	1,600				1,600	6.59
2048	6,833	1,602				1,602	4.27
2049	6,951	1,601				1,601	4.34
2050	7,073	1,604				1,604	4.41

⁽¹⁾ Estimated by Underwriter. Debt service is for the Bond Year ending the October 1 next following the end of the fiscal year.

⁽²⁾ Payments to developers under the East End Gateway DDA are on parity with the Bonds.

Sources: Revenue: Fiscal Consultant Report; prior debt service: Authority; 2020 Bonds projected debt service: Underwriter.

No assurances are provided by the Authority as to the certainty of the projected tax increment revenues or the debt service coverage shown in the foregoing tables. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, or the non-payment of taxes due. See Appendix A—”Fiscal Consultant Report.”

BOND INSURANCE

[TO COME]

BONDOWNERS’ RISKS

The following information should be considered by prospective investors in evaluating whether to invest in the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Global Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (“COVID-19”), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United States, and a state of emergency by the Governor of the State. The pandemic has produced significant declines in economic activity in the United States as state and local governments have restricted the movement of people and the operation of certain businesses and citizens have modified their consumption and other economic behaviors. The Authority cannot predict the possible impacts that the COVID-19 emergency may have on its finances, the value of property within the Project Area, or the credit ratings on its debt obligations. The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to address its economic impacts are uncertain.

Reduction in Taxable Value

Tax increment revenues allocated to the Authority are determined by the amount of incremental taxable value in the Project Area. Taxable values of property in the Project Area may be reduced owing to many factors beyond the Authority’s control, such as:

- (1) relocation of business enterprises out of the Project Area by one or more major property owners;
- (2) transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings;
- (3) sale of property to a non-profit corporation exempt from property taxation;
- (4) discovery of hazardous substances on a property that would limit the beneficial use of the property, thereby reducing its marketability and value by the costs of remedying the condition;
- (5) complete or partial destruction of property caused by natural disasters such as earthquake, flood, or fire;
- (6) reduction of assessed values following property owner appeals or blanket reduction in assessed valuations by the County Auditor based on then current economic conditions (see “Property Taxation in California – Assessed Value” and Appendix A – “Fiscal Consultant Report”);

(7) downward adjustment of assessed value because of a negative inflationary rate (based on the consumer price index or comparable local data) pursuant to Article XIII A of the California Constitution;

(8) a decline in assessed values resulting from the general deflation of property values owing to an economic recession brought on by a financial crisis, the operation of business cycles, or the consequences of a pandemic, such as COVID-19.

Levy and Collection

The Authority has no independent power to levy and collect property taxes. ~Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues and, consequently, could have an adverse impact on the ability of the Authority to make debt service payments on the Bonds.

The County has adopted the Teeter Plan, as provided for in section 4701 *et seq.* of the California Revenue and Taxation Code, under which the County distributes tax increment generated from the secured tax roll based on 100% of the County's calculated levy. (See "Property Taxation in California – Allocation of Property Taxes.") The County Board of Supervisors has the power to discontinue the Teeter Plan entirely or with respect to a specific agency. The Authority can give no assurances that the County will continue to use the Teeter Plan or continue to use it with respect to the Authority. Were it discontinued, delinquencies in the payment of property taxes could have an adverse effect on the Authority's ability to make timely debt service payments on the Bonds.

Property tax delinquencies may be increase owing to economic and other factors beyond the Authority's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the Authority, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the COVID-19 or other pandemic or natural or manmade disaster, such as earthquake, drought, flood, fire, or toxic dumping. It is not possible for the Authority to make any representation regarding the extent to which an economic recession or depression, stemming from the effects of COVID-19 or otherwise, could impact the ability or willingness of property owners within the Project Area to pay property taxes in the future.

Estimated Revenues

In estimating that tax increment (net of administrative costs and tax sharing payments) will be sufficient to pay debt service on the Bonds, the Authority has made certain assumptions with regard to present and future assessed valuation in the Project Area. The Authority believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation is less than expected, the net tax increment revenues available to pay debt service on the Bonds will be less than those projected and such reduced net tax increment may be insufficient to provide for the payment of debt service on the Bonds. See Appendix A – "Fiscal Consultant Report."

State Legislation

The State Legislature exercises plenary power over the distribution of property taxes among local agencies, except as specifically limited by the California Constitution. The Authority can give no assurances that legislation will not be enacted that adversely affects its receipt of tax increment revenue.

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Authority may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles that may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the service of significant and legitimate public purposes. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to modification of their rights or delays in payment of amounts due to them.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting the enforcement of creditors' rights generally, by equitable principles, and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Acceleration on Default

The principal due on the Bonds is subject to acceleration upon the occurrence of an Event of Default. As a practical matter in the event of a payment default by the Authority it is unlikely the Authority would have the financial resources to meet accelerated obligations. No real or personal property in the Project Area is pledged to secure the Bonds, and it is not anticipated that the Authority will have available moneys sufficient to redeem all of the Bonds in the event of a default.

TAX MATTERS

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. A complete copy of the proposed form of Opinion of Bond Counsel is set forth in Appendix D.

OTHER LEGAL MATTERS

Legal Opinions

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, as Bond Counsel. The opinion of Bond Counsel with respect to the Bonds will be delivered in substantially the form attached hereto as Appendix D. Certain legal matters will also be passed upon for the Authority by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, as Disclosure Counsel. Certain matters will also be passed upon for the Underwriter by Jones Hall, a Professional Law Corporation, San Francisco, California, as Counsel to the Underwriter.

Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. The Authority is not aware of any litigation pending or threatened that (i) questions the political existence of the Authority, (ii) contests the Authority's ability to receive the Tax Revenues, or (iii) contests the Authority's ability to issue and pay debt service on the Bonds.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), is expected to assign its municipal bond rating of "___" to the Bonds, based upon the issuance by _____ of the Policy. S&P has assigned its underlying rating of "___" to the Bonds. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from S&P, at *www.standard&poors.com*. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the credit ratings given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Neither the Underwriter nor the Authority has undertaken any responsibility after the issuance of the Bonds to assure the maintenance of any rating or to oppose any such revision or withdrawal.

UNDERWRITING

The Bonds are being purchased for reoffering to the public by Hilltop Securities, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$_____, which equals the par amount of the Bonds plus net original issue premium (\$_____), and less underwriter's discount (\$_____). The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased) and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

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

MUNICIPAL ADVISOR

Del Rio Advisors, LLC, Modesto, California (the “Municipal Advisor”), has served as Municipal Advisor to the Authority with respect to the sale of the Bonds. The Municipal Advisor has assisted the Authority in the review of this Official Statement and in other matters relating to the planning, structuring, execution and delivery of the Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Authority to determine the accuracy or completeness of this Official Statement. Owing to its limited participation, the Municipal Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor does not engage in the underwriting, marketing or trading of municipal securities or other negotiable instruments. The Municipal Advisor will receive compensation from the Authority contingent upon the sale and delivery of the Bonds.

OTHER PROFESSIONALS INVOLVED IN THE OFFERING

Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, is serving as Bond Counsel and Disclosure Counsel to the Authority for the issuance of the Bonds. Jones Hall, a Professional Law Corporation, San Francisco, California, is serving as counsel to the Underwriter. Bond Counsel, Disclosure Counsel, and the Underwriter’s counsel will receive compensation contingent upon the sale and delivery of the Bonds. The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will serve as Trustee with respect to the Bonds.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority by not later than nine months following the end of the Authority’s Fiscal Year (which reporting date would be March 31), commencing with the report for the 2019-20 Fiscal Year (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report notices of significant events will be filed by the Authority with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of significant events is set forth in the Form of Continuing Disclosure Certificate in Appendix F hereto. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). See Appendix F — “Form of Continuing Disclosure Certificate.”

The Authority’s one previous continuing disclosure undertaking terminated in July 2016. In the last five years, the Authority complied in all material respects with its continuing disclosure undertaking. [confirm] [The Authority has retained Fraser & Associates as its dissemination agent to assist it in complying with its disclosure undertaking for the Bonds.]

SUMMARY INFORMATION

All of the preceding brief descriptions of the Capitol Area Planning Act, the Bonds, and the Indenture and the proceedings of the Authority, do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, laws, and proceedings. References herein to the Bonds are qualified in their entirety by the form included in the Indenture and by the provisions of the Indenture.

AUTHORIZATION

The execution and delivery of this Official Statement has been duly authorized by the Board of the Authority.

**CAPITOL AREA DEVELOPMENT
AUTHORITY**

By: _____
Executive Director

APPENDIX A
FISCAL CONSULTANT REPORT

APPENDIX B

THE CITY OF SACRAMENTO AND SACRAMENTO COUNTY GENERAL DEMOGRAPHIC INFORMATION

The following information is included only for the purpose of supplying general information regarding the City of Sacramento and Sacramento County. This information is provided only for general informational purposes, and provides prospective investors limited information about the City of Sacramento and Sacramento County and its economic base. The Bonds are not a debt of the City of Sacramento, the County of Sacramento, the State or any of their respective political subdivisions, and none of the City, the County, the State or any of their respective political subdivisions is liable therefor. This information is historical, so it does not reflect any impacts of the COVID-19 pandemic.

Introduction

The City of Sacramento (the “City”) is located at the confluence of the Sacramento and American Rivers in the northern part of California’s Central Valley. The City is approximately 75 air miles northeast of San Francisco and benefits from a mild climate, with many days of sunshine each year and daily average high temperatures ranging from 54° F in January to 92° F in July. The average elevation of the City is 25 feet above sea level.

The City was settled in the late 1830s and incorporated in 1849. In 1854, the City became the capital of the State of California (the “State”), a position made permanent by the State’s Constitutional Convention in 1879. Today, State government employees and government-related activities contribute substantially to the City’s economy.

Government

The City operates under a City Charter that currently provides for an elected nine-member City Council (the “Council”) including an elected Mayor. There are no other elected City officials. The Council appoints the City Manager, the City Attorney, the City Treasurer, and the City Clerk to carry out its adopted policies. The Council also appoints the City Auditor and the Independent Budget Analyst. The Independent Budget Analyst position is a new position that was funded for the first time in the Adopted Fiscal Year 2015-16 City Budget. The Mayor is chairperson of the Council, services a four-year term, and is elected in at-large City elections. The other members of the Council also service four-year terms but are elected from one of eight districts.

The City provides a number of municipal services, including administration, police, fire, library, recreation, parking, public works, and utilities services such as water production and distribution, refuse collection, storm drainage, and maintenance.

Population

The following table presents population estimates for the City of Sacramento, County of Sacramento, and the State of California for the year 2010 (decennial census) and the years 2016 through 2020.

CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, AND STATE OF CALIFORNIA POPULATION 2010, 2016 through 2020

Date (January 1)	City of Sacramento	Average Annual % Change	Sacramento County	Average Annual % Change	State of California	Average Annual % Change
2010	466,488	--	1,418,788	--	37,253,956	--
2016	487,455	4.49%	1,496,385	5.47%	39,131,307	5.04%
2017	492,858	1.11	1,512,721	1.09	39,398,702	0.68
2018	498,563	1.16	1,527,132	0.95	39,586,646	0.48
2019	505,230	1.34	1,541,301	0.93	39,695,376	0.27
2020	510,931	1.13	1,555,365	0.91	39,782,870	0.22

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020 with 2010 Benchmark.

Employment and Industry

As the seat of State government, the City has traditionally had a large public-sector workforce. In recent years, the employment base in Sacramento and the surrounding area has diversified as the relatively low cost of living and the supply of skilled labor have drawn a number of technology, financial services, and healthcare employers.

Set forth below are data reflecting the civilian labor force, employment, and unemployment for County of Sacramento. These figures might not accurately reflect employment trends in the City.

COUNTY OF SACRAMENTO Civilian Labor Force, Employment and Annual Average Employment by Industry 2015 through 2019⁽¹⁾

	2015	2016	2017	2018	2019
<u>Civilian Labor Force</u> ⁽²⁾	684,500	693,900	697,300	705,000	712,400
Employment	643,500	656,400	664,800	677,500	686,300
Unemployment	41,000	37,500	32,500	27,400	26,100
Unemployment Rate	6.0%	5.4%	4.7%	3.9%	3.7%
<u>Wage and Salary Employment</u> ⁽³⁾					
Farm	2,700	2,200	3,200	2,600	2,500
Mining and Logging	100	200	100	200	200
Construction	31,000	32,900	35,500	38,600	40,900
Manufacturing	20,800	21,100	21,100	21,200	21,500
Wholesale Trade	15,100	15,700	16,300	17,800	17,300
Retail Trade	62,100	64,100	64,600	64,300	63,400
Transportation, Warehousing and Utilities	13,600	14,400	15,200	17,400	19,000
Information	10,000	9,700	8,500	8,400	7,900
Finance and Insurance	24,400	24,500	24,200	23,800	23,700
Real Estate and Rental and Leasing	8,300	8,700	9,100	9,400	9,600
Professional and Business Services	88,400	94,400	94,900	96,000	96,500
Educational and Health Services	102,000	109,500	106,800	112,200	116,300
Leisure and Hospitality	58,700	60,800	62,500	65,200	67,300
Other Services	20,800	21,200	22,400	23,300	23,700
Federal Government	10,000	10,200	10,400	10,400	10,500
State Government	87,900	88,100	89,400	90,800	92,300
Local Government	65,400	66,400	64,000	64,100	65,100
Total, All Industries ⁽⁴⁾	621,300	644,000	648,300	665,500	677,600

(1) Latest data available.

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

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

(4) Totals may not add due to rounding.

Source: State of California Employment Development Department, Industry Employment & Labor Force by Annual Average, March 2019 Benchmark.

Major Employers

The table below identifies the major private-sector and public-sector employers for the greater Sacramento area (Sacramento, El Dorado, Placer, Sutter, Yolo, and Yuba Counties). Major private employers in the Sacramento area include those in health care, electronics, telecommunications, retail, and financial services. Major public-sector employers include the State and the County. The data provided are through December 2019 and do not reflect subsequent changes in work force.

SACRAMENTO COUNTY Major Employers

Company	Location	Industry
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (mfrs)
Agreeya Solutions	Folsom	Information Technology Services
American River College	Sacramento	Junior-Community College-Tech Institutes
AMPAC Fine Chemicals LLC	Rancho Cordova	Electronic Equipment & Supplies-Mfrs
Apple Distribution Ctr	Elk Grove	Distribution Centers (whls)
California Department-Corrections	Sacramento	Insurance Agents Brokers & Service
California Prison Ind Auth	Folsom	Government Offices-State
California State University Sacramento	Sacramento	Schools-Universities & Colleges Academic
Corrections Department	Sacramento	State Govt-Correctional Institutions
Dept of Transportation in CA	Sacramento	Government Offices-State
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Employment Development Dept	Sacramento	Government Offices-State
Environmental Protection Agency	Sacramento	State Government-Environmental Programs
Intel Corp	Folsom	Semiconductor Devices (mfrs)
Kaiser Permanente South	Sacramento	Hospitals
LA Care Health Plan	Sacramento	Health Plans
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Ctr	Carmichael	Hospitals
Sacramento Municipal Utility	Sacramento	Electric Contractors
Securitas Security Svc USA	Sacramento	Security Guard & Patrol Service
SMUD	Sacramento	Electric Companies
State Compensation Ins Fund	Sacramento	Insurance
Sutter Medical Ctr-Sacramento	Sacramento	Hospitals
United Loan Corp	Sacramento	Real Estate
Water Resource Dept	Sacramento	Government Offices-State

Source: State of California Employment Development Department, extracted from *The America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.*

The following tables contain certain data related to income and employment.

MEDIAN HOUSEHOLD INCOME
Calendar Years 2014 through 2018
(Dollars in Thousands)

Calendar Year	City of Sacramento	State of California	United States
2014	\$50,013	\$61,489	\$53,482
2015	50,739	61,818	53,889
2016	52,071	63,783	55,322
2017	54,615	67,169	57,652
2018	58,456	71,228	60,293

Source: United States Census Bureau

SACRAMENTO-ROSEVILLE-FOLSOM
Metropolitan Statistical Area
Per Capita Income

Calendar Year	Per Capita Income
2014	\$48,296
2015	51,072
2016	52,436
2017	54,010
2018 ⁽¹⁾	56,278

⁽¹⁾ Latest data available.

Source: United State Bureau of Economic Analysis

UNEMPLOYMENT STATISTICS
Sacramento, California, United States
Calendar Year

	2015	2016	2017	2018	2019
Sacramento	6.0%	5.4%	4.7%	3.9%	3.7%
California	6.2	5.5	4.8	4.3	4.0
United States	5.3	4.9	4.4	3.9	3.7

Source: U.S. Department of Labor, Bureau of Labor Statistics

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D

FORM OF BOND COUNSEL OPINION

[Closing Date]

Capitol Area Development Authority
1522 14th Street
Sacramento, California

Re: Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020 (Federally Taxable)

Members of the Board:

We have acted as bond counsel in connection with the issuance by the Capitol Area Development Authority (the "Authority"), of its Tax Allocation Revenue Bonds, Series 2020 (the "Bonds"), in the aggregate principal amount of \$[PAR AMOUNT] (the "Bonds"). The Bonds are authorized to be issued pursuant to the provisions of the Marks Roos Local Bond Pooling Act of 1985 (the "Act") (Article 4, Chapter 5, Division 7, Title 1 of the California Government Code) and all laws of the State of California supplemental thereto and pursuant to the provisions of an indenture dated November 1, 2020 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein have the meanings ascribed to such terms in the Indenture.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the Authority contained in the Indenture and the certified proceedings and upon other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds have been duly authorized, executed, and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from the Tax Revenues and any other amounts held in any fund or account established pursuant to the Indenture.
2. The Indenture has been duly executed and delivered by the Authority and is a valid and binding obligation of the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Tax Revenues and all other amounts held in any fund or account established pursuant to the Indenture, to the extent set forth in the Indenture and subject to the provisions of the Indenture that permit the Authority to apply the Tax Revenues and other amounts for the purposes and on the terms and conditions set forth in the Indenture.
3. The Bonds are limited obligations of the Authority and are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. The Bonds are not a debt of the City of Sacramento, the State of California, or any other political subdivision of the State of California, none of which is liable for the payment thereof.
4. Interest on the Bonds is exempt from State of California personal income taxes.

The opinions set forth above are further qualified as follows:

a. The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable, to the application of general principles of equity, including without limitation concepts of materiality, reasonableness, good faith, and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies imposed on actions against public agencies in the State of California.

b. We express no opinion as to the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party.

c. We express no opinion as to the effect or availability of any specific remedy provided for in the Indenture under particular circumstances, except that we believe such remedies are, in general, sufficient for the practical realization of the rights intended thereby.

d. We express no opinion as to the enforceability of any indemnification, contribution, choice of law, choice of forum, or waiver provisions contained in the Indenture.

e. We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds.

f. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine or to inform any person whether any such actions are taken or omitted or events do occur. We disclaim any obligation to update this opinion for events occurring after the date hereof.

Very truly yours,

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation

APPENDIX E

**AUDITED FINANCIAL STATEMENTS
OF THE CAPITOL AREA DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$[PAR AMOUNT]*
CAPITOL AREA DEVELOPMENT AUTHORITY
Tax Allocation Revenue Bonds, Series 2020 (Federally Taxable)

CONTINUING DISCLOSURE CERTIFICATE

Dated: [closing date]

THIS CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) dated [closing date], is executed and delivered by the Capitol Area Development Authority (the “Authority”) in connection with the issuance by the Authority of the above-captioned bonds (the “Bonds”). The Bonds are issued pursuant to the terms of an Indenture dated November 1, 2020 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The Authority covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority 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 Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

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

“*Annual Report Date*” means March 31 of each year.

“*Dissemination Agent*” means [Fraser & Associates], or any successor Dissemination Agent designated in writing by the Authority and that has filed with the Authority a written acceptance of such designation.

“*EMMA System*” shall mean the Electronic Municipal Market Access System of the MSRB or such other electronic system designated by the MSRB (as defined below) or the Securities and Exchange Commission (the “S.E.C.”) for compliance with S.E.C. Rule 15c2-12(b).

“*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, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

* *Preliminary; subject to change.*

“*Official Statement*” means the final official statement executed by the Authority in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Hilltop Securities, Inc., 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.

The Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021, with the report for the 2019-20 fiscal year, provide to the MSRB through the EMMA System, 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 Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority 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 Authority 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 Authority’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 Authority 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 Authority hereunder.

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

With respect to each Annual Report, the Dissemination Agent shall 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 if the Dissemination Agent is other than the Authority, file a report with the Authority 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 Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Authority 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 audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Authority for the preceding fiscal year of the type included in the Official Statement, in the following categories: (i) aggregate assessed values

of the Project Area; (ii) list of ten largest local secured property taxpayers within the Project Area; (iii) information on any appeals by the ten largest local secured property taxpayers in the Project Area; (iv) calculation of the coverage ratio for such fiscal year, calculated in the same manner as provided in the Fiscal Consultant Report, and (v) description of outstanding indebtedness payable from Tax Revenues issued during such fiscal year. All terms used in this paragraph have the meaning set forth in the Indenture.

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 Authority or related public entities, which are available to the public on the EMMA System site or filed with the Securities and Exchange Commission, as permitted by applicable law or regulation. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Authority 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 security, or other material events affecting the tax status of the security.
- (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 Authority or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or an obligated person, or the sale of all or substantially all of the assets of the Authority or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties

(b) The Authority shall, or shall cause the Dissemination Agent (if not the Authority) 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.

(c) 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.

(d) The Authority acknowledges that the events described in subparagraphs 2, 7, 8 (if the event is a bond call), 10, 13, 14, and 15 of subsection (a) 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 Authority 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. The Authority 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 Authority will cause a notice to be filed as set forth in paragraph (b) above.

(e) 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 Authority 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 Authority, 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 Authority.

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 Authority’s obligations under this Disclosure Certificate shall terminate upon the earliest to occur of 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 Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Authority 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be as designated herein. Any Dissemination Agent may resign by providing 30 days’ written notice to the Authority.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority 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 Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of 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 Report 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 this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. 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 Authority to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(a).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority 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 Authority 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 Authority 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. If the Authority fails 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 Authority 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 Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of 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 by the Authority hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Bond holders or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

**CAPITOL AREA DEVELOPMENT
AUTHORITY**

By: _____
Authorized Officer

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT:

[FRASER & ASSOCIATES]

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Capitol Area Development Authority, California
Name of Bonds: Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020 (Federally Taxable)
Date of Issuance: November __, 2020

NOTICE IS HEREBY GIVEN that the Capitol Area Development Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture dated November 1, 2020, and that the Annual Report will be filed by _____.

Dated: _____ [Fraser & Associates],
on behalf of the Capitol Area Development Authority

cc: Capitol Area Development Authority

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by the Depository Trust Company (“DTC”), New York, New York, for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants, or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants, or DTC Indirect Participants will act in the manner described in this Official Statement.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 the Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

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

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

INDENTURE

between

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

and the

CAPITOL AREA DEVELOPMENT AUTHORITY

Dated November 1, 2020

Relating to the
Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020
(Federally Taxable)

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INDENTURE

THIS INDENTURE, dated November 1, 2020 (this “Indenture”), by and between THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee (the “Trustee”), a national banking association duly organized and existing under and by virtue of the laws of the United States of America, and the CAPITOL AREA DEVELOPMENT AUTHORITY (the “Authority”), a joint exercise of powers agency duly organized and existing under and pursuant to that certain Joint Powers Agreement dated as of July 1, 1978, and amended as of April 1, 2020 (the “Agreement”), by and between the State of California, acting through the Department of General Services of the State (the “State”), and the City of Sacramento (the “City”) and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 and Chapter 2.8 (commencing with Section 8160) of the Division 1 of Title 2 of the Government Code of the State of California (together, the “Law”);

WITNESSETH:

WHEREAS, to carry out its obligations under the Agreement, the Authority is vested with the common powers of the City and the State under the Agreement and the powers of a redevelopment agency under Section 8182 of the Government Code of the State of California;

WHEREAS, the Authority is authorized by the Law and, particularly, Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Bond Law”) and the Agreement, to issue bonds for the purpose of exercising its powers and raising funds necessary to carry out its obligations under the Agreement;

WHEREAS, the Authority has proposed to issue bonds to finance affordable housing and other development projects within the Authority’s area of operation in downtown Sacramento (the “Project”), pursuant to the Bond Law and this Indenture;

WHEREAS, the Authority has determined to enter into this Indenture in order to provide for the authentication and delivery of the Bonds described herein, to establish and declare the terms and conditions upon which the Bonds shall be issued and secured and to secure the payment of the principal thereof and premium (if any) and interest thereon;

WHEREAS, the execution and delivery of this Indenture has in all respects been duly and validly authorized by resolutions duly passed and approved by the Authority; and

WHEREAS, the Authority has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Indenture do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, in order to secure the payment of the principal of and the interest and premium, if any, on the Bonds issued, authenticated and delivered hereunder and to provide the terms and conditions under which all property, rights, and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure

performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Authority does hereby agree and covenant with the Trustee for the benefit of the Owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any Supplemental Indenture and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified.

Agreement means that certain Joint Exercise of Powers Agreement dated as of July 1, 1978, and amended as of April 1, 2020, between the State of California, acting through the Department of General Services of the State, and the City of Sacramento, together with any amendments thereof and supplements thereto.

Authority means the Capitol Area Development Authority, a joint exercise of powers agency duly organized and existing under the Agreement and the Law, and its successors and assigns

Authority Board means the Board of the Authority.

Annual Debt Service means for each Bond Year, the aggregate amount (without duplication) of principal of (including Mandatory Sinking Account Payments) and interest on the Bonds and any Parity Debt to which reference is made becoming due and payable. Interest payments on the Bonds and Parity Debt shall be excluded from the calculation of Annual Debt Service to the extent such interests payments are to be paid from the proceeds of the Bonds or any Parity Debt held by the Trustee or other fiduciary as funded (capitalized) or pre-issuance accrued interest specifically to pay such interest.

Beneficial Owner means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Bond Law means Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

Bond Year means the one-year period ending on each October 1, except that the first Bond Year shall begin on the Closing Date and shall end on October 1, 2021.

Bonds means the Capitol Area Development Authority Tax Allocation Revenue Bonds, Series 2020, authorized by, and at any time Outstanding pursuant to this Indenture and any supplemental indenture.

Business Day means any day other than a Saturday, Sunday, or a day on which banking institutions in the State or the State of New York are authorized or obligated by law or executive order to be closed or on which the Federal Reserve System is closed.

Certificate, Statement, Request, Requisition, and Order of the Authority mean, respectively, a written certificate, statement, request, requisition, or order signed in the name of the Authority by its Chair, Executive Director, Finance Officer, or Secretary, or any other person authorized by the Executive Director or Finance Officer to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.5 (Form and Content of Documents Delivered to Trustee), each such instrument shall include the statements provided for in said Section 1.5 (Form and Content of Documents Delivered to Trustee).

Closing Date means the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds.

Continuing Disclosure Certificate means the Authority's continuing disclosure undertaking, dated the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Corporate Trust Office or **corporate trust office** means the corporate trust office of the Trustee at 400 South Hope Street, Suite 500, Los Angeles, California 90071, Attention: Corporate Trust, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange or surrender and cancellation such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, or such other address specified by the Trustee from time to time, or such other or additional offices as may be designated by the Trustee.

Costs of Issuance means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the original authorization, execution, sale, and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, title insurance premiums, rating agency fees, municipal bond insurance premiums, fees and charges for preparation, execution, transportation, and safekeeping of Bonds, and any other cost, charge, or fee in connection with the original delivery of Bonds.

Costs of Issuance Fund means the fund by that name established pursuant to Section 3.3 (Establishment and Application of Costs of Issuance Fund).

Credit Facility means the insurance policy, letter of credit, or other credit facility of the Credit Provider provided with respect to the Bonds.

Credit Provider means any provider of a Credit Facility with respect to the Bonds and its successors and assigns.

Defeasance Securities means the following:

- (A) United States Treasury Certificates, Notes, and Bonds (including State and Local Government Series -- “SLGS”).
- (B) Direct obligations of the Treasury that have been stripped by the Treasury itself, CATS, TGRS, and similar securities.
- (C) The interest component of Resolution Funding Corp. (REFCORP) strips that have been stripped by request to the Federal Reserve Bank of New York in book-entry form.
- (D) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P. If, however, the pre-refunded bonds are rated by S&P but are not rated by Moody’s, then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or Aaa-rated pre-refunded municipal bonds.
- (E) Obligations issued or guaranteed by the following agencies that are backed by the full faith and credit of the U.S.:
 - (1) U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
 - (2) Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 - (3) Federal Financing Bank
 - (4) General Services Administration
Participation certificates
 - (5) U.S. Maritime Administration
Guaranteed Title XI financing
 - (6) U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

Event of Default means any of the events specified in Section 10.1 (Events of Default).

Financial Obligation means any indebtedness of the Authority (including any installment purchase and lease obligations) that (i) in accordance with generally accepted accounting principles is classified as a liability on a balance sheet and (ii) has a final maturity more than one year after the date of creation thereof.

Financial Officer means the financial officer of the Authority appointed pursuant to the Law, or other duly appointed officer of the Authority authorized by the Authority by resolution or bylaw to perform the function of the treasurer.

Fiscal Year means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other 12-month period hereafter selected and designated as the official fiscal year period of the Authority.

Holder or Owner means any person who shall be the registered owner of any Outstanding Bond.

Indenture means this indenture, dated November 1, 2020, between the Trustee and the Authority, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions hereof.

Independent Accountant means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Authority, and who, or each of whom: (a) is in fact independent and not under domination of the Authority; (b) does not have any substantial interest, direct or indirect, with the Authority; and (c) is not connected with the Authority as an officer or employee of the Authority, but who may be regularly retained to make reports to the Authority.

Independent Financial Consultant means any financial consultant or firm of such consultants appointed by the Authority, and who, or each of whom: (a) is in fact independent and not under domination of the Authority; (b) does not have any substantial interest, direct or indirect, with the Authority, other than as a purchaser of the Bonds or any Parity Debt; and (c) is not connected with the Authority as an officer or employee of the Authority, but who may be regularly retained to make reports to the Authority.

Information Service means the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) website, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and or such other services providing information with respect to called bonds, or no such services, as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

[**Insurance Policy** means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.]

[**Insurer** means _____, a _____, or any successor thereto or assignee thereof.]

Interest Account means the account by that name established and held by the Trustee pursuant to Section 6.4 (Revenue Fund; Allocation of Moneys).

Interest Payment Date means April 1 and October 1 of each year during the term of the Bonds, commencing April 1, 2021.

Law means, together, Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and Chapter 2.8 of Division 1 of Title 2 (commencing with Section 8160) of the Government Code of the State of California and all laws amendatory thereof or supplemental thereto.

Mandatory Sinking Account Payment means, with respect to Bonds of any maturity, the amount required by this Indenture or a Supplemental Indenture hereto to be deposited by the Authority in a Sinking Account for the payment of Term Bonds of such maturity.

Maximum Annual Debt Service means, as of the date of any calculation, the largest Annual Debt Service during the current or any future Bond Year.

Moody's means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

Opinion of Bond Counsel means a written opinion of a law firm experienced in matters relating to obligations selected by the Authority.

Original Area means the portion of the Project Area described in Government Code Section 8180(a)(1).

Outstanding, means the Bonds authenticated and delivered by the Trustee under this Indenture until (1) the Bonds are cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) all liability of the Authority with respect thereto shall have been discharged in accordance with Section 5.2 (Discharge of Liability on the Bonds), including the Bonds (or a portion thereof) in the circumstances described in in Section 6.11 (Money Held for the Owners); or (3) another Bond shall have been authenticated and delivered by the Trustee pursuant to this Indenture for transfer or exchange or in lieu of or in substitution of the Bond.

Owner means any person who shall be the registered owner of any Outstanding Bond.

Parity Debt means indebtedness or other obligations issued or incurred by the Authority that are secured by a pledge of and lien on the Tax Revenues equally and ratably with the debt service payments on the Bonds. The following obligations are Parity Debt: (i) the Tax Allocation Loan Agreement dated as of January 1, 2014, between the Authority and the California Infrastructure and Economic Development Bank, (ii) the Revised and Restated Disposition and Development Agreement dated August 24, 2012, between the Authority and East End Gateway One, LLC, (iii) the Authority's 2016 Tax Allocation Refunding Bonds, Series A, and its Taxable Tax Allocation Refunding Bonds, Series B; and (iv) and any other loans, bonds, notes, advances, or indebtedness issued or incurred in accordance with Article VII (Issuance of Additional Debt Payable from Tax Revenues).

Parity Debt Instrument means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance or incurrence of any Parity Debt.

Payment Date means each Interest Payment Date and each Principal Payment Date.

Permitted Investments means any securities in which funds of the Authority may now or hereafter be legally invested as provided by applicable law in effect at the time of such investment, subject to any limitations imposed by the investment policy approved by the governing body of the Authority, but without regard to any limitations contained therein concerning the maximum percentage limitations for any particular investment. Permitted Investments also include:

- (a) money market mutual funds, including funds of the Trustee or any of its affiliates for which they receive and retain a fee for services provided to the fund, including an investment advisor, transfer agent, custodian, or otherwise,
- (b) investment agreements, including guaranteed investment contracts;
- (c) Direct obligations of, and obligations fully and unconditionally guaranteed as to timely payment by, the United States government and any agency, instrumentality, or establishment of the United States government (“Government Securities”);
- (d) Commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from Moody’s and S&P of A1 and P1, respectively;
- (e) Repurchase and reverse repurchase agreements collateralized with Government Securities, including those of the Trustee or any of its affiliates; and
- (f) Bank deposit products, demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Authority, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, which are fully FDIC-insured.

Ratings of securities referred to herein shall be determined at the time of purchase of such Permitted Investments and without regard to rating subcategories. The Trustee has no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments or the responsibility to validate the ratings of Permitted Investments prior to the initial purchase.

Person means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Principal Account means the account by that name established and held by the Trustee pursuant to Section 6.4 (Revenue Fund; Allocation of Moneys).

Principal Payment Date means October 1 of each year during the term of the Bonds, commencing October 1, 2021.

Project means the undertaking of the Authority pursuant to the Agreement, the Redevelopment Plan and the Law for the redevelopment of the Project Area.

Project Area means the project area as defined in Section 8180(a) of the Law.

Project Fund means the fund by that name established pursuant to Section 3.2 (Establishment and Application of Project Fund).

Rating Agency means S&P, Moody's, and Fitch or, in the event that S&P, Moody's, or Fitch no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as S&P, Moody's, Fitch, or other nationally recognized rating agency then maintains a rating on the Bonds.

Rating Category means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

Redemption Account means the account by that name established pursuant to Section 6.4 (Revenue Fund; Allocation of Moneys).

Redemption Price means, with respect to the Bonds (or portion thereof) the principal amount of the Bonds (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of the Bonds and this Indenture.

Redevelopment Plan means the Redevelopment Plan for the Project Area, entitled the "Capitol Area Plan," approved as the Official Redevelopment Plan for the Project Area by the Director of General Services on March 15, 1977, referred to in Section 8160 of the Law, as updated by the 1997 Capitol Area Plan, dated as of July 1, 1997, and including any plan prepared pursuant to Section 8182.5 of the Law, together with the documents referred to in Section 8183 of the Law, as such Sections may be hereafter amended and supplemented.

Regular Record Date for payments of principal or interest on any Payment Date means the date specified in Section 2.1 (Terms and Form of the Bonds), and as that term may be defined in a Supplemental Indenture for Parity Debt.

Reserve Facility means any letter of credit, insurance policy, surety bond or other credit source deposited with the Trustee pursuant to Section 6.7 (Funding and Application of Reserve Fund).

[**Reserve Policy** means the municipal bond debt service reserve insurance policy issued by the Insurer.]

Reserve Requirement means, as of any date of calculation, _____.

Responsible Officer means any officer within the corporate trust department (or any successor group or department of the Trustee) including any managing director, president, vice president, assistant vice president, assistant secretary, treasurer, assistant treasurer, associate, senior associate, or any other officer or assistant officer of the Trustee within the Corporate Trust Office (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Corporate Trust Office because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

Revenue Fund means the “Revenue Fund” established and held by the Trustee, which is referred to in Section 6.4 (Revenue Fund; Allocation of Moneys).

Securities Depository means The Depository Trust Company located at 55 Water Street, 50th Floor, New York, NY 10041-0099, or such other addresses and/or such other securities depositories as the Authority may designate.

Serial Bonds means the Bonds, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.

S&P means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

Special Fund means the fund established and held by the Authority, which is referred to in Section 6.2 (Special Fund; Deposit of Tax Revenues).

Special Record Date for the payment of any defaulted interest on the Bonds means a date fixed by the Trustee pursuant to Section 2.5 (Payment of Interest on Bonds; Interest Rights Preserved).

State means the State of California.

Supplemental Indenture means any indenture hereafter duly executed and delivered, supplementing, modifying, or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate means the tax certificate delivered by the Authority at the time of the issuance and delivery of the Bonds, as the same may be further amended or supplemented in accordance with its terms.

Tax Code means the Internal Revenue Code of 1986, as amended, and the regulations applicable to or issued thereunder.

Tax Revenues means all taxes allocated and paid to the Authority, following the Closing Date, pursuant to Section 8183 of the Law, or pursuant to applicable State laws, including that portion of such taxes otherwise required by Section 8191 of the Law to be used for increasing or improving the supply of housing for persons of low and moderate income within the jurisdiction of the Authority, but only to the extent necessary to repay that portion of the Bonds and that portion of any Parity Debt (including applicable reserves and financing costs) issued to finance or refinance amounts used in accordance with Section 8191 of the Law; but excluding all other amounts of such taxes (if any).

Term Bonds means Bonds that are subject to scheduled mandatory redemptions on or before their respective maturities calculated to retire such bonds on or before their specified maturity dates.

Trustee means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or its successor as Trustee as provided in Section 11.8 (Removal and Resignation; Appointment of Successor).

Section 1.2. Acts of the Owners. Any request, consent, or other instrument required or permitted by this Indenture to be signed and executed by the Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by the Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent, or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

Any request, consent, or other instrument or writing of any Owners of any Bonds shall bind every future respective Owners of such Bonds and the Owners of such Bonds issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 1.3. Notices. All notices, certificates or other communications hereunder will be in writing and will be deemed to have been properly given on the earlier of (i) when delivered in person, (ii) the third Business Day following deposit in the United States Mail, with adequate postage, and sent by registered or certified mail, with return receipt requested to the appropriate party at the address set forth below, or (iii) the first Business Day following deposit with Federal Express, Express Mail or other overnight delivery service for next day delivery, addressed to the appropriate party at the address set forth below.

If to the Authority: Capitol Area Development Authority
1522 14th Street
Sacramento, CA 95814
Attention: Finance Officer

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust

The Authority and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 1.4. Notices to the Owners; Waiver. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice,

either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.5. Form and Content of Documents Delivered to Trustee. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto, (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an Independent Accountant, or an Independent Financial Consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an Independent Accountant, or an Independent Financial Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel, Independent Accountant, or an Independent Financial Consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel, or Independent Accountant, or an Independent Financial Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, Independent Accountants, or an Independent Financial Consultants may certify to different matters, respectively.

Section 1.6. Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Indenture.

Section 1.7. Successors and Assigns. Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 1.8. Benefits of Indenture. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and

all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, and the Owners of the Bonds.

Section 1.9. Payments/Actions Otherwise Scheduled on Non-Business Days. Except as specifically set forth in a Supplemental Indenture, any payments or transfers that would otherwise become due on any day that is not a Business Day shall become due or shall be made on the next succeeding Business Day. When any other action is provided for herein to be done on a day named or within a specified time period and the day named or the last day of the specified period falls on a day other than a Business Day, such action may be performed on the next succeeding Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 1.10. No Personal Liability for Debt Service. No Authority Board member, officer, agent, or employee of the Authority or the Trustee shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such Authority Board member, officer, agent, or employee of the Authority or the Trustee from the performance of any official duty provided by law or by this Indenture.

Section 1.11. Separability Clause. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality, or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 1.12. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

Section 1.13. Execution in Several Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

ARTICLE II TERMS AND ISSUANCE OF THE BONDS

Section 2.1. Terms and Form of the Bonds.

(A) Creation of Bonds. The Authority hereby authorizes the issuance of the Bonds in the principal amount of \$[PRINCIPAL AMOUNT]. The title of the Bonds shall be “Capitol Area Development Authority Tax Allocation Revenue Bonds, Series 2020.” At any time after the execution and delivery of this Indenture, the Authority may execute and the Trustee shall authenticate and deliver the Bonds upon the Order of the Authority.

(B) Form of Bonds. The form of the Bonds shall be substantially as set forth in Exhibit A with such insertions, omissions, substitutions, and variations as may be determined by the officers executing the same, as evidenced by their execution thereof, to reflect the applicable terms of the Bonds established by this Article.

(C) Book-Entry Form; Denominations. The Bonds shall be issued in fully registered form, in Authorized Denominations and shall be initially registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company. The Bonds shall be evidenced by one Bond maturing on each of the maturity dates with respect to the Bonds in a denomination corresponding to the total principal amount represented by the Bonds payable on such date. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.09 (Book-Entry Provisions). The Bonds shall bear such distinguishing numbers and letters as may be specified by the Trustee.

(D) Date; Interest Accrual; Maturity Dates; Interest Rates. The Bonds shall be dated their date of delivery, shall mature in the following amounts on the following dates, and shall bear interest from their date at the following rates per annum:

Maturity Date (October 1)	Principal Amount	Interest Rate
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2050		

Interest on the Bonds shall be calculated on the basis of a 360-day year comprising twelve 30-day months.

(E) Principal and Interest Payments. The Authority shall pay each principal and interest payment on the Bonds in lawful money of the United States of America by wire transfer to the Trustee no later than the fifth (5th) Business Day prior to each Payment Date. The Trustee shall wire transfer said payment to the Owner on each Payment Date, pursuant to wire instructions

provided by the Owner. The Regular Record Date for the Bonds shall be the fifteenth (15th) day of the calendar month immediately preceding the relevant Payment Date. Payments of principal of the Bonds shall be made without the requirement for presentation and surrender of the Bonds by the Owner, provided that principal of the Bond that is payable at final maturity shall be made only upon presentation and surrender of the Bond at the office of the Trustee. The Trustee shall make an appropriate notation in its records indicating the date and amount of each reduction in the outstanding principal amount of the Bonds.

(F) Cessation of Interest Accrual. Interest on any portion of the principal of the Bonds shall cease to accrue on the Payment Date of such portion, provided that such portion of the principal plus interest accrued thereon to such date has been paid to the Owner. Upon payment of all the principal and interest installments on the Bonds, the Bonds shall no longer be Outstanding and entitled to the benefits of this Indenture.

(G) Redemption of the Bonds.

(1) General Redemption Provisions. The Bonds are subject to redemption as provided in Article IV (Redemption of Bonds).

(2) Optional Redemption. The Bonds are subject to redemption prior to their stated maturities at the option of the Authority, from moneys deposited by the Authority from any source of available funds, as a whole or in part (in such maturities as may be specified by the Authority and at random within a maturity) on any date on or after October 1, 20___, at a redemption price equal to the principal amount of Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

(3) Mandatory Sinking Account Redemption. Term Bonds maturing on October 1, 20___, are also subject to mandatory sinking account redemption prior to their respective stated maturities, in part, at random, from Mandatory Sinking Account Payments, in the following amounts and on the following dates, at the principal amount thereof, without premium:

Mandatory Redemption Date	Principal Amount
(October 1)	

*

* Final Maturity

Section 2.2. Execution, Authentication, and Delivery of Bonds. The Bonds shall be executed in the name and on behalf of the Authority by the Chairperson of the Authority and attested by its Secretary or an Assistant Secretary of the Authority. The signature of any of these officers on the Bonds may be facsimile or manual. Unless otherwise provided in any Supplemental Indenture, the Bonds shall then be delivered to the Trustee for authentication by it.

In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or attested shall have been authenticated, or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered, and issued and, upon such authentication, delivery, and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority. Any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of execution such Bond shall be the proper officers of the Authority although at the nominal date of such Bond any such person shall not have been such officer of the Authority.

Except as may be provided in any Supplemental Indenture, no Bond is valid or obligatory for any purpose or entitled to the benefits of this Indenture unless there appears on such Bond a certificate of authentication substantially in the form provided for herein, manually or electronically executed by the Trustee. Such certificate of authentication when manually or electronically executed by the Trustee is conclusive evidence, and the only evidence, that such Bond has been duly executed, authenticated, and delivered hereunder.

Section 2.3. Registration, Transfer, and Exchange. The Trustee will keep or cause to be kept a register (herein sometimes referred to as the “Bond Register”) in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration and transfer of Bonds. The Bond Register shall at all times be open to inspection during normal business hours by the Authority with reasonable notice.

Upon surrender of a Bond for transfer at the Corporate Trust Office, the Authority shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same tenor, and maturity and for an equivalent aggregate principal amount.

The Bonds may be exchanged for an equivalent aggregate principal amount of Bonds of other authorized denominations of the same tenor, and maturity, upon surrender of the Bonds for exchange at the Corporate Trust Office. Upon surrender of Bonds for exchange, the Authority shall execute and the Trustee shall authenticate and deliver the Bonds that the Owner making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee and thereafter disposed of as provided for in Section 2.07 (Cancellation).

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Authority, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall be accompanied by a written instrument of transfer, in a form approved by the Trustee, that is duly executed by the Owner or by his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange of Bonds, but the Trustee shall require the Owner requesting such transfer or exchange to pay any tax or other governmental

charge required to be paid with respect to such transfer or exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Authority.

The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Trustee shall not be required to transfer or exchange (i) any Bond during the period established by the Trustee for the selection of Bonds for redemption or (ii) any Bond that has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in part.

Section 2.4. Mutilated, Destroyed, Stolen or Lost Bonds. If (i) any mutilated Bond is surrendered to the Trustee, or the Authority and the Trustee receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Authority and the Trustee such security or indemnity as may be required by them to save each of them harmless, then the Authority shall execute, and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of any new Bond under this Section, the Authority may require payment of a sum sufficient to pay the cost of preparing such Bond, any tax or other governmental charge that may be imposed in relation thereto, and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the Authority, whether or not the destroyed, lost, or stolen Bond is at any time enforceable by anyone, and is entitled to all the security and benefits of this Indenture equally and ratably with all other Outstanding Bonds secured by this Indenture. Neither the Authority nor the Trustee shall be required to treat both the new Bond and the Bond it replaces as being Outstanding for the purpose of determining the principal amount of Bonds that may be issued hereunder, but both the new Bond and the Bond it replaces shall be treated as one and the same.

Section 2.5. Payment of Interest on the Bonds; Interest Rights Preserved. Interest represented by any Bond that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Owner thereof as of the close of business on the Regular Record Date for such interest specified in the provisions of this Indenture.

Any interest represented by any Bond that is payable but is not punctually paid or duly provided for on any Interest Payment Date shall forthwith cease to be payable to the Owner on the relevant Regular Record Date. Such defaulted interest shall be paid to the Person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee. In the name of the Authority and at the expense of

the Authority, the Trustee shall cause notice of the payment of such defaulted interest and the Special Record Date to be mailed, first-class postage prepaid, to each Owner of a Bond at his address as it appears in the Bond Register not fewer than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Bond. Each such Bond shall bear interest from such date that neither loss nor gain in interest shall result from such transfer, exchange, or substitution.

Section 2.6. Persons Deemed Owners. The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority. The ownership of Bonds shall be proved by the Bond Register. The Trustee may establish a record date as of which to measure consent of the Owners in order to determine whether the requisite consents are received.

Section 2.7. Cancellation. All Bonds surrendered for payment, redemption, transfer, or exchange, if surrendered to the Trustee, shall be promptly cancelled by the Trustee and, if surrendered to any person other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee.

The Authority shall deliver to the Trustee for cancellation any Bonds acquired in any manner by the Authority, and the Trustee shall promptly cancel such Bonds.

No Bond shall be executed in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture. The Trustee shall destroy all cancelled Bonds.

Whenever in this Indenture provision is made for the cancellation by the Trustee of the Bonds, the Trustee shall destroy the Bonds, and, upon request, deliver a certificate of such destruction to the Authority.

Section 2.8. Validity of Bonds. The recital in the Bonds that they are issued pursuant to the Constitution and statutes of the State shall be conclusive evidence of their validity and of compliance with provisions of law in their issuance.

Section 2.9. Book-Entry Provisions. Notwithstanding any provision of this Indenture to the contrary, if the Bonds are issued as book-entry only bonds, then the following provisions shall apply:

(A) Limitations on Transfer. Registered ownership of the Bonds, or any portions thereof, may not be transferred except:

(1) To any successor of The Depository Trust Company or its nominee, or to any substitute depository designated pursuant to clause (2) of this Subsection (“substitute depository”); provided that any successor of The Depository Trust Company or substitute

depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) To any substitute depository not objected to by the Trustee, upon (a) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Authority that The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) To any person as provided below, upon (a) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository if no substitute depository that is not objected to by the Trustee can be obtained, or (b) a determination by the Authority that it is in the best interests of the Authority to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its function as depository.

(B) Execution and Delivery of New Bonds. In the case of any transfer pursuant to clause (1) or clause (2) of Subsection 2.09(A) (Book-Entry Provisions -- Limitations on Transfer) hereof, upon receipt of all Outstanding Bonds by the Trustee, together with a Certificate of the Authority to the Trustee, a single new Bond for each maturity of Bonds in the aggregate principal amount of the Bonds of such maturity then Outstanding shall be executed and delivered, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the Authority. In the case of any transfer pursuant to clause (3) of Subsection 2.09(A) (Book-Entry Provisions -- Limitations on Transfer) hereof, upon receipt of all Outstanding Bonds by the Trustee together with a Certificate of the Authority to the Trustee, new Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such Certificate of the Authority, subject to the limitations of Section 2.03 (Registration, Transfer, and Exchange) hereof; provided that the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a Certificate of the Authority.

(C) Notation of Reduction of Principal. In the case of partial redemption, cancellation or a refunding of any Bonds evidencing all or a portion of the principal maturing in a particular year, The Depository Trust Company shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(D) No Responsibility to Persons Other Than Owners. The Authority and the Trustee shall be entitled to treat the person in whose name any book-entry only Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any Beneficial Owners of such Bonds. Neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the Owner of any Bond.

(E) Payments to Depository. So long as all the Outstanding Bonds are registered in the name of “Cede & Co.” or its registered assign, the Authority and the Trustee shall cooperate with “Cede & Co.”, as sole registered Owner of such Bonds, and its registered assigns in effecting payment of the principal of and redemption premium, if any, and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(F) In connection with any proposed transfer outside the Book-Entry Only system, the Authority or DTC shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.10. Continuing Disclosure. The Authority hereby covenants that it will comply with and carry out all the provisions of the Continuing Disclosure Certificate.

ARTICLE III APPLICATION OF PROCEEDS

Section 3.1. Application of Proceeds of the Bonds. The proceeds of the sale of the Bonds, shall be deposited with the Trustee and shall be set aside or transferred by the Trustee as follows:

(A) The Trustee shall deposit \$_____ into the Project Fund established pursuant to Section 3.2 (Establishment and Application of Project Fund)hereof.

(B) The Trustee shall deposit \$_____ into the Costs of Issuance Fund established pursuant to Section 3.3 (Establishment and Application of Costs of Issuance Fund) hereof.

The Trustee may, in its discretion, establish a temporary fund or account to facilitate the foregoing deposits.

Section 3.2. Establishment and Application of Project Fund. The Authority shall establish and maintain a separate fund designated as the “Project Fund.” The Authority shall use the moneys in the Project Fund to pay the costs of acquiring, constructing, furnishing, and equipping the Project (or reimbursing the Authority for such costs). All earnings from the investment of moneys in the Project Fund shall be deposited therein. Upon completion of the Project, the Authority shall notify the Trustee in writing of such completion and transfer any amounts remaining in the Project Fund to the Trustee for deposit in the Revenue Fund.

Section 3.3. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain, and hold a separate fund designated as the “Costs of Issuance Fund.” The moneys in the Costs of Issuance Fund shall be applied by the Trustee to pay the Costs of Issuance of the Bonds, upon a Requisition filed with the Trustee, in the form attached hereto as Exhibit B. Each such Requisition of the Authority is sufficient evidence to the Trustee of the facts stated therein and the Trustee has no duty to confirm the accuracy of such facts. All interest, profits, and

other income received from the investment of moneys in the Costs of Issuance Fund shall be deposited therein. At the end of six (6) months from the date of issuance of the Bonds, or upon an earlier determination by the Authority that amounts in such account are no longer required for the payment of Costs of Issuance, the Trustee shall transfer any remaining amounts in such account to the Authority and the Costs of Issuance Fund shall be closed.

ARTICLE IV REDEMPTION OF BONDS

Section 4.1. Notice to Trustee. In the case of any redemption at the election of the Authority of the Outstanding Bonds or any portion thereof as provided herein, the Authority shall at least forty-five (45) days prior to the date fixed for redemption (unless a shorter notice shall be satisfactory to the Trustee, in the sole discretion of the Trustee), notify the Trustee of such redemption date, and the principal amount of the Bonds to be redeemed.

Section 4.2. Selection by Trustee of Bonds to be Redeemed. If less than all the Outstanding Bonds of a maturity are to be redeemed, not more than sixty (60) days prior to the redemption date the Trustee shall select the particular Bonds of such maturity to be redeemed (in whole or in part) from the Outstanding Bonds that have not previously been called for redemption, in minimum denominations of \$5,000, at random in any manner that the Trustee in its sole discretion shall deem appropriate and fair. For purposes of selection, each \$5,000 portion of a Bond shall be deemed to be a separate Bond.

The Trustee shall promptly notify the Authority in writing of the Bonds so selected for redemption and, in the case of a Bond selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond that has been or is to be redeemed.

Section 4.3. Notice of Redemption.

(A) Mailed Notice. Notice of redemption shall be mailed (first class postage prepaid) by the Trustee, on behalf of and at the expense of the Authority, not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date, to (i) the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond Register, (ii) the Securities Depository (if such Bonds are not then in book-entry form), and (iii) the Information Service. Notice of redemption to the Securities Depository shall be given electronically to “redemptionnotification@dtcc.com.”

(B) Content of Notice. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds, the redemption date, the amount of any redemption premium, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount

thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the principal amount thereof or specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with premium (if any) and interest thereon accrued to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

(C) Defects in Notice or Procedure. Failure by the Trustee to give notice to the Information Service or the Securities Depository or failure of any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice to any one or more of the respective Owners of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owner or Owners to whom such notice was mailed.

Section 4.4. Deposit of Redemption Price; Payment of Amounts to Reserve Facility Providers. Prior to any redemption date, the Authority shall deposit with the Trustee an amount of money sufficient to pay the Redemption Price of the Bonds to be redeemed on that date plus interest accrued to the date of redemption. Such money shall be held for the benefit of the person entitled to such Redemption Price. Prior to any date for optional redemption of Bonds, the Authority shall have paid in full all amounts due to each issuer of a Reserve Facility.

Section 4.5. Bonds Payable on Redemption Date. Notice of redemption having been duly given as aforesaid and moneys for payment of the Redemption Price of the Bonds or portion thereof to be redeemed plus interest accrued to the date of redemption being held by the Trustee, on the redemption date designated in such notice (i) the Bonds or portions thereof to be redeemed shall become due and payable at the Redemption Price specified in such notice plus interest accrued to the date of redemption, (ii) interest on the Bonds or portion thereof shall cease to accrue, (iii) the Bonds or portion thereof shall cease to be entitled to any benefit or security under this Indenture, and (iv) the Owners shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest. Upon surrender of the Bonds for redemption in accordance with said notice, the Bonds or portion thereof shall be paid by the Trustee at the Redemption Price plus (if the redemption date is not an Interest Payment Date) interest accrued to the date of redemption. Installments of interest due on or prior to the Redemption Date shall be payable to the Owners on the relevant Regular Record Dates according to the term of the Bonds and the provisions of Section 2.5 (Payment of Interest on the Bonds; Interest Rights Preserved).

Section 4.6. Bonds Redeemed in Part. Upon surrender of the Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owners thereof, at the expense of the Authority, a new Bond of authorized denomination, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.7. Right to Rescind Notice. The Authority may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners. Any optional redemption and notice thereof shall be rescinded if, for any reason, on the date fixed for redemption monies are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owners of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

ARTICLE V DEFEASANCE

Section 5.1. Discharge of Indenture.

(A) Payment of Bonds. Any Bond may be paid in any of the following ways:

(1) by paying or causing to be paid the principal of and interest on the Bond, as and when the same become due and payable;

(2) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 5.3 (Deposit of Money or Securities with Trustee)) to pay or redeem the Bond; or

(3) by delivering the Bond to the Trustee for cancellation.

(B) Consequence of Payment of Bonds. If the Authority pays all the Bonds Outstanding and also pays or causes to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority, evidenced by a Certificate of the Authority filed with the Trustee signifying the intention of the Authority to discharge all such indebtedness and this Indenture, and notwithstanding that the Bonds shall not have been surrendered for payment, this Indenture, the pledge of Tax Revenues and other assets made hereunder, all covenants and agreements and other obligations of the Authority under this Indenture, and the rights and interests created hereby (except as to any surviving rights of transfer or exchange of the Bonds as provided in Section 2.3 (Registration, Transfer, and Exchange)) and rights to payment from moneys deposited with the Trustee as provided in Section 5.2 (Discharge of Liability on the Bonds)) shall cease, terminate, become void, and be completely discharged and satisfied. Notwithstanding the satisfaction and discharge of this Indenture, the obligations to the Trustee under Section 11.6 (Compensation and Indemnification of Trustee) shall survive.

(C) Delivery of Excess Funds. In such event, upon Request of the Authority, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver to the Authority all moneys or securities or other property held by it pursuant to this Indenture that, as evidenced by a verification report (upon which the Trustee may conclusively rely) from an Independent Accountant, are not required

for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(D) Notice of Defeasance. If moneys or Defeasance Securities are deposited with and held by the Trustee as provided in this Article, the Trustee shall within thirty (30) days after such money and Defeasance Securities shall have been deposited with it mail a notice, first class postage prepaid, to the Owners at the address listed on the registration books kept by the Trustee pursuant to Section 2.3 (Registration, Transfer, and Exchange), (a) setting forth the maturity or date fixed for prepayment, as the case may be, of the Bonds deemed paid, (b) giving a description of the Defeasance Securities, if any, so held by it, and (c) stating, as applicable, that this Indenture has been discharged and/or all liability of the Authority in respect of the Bonds has been discharged, in accordance with the provisions of this Article.

Section 5.2. Discharge of Liability on the Bonds. Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or Defeasance Securities in the necessary amount (as provided in Section 5.3 (Deposit of Money or Securities with Trustee)) to pay or redeem any Outstanding Bonds (whether upon or prior to its maturity or the redemption date of the Bonds), provided that, if the Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as in Article IV (Redemption of Bonds) provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of the Bonds shall cease, terminate, and be completely discharged, except that thereafter (i) the Owners thereof shall be entitled to payment of the principal of and premium, if any, and interest on the Bonds by the Authority and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 5.4 (Earnings on Moneys Unclaimed After Payment of Bonds) and (ii) the Owners thereof shall retain its rights of transfer or exchange of Bonds as provided in Section 2.3 (Registration, Transfer, and Exchange).

Section 5.3. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem the Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(A) Cash: cash held in certificates of deposit, savings accounts, deposit accounts or money market deposits that are fully insured by the FDIC in an amount equal to the principal amount of the Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV (Redemption of Bond) provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of the Bonds and all unpaid interest thereon to the redemption date; or

(B) Securities: Defeasance Securities the principal of and interest on which when due will, together with the cash (if any) deposited with or held by the Trustee at the same time, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date, as the case may be, on (and any redemption premium on) the Bonds to be paid

or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of the Bonds that is to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV (Redemption of Bonds) provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, (a) that the Authority shall have delivered to the Trustee a report of an Independent Accountant (upon which report the Trustee may conclusively rely) verifying that the cash and/or Defeasance Securities deposited are in the required amounts and (b) that the Trustee shall have been irrevocably instructed (by the terms of this indenture or by Request of the Authority) to apply such money to the payment of such principal or Redemption Price of and interest on the Bond.

Section 5.4. Earnings on Moneys Unclaimed After Payment of Bonds. All moneys held by or on behalf of the Trustee for the payment of principal of or interest or premium on the Bonds, whether at redemption or maturity, shall be held for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other person for any interest earned on, moneys so held. Any such moneys held by the Trustee that remain unclaimed for two years after the date when such principal, premium or interest has become payable, shall be repaid by the Trustee (without liability for interest) to the Authority, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the Authority for the payment of such principal, premium or interest.

Section 5.5. Notice of Defeasance. If the Bonds are to be paid and discharged pursuant to Section 5.1(A)(2) (Discharge of Indenture – Payment of Bonds), the Trustee shall within thirty (30) days after the money or Federal Securities shall have been deposited with it mail a notice, first class postage prepaid, to the Owners at the address listed on the registration books kept by the Trustee pursuant to Section 2.3 (Registration, Transfer, and Exchange) hereof, (a) setting forth the maturity date or date fixed for redemption, as the case may be, of the Bonds, (b) giving a description of the Federal Securities, if any, held by it, and (c) stating that this Indenture has been released in accordance with the provisions of this Section.

ARTICLE VI

PLEDGE OF TAX REVENUES; ESTABLISHMENT AND APPLICATION OF FUNDS

Section 6.1. Pledge of Tax Revenues. The Authority hereby pledges and grants a security interest and lien on (which pledge, security interest and lien shall be effected in the manner and to the extent hereinafter provided) (i) all of the Tax Revenues and (ii) all of the moneys held from time to time in the Special Fund, including the Revenue Fund, Interest Account, the Principal Account, the Sinking Account, the Reserve Fund, and the Redemption Account. The Tax Revenues shall be allocated solely to the payment of principal of, and interest and redemption premium, if any, on the Bonds, and to any other Parity Debt, for the purposes set forth in Section 6.4 (Revenue Fund; Allocation of Moneys) and any applicable Supplemental Indenture; except that out of the Tax Revenues there may be apportioned such amounts for such other purposes as are expressly permitted by this Indenture. The pledge and allocation of Tax Revenues is for the exclusive benefit of the Bonds and the Parity Debt and shall be irrevocable until all of the Bonds have been paid and retired or until moneys have been set aside irrevocably for that purpose.

Section 6.2. Special Fund; Deposit of Tax Revenues. The Authority has previously established a fund known as the “Special Fund,” which the Authority shall continue to hold as a

separate fund during the entire term of this Indenture. The Authority agrees that, so long as the Bonds remain Outstanding, it shall continue to deposit all of the Tax Revenues in the Special Fund as soon as practicable upon receipt, until such time during each Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee under Section 6.4 (Revenue Fund; Allocation of Moneys), and under the provisions of any Parity Debt. Except as otherwise provided in any Parity Debt instruments, all Tax Revenues received during any Bond Year in excess of such amounts shall be released from the pledge and lien hereunder and may be used for any lawful purposes of the Authority. All Tax Revenues and any other amounts at any time deposited in the Special Fund shall be held by the Authority solely for the uses and purposes set forth in this Article. So long as the Bonds are Outstanding, the Authority shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except only as provided in this Indenture, and such moneys shall be used and applied as set forth in this Article.

Section 6.3. Transfer of Tax Revenues to Trustee. So long as the Bonds are Outstanding, no later than the fifth (5th) Business Day preceding each Payment Date, the Authority shall withdraw from the Special Fund and transfer to the Trustee for deposit into the Revenue Fund the amounts required by the Trustee to make the transfers required by Section 6.4 (Revenue Fund; Allocation of Moneys) on or before such Payment Date.

Section 6.4. Revenue Fund; Allocation of Moneys.

(A) Revenue Fund. The Trustee shall establish a special fund known as the “Revenue Fund” (the “Revenue Fund”), which the Trustee shall hold as a separate fund during the entire term of this Indenture. The Trustee shall promptly deposit all payments received from the Authority in the Revenue Fund promptly upon receipt from the Authority.

(B) Allocation of Moneys. So long as the Bonds are Outstanding, the Trustee shall set aside the moneys in the Revenue Fund in the following respective accounts (each of which the Trustee shall establish, maintain, and hold in trust for the benefit of the Owners of the Bonds) in the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of moneys from the Authority on deposit with it hereunder sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority; provided that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to outstanding Parity Debt as provided in the related Parity Debt Instrument (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the Bonds and such Parity Debt):

(1) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside in the Interest Account an amount that, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on such Interest Payment Date. The Trustee shall also deposit in the Interest Account any other amounts received by it from the Authority designated by the Authority in writing for deposit in the Interest Account.

(2) Principal Account; Sinking Accounts. On or before each Principal Payment Date, the Trustee shall withdraw from the Revenue Fund and deposit in the Principal Account an amount that, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and the aggregate Mandatory Sinking Account Payments to be paid into the respective Sinking Accounts for the Outstanding Term Bonds on such Principal Payment Date. No such deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal and Mandatory Sinking Account Payments to become due on such Principal Payment Date. The Trustee shall also deposit in the Principal Account any other amounts received by it from the Authority designated by the Authority in writing for deposit in the Principal Account.

(3) Reserve Fund. On each Interest Payment Date, the Trustee shall withdraw from the Revenue Fund and deposit in the Reserve Fund an amount of money that, after taking into account the then applicable valuation of Permitted Investments in the Reserve Fund pursuant to Section 6.9(C) (Valuation of Investments) and amounts due to the issuer of the Reserve Policy, shall be required to maintain in the Reserve Fund an amount equal to the Reserve Requirement. No such deposit need be made to the Reserve Fund so long as there shall be on deposit therein a Reserve Facility in a principal amount that, together with any part of the Reserve Fund held in cash, is at least equal to the Reserve Requirement.

(4) Redemption Account. On or before the Business Day preceding any date on which the Bonds are to be redeemed pursuant to Section 2.1 (Terms and Form of the Bonds), the Trustee shall withdraw from the Revenue Fund and deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date pursuant to Section 2.1(G) (Terms and Form of the Bonds - Optional Redemption of the Bonds), taking into account any funds then on deposit in the Redemption Account. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Authority designated by the Authority in writing to be deposited in the Redemption Account.

(C) Surplus. The Trustee shall withdraw any moneys remaining in the Revenue Fund on any October 2 after the foregoing transfers described in (1), (2), (3), and (4) of Subsection (B) above and pursuant to any Parity Debt Instruments and transfer such amounts to the Authority to be used for any lawful purpose of the Authority.

Section 6.5. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on the Bonds if purchased or redeemed prior to maturity pursuant to this Indenture).

Section 6.6. Application of Principal Account; Sinking Accounts.

(A) Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable, except that all amounts in the Sinking Accounts shall be used and

withdrawn by the Trustee solely to purchase or redeem or pay Bonds at maturity, as provided herein.

(B) Sinking Accounts. The Trustee shall establish and maintain within the Principal Account a separate account for the Term Bonds of each maturity, designated as the “_____ Sinking Account,” inserting therein the maturity designation of such Bonds. On any date upon which Term Bonds are subject to mandatory redemption, the Trustee shall transfer the amount of the principal then redeemable from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each mandatory redemption date established for such Sinking Account, the Trustee shall apply the amount required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of such maturity for which such Sinking Account was established, upon the notice and in the manner provided herein; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the Authority, apply moneys in such Sinking Account to the purchase (in whole or in part) of Term Bonds of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is directed by the Authority, except that the purchase price (excluding accrued interest) shall not exceed the principal amount represented thereby. If, during the twelve-month period immediately preceding said mandatory redemption date, the Trustee has purchased Term Bonds of such maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Authority has deposited Term Bonds of such maturity with the Trustee, or Term Bonds of such maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said mandatory redemption, such Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount represented thereby, to reduce the amount required for deposit on the mandatory redemption date in the Sinking Account.

Any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer Outstanding shall be withdrawn by the Trustee and transferred to the Authority to be used for any lawful purpose.

All Bonds purchased from a Sinking Account or deposited by the Authority with the Trustee in a twelve-month period ending April 1, shall be allocated first to the next succeeding mandatory redemption for such maturity of Term Bonds, then as a credit against such future mandatory redemptions for such maturity of Term Bonds as may be specified in a Request of the Authority. All Term Bonds redeemed by the Trustee from the Redemption Fund shall be credited to such future mandatory redemptions for such maturity of Term Bonds as may be specified in a Request of the Authority.

Section 6.7. Funding and Application of Reserve Fund.

(A) Funding of the Reserve Fund. On the Closing Date, there shall be credited to the Reserve Fund the Reserve Policy, which shall be in an amount equal to the Reserve Requirement as of the Closing Date.

(B) Substitution of Cash. Provided that there are no outstanding and unpaid amounts due to any issuer of a Reserve Facility, the Authority may at any time substitute cash for

all or part of the amount available to be paid to the Trustee under any Reserve Facility delivered pursuant to this Section to satisfy the Reserve Requirement.

(C) Reserve Facilities in Lieu of Cash. In lieu of making all or a portion of the Reserve Requirement deposits in compliance with subsection (B)(3) of Section 6.4 (Revenue Fund; Allocation of Moneys) herein, or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the Authority), the Authority may also deliver to the Trustee an insurance policy, surety bond, or other Reserve Facility securing an amount, together with moneys or Permitted Investments on deposit in the Reserve Fund, no less than the Reserve Requirement issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies or surety bonds) are rated at the time of issuance in one of the two highest Rating Categories of each nationally recognized bond rating agency that then maintains a rating on the Bonds and, if rated by A.M. Best & Company, must also be rated in the highest rating category by A.M. Best & Company. Such Reserve Facility shall have a term of no less than the maturity of the Bonds in connection with which such Reserve Facility was obtained. In addition, the Reserve Facility must be acceptable to the Insurer. If such Reserve Facility for any reason lapses or expires, the Authority shall immediately make the required deposits to the Reserve Fund.

(D) Replenishment of Draws on the Reserve Fund. Notwithstanding any other provision of this Indenture, upon any withdrawal of moneys from the Reserve Fund or any draw upon a Reserve Facility for transfer to the Interest Account or the Principal Account, the Trustee shall promptly notify the Authority of the amount of such withdrawal or draw. The Authority shall, before the next Interest Payment Date, use the first available Tax Revenues first to make any such required reimbursement payments and then to make any required deposit into the Reserve Fund. Following a withdrawal of moneys from the Reserve Fund for transfer to the Interest Account or the Principal Account, all earnings on the investment of moneys in the Reserve Fund shall be retained therein until such time as the amount in the Reserve Fund equals and is, thereafter, maintained at the Reserve Requirement.

(E) Application of Reserve Fund. All amounts in the Reserve Fund (including all amounts that may be obtained from Reserve Facilities on deposit in the Reserve Fund) shall be used and withdrawn by the Trustee solely for the purposes of (i) making up any deficiency in the Interest Account or the Principal Account, or (ii) (together with any other moneys available therefor) for the payment or redemption of all Bonds then Outstanding, or (iii) for the payment of the final principal and interest payment of the Bonds.

Notwithstanding the foregoing, so long as the Authority is not in default hereunder, any amount held in the form of cash or Permitted Investments in the Reserve Fund in excess of the Reserve Requirement shall, upon request of the Authority be transferred by the Trustee at least two (2) Business Days prior to an Interest Payment Date to be allocated toward any interest owed to the Owners, provided that, for the purpose of any such withdrawal, Permitted Investments in the Reserve Fund shall be valued at the lower of cost or the applicable valuation determined pursuant to Section 6.9(C) (Investment of Moneys in Funds and Accounts -- Valuation of Investments).

(F) Draws Upon Reserve Facilities. Subject to Article XIV hereof, the Trustee shall, on a pro rata basis with respect to the portion of the Reserve Fund held in cash or Permitted Investments and amounts held in the form of Reserve Facilities (calculated by reference to the maximum amounts of such Reserve Facilities and the amount of the initial deposit of such cash and Permitted Investments), draw or collect under each Reserve Facility, in a timely manner and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the principal of, Mandatory Sinking Account Payments with respect to, and interest on the Bonds when due. In the event that the Trustee has notice that any payment of principal of or interest on a Bond has been recovered from an Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee, pursuant to and provided that the terms of the Reserve Facility, if any, securing the Bonds so provide, shall so notify the issuer thereof and draw or collect under such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility in order to pay to such Owners the principal and interest so recovered.

(G) Reimbursement to Reserve Facility Providers. If the Trustee draws on or collects under a Reserve Facility, the Trustee shall use amounts deposited in the Reserve Fund by the Authority following such draw or collection first to make the payments required by the terms of the Reserve Facility or related reimbursement or loan agreement so that the Reserve Facility shall, absent the delivery to the Trustee of a substitute Reserve Facility acceptable to the Insurer that satisfies the requirements of this Section or the deposit in that Reserve Fund of an amount sufficient to increase the balance in a Reserve Fund to the Reserve Requirement, be reinstated in the amount of such draw or collection within one year of the date of the draw or collection. After such reinstatement, the Trustee shall use amounts deposited in that Reserve Fund by the Authority for the replenishment of the portion of the Reserve Fund held in cash or Permitted Investments.

Section 6.8. Application of Redemption Account. All moneys deposited for the purpose of optionally redeeming the Bonds shall be deposited in the Redemption Account. All amounts deposited in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds in the manner, at the times, and upon the terms and conditions specified in this Indenture.

Section 6.9. Investment of Moneys in Funds and Accounts.

(A) Investment in Permitted Investments. All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Indenture shall be invested solely as directed by the Authority, solely in Permitted Investments. The Authority shall provide investment direction in writing at least two (2) Business Days prior to the date of investment. The Authority's investment directions shall be subject to the limitations set forth in the maturity limitations set forth in Subsection (B) (Maturity of Investments) of this Section, and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Authority. Each investment direction shall contain a certification by the Authority that the investments are "Permitted Investments" as defined in Section 1.1 (Definitions) hereof and the Trustee shall have no duty or obligation to ascertain whether any investment is a Permitted Investment (including, without limitation, the legality thereof) or complies with the Authority's investment policy. If and to the extent the Trustee does not receive investment instructions from the Authority with respect

to the moneys in the funds and accounts held by the Trustee pursuant to this Indenture, such moneys shall be held uninvested, and the Trustee shall thereupon immediately request investment instructions from the Authority for such moneys. The Trustee or its affiliates may act as agent, principal, sponsor, advisor or depository with regard to any Permitted Investments. The Trustee shall furnish the Authority periodic cash transaction statements that include detail for all investment transactions effected by the Trustee or brokers selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee may rely conclusively and without liability upon investment direction of the Authority as to the suitability and legality of the directed investments.

(B) Maturity of Investments. Moneys in the Reserve Fund shall be invested in Permitted Investments maturing within five years of the date of such investment, but in no event later than the final maturity of the Bonds, or, in the case of investment agreements, available by the terms thereof for withdrawal at the times and for the purposes required for the application of funds in the Reserve Fund. Moneys in the remaining funds and accounts shall be invested in Permitted Investments maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

(C) Valuation of Investments. All Permitted Investments credited to the Reserve Fund shall be valued as of each Interest Payment Date at their fair market value determined to the extent practical by reference to the closing bid price thereof published in the Wall Street Journal or any other financial publication or quotation service selected by the Trustee. The Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

(D) Earnings on Investments. All interest, profits, and other income received from the investment of moneys in any fund or account established hereunder (other than with respect to funds and accounts held by the Authority) shall be retained therein. Notwithstanding anything to the contrary contained in this Article, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account from which such accrued interest was paid.

(E) Commingling Funds for Investment. The Trustee may commingle any of the funds or accounts established pursuant to this Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the Authority, may impose its customary charge therefor. The Trustee may sell at the best price obtainable, or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or

disbursement from the fund or account to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

(F) Investment Recordkeeping.

(1) Information to Establish Yield on Investments. The Trustee shall keep proper books of record and accounts containing complete and correct entries of all transactions made by it relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Bonds, including moneys derived from, pledged to, or to be used to make payments on the Bonds and held by the Trustee hereunder. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each Permitted Investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity.

(2) Information to Establish Purchase and Disposition of Investments at Fair Market Value. The Trustee shall also provide to the Authority, in accordance with a Request of the Authority, with respect to each purchase or sale of a Permitted Investment made by it such documentation as is reasonably available to the Trustee and is required by the Tax Code or other applicable law to be obtained by the Authority as evidence to establish that all investments have been acquired and disposed of on an established market in arm's-length transactions at a price equal to their fair market value and with no amounts have been paid to reduce the yield on the investments.

Section 6.10. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of the Owners thereof.

Section 6.11. Money Held for the Owners. The money held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to the Bonds (or a portion of the Bonds if redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 5.4 (Earnings on Moneys Unclaimed After Payment of the Bonds).

ARTICLE VII ISSUANCE OF ADDITIONAL DEBT PAYABLE FROM TAX REVENUES

Section 7.1. Issuance of Parity Debt. In addition to the Bonds, the Authority may issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds to finance or refinance the Project in such principal amount as shall be determined by the Authority. The Authority may

issue and deliver any such other Parity Debt, subject to the following specific conditions, all of which are hereby made conditions precedent to the issuance or incurrence of such Parity Debt pursuant to the authorization of this Section:

(a) The Authority is in compliance with all covenants set forth in this Indenture;

(b) Tax Revenues for the Fiscal Year next preceding the adoption of the resolution of the Authority Board approving the Parity Debt based on the assessed valuation of property in the Original Area, as evidenced in written documentation from an appropriate official of Sacramento County, were at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on the Bonds and all Parity Debt that will be Outstanding following the issuance of such Parity Debt.

(c) Parity Debt instruments shall provide (to the extent applicable) that:

(i) Interest on such Parity Debt shall be payable on April 1 and October 1 in each year of the term of such Parity Debt except the first twelve month period, during which interest may be payable on any April 1 or October 1;

(ii) The principal of such Parity Debt shall be payable on October 1 in any year in which principal is payable; and

(d) The Authority shall deliver to the Trustee a Written Certificate of the Authority certifying that the conditions precedent to the issuance of such Parity Debt set forth in Subsections (a), (b), and (c) of this Section 7.1 have been satisfied.

Section 7.2. Issuance of Parity Refunding Debt. The Authority may also issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds to refund and defease any outstanding Parity Debt, if the Authority either (a) satisfies the requirements of Section 7.1 (Issuance of Parity Debt) above or (b) files an Accountant's Report with the Trustee to the effect that Annual Debt Service for each future Fiscal Year following the defeasance of the refunded Parity Debt will be less than or equal to Annual Debt Service for that Fiscal Year if such defeasance did not occur.

Section 7.3. Subordinate Debt. Nothing in this Indenture restricts the power of the Authority to issue obligations subordinate to the Bonds and the Parity Debt, provided that Tax Revenues for the Fiscal Year next preceding the adoption of the resolution of the Authority Board approving the subordinate obligations based on the assessed valuation of property in the Original Area, as evidenced in written documentation from an appropriate official of Sacramento County, were at least equal to one hundred percent (100%) of Maximum Annual Debt Service on all Bonds, Parity Debt, and obligations subordinate to Parity Debt that will be Outstanding following the issuance of such subordinate obligations.

ARTICLE VIII GENERAL BOND COVENANTS OF THE AUTHORITY

Section 8.1. Power to Issue Bonds and Make Pledge. The Authority is duly authorized pursuant to the Law to issue the Bonds and to enter into this Indenture and to pledge and assign the

Tax Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the valid and binding limited obligations of the Authority in accordance with their terms.

Section 8.2. Punctual Payment. The Authority will punctually pay or cause to be paid the principal or Redemption Price (whether at maturity or upon mandatory or optional redemption) and interest to become due in respect of the Bond, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof.

Section 8.3. Extension of Time for Payment of the Bonds. The Authority will not directly or indirectly extend or assent to the extension of the maturity of the Bonds or the time of payment of any or claims for interest by the purchase or funding of the Bonds or claims for interest or by any other arrangement. In case the maturity of the Bonds or the time of payment of any such claims for interest shall be extended, the Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of the Bonds and of all claims for interest thereon that shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue bonds for the purpose of refunding the Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 8.4. Preservation of Rights of the Owners. The Authority shall at all times, to the extent permitted by law, defend, preserve, and protect the pledge and assignment of Tax Revenues and other assets and all the rights of the Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 8.5. Waiver of Laws. The Authority will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bond, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 8.6. Books and Accounts; Financial Statements.

(A) Books and Accounts. The Authority will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Authority, in which complete and correct entries shall be made of all transactions relating to the Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners or its representative authorized in writing. In addition, the Authority shall, pursuant to Section 8183(b)(5) of the Law, separately account for the receipt and expenditures of Tax Revenues derived from that portion of the Project Area described in paragraph (2) of subdivision (a) of Section 8180 of the Law.

(B) Financial Statements. The Authority will cause to be prepared and filed with the Trustee annually the materials and at the same time as the Owners all as provided in Section 9.8 (Reporting Requirements) hereof. The Trustee shall have no duty to review, verify, or analyze the materials provided in Section 9.8 (Reporting Requirements) hereof and shall hold such

materials provided in Section 9.8 (Reporting Requirements) hereof solely as a repository for the Owners. The Trustee shall not be deemed to have notice of any information contained therein, or default or Event of Default that may be disclosed therein in any manner.

Section 8.7. Further Assurances. The Authority will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

ARTICLE IX ADDITIONAL COVENANTS OF THE AUTHORITY RELATING TO THE TAX REVENUES

Section 9.1. Maintenance of Tax Revenues. The Authority shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, including without limitation, the timely filing of any necessary statements of indebtedness with appropriate officials of Sacramento County and (in the case of supplemental revenues and other amounts payable by the State of California) appropriate officials of the State of California. The Authority shall not enter into any agreement with any other governmental unit, or amend any such agreement, if such agreement or amendment would have the effect of reducing the amount of Tax Revenues available to the Authority for payment of the Bonds, unless in the written opinion of an Independent Financial Consultant filed with the Trustee such reduction will not materially adversely affect the interests hereunder of or the security granted hereunder to the Owners.

Section 9.2. Limitations on Additional Indebtedness. The Authority hereby covenants that, so long as the Bonds are Outstanding, the Authority shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, that is in any case secured by a lien on all or any part of the Tax Revenues that is superior to or on a parity with the lien established hereunder for the security of the Bonds; except as permitted by Section 7.1 (Issuance of Parity Debt) or by Section 7.2 (Issuance of Parity Refunding Debt).

Section 9.3. Payment of Claims. The Authority will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies that, if unpaid, might become a lien or charge upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or that might impair the security of the Bond. Nothing herein contained shall require the Authority to make any such payment so long as the Authority in good faith shall contest the validity of said claims.

Section 9.4. Payments of Taxes and Other Charges. The Authority will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges that may hereafter be lawfully imposed upon the Authority or the properties then owned by the Authority in the Project Area, when the same shall become due. Nothing herein contained shall require the Authority to make any such payment so long as the Authority in good faith shall contest the validity of said taxes, assessments or charges.

Section 9.5. Compliance with the Law. The Authority shall ensure that all activities undertaken by the Authority with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Law.

Section 9.6. Disposition of Property. The Authority will not authorize the disposition (to the extent it has control over such disposition) of any land or real property in the Project Area to anyone that will result in such property's becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of this Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area unless such disposition is permitted as hereinafter provided in this Section 9.7. If the Authority proposes to make such a disposition, it shall thereupon appoint an Independent Financial Consultant to report on the effect of said proposed disposition. If the Report of the Independent Financial Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially impaired by said proposed disposition, the Authority may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Authority shall disapprove said proposed disposition.

ARTICLE X EVENTS OF DEFAULT AND REMEDIES OF THE OWNERS

Section 10.1. Events of Default. The following events are Events of Default:

(A) Principal Payment Default: default in the due and punctual payment of the principal or Redemption Price of any Bonds when and as the same become due and payable, whether at maturity as therein expressed, by mandatory redemption, by proceedings for optional redemption, or otherwise;

(B) Interest Payment Default: default in the due and punctual payment of any installment of interest on any Bonds when and as such interest installment become due and payable;

(C) Payment Default on Other Financial Obligations: default in the payment of principal of or interest on any Financial Obligation (including but not limited to, Parity Debt) and continuation of such default beyond any applicable grace period;

(D) Covenant Default: if the Authority fails to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed (including, but not limited to, the failure to provide financial information), other than as referred to in Subsection (A) or (B) of this Section, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority by the Trustee or the Owners; except that, if in the reasonable opinion of the Authority the failure stated in such notice can be corrected, but not within such 30-day period, the Owners shall not unreasonably withhold their consent to an extension of such time for an additional period of thirty (30) days (or, with the prior approval of the Owners, any additional reasonable period of

time) if corrective action is instituted by the Authority within such 30-day period and diligently pursued until such failure is corrected; and

(E) Reorganization or Insolvency: if the Authority files a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction approves a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the Authority or of the whole or any substantial part of its property.

Failure of the Authority to comply with the Continuing Disclosure Certificate is not an Event of Default. Nevertheless, any Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including mandate or specific performance by court order, to cause the Authority to comply with its obligations under the Continuing Disclosure Certificate.

Section 10.2. Acceleration of Maturities.

(A) Declaration by Trustee. If an Event of Default occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee may or, upon the receipt of written instructions from the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon notice in writing to the Authority, (a) declare the unpaid principal of the Bonds, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding; and (b) subject to the provisions of Section 10.4 (Trustee to Represent the Owners), exercise any other remedies available to the Trustee and the Owners in law or at equity. Upon the occurrence of an Event of Default, all Tax Revenues under this Indenture shall be immediately deposited with the Trustee.

(B) Notice of Acceleration. Immediately upon obtaining actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Authority by telephone, telecopier or other communication device, promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (A), (B), (C), or (E) above the Trustee shall, and with respect to any Event of Default described in clause (D) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

(C) Rescission of Declaration. Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority deposits with the Trustee a sum sufficient to pay all the principal or Redemption Price of the Bonds due prior to

such declaration and all matured installments of interest on the Bonds payment of which is overdue, with interest on such overdue payments of principal and interest installments at the rate borne by the Bonds, and the reasonable fees, charges, and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults of which the Trustee has actual knowledge (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, if such declaration was made by the Trustee in accordance with written instructions of the Owners, the Trustee shall, upon receipt of written instructions of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority, or, if such declaration was made by the Trustee, the Trustee may, on behalf of the Owners, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 10.3. Application of Money Collected. If an Event of Default shall occur and be continuing, the Trustee shall apply all funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (except as otherwise provided in this Indenture) as follows and in the following order:

(A) To the payment of the costs and expenses of the Trustee in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Indenture, then to the payment of the costs and expenses of the Owners in declaring such Event of Default;

(B) To the payment of the whole amount of principal then due on the Bonds and Parity Debt (upon presentation of the Bonds and Parity Debt to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 8.3 (Extension of Time for Payment of the Bonds)), with interest on such principal, at the rate or rates of interest borne by the respective Bonds and Parity Debt as follows:

(1) Unless the principal of the Bonds and Parity Debt shall have become or have been declared due and payable, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price of the Bonds and Parity Debt that shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds and Parity Debt, and, if the amount available shall not be sufficient to pay in full the Bonds and Parity Debt due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or interest due on such date to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of the Bonds and all Parity Debt shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds and Parity Debt, with interest on the overdue principal at the rate or rates borne by the respective Bonds and Parity Debt, and, if the amount available

shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Section 10.4. Trustee to Represent the Owners. The Trustee is hereby irrevocably appointed (and the Owners, by taking and holding the Bonds, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bond, this Indenture and applicable provisions of law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners by such appropriate action, suit, mandamus, or other proceedings as the Trustee deems most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in the Owners under this Indenture or any law.

Section 10.5. Trustee May Enforce Claims without Possession of the Bond. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action, or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners, subject to the provisions of this Indenture (including Section 10.6 (Limitation on Suits)).

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 10.6. Limitation on Suits. The Owners shall not have the right to institute any suit, action, or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture or any applicable law with respect to the Bond, unless (1) the Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name ; (3) the Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity, and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by the Owners of any remedy

hereunder or under law; its being understood and intended that the Owners shall not have any right in any manner whatever by his action to affect, disturb or prejudice the security of this Indenture or to enforce any right under this Indenture or applicable law with respect to the Bond, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of the Owners, subject to the provisions of this Indenture.

Section 10.7. Unconditional Right of the Owners to Receive Principal, Redemption Price, and Interest. Nothing contained in Section 10.6 (Limitation on Suits), in any other provision of this Indenture, or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bonds to the Owners at its date of maturity, or upon call for redemption, as herein provided, or affect or impair the right of the Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bond.

Section 10.8. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 10.9. Delay or Omission Not Waiver. No delay or omission of the Owners to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Indenture or by law to the Owners may be exercised from time to time, and as often as may be deemed expedient, by the Owners.

ARTICLE XI THE TRUSTEE

Section 11.1. Appointment of Trustee. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as Trustee, paying agent, bond registrar, and authenticating agent for the Bonds under this Indenture and hereby accepts the duties imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Indenture.

Section 11.2. Certain Duties and Responsibilities.

(A) Duties When No Default is Continuing. Prior to an Event of Default and after the curing or waiver of all Events of Default that may have occurred:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties shall be read into this Indenture against the Trustee;

(2) in the absence of bad faith on its part the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein,

upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture on their face.

(B) Duties During Continuance of Event of Default. During the existence of any Event of Default (that has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(C) Immunities of Trustee. No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this Subsection shall not be construed to limit the effect of Subsection A of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture;

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if repayment of such funds or satisfactory indemnity against such risk or liability is not assured to it; and

(5) the Trustee shall not be deemed to have knowledge of any Event of Default (other than an Event of Default described in Sections 10.1(A) (Events of Default – Principal Payment Default) or 10.1(B) (Events of Default – Interest Payment Default)) unless and until the Trustee has received written notice of such an Event of Default at its Corporate Trust Office.

(D) Immunities Applicable to All Provisions of Indenture. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

Section 11.3. Certain Rights of Trustee; Liabilities of Trustee. Except as otherwise provided in Section 11.2 (Certain Duties and Responsibilities):

(A) Reliance on Documents Believed Genuine: the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, note, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(B) Documentation of Authority's Directions: any request or direction of the Authority mentioned herein shall be sufficiently evidenced by a Certificate, Statement, Request, Requisition, or Order of the Authority;

(C) Reliance on Authority Certificate: whenever in the fulfillment of the obligations imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate of the Authority, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable;

(D) Reliance on Advice of Counsel: the Trustee may consult with counsel, including, without limitation, counsel of or to the Authority, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

(E) Security or Indemnity: the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of the Owners pursuant to the provisions of this Indenture, including, without limitation, the provisions of Article 10 (Events of Default and Remedies of the Owners) hereof, unless the Owners shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred therein or thereby;

(F) Investigation of Factual Matters: the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Authority, personally or by agent or attorney.

(G) Performance of Duties by Agents: the Trustee may perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters concerning its duty hereunder, and the Trustee shall not be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it with due care.

(H) Execution of Powers. the permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in

respect of the premises. Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture that occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

(I) Instructions by Electronic Means. the Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority, whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(J) Standard of Care. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

Section 11.4. Trustee Not Responsible for Recitals or Issuance of the Bonds or Application of Proceeds.

(A) Trustee Makes No Representations. The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the

Trustee on each Bond). The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Bond, as to the sufficiency of the Tax Revenues or the priority of the lien of this Indenture thereon, and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Bonds assigned to or imposed upon it. The Trustee is not responsible for any official statements or any other offering or disclosure materials prepared with respect to the Bond.

(B) Trustee Not Responsible for Application of Certain Moneys. The Trustee shall not be responsible for:

(1) the application or handling by the Authority of the proceeds of the Bonds, the Bonds, any Tax Revenues or other moneys transferred to or pursuant to any Requisition or Request of the Authority in accordance with the terms and conditions hereof;

(2) the application and handling by the Authority of any fund or account designated to be held by the Authority hereunder;

(3) the construction, operation, or maintenance of any facilities by the Authority.

Section 11.5. Trustee May Hold Authority Indebtedness. The Trustee may in good faith hold any form of indebtedness of the Authority, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority and make disbursements for the Authority and enter into any commercial or business arrangement therewith, without limitation.

Section 11.6. Compensation and Indemnification of Trustee. The Authority agrees

(A) Compensation: to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder;

(B) Reimbursement: except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provision of this Indenture, all in accordance with the terms of the written agreement between the Authority and the Trustee; and

(C) Indemnification: to indemnify the Trustee and its officers, directors, agents, and employees for, and to hold it and them harmless against, any loss, liability, cost, claim, suit, judgment, damages or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts created hereby, including the costs and expenses (including attorneys' fees and expenses) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The rights of the Trustee and the obligations of the Authority under this Section shall survive the discharge of the Bonds and this Indenture, and the earlier resignation or removal of the Trustee.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses

of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. Upon an Event of Default, and only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust Estate for the foregoing fees, charges and expenses incurred by it.

Section 11.7. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder, which shall be a trust company, banking association with trust powers, or bank having the powers of a trust company having a corporate trust office in the State or any state in the United States of America, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least seventy-five million dollars (\$75,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Article.

Section 11.8. Removal and Resignation; Appointment of Successor.

(A) Effectiveness of Resignation or Removal. No removal or resignation of the Trustee and appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 11.9 (Acceptance of Appointment by Successor).

(B) Trustee's Right to Resign. The Trustee may resign at any time by giving written notice of such resignation to the Authority. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Authority and the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

(C) Authority's Right to Remove Trustee. The Authority, with the consent of the Owners, may remove the Trustee upon thirty (30) days' prior written notice, unless an Event of Default shall have occurred and then be continuing, by giving written notice of such removal to the Trustee.

(D) Removal of Trustee at Request of the Owners. The Authority shall remove the Trustee upon thirty (30) days' prior written notice if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners by giving written notice of such removal to the Trustee.

(E) Mandatory Removal of Trustee. The Authority shall remove the Trustee upon thirty (30) days' prior written notice if at any time:

(1) the Trustee shall cease to be eligible in accordance with Section 11.7 (Corporate Trustee Required; Eligibility) and shall fail to resign after written request therefor by the Authority, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

in each case by giving written notice of such removal to the Trustee.

(F) Appointment of Successor. If the Trustee shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Authority shall, with the consent of the Owners, promptly appoint a successor Trustee by an instrument in writing. If no successor Trustee shall have been so appointed by the Authority and accepted appointment in the manner hereinafter provided within thirty (30) days after such resignation, removal, or incapability or the occurrence of such vacancy, the Owners may, by an instrument signed by the Owners, appoint a successor Trustee, or the Owners or the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

(G) Finance Officer of the Authority to Serve if No Successor Appointed. If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, with the consent of the Owners, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Finance Officer in trust for the benefit of the Owners.

(H) Notice of Removal or Resignation. The Authority shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Owners as its name and address appear in the Bond Register. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

Section 11.9. Acceptance of Appointment by Successor. Any successor Trustee appointed under this Indenture shall execute and deliver to the Authority and to its predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, rights, and duties of the predecessor Trustee; but, at the Request of the Authority or the request of the successor Trustee, the predecessor Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to the successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall duly assign, transfer, and deliver to the successor Trustee all property and money held by the predecessor Trustee hereunder. Upon request of any successor Trustee, the Authority shall execute and deliver

any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, properties, rights, and duties.

Section 11.10. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 11.7 (Corporate Trustee Required; Eligibility), shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. In case the Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion, or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated the Bond.

Section 11.11. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority and the Owners, and their agents and representatives duly authorized in writing, at reasonable times and under reasonable conditions.

Section 11.12. Accounting Records. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Bonds and the funds maintained by the Trustee hereunder. The Trustee shall also maintain adequate records as to the amount available to be drawn under each Reserve Facility and as to the amounts paid and owing to each issuer of a Reserve Facility. Such books of record and account shall be available for inspection by the Authority and the issuers of any Reserve Facilities upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Authority, at least monthly, an accounting of all transactions during the applicable accounting period relating to the proceeds of the Bonds and all funds and accounts established pursuant to this Indenture in which assets are held by the Trustee, which accounting may be in the form of the Trustee's customary trust account statements.

ARTICLE XII MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 12.1. Supplemental Indentures Without Consent of the Owners. This Indenture and the rights and obligations of the Authority, the Trustee, and the Owners may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority may adopt without the consent of the Owners, and only to the extent permitted by law and only for any one or more of the following purposes:

(A) Additional Security: to add to the covenants and agreements of the Authority contained in this Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(B) Curative Provisions: to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority may deem necessary or desirable, and that shall not materially and adversely affect the interests of the Owners, as evidenced by the Opinion of Bond Counsel delivered pursuant to Section 12.4 (Execution of Supplemental Indentures) hereof;

(C) Redemption Notification: to modify or supplement the procedures for giving notice of redemption of Bonds in order to comply with regulations promulgated by the United States Securities and Exchange Commission;

(D) Book-Entry Modifications: to amend, modify, or eliminate the book entry registration system for the Bonds;

(E) Reserve Facilities: to make modifications or adjustments necessary, appropriate, or desirable to accommodate Reserve Facilities delivered in connection with the Bonds;

(F) Trust Indenture Act Qualification: to modify, amend, or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions, and provisions as may be permitted by said act or similar federal statute, and that shall not materially and adversely affect the interests of the Owners; and

(G) No Material Effect: for any other purpose that does not materially and adversely affect the interests of the Owners, as evidenced by the Opinion of Bond Counsel delivered pursuant to Section 12.4 (Execution of Supplemental Indentures) hereof.

Section 12.2. Supplemental Indentures with Consent of the Owners or Credit Providers.

(A) Consent of Owners. This Indenture and the rights and obligations of the Authority, the Owners of the Bonds, and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into when the written consent of the Authority and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding have been filed with the Trustee; provided that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds is not required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section.

(B) Consent of Credit Providers. This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may also be modified or amended at any time by a Supplemental Indenture entered into by the Authority and the Trustee, which becomes binding when the written consents of the Authority and each Credit Provider have been filed with the Trustee, provided that at such time the payment of all the principal of and interest on all Outstanding Bonds are insured by a Credit Facility the Credit Provider of which is a financial institution or association having unsecured debt obligations rated, or insuring or

securing other debt obligations rated on the basis of such insurance or letters of credit, in one of the two highest Rating Categories of any Rating Agency then rating the Bonds.

(C) Limitations on Amendments. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the principal amount thereof, or extend the time of payment or reduce the amount of any mandatory redemption payment provided for any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of principal of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Tax Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Owners of the Bonds of the lien created by this Indenture on such assets (in each case, except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding.

(D) Form of Consent. It is not necessary for the consent of the Owners to approve the particular form of any Supplemental Indenture, but it is sufficient if such consent approves the substance thereof.

Section 12.3. Notice of Amendments. Promptly after the execution and delivery by the Trustee and the Authority of any Supplemental Indenture pursuant to this Article, the Trustee shall mail a notice prepared by the Authority setting forth in general terms the substance of such Supplemental Indenture or attaching a copy thereof, to the Owners at the address shown on the Bond Register. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Section 12.4. Execution of Supplemental Indentures. In executing, or accepting the additional duties created by, any Supplemental Indenture permitted by this Article or the modification thereby of the duties created by this Indenture, the Trustee shall be entitled to receive, and, subject to Section 11.2 (Certain Duties and Responsibilities), shall be fully protected in relying upon, an Opinion of Bond Counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture, and complies with the terms hereof. The Trustee may, but shall not be obligated to enter into any such Supplemental Indenture that affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

Section 12.5. Effect of Supplemental Indentures. From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the Authority, the Trustee, and the Owners shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 12.6. Endorsement of Bond; Preparation of New Bond. A Bond delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that

case, upon demand of the Owner at the time of such execution and presentation of the Bond for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on the Bond. If the Supplemental Indenture shall so provide, a new Bond so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee and, upon demand of the Owner and upon surrender for cancellation of the Bond, shall be exchanged at the Corporate Trust Office, without cost to the Owner, for a new Bond in the same principal amount and of the same tenor and maturity.

**ARTICLE XIII
MUNICIPAL BOND INSURANCE**

[To come]

**ARTICLE XIV
RESERVE POLICY**

[To come]

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Indenture by their officers thereunto duly authorized as of the day and year first written above.

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**, as Trustee

By: _____
Authorized Officer

**CAPITOL AREA DEVELOPMENT
AUTHORITY**

By: _____
Authorized Officer

ATTEST:

Secretary

EXHIBIT A

FORM OF BONDS

R-___

\$_____

**Capitol Area Development Authority
Tax Allocation Revenue Bond, Series 2020**

MATURITY DATE	INTEREST RATE	ORIGINAL ISSUE DATE	CUSIP
October 1, ___	____%	[closing date]	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The CAPITOL AREA DEVELOPMENT AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the “Authority”), for value received, hereby promises to pay (but only out of the Tax Revenues and other moneys and securities hereinafter referred to) to the registered owner named above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from their original issue date specified above until the principal hereof shall have been paid at the interest rate per annum specified above, payable on April 1, 2021, and semiannually thereafter on each April 1 and October 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable by check mailed by first class mail to the registered owner hereof or, upon the written request of any owner of \$1,000,000 or more in aggregate principal amount of bonds (in accordance with the terms of the Indenture described below), by wire transfer. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of The Bank of New York Mellon National Association, N.A., as trustee (the “Trustee”). Notwithstanding the foregoing, so long as this Bond is registered in the name of Cede & Co., principal of and redemption premium, if any, and interest on this Bond shall be payable by wire transfer to the registered owner.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its “Tax Allocation Revenue Bonds, Series 2020” (the “Bonds”), issued in the aggregate principal amount of \$_____, issued pursuant to the Indenture dated November 1, 2020 (the “Indenture”), between the Authority and the Trustee. The Bonds are issued by the Authority pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and, specifically, Article 4 (commencing with Section 6584), and Sections 8160 et seq. of the Government Code of the State

of California (together, the “Law”) and pursuant to the Indenture for the purpose of providing funds to finance redevelopment activities of the Authority’s Project Area, as defined in the Indenture (the “Project Area”).

This Bond and the interest hereon (to the extent set forth in the Indenture) is payable from, and are secured by a pledge of and lien on the Tax Revenues (as defined in the Indenture) derived by the Authority from the Project Area, on a parity with any Parity Debt (as defined in the Indenture) at any time issued by the Authority and in accordance with the Indenture. As and to the extent set forth in the Indenture, all of the Tax Revenues are irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, and the Law, to the payment of the principal of and interest and premium (if any) on the Bonds and any such Parity Debt. Notwithstanding the foregoing, certain amounts out of the Tax Revenues may be applied for other purposes as provided in the Indenture.

Reference is hereby made to the Indenture and to the Law for a description of the terms on which the Bond is issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights of the registered owner of the Bond. All the terms of the Indenture and the Law are hereby incorporated herein and constitute a contract between the Authority and the registered owner from time to time of this Bond. The registered owner of this Bond, by its acceptance hereof, consents and agrees to all the provisions of the Indenture.

This Bond is not a debt of the City of Sacramento, the State of California, or any of its political subdivisions, other than the Authority, and neither the City, the State, nor any of its political subdivisions, other than the Authority, is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than the Tax Revenues. The Authority has no *ad valorem* property taxing power.

Interest on this Bond shall cease to accrue (i) on the maturity date hereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount hereof, plus interest accrued hereon to such date; or (ii) on the redemption date hereof, provided there has been irrevocably deposited with the Trustee an amount sufficient to pay the redemption price hereof, plus interest accrued hereon to such date, and premium hereon, if any. The owner of this Bond shall not be entitled to any other payment, and this Bond shall no longer be outstanding and entitled to the benefits of the Indenture, except for the payment of the principal amount or redemption price (and premium, if any), as appropriate, of this Bond together with accrued interest hereon from moneys held by the Trustee for such payment.

[insert redemption provisions after bond sale]

Notice of redemption of this Bond shall be given by first class mail not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof, subject to and in accordance with provisions of the Indenture with respect thereto. If notice of redemption has been duly given as aforesaid and money for the payment of the above-described redemption price is held by the Trustee, then this Bond shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and

after the date so designated, interest on this Bond ceases to accrue and the registered owner of this Bond has no rights with respect hereto except to receive payment of the redemption price hereof.

This Bond is transferable by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Indenture and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount in authorized denominations will be issued to the transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

The rights and obligations of the Authority and of the registered owner of the Bonds may be modified or amended at any time in the manner, to the extent, and upon terms provided in the Indenture, which provides, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owner of the Bond.

The Authority hereby certifies and recites that any and all acts, conditions, and things required to exist, to happen, and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened, and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the Authority pertaining to the Tax Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of the Bonds permitted to be issued under the Indenture, the Law, or under the Authority's Redevelopment Plan.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

IN WITNESS WHEREOF, the CAPITOL AREA DEVELOPMENT AUTHORITY has caused this Bond to be executed in its name and on its behalf by its Chair and attested to by its Secretary and has caused this Bond to be dated as of the original issue date specified above.

CAPITOL AREA DEVELOPMENT
AUTHORITY

Attest:

By: _____
Chair

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION

This is the Bond described in the within-mentioned Indenture, which has been authenticated on the date set forth below.

Dated: [closing date]

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Bond and do(es) hereby irrevocably constitute and appoint _____ attorney, to transfer the same on the bond register of the Trustee, with full power of substitution in the premises.

Dated: _____

Note: The signature(s) to this Assignment must correspond with the name(s) on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature(s) Guaranteed by:

Note: Signature must be guaranteed by an eligible guarantor institution (being banks, stock brokers, savings and loan associations, and credit unions with membership in and approved signature guarantee medallion program) pursuant to Securities and Exchange Commission Rule 17A(d)15.

Social Security Number, Tax Identification Number, or other identifying number of Assignee:

LEGAL OPINION

The following is a true copy of the opinion rendered by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Secretary of the Authority

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation
Attorneys at Law
400 Capitol Mall, 27th Floor
Sacramento, California 95814-3363

Capitol Area Development Authority
1522 14th Street
Sacramento, California 95814

Re: Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020

Members of the Board:

We have acted as bond counsel in connection with the issuance by the Capitol Area Development Authority (the “Authority”), of its Tax Allocation Revenue Bonds, Series 2020 (the “Bonds”), in the aggregate principal amount of \$[PAR AMOUNT] (the “Bonds”). The Bonds are authorized to be issued pursuant to the provisions of the Marks Roos Local Bond Pooling Act of 1985 (the “Act”) (Article 4, Chapter 5, Division 7, Title 1 of the California Government Code) and all laws of the State of California supplemental thereto and pursuant to the provisions of an indenture dated November 1, 2020 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”)

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the Authority contained in the Indenture and the certified proceedings and upon other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds have been duly authorized, executed, and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the Tax Revenues and any other amounts held in any fund or account established pursuant to the Indenture.

2. The Indenture has been duly executed and delivered by the Authority and is a valid and binding obligation of the Authority. The Indenture creates a valid pledge, to secure the

payment of the principal of and interest on the Bonds, of the Tax Revenues and all other amounts held in any fund or account established pursuant to the Indenture, to the extent set forth in the Indenture and subject to the provisions of the Indenture that permit the Authority to apply the Tax Revenues and other amounts for the purposes and on the terms and conditions set forth in the Indenture.

3. The Bonds are limited obligations of the Authority and are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. The Bonds are not a debt of the City of Sacramento, the State of California, or any other political subdivision of the State of California, none of which is liable for the payment thereof.

4. Interest on the Bonds is exempt from State of California personal income taxes.

The opinions set forth above are further qualified as follows:

a. The rights of the owner of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable, to the application of general principles of equity, including without limitation concepts of materiality, reasonableness, good faith, and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies imposed on actions against public agencies in the State of California.

b. We express no opinion as to the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party.

c. We express no opinion as to the effect or availability of any specific remedy provided for in the Indenture under particular circumstances, except that we believe such remedies are, in general, sufficient for the practical realization of the rights intended thereby.

d. We express no opinion as to the enforceability of any indemnification, contribution, choice of law, choice of forum, or waiver provisions contained in the Indenture.

e. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine or to inform any person whether any such actions are taken or omitted or events do occur. We disclaim any obligation to update this opinion for events occurring after the date hereof.

Very truly yours,

KRONICK, MOSKOVITZ, TIEDEMANN &
GIRARD
A Professional Corporation

EXHIBIT B

FORM OF COSTS OF ISSUANCE REQUISITION

To: The Bank of New York Mellon Trust Company, N.A., Trustee
400 South Hope Street, Suite 500
Los Angeles, CA 90071

The undersigned is authorized to submit this requisition pursuant to the terms of the Indenture dated November 1, 2020, between The Bank of New York Mellon Trust Company, N.A., as Trustee, and the Capitol Area Development Authority (the “Authority”). The Authority hereby requests payment of the amounts listed on the attached Schedule I.

Obligations in the stated amounts have been incurred by the Authority and are presently due and payable. Each item is a proper charge against the Costs of Issuance Fund and has not been previously paid from the fund. All payments shall be made by check or wire transfer in accordance with the payment instructions set forth herein and the Trustee may rely on such payment instructions though given by the Authority with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

Attached hereto are invoices for each payment requested in Schedule I.

CAPITOL AREA DEVELOPMENT AUTHORITY

By: _____
Authorized Officer

SCHEDULE I

[Please see attached invoices for delivery and/or wire instructions.]

	PAYEE	PURPOSE	AMOUNT
1.			
2.			
3.			
4.			
5.			
	TOTAL		

BOND PURCHASE AGREEMENT

**[\$[PRINCIPAL AMOUNT]
CAPITOL AREA DEVELOPMENT AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2020 (FEDERALLY TAXABLE)**

October __, 2020

Capitol Area Development Authority
1522 14th Street
Sacramento, CA 95814-5958

Ladies and Gentlemen:

Hilltop Securities, Inc., as underwriter (the “Underwriter”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the Capitol Area Development Authority (the “Authority”), which, upon acceptance, will be binding upon the Authority and the Underwriter. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Authority’s satisfying all of the obligations imposed upon it under this Purchase Agreement. Terms not otherwise defined herein have the meanings set forth in the Indenture described below.

This offer is made subject to the Authority’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter on or before 5:00 p.m., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. The “Time of Formal Award” for purposes of Rule G-34 of the Municipal Securities Rulemaking Board (“MSRB”) is October __, 2020, 5:00 p.m. (Pacific Time).

Section 1. Purchase and Sale of the Bonds.

(a) Purchase and Sale. Upon the terms and conditions and in reliance upon the respective representations, warranties and covenants herein, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the above-captioned bonds (the “Bonds”) at a purchase price (the “Purchase Price”) of \$_____ (equal to the par amount of the Bonds (\$[PRINCIPAL AMOUNT], less an Underwriter’s discount of \$_____). The Authority hereby directs the Underwriter to pay the premium of \$_____ for the bond insurance policy (the “Bond Insurance Policy”) and \$_____ for the reserve insurance policy (the “Reserve Fund Insurance Policy”) to be provided by [INSURER] (the “Insurer”), and to deduct such amount from the Purchase Price to be paid to the Authority.

(b) Terms of the Bonds. The Bonds shall be dated their date of delivery and shall be issued in the principal amounts, shall mature on the dates and in the years, shall bear interest from their date at the rates per annum with the yield to maturity or redemption (as applicable), and shall be subject to redemption, all as set forth on Exhibit A attached hereto. The Bonds will be secured by a pledge of and lien on the Tax Revenues (as defined in the Indenture) allocated to the Authority with respect to the Project Area.

(c) Underwriter's Role. The Authority acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Authority and the Underwriter; (ii) the Underwriter is acting solely as an underwriter and a principal in connection with the matters contemplated by and with respect to all communications under this Purchase Agreement and is not acting as the agent or fiduciary of the Authority or as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of the Authority and its advisors in connection with the matters contemplated by this Purchase Agreement; (iii) the Underwriter has financial and other interests that differ from those of the Authority; (iv) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the Authority with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Authority on other matters) nor has the Underwriter assumed any other obligation to the Authority except the obligations expressly set forth in this Purchase Agreement; and (v) in connection with the purchase and sale of the Bonds, the Authority has consulted its own financial, legal and other advisors to the extent it has deemed appropriate.

(d) G-17 Disclosure. The Authority acknowledges that the Underwriter has provided to the Authority prior disclosures under Rule G-17 of the MSRB, which have been received by the Authority.

(e) Municipal Advisor. The Authority acknowledges that it has engaged Del Rio Advisors, LLC, as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1), and for financial advice purposes, will rely only on the advice of Del Rio Advisors, LLC.

Section 2. The Bonds.

(a) Authority for Issuance. The Bonds are being issued by the Authority under Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with Section 6584), a resolution adopted by the Board (the "Board") of the Authority on October __, 2020 (the "Authority Resolution"), and an Indenture, dated as of November 1, 2020 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A. a national banking association duly organized and operating under the laws of the United States of America, as trustee (the "Trustee").

(b) Purpose of the Bonds. The Bonds are being issued to provide funds to: (i) finance affordable housing and other development projects within the Authority's area of operation in downtown Sacramento; (ii) pay the premiums for bond insurance and reserve fund insurance, and (iii) pay certain costs associated with the issuance and delivery of the Bonds.

(c) Limited Obligations. The Bonds are valid and binding limited obligations of the Authority payable solely from the Tax Revenues and amounts held in certain funds and accounts established by the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

Section 3. Use of Documents. The Authority hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Agreement, the Preliminary

Official Statement (defined below), the Official Statement (defined below), the Indenture, and the Continuing Disclosure Certificate, and all information contained herein and therein and all of the documents, certificates or statements furnished by the Authority to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

Section 4. Public Offering of the Bonds. The Underwriter agrees to make a bona fide initial public offering of all of the Bonds in compliance with federal and state securities laws, at a price not in excess of the initial offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to such initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the offering of the Bonds, without any requirement of prior notice, provided that the Underwriter may not change the interest rates set forth in Exhibit A. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than such initial offering prices. The Underwriter reserves the right to: (i) over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market; and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

Section 5. Official Statement.

(a) **Preliminary Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated October __, 2020 (as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Preliminary Official Statement"). The Authority represents that it deems the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering price(s), interest rate(s), yield(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds that depend upon the foregoing as provided in and pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule"). By the execution of this Purchase Agreement, the Authority ratifies the use by the Underwriter of the Preliminary Official Statement. The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds (described below) is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

(b) **Official Statement.** The Underwriter agrees to provide the Authority with final pricing information on the Bonds upon execution of this Purchase Agreement. The Authority will supply or cause to be supplied to the Underwriter, within seven business days of the date of this Purchase Agreement, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as have been accepted by the Underwriter and the Authority (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, and statements included therein or attached thereto, and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, being herein called the "Official Statement") in such quantities and in such format as may be requested by the Underwriter in order to permit the Underwriter to

comply with Securities and Exchange Commission Rule 15c2-12(b)(4) and the rules of the Municipal Securities Rulemaking Board (the "MSRB"); provided, however, that the failure of the Authority to comply with this requirement due solely to the acts of the Underwriter, its counsel or agents, is not cause for the Underwriter to refuse to accept delivery of and pay for the Bonds. The Underwriter hereby agrees that it will not send any confirmation requesting payment for the purchase of any Bonds unless the confirmation is accompanied by or preceded by the delivery of a copy of the Official Statement. The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system.

(c) Supplements. Each party hereto agrees that it will notify the other party hereto if, within the period from the date of this Purchase Agreement to and including the date that is 25 days following the End of the Underwriting Period (as hereinafter defined), such party discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case that might cause the Official Statement (as the same may have been theretofore supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the written opinion of the Authority or the Underwriter, the preparation and publication of a supplement or amendment to the Official Statement is, as a result of such fact or event (or any other event that becomes known to the Authority or the Underwriter during such period), necessary so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall, at its expense, supplement or amend the Official Statement in such a manner so that the Official Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and furnish copies of such supplement or amendment to the Underwriter in such numbers as the Underwriter may reasonably request. The Authority and the Underwriter agree that they will cooperate in the preparation of any such amendment or supplement. As used herein, the term "End of the Underwriting Period" means the later of such time as (a) the Authority delivers the Bonds to the Underwriter, or (b) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date (as defined herein). Any notice delivered pursuant to this provision must be written notice delivered to the Authority at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the End of the Underwriting Period.

(d) Continuing Disclosure Certificate. To assist the Underwriter in complying with the Rule, in connection with issuance of the Bonds, and in order to assist the Underwriter in complying with the Rule, the Authority will execute a Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate is attached as Appendix F to the Preliminary Official Statement and the Official Statement.

Section 6. Representations, Warranties and Covenants of the Authority. The Authority represents and warrants to the Underwriter that:

(a) Authority Resolution. The Authority has, by Resolution No. ____, adopted by a majority of the members of the Board at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on October __, 2020 (the "Authority Resolution"), taken all official action necessary to be taken by it for (i) the execution, delivery and due performance of the Indenture, the Continuing Disclosure Agreement dated the Closing Date (the "Continuing Disclosure Agreement"), and this Purchase Agreement (together, the "Authority Documents"), (ii) the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, (iii) the issuance, sale and delivery of the Bonds, and (iv) the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated hereby;

(b) Due Organization; Power. The Authority is a joint exercise of powers agency and public entity, duly organized in 1978 and operating under (i) Chapter 2.8 (commencing with Section 8160) of Division 1 of Title 2 of the Government Code, (ii) Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, and (iii) the Joint Exercise of Powers Agreement dated July 1, 1978 (the "Joint Powers Agreement"), between the State of California (the "State"), acting through its Department of General Services, and the City of Sacramento (the "City"). The Joint Powers Agreement was amended as of April 1, 2020, to extend its duration to July 1, 2055, "or such time thereafter as any Bonds then outstanding and the interest thereon shall have been paid in full, or provision for such payment shall have been made." The Authority has the full legal right, power and authority to adopt the Authority Resolution and to enter into and perform its duties under the Bonds and the Authority Documents;

(c) Governmental Approvals. Except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any governmental authority, legislative body, board, agency, or commission having jurisdiction over the Authority required for the execution and delivery of the Authority Documents or the execution, delivery and sale of the Bonds or the consummation by the Authority of the other transactions contemplated by the Authority Documents that has not been obtained;

(d) Valid Obligations. Upon their execution and delivery, each of the Bonds and the Authority Documents will constitute a valid and binding obligation of the Authority enforceable in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally; and the execution and delivery of the Bonds and the Authority Documents, and compliance with the provisions of each thereof, will not constitute a breach of or a default under any applicable law or administrative regulation of the State or the United States, or any applicable judgment, decree, agreement or other instrument to which the Authority is a party or is otherwise subject;

(e) Accuracy of Preliminary Official Statement and Official Statement. The information (other than information relating to DTC and its book-entry only system or any statement provided by the Underwriter) contained in the Preliminary Official Statement as of its date and as of the date hereof is, and such information in the Official Statement as of its date and

as of the Closing Date (as defined herein) will be true and correct in all material respects, and the Preliminary Official Statement does not as of its date or as of the date hereof, and the Official Statement as of its date and as of the Closing Date will not contain any untrue or misleading statement of a material fact relating to the Authority or omit to state any material fact relating to the Authority necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) Continuing Disclosure. Except as disclosed in the Official Statement, in the preceding five years, the Authority has not failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of certain events;

(g) Financial Statements of Authority. The financial statements of the Authority contained in the Preliminary Official Statement and final Official Statement fairly present the financial position and results of operations of the Authority as of the dates and for the periods therein set forth, and, since the date thereof, there has been no material adverse change in the financial position or results of operations of the Authority;

(h) No Breach. Neither the adoption of the Authority Resolution, the execution and delivery of the Authority Documents, nor the consummation of the transactions on the part of the Authority contemplated herein or therein or the compliance by the Authority with the provisions hereof or thereof (i) will constitute on the part of the Authority a breach of or default under any material indenture, mortgage, commitment, note or other agreement or instrument to which the Authority is a party or by which it is bound or (ii) violate applicable provisions of statutory law or regulation or breach or violate any existing obligation of the Authority under any court order or consent decree;

(i) No Defaults. The Authority has never been in default at any time, as to principal of or interest on any obligation that it has issued, which default may have an adverse effect on the ability of the Authority to consummate the transactions on its part under the Authority Documents, except as specifically disclosed in the Preliminary Official Statement and the Official Statement;

(j) Litigation. Except as is specifically disclosed in the Preliminary Official Statement and as will specifically be disclosed in the Official Statement, at the time of acceptance hereof there is, and as of the Closing (as defined herein) there will be, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body (collectively and individually, an "Action"), pending with respect to which the Authority has been served with process or to the best knowledge of the Authority threatened, (i) that in any way questions the powers of the Board or the Authority referred to in paragraph (b) above, or the validity of any proceeding taken by the Board in connection with the issuance of the Bonds, (ii) that affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the receipt of the Tax Revenues or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, (iii) wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Purchase Agreement, or of any other Authority Document, (iv) that, in any way, could adversely affect the validity or enforceability of the Authority Resolution, the Indenture, the Bonds, or this Purchase Agreement, (v) that in any way questions the status of the Bonds under State tax laws or regulation, (vi) except as disclosed in the Preliminary Official Statement and as will be disclosed in the Official Statement, wherein an

unfavorable decision, ruling or finding, would materially adversely affect the financial position or condition of the Authority or would result in any material adverse change in the ability of the Authority to pledge or apply the Tax Revenues (as defined in the Indenture) or to pay debt service on the Bonds, or (vii) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the time of acceptance hereof there is and, as of the Closing Date, there will be no known basis for any Action of the nature described in clauses (i) through (vii) of this sentence;

(k) Certificates of Officials. Any certificate signed by an official of the Authority authorized to execute such certificate and delivered to the Underwriter in connection with the transactions contemplated by the Authority Documents shall be deemed a representation and warranty by the Authority to the Underwriter as to the truth of the statements therein contained;

(l) No Debt Issues. Between the date hereof and the Closing Date, without the written consent of the Underwriter, which consent will not be unreasonably withheld, the Authority will not offer or issue any bonds, notes, or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Authority; and

(m) “Blue Sky” Qualification. The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter may reasonably request, to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and will assist, if necessary therefor, in the continuation of such qualifications in effect as long as required for the distribution of the Bonds; provided, however, that the Authority is not required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state.

Section 7. Closing. At 8:30 a.m. on November ____, 2020 (the “Closing Date”) or at such other time and/or date as have been mutually agreed upon by the Authority and the Underwriter, the Authority will deliver or cause to be delivered to the Underwriter, through the facilities of The Depository Trust Company (“DTC”) utilizing DTC’s FAST delivery system, or at such other place as the Authority and the Underwriter may mutually agree upon, the Bonds in fully registered form (all Bonds bearing CUSIP® numbers) duly executed and registered in the name of Cede & Co., as nominee of DTC, authenticated by the Trustee together with the other documents mentioned in Section 8 hereof; and the Underwriter will accept such delivery and pay the Purchase Price of the Bonds by delivering to the Trustee for the account of the Authority a wire transfer in federal funds payable to the order of the Trustee.

The activities relating to the final execution and delivery of the Bonds and the Indenture and the payment therefor and the delivery of the certificates, opinions and other instruments as described in Section 9 of this Purchase Agreement shall occur at the offices of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California (“Bond Counsel”). The

payment for the Bonds and simultaneous delivery of the Bonds to the Underwriter is herein referred to as the “Closing.”

Section 8. Marketability Condition. The Underwriter has the right to cancel its obligations to purchase the Bonds if, between the date hereof and the date of Closing, the market price for the Bonds, or the market for or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the initial offering prices set forth in the Official Statement, has not been materially adversely affected by reason of any of the following:

(a) Change in Law Affecting Tax Status of Authority. any decision issued by a court of the United States (including the United States Tax Court) or of the State of California, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State of California, or by a tentative decision or announcement by any member of the House Ways and Means Committee, the Senate Finance Committee, or the Conference Committee with respect to contemplated legislation or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or either House of the Legislature of the State of California, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State of California by the Governor of the State of California in an executive communication, affecting the tax status of the Authority, its property or income, its bonds or the interest thereon or any tax exemption granted or authorized by law;

(b) Change in Law Affecting Securities Law Status. legislation enacted, or a decision by a court of competent jurisdiction rendered, any action taken, or rule or regulation promulgated by any governmental agency having jurisdiction of the subject matter made or proposed to the effect that the Bonds are not exempt from registration, qualification or other similar requirements of the Securities Act of 1933, as then in effect, or of the Trust Indenture Act of 1939, as then in effect or making the contemplated underwriting and sale of the Bonds pursuant to this Purchase Agreement, a violation of federal or State law;

(c) Administrative Action Affecting Securities Law Status. a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter issued or made or any other event occurring, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution and delivery of the Indenture as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect;

(d) National Emergency. the outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the downgrade of the sovereign debt rating of the United States by any major credit rating agency, a payment default on United States Treasury obligations or a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United State or any city, county or other political subdivisions located in the United States having a population of over 500,000;

(e) Suspension of Trading. the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(f) Banking Moratorium. the declaration of a general banking moratorium by the United States, New York, or State authorities having jurisdiction;

(g) Disruptive Events in the Market. a material disruption in securities settlement, payment or clearance services or other disruptive events, occurrences or conditions in the securities or debt markets;

(h) Trading Restrictions. the imposition of additional material restrictions not in force as of the date hereof upon trading in securities generally by any governmental authority or by any national securities exchange;

(i) Credit Restrictions. the imposition by the Comptroller of the Currency, the New York Stock Exchange, or other national securities exchange, or any governmental authority, as to the Bonds or obligations of the general character of the Bonds, of any material restrictions not now in force, or the material increase of any such restrictions now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, or financial responsibility requirements of the Underwriter;

(j) SEC Proceeding. any proceeding is pending or threatened by the Securities and Exchange Commission against the Authority;

(l) Change in State Law. any legislation, ordinance, rule or regulation introduced in or enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State rendered materially adversely affecting the ability of the Authority to issue the Bonds and receive the Tax Revenues as contemplated by the Indenture and the Official Statement;

(m) Inaccuracy of Official Statement. any event occurring or any information becoming known to the Underwriter that causes the Underwriter to reasonably believe that the Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Authority fails to amend or supplement such Official Statement to cure such omission or misstatement pursuant to Section 5(c);

(n) Financial Condition. the occurrence of any adverse change of a material nature in the financial condition or results of operation of the Authority;

(o) Restraint of Development. the entry of any order by a court of competent jurisdiction that enjoins or restrains the City of Sacramento from issuing permits, licenses or entitlements within the Project Area or which order, in the reasonable opinion of the Underwriter,

otherwise materially and adversely affects development of the real property located in the Project Area;

(p) Ratings Withdrawal or Downgrade. the withdrawal, suspension, or downgrading or placement on credit watch or notice of any intended downgrading, suspension, withdrawal or negative change in credit watch status of any rating of the Bonds or the Authority's outstanding indebtedness by any national rating agency; or

(q) Litigation. the commencement of any action, suit, proceeding, inquiry or investigation, at law or in equity, described in Section 6(j).

Section 9. Further Conditions to the Purchase of the Bonds. The obligation of the Underwriter to purchase the Bonds is subject (a) to the performance by the Authority of its obligations to be performed by it hereunder at and prior to the Closing, (b) to the accuracy as of the date hereof and as of the time of the Closing of the representations and warranties of the Authority herein, and (c) to the following conditions, including the delivery by the Authority of such documents as are enumerated herein in form and substance satisfactory to the Underwriter:

(a) Agreements in Force; Official Actions Taken. At the time of Closing, (i) this Purchase Agreement, the Continuing Disclosure Certificate, and the Indenture shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter and (ii) the Authority shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, are necessary in connection with the transactions contemplated hereby;

(b) Receipt of the Bonds. The Underwriter shall have received the Bonds, executed by the Authority and authenticated by the Trustee, at or prior to the Closing. The terms of the Bonds, when delivered, shall in all instances be as described in Official Statement;

(c) No Adverse Determination. No decision, ruling or finding has been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside) or, to the best knowledge of the Authority, is pending (in which service of process has been completed against the Authority) or threatened (either in state or federal courts) (i) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (ii) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds or the execution and delivery of the Indenture, the Continuing Disclosure Certificate, or this Purchase Agreement, (iii) in any way contesting the existence or powers of the Authority, or (iv) contesting in any way the completeness or accuracy of the Official Statement; and

(d) Receipt of Documents. At or prior to the Closing, the Underwriter shall have received the following documents in such number of counterparts as mutually agreeable to the Underwriter and the Authority:

(i) Authority Resolution and Authority Documents. Certified copies of the Authority Resolution and the Authority Documents;

(ii) Joint Powers Agreement. A copy of the Joint Powers Agreement, together with a copy of the Notice of a Joint Powers Agreement dated June 12, 1990, and the

amendment to the Joint Powers Agreement, together with a copy of the Notice of Amendment to a Joint Powers Agreement dated April 24, 2020;

(iii) DGS Agreement. A copy of the agreement between the Director of General Services of the State of California and the Authority permitting the use of Tax Revenues derived from the original Project Area to be used to pay debt service on any of the Bonds;

(iv) Bond Counsel Opinion and Reliance Letter. A final approving opinion of Bond Counsel dated the date of Closing in the form attached to the Preliminary Official Statement and the Official Statement as Appendix D together with a letter from such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that the approving opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it;

(v) Supplemental Opinion of Bond Counsel. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the Closing Date, substantially to the effect that:

(A) the statements contained in the Official Statement on the cover page and under the captions “INTRODUCTION,” “THE BONDS” (other than information relating to DTC and its book-entry only system, as to which no opinion need be expressed), “SECURITY FOR THE BONDS,” and “TAX MATTERS,” and in Appendix D thereto, insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture, and Bond Counsel’s final opinion concerning the Bonds, are accurate in all material respects;

(B) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(C) the Authority has duly executed and delivered this Purchase Agreement, and this Purchase Agreement constitutes the valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws affecting the enforceability of creditors’ rights generally, by the application of equitable principles, by the possible unavailability of specific performance or injunctive relief, and by the limitations on legal remedies imposed on actions against public agencies in the State of California;

(vi) Disclosure Counsel Letter. A letter of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, as disclosure counsel (“Disclosure Counsel”), addressed to the Authority and the Underwriter, substantially to the effect that, during the course of serving as Disclosure Counsel in connection with the issuance of the Bonds and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, no information came to the attention of the

attorneys in such firm rendering legal services in connection with the issuance of the Bonds that would lead them to believe that the Preliminary Official Statement as of its date or as of the date hereof or the Official Statement as of the date thereof or the Closing Date (excluding therefrom the financial statements, any financial or statistical data, or forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Official Statement, information regarding DTC, the Reserve Fund Insurance Policy, the Insurer and the appendices to the Official Statement, as to which no opinion need be expressed), contains or contained any untrue statement of a material fact or omits or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vii) Official Statement. The Official Statement, executed on behalf of the Authority, by a duly authorized officer;

(viii) Authority Certificate. A certificate of the Authority in form and substance as set forth in Exhibit B hereto, dated as of the Closing Date;

(ix) Authority Counsel Opinion. An opinion, dated the Closing Date and addressed to the Underwriter, of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, as counsel to the Authority, substantially to the effect that:

(A) The Authority is a joint exercise of powers agency duly organized and validly existing under the laws of the State of California and under the Joint Powers Agreement;

(B) The Authority Resolution approving and authorizing the execution and delivery of the Authority Documents and approving the Official Statement has been duly adopted and is in full force and effect and has not been modified, amended or rescinded;

(C) The Authority has full power and authority to execute, deliver and perform its obligations under the Authority Documents, and the Authority Documents have been duly authorized, executed and delivered by the Authority and constitute the valid and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State;

(D) Except as may be required under federal securities laws and state Blue Sky or other securities laws in connection with the purchase or distribution of the Bonds by the Underwriter, all approvals, consents, authorization, elections and orders of or filings or registrations with any governmental agency, board, agency, or commission having jurisdiction that would constitute a condition

precedent to, or the absence of which would materially adversely affect, the ability of the Authority to perform its obligations under the Bonds or the Authority Documents have been obtained or made, as the case may be, and are in full force and effect;

(E) Except as otherwise disclosed in the Official Statement and to such counsel's current actual knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending, with respect to which the Authority has been served with process, or to the knowledge of such counsel threatened, (i) that would in any way affect the existence of the Authority, the titles of the Authority's officials to their respective offices, or the powers of the Authority; (ii) that seeks to restrain or to enjoin the issuance, sale or delivery of the Bonds or the application of the proceeds thereof in accordance with the Indenture or the use of the Tax Revenues to pay the principal of and interest on the Bonds; (iii) that in any way contests or would affect the validity or enforceability of the Bonds, the Authority Documents, or any action of the Authority contemplated by any of said documents; or (iv) that in any way contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement;

(F) To such counsel's current actual knowledge, the execution and delivery of the Bonds and the Authority Documents, and compliance with the provisions of each, do not: breach, or result in a default under, any material agreement or other instrument to which the Authority is a party or by which the Authority or its properties are bound; violate applicable provisions of statutory law or regulation; or breach or otherwise violate any existing obligation of the Authority under any court order or consent decree, a consequence of which could be to materially and adversely affect the ability of the Authority to perform its obligations under the Bonds or the Authority Documents;

(x) Trustee Certificate. A certificate of the Trustee dated the date of Closing to the effect that:

(A) The Trustee is a national banking association duly organized and validly existing under the laws of the United States of America and has full power and is qualified to accept the duties of trustee under the Indenture and comply with the terms thereof and to perform its obligations stated therein;

(B) The Trustee has accepted the duties and obligations imposed on it by the Indenture;

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the consummation by the Trustee of the transactions contemplated by the Indenture to be undertaken by the Trustee;

(D) To the best knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body served on or threatened against or affecting the existence of the Trustee, or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture or contesting the powers of the Trustee or its authority to enter into and perform its obligations under the Indenture or the Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Bonds or the Indenture;

(xi) Trustee Counsel Opinion. An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Authority and the Underwriter, in form and substance acceptable to counsel for the Authority and the Underwriter;

(xii) DTC Letter of Representations. A copy of the Blanket Letter of Representations executed by the Authority and delivered to The Depository Trust Company, New York, New York, relating to the book entry system for the Bonds;

(xiii) Parity Debt Certificate – I-Bank. A certificate of the Del Rio Advisors, LLC, dated the Closing Date, in form and substance acceptable to the Underwriter, that the requirements of Section 2.07(b) of the agreement between the Authority and the California Infrastructure and Economic Development Bank dated as of January 1, 2014, have been satisfied;

(xiv) Parity Debt Certificate – 2016 Bonds. A certificate of the Authority certifying that the conditions precedent to the issuance of the Bonds set forth in subsections (a), (b), (c), and (d) of section 7.01 of the Indenture dated July 1, 2016 (“2016 Indenture”), between the Authority and the Trustee have been satisfied;

(xv) Certificate of Fiscal Consultant. A certificate of Fraser & Associates (the "Fiscal Consultant"), executed by an authorized signatory of the Fiscal Consultant dated the Closing Date, to the effect that:

(A) the Authority retained the Fiscal Consultant to prepare a Fiscal Consultant Report (the "Report");

(B) the Fiscal Consultant consents to the inclusion of the Report as an appendix to the Preliminary Official Statement and the Official Statement;

(C) the Fiscal Consultant has expertise in the matters covered by the Report and acknowledges that the Underwriter has relied on such expertise in connection with the offering and sale of the Bonds;

(D) the Report and the information in the Preliminary Official Statement and the Official Statement relating to the Report do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

(xvi) Ratings. Evidence satisfactory to the Underwriter that any ratings described in the Official Statement are in full force and effect as of the Closing Date;

(xvii) Insurance Policies. A copy of the Bond Insurance Policy and the Reserve Fund Insurance Policy;

(xviii) Insurer Certificate. A certificate of the Insurer, dated the date of the Closing, addressed to the Underwriter in form and substance acceptable to the Underwriter and Bond Counsel;

(xix) Insurer Counsel Opinion. An opinion of counsel to the Insurer, dated the date of the Closing, addressed to the Underwriter in form and substance acceptable to the Underwriter and Bond Counsel;

(xx) CDIAC Filings. Copies of filings with the California Debt and Investment Advisory Commission relating to the issuance of the Bonds;

(xxi) 15c2-12 Certificate. In connection with printing and distribution of the Preliminary Official Statement, an executed certificate of the Authority in the form attached hereto as Exhibit C;

(xxii) Underwriter's Counsel Opinion. An opinion of Jones Hall, a Professional Law Corporation, as counsel to the Underwriter, in form and substance acceptable to the Underwriter; and

(xxiii) Other Legal Opinions and Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Authority with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Authority contained herein, and the due performance or satisfaction by the Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

Section 10. Conditions to Obligations of the Authority. The obligations of the Authority to issue and deliver the Bonds on the Closing Date are subject, at the option of the Authority, to (i) the performance by the Underwriter of its obligations to be performed hereunder at or prior to the Closing Date and (ii) the receipt by the Authority and the Underwriter of the opinions and certificates to be delivered at the Closing by persons and entities other than the Authority.

Section 11. Termination. If the Authority is unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Underwriter at, or at any time prior to, the scheduled time of Closing. Notice of such cancellation must be given to the Authority in writing, or by telephone or other electronic means, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Authority hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the

Underwriter, in writing, at its sole discretion. The respective obligations of the Authority and the Underwriter to pay expenses, as provided in Section 12 hereof, survive any termination of this Purchase Agreement.

Section 12. Expenses. The Authority shall pay or cause to be paid any expenses incident to the performance of the Authority's obligations hereunder including, but not limited to: (i) the cost of preparation, printing and distribution of the Indenture, the Continuing Disclosure Agreement, the Preliminary Official Statement, the Official Statement and any supplements or amendments thereto, including a reasonable number of certified or conformed copies thereof; (ii) the cost of preparation and printing of the Bonds; (iii) the fees and disbursements of Bond Counsel, Disclosure Counsel, and counsel to the Authority; (iv) the fees and disbursements of the Authority's municipal advisor; (v) the fees and disbursements of the Fiscal Consultant; (vi) the fees and disbursements of the Trustee and its counsel; (vii) fees for bond ratings (which include fees of rating agencies and travel expenses of the Authority); and (viii) the premiums for the Bond Insurance Policy and the Reserve Fund Insurance Policy.

The Underwriter shall pay all advertising expenses in connection with the public offering of the Bonds and all other expenses incurred by it in connection with its public offering and distribution of the Bonds, including fees and expenses of its counsel; and the Underwriter shall pay (i) the fees payable to the California Debt and Investment Advisory Commission, DTC, and MSRB (if any) in connection with the Bonds, (ii) the CUSIP® Service Bureau fees, and (iii) costs of the DAC Bond continuing disclosure review.

Section 13. Notices. Any notice or other communication to be given to the Authority under this Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to the following: Hilltop Securities, Inc., Attn: Mr. Mike Cavanaugh, 2533 S. Coast Highway 101, Suite 250, Cardiff by the Sea, CA 92007. All such notices, requests or other communications may be made by telephone, personal or courier delivery, registered or certified mail, facsimile transmission or electronic communication, provided that delivery by facsimile transmission or electronic communication must be confirmed by the sender. The Authority and the Underwriter may, by notice given as aforesaid, specify a different address for any such notices, requests or other communications.

Section 14. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Authority and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, has any right hereunder or by virtue hereof.

Section 15. Survival of Representations and Warranties. The representations and warranties of the Authority under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Authority and regardless of delivery of and payment for the Bonds.

Section 16. Severability. If any provision of this Purchase Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, because it conflicts with any provisions of any constitution, statute, rule of public policy or for any other reason, such circumstances does not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Purchase Agreement invalid, inoperative or unenforceable to any extent whatsoever.

Section 17. Section Headings and References. The headings or titles of the sections and subsections of this Purchase Agreement are solely for convenience of reference and do not affect the meaning, construction, or effect of any provision of this Purchase Agreement.

Section 18. Governing Law. This Purchase Agreement is governed by and shall be construed in accordance with the laws of the State of California.

Section 19. Entire Agreement. The parties agree that the terms and conditions of this Purchase Agreement supersede those of all previous agreements between the parties, and that this Purchase Agreement contains the entire agreement between the parties hereto.

Section 20. Counterparts. This Purchase Agreement may be executed in any number of counterparts, all of which taken together constitute one agreement, and any of the parties hereto may execute this Purchase Agreement by signing any such counterpart.

Section 21. Effective Date. This Purchase Agreement is effective as of the date set forth below upon the execution of the acceptance and approval hereof, respectively, by an authorized officer of the Authority, and is valid and enforceable as of the time of such acceptance and approval.

HILLTOP SECURITIES, INC.

By: _____
Authorized Representative

Accepted and agreed to as of the date first above written:

**CAPITOL AREA DEVELOPMENT
AUTHORITY**

By: _____
Authorized Officer

Date and Time of Execution:
November 4, 2020 at _____ p.m.
Pacific Time

EXHIBIT A

**[\$[PRINCIPAL AMOUNT]]
CAPITOL AREA DEVELOPMENT AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2020
(FEDERALLY TAXABLE)**

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Price
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REDEMPTION TERMS

Optional Redemption:

The Bonds maturing on or after October 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part (in such maturities as may be specified by the Authority and at random within a maturity) on any date on or after October 1, 20__, at a redemption price equal to the principal amount of Bonds called for redemption, without premium.

Mandatory Sinking Account Redemption:

The Term Bonds maturing on October 1, 20__, are subject to redemption prior to their stated maturity, in part, at random from Sinking Account payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all such respective Term Bonds optionally redeemed:

BONDS MATURING OCTOBER 1, 20__

Mandatory Redemption Date (October 1)	Principal Amount
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EXHIBIT B

**[\$[PRINCIPAL AMOUNT]
CAPITOL AREA DEVELOPMENT AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2020
(FEDERALLY TAXABLE)**

Dated: November _____, 2020

I, the undersigned, hereby certify that I am the _____ of the Capitol Area Development Authority and that as such, I am authorized to execute this Certificate on behalf of the Authority in connection with the issuance of the above-referenced Tax Allocation Revenue Bonds, Series 2020 (Federally Taxable) (the “Bonds”).

I hereby further certify on behalf of the Authority that:

(A) to my best knowledge, after reasonable inquiry, no litigation is pending with respect to which the Authority has been served with process or threatened (1) to restrain or enjoin the issuance of any of the Bonds or the collection of Tax Revenues pledged under the Indenture; (2) in any way contesting or affecting the authority for the issuance of the Bonds or the validity or enforceability of the Bonds, the Indenture, the Continuing Disclosure Certificate or the Purchase Agreement; or (3) in any way contesting the existence or powers of the Authority;

(B) the representations and warranties made by the Authority in the Authority Documents are true and correct in all material respects on the Closing Date, with the same effect as if made on the Closing Date;

(C) to my best knowledge, all statistical information in the Preliminary Official Statement and the Official Statement sourced to the Authority is accurate and correct;

(D) no event affecting the Authority has occurred since the date of the Official Statement that, as of the Closing Date, would cause any statement or information contained in the Official Statement to be incorrect or incomplete in any material respect or would cause the information contained in the Official Statement to contain an untrue statement of a material fact or omit to state a material fact necessary in order to make such statements therein, in the light of the circumstances under which they were made, not misleading;

(E) as of the date hereof, the Indenture is in full force and effect in accordance with its terms and has not been amended, modified or supplemented, except in such case as may have been agreed to by the Underwriter; and

(F) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Authority Documents prior to issuance of the Bonds.

Capitalized terms not defined herein have the same meaning set forth in the Purchase Agreement dated October _____, 2020, between the Authority and Hilltop Securities, Inc.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date herein below set forth.

CAPITOL AREA DEVELOPMENT AUTHORITY

By: _____
[name/title]

EXHIBIT C

**[\$[PRINCIPAL AMOUNT]
CAPITOL AREA DEVELOPMENT AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2020
(FEDERALLY TAXABLE)**

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents that she is a duly appointed and acting authorized officer of the Capitol Area Development Authority (the “Authority”), and as such is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the Authority as follows:

(1) This Certificate is delivered in connection with the offering and sale of the Capitol Area Development Authority Tax Allocation Revenue Bonds, Series 2020 (Federally Taxable) (the “Bonds”) in order to enable the underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”).

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement (the “Preliminary Official Statement”).

(3) As used herein, “Permitted Omissions” means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule, and the information therein is accurate and complete except for the Permitted Omissions.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of October __, 2020.

CAPITOL AREA DEVELOPMENT AUTHORITY

By: _____
[name/title]

[\$[PAR AMOUNT]]
CAPITOL AREA DEVELOPMENT AUTHORITY
Tax Allocation Revenue Bonds, Series 2020 (Federally Taxable)

CONTINUING DISCLOSURE CERTIFICATE

Dated: [closing date]

THIS CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) dated [closing date], is executed and delivered by the Capitol Area Development Authority (the “Authority”) in connection with the issuance by the Authority of the above-captioned bonds (the “Bonds”). The Bonds are issued pursuant to the terms of an Indenture dated November 1, 2020 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The Authority covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority 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 Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

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

“*Annual Report Date*” means the date that is nine months after the end of the Authority’s fiscal year (currently March 31 based on the Authority’s fiscal year-end of June 30).

“*Dissemination Agent*” means [Fraser & Associates], or any successor Dissemination Agent designated in writing by the Authority and that has filed with the Authority a written acceptance of such designation.

“*EMMA System*” shall mean the Electronic Municipal Market Access System of the MSRB or such other electronic system designated by the MSRB (as defined below) or the Securities and Exchange Commission (the “S.E.C.”) for compliance with S.E.C. Rule 15c2-12(b).

“*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, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Authority in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Hilltop Securities, Inc., 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.

The Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021, with the report for the 2019-20 fiscal year, provide to the MSRB through the EMMA System, 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 Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority 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 Authority 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 Authority’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 Authority 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 Authority hereunder.

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

With respect to each Annual Report, the Dissemination Agent shall 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 if the Dissemination Agent is other than the Authority, file a report with the Authority 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 Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Authority 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 audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial

statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Authority for the preceding fiscal year of the type included in the Official Statement, in the following categories: (i) aggregate assessed values of the Project Area; (ii) list of ten largest local secured property taxpayers within the Project Area; (iii) information on any appeals by the ten largest local secured property taxpayers in the Project Area; (iv) calculation of the coverage ratio for such fiscal year, calculated in the same manner as provided in the Fiscal Consultant Report, and (v) description of outstanding indebtedness payable from Tax Revenues issued during such fiscal year. All terms used in this paragraph have the meaning set forth in the Indenture.

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 Authority or related public entities, which are available to the public on the EMMA System site or filed with the Securities and Exchange Commission, as permitted by applicable law or regulation. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Authority 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 security, or other material events affecting the tax status of the security.
- (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 Authority or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or an obligated person, or the sale of all or substantially all of the assets of the Authority or an obligated person (other than in the

ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties

(b) The Authority shall, or shall cause the Dissemination Agent (if not the Authority) 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.

(c) 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.

(d) The Authority acknowledges that the events described in subparagraphs 2, 7, 8 (if the event is a bond call), 10, 13, 14, and 15 of subsection (a) 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 Authority 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. The Authority 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 Authority will cause a notice to be filed as set forth in paragraph (b) above.

(e) 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 Authority 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 Authority, 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 Authority.

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 Authority's obligations under this Disclosure Certificate shall terminate upon the earliest to occur of 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 Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Authority 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be as designated herein. Any Dissemination Agent may resign by providing 30 days' written notice to the Authority.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority 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 Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of 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 Report 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 this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. 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 Authority to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(a).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority 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 Authority 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 Authority 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. If the Authority fails 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 Authority 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 Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of 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 by the Authority hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Bond holders or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Continuing Disclosure Certificate by their officers thereunto duly authorized as of the day and year first written above.

**CAPITOL AREA DEVELOPMENT
AUTHORITY**

By: _____
Authorized Officer

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT:

[FRASER & ASSOCIATES]

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Capitol Area Development Authority, California

Name of Bonds: Capitol Area Development Authority
Tax Allocation Revenue Bonds, Series 2020 (Federally Taxable)

Date of Issuance: November __, 2020

NOTICE IS HEREBY GIVEN that the Capitol Area Development Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture dated November 1, 2020, and that the Annual Report will be filed by _____.

Dated: _____ [Fraser & Associates],
on behalf of the Capitol Area Development Authority

cc: Capitol Area Development Authority

RESOLUTION NO. 20-29

ADOPTED BY THE CAPITOL AREA DEVELOPMENT AUTHORITY

Date: October 16, 2020

A RESOLUTION OF THE CAPITOL AREA DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE OF ITS TAX ALLOCATION REVENUE BONDS, SERIES 2020 (FEDERALLY TAXABLE); AUTHORIZING AND DIRECTING EXECUTION OF AN INDENTURE, A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, AND A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING DISTRIBUTION OF THE OFFICIAL STATEMENT; AUTHORIZING THE SALE OF BONDS; AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

RESOLVED, by the Board of the Capitol Area Development Authority (the "Authority"):

WHEREAS, the Authority is a joint powers authority organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated as of July 1, 1978 (the "Agreement"), by and between the State of California, acting through the Department of General Services of the State (the "State"), and the City of Sacramento (the "City"), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 and Chapter 2.8 (commencing with Section 8160) of the Division 1 of Title 2 of the Government Code of the State of California (together, the "Law");

WHEREAS, to carry out its obligations under the Agreement, the Authority is vested with the common powers of the City and the State under the Agreement and the powers of a redevelopment agency under Section 8182 of the Government Code of the State of California;

WHEREAS, the Authority is authorized by the Law and, particularly, Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law") and the Agreement, to issue bonds for the purpose of exercising its powers and raising funds necessary to carry out its obligations under the Agreement;

WHEREAS, the Authority has proposed to issue bonds to finance affordable housing and other development projects within the Authority's area of operation in downtown Sacramento (the "Project"), pursuant to the Bond Law and an Indenture of Trust dated November 1, 2020 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee");

WHEREAS, the Authority has selected Hilltop Securities, Inc. to act as underwriter (the "Underwriter") to purchase the Bonds from the Authority pursuant to a bond purchase agreement between the Authority and the Underwriter;

WHEREAS, the following proposed documents relating to the financing, which are incorporated herein by reference, have been presented to the Board for its review and approval:

1. The Indenture between the Authority and the Trustee that will specify the terms of the Bonds;

2. The Bond Purchase Agreement (the “Bond Purchase Agreement”) between the Authority and the Underwriter, whereby the Underwriter will agree to purchase the Bonds when and as issued and delivered by the Authority;
3. The Official Statement describing the Bonds and the Authority; and
4. The Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), whereby the Authority undertakes to provide annual reports and material events notices as required under federal securities laws; and

WHEREAS, the Board, with the aid of its staff, has reviewed the documents described above and desires to approve the foregoing and the transactions described therein;

THEREFORE, it is hereby **ORDERED** and **DETERMINED** by the Board of the Capitol Area Development Authority, as follows:

Section 1. Issuance of the Bonds; Approval of Financing. The Board hereby authorizes the issuance by the Authority of its Tax Allocation Revenue Bonds, Series 2020 (Federally Taxable) (the “Bonds”), under and pursuant to the Bond Law and the Indenture in an aggregate principal amount of not to exceed \$35,000,000 for the purposes hereinabove described. The Board hereby finds and determines that, pursuant to Section 5903 of the Government Code, the interest payable on the Bonds will be subject to federal income taxation under the law in existence on the date of issuance of the Bonds.

Section 2. Authorization of Officers to Execute and Deliver Documents. The Board hereby authorizes and directs the Chair, the Vice Chair, the Executive Director, and the Secretary, and their respective designees (the “Designated Officers”), and each of them individually, for and in the name of the Authority, to approve, execute, and deliver the following agreements:

- a. The Indenture;
- b. The Bond Purchase Agreement;
- c. The Official Statement; and
- d. The Continuing Disclosure Certificate;

in substantially the forms presented to the Board at this meeting, which agreements and documents are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the agreements or documents for the Authority. The execution of the foregoing by a Designated Officer or Officers shall constitute conclusive evidence of such officer’s or officers’ and the Board’s approval of any such changes, insertions, revisions, corrections, or amendments to the respective forms of agreements and document presented to the Board at this meeting.

Section 3. Authorization of Sale. The Board hereby authorizes the sale of the Bonds to the Underwriter pursuant to the Bond Purchase Agreement. The Designated Officers are hereby authorized and directed to negotiate with the Underwriter the final terms of the sale and its timing.

Section 4. Distribution of Official Statement. The Board hereby authorizes the Underwriter to distribute copies of the Official Statement in preliminary form to persons who may be interested

in the purchase of the Bonds and authorizes and directs the Underwriter to deliver copies of the final Official Statement to all purchasers of the Bonds.

Section 5. Identification of Professionals Involved. The Board has engaged the firm of Del Rio Advisors, LLC, to act as municipal advisor (the "Municipal Advisor") and the firm of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, to act as bond and disclosure counsel with respect to the issuance of the Bonds.

Section 6. Debt Policy. On May 19, 2017, the Authority approved its debt management policy (the "Debt Policy") as required by Government Code section 8855(i). The Debt Policy remains in full force and effect. The execution of the documents described above and the Authority's sale and issuance of the Bonds as contemplated by this resolution are in compliance with the Debt Policy.

Section 7. Disclosure of Specified Financing Information. Pursuant to the requirements of Government Code section 5852.1, the Authority is required to disclose at a public meeting certain information related to the financing. The Board has obtained from the Municipal Advisor good faith estimates of this required information and hereby discloses the estimates information as shown in Exhibit A attached hereto and incorporated herein by reference.

Section 8. Official Action. The Designated Officers or Officer, and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, including requisitions for the payment of costs of issuance of the Bonds, agreements, including agreements providing for the investment of proceeds of the Bonds, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Bonds as described herein. Any officer of the Authority herein authorized or directed to take any action may designate another officer of the Authority to take such action on his or her behalf, such designation to be approved or ratified in writing with respect to the taking of the applicable action.

Section 9. Effective Date. This Resolution takes effect from and after the date of its passage and adoption.

Chair

Attest:

Secretary

Exhibit A

Specified Financial Information

The good faith estimates set forth herein are provided with respect to the Bonds. Such good faith estimates have been provided to the Authority by Del Rio Advisors, LLC, as municipal advisor to the Authority. Each estimate is based on the Authority's financing plan and current market conditions, including market interest rates prevailing at the time of preparation of the estimate.

Principal Amount. The estimated aggregate principal amount of the Bonds to be sold is \$30,705,000.

True Interest Cost. The estimated true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.400571%.

Finance Charge. The estimated finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$705,000, consisting of an estimated \$211,715.92 in costs if issuance, \$199,582.50 for the underwriter's discount and \$293,701.58 to purchase the bond insurance and reserve fund surety policy.

Amount of Proceeds to be Received. The estimate of the amount of proceeds to be received by the Authority from the sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$30,000,000. (No capitalized interest is expected to be funded with proceeds of the Bonds.)

Total Payment Amount. The estimated total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$48,936,351.86.

The foregoing estimates are good faith estimates only. The actual figures may differ from the estimates owing to (a) differences between assumptions regarding the date of the sale of the Bonds, the principal amount of the Bonds sold, the amortization of the Bonds, and market interest rates at the time of sale of the Bonds and actual facts, (b) other market conditions, (c) changes in the Authority's financing plan, or (d) a combination of such factors.