I CALL TO ORDER

II ROLL CALL – Directors Rick Brown, Jerry Crippen, Mary Jane Griego, Dan Logue, Richard Webb

III PUBLIC COMMUNICATIONS: Any person may speak about any subject of concern provided it is within the jurisdiction of the Levee Improvement Authority and is not already on today’s agenda. The total amount of time allotted for receiving such public communication shall be limited to a total of 15 minutes and each individual or group will be limited to no more than 5 minutes.

IV CONSENT AGENDA: All matters listed under the Consent Agenda are considered to be routine and can be enacted in one motion.

   A. Approve minutes of the regular meeting of September 18, 2007.


V ACTION ITEMS

   Adopt resolution approving proposal to amend second agreement for advanced funding and reimbursement of costs for levee improvements, approving Term Sheet for First Amendment to Second Funding Agreement, and directing staff to continue working with county and participating landowners in connection with financing plan and preparation of amendment and submittal of financial plan.

VI BOARD AND STAFF MEMBERS’ REPORTS

VII ADJOURN
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

MINUTES – BOARD OF DIRECTORS

SEPTEMBER 18, 2007

A meeting of the Board of Directors of the Three Rivers Levee Improvement Authority was held on the above date, commencing at 2:00 p.m., within the Government Center, Marysville, California, with a quorum being present as follows: Directors Rick Brown, Mary Jane Griego, Dan Logue and Richard Webb. Director Jerry Crippen was absent. Also present were Executive Director Paul Brunner, Counsel Scott Shapiro, and Clerk of the Board of Supervisors/Secretary Donna Stottlemyer. Chairman Webb presided.

PUBLIC COMMUNICATIONS

No one came forward.

ACTION ITEMS

1) Minutes: Upon motion of Director Logue, seconded by Director Griego, and carried with Director Crippen being absent, the Board approved the minutes of the special meeting of August 28, 2007.

2) GEI Consulting/Sixth Amendment/$1,963,030: Executive Director Paul Brunner recapped services to be provided and responded to Board inquiries.

Upon motion of Director Logue, seconded by Director Griego, and carried with Director Crippen being absent, the Board approved a sixth amendment to an agreement with GEI Consulting in the amount of $1,963,030 for construction management services for Phase 4 Feather River Levee Improvements and authorized the Chairman to execute same upon review and approval of Counsel.

3) Benefit Assessment District: Executive Director Paul Brunner recapped the intent of the establishment of a benefit assessment district for operation and maintenance of levee improvements and recent discussions to include construction costs. Mr. Brunner responded to Board inquiries.
Following Board discussion regarding aspects of analysis to be included, Mr. Brunner received direction to move forward with the development of formulas for assessments within the benefit area which would include capital costs.

4) Kleinfelder Inc./First Amendment/$50,000: Upon motion of Director Logue, seconded by Director Griego, and carried with Director Crippen being absent, the Board approved the first amendment to an agreement with Kleinfelder Inc. in the amount of $50,000 for engineering services and authorized the Executive Director to execute same upon review and approval of Counsel.

BOARD AND STAFF MEMBERS' REPORTS

Executive Paul Brunner:
- Displaced Persons Appeal Board representatives
- Pump Station numbers 3, 6, and 10 potential revenue
- Receipt of draft financial audit
- State Reclamation Board Subcommittee meeting of September 11, 2007
- State Reclamation Board meeting on September 21, 2007

Right of way Manager Bob Morrison:
- Vespoli property negotiations

CLOSED SESSION

The Board retired into closed session at 2:39 p.m. to discuss the following:

Director Webb did not join closed session.

A. Real property negotiations pursuant to Government Code §54956.8 – Property: APN 014-250-029 Thomas H. Rice and Jeanette L. Young Negotiating Parties: TRLIA/Bob Morrison Negotiation: Price and Terms of Payment

B. Real property negotiations pursuant to Government Code §54956.8 – Property: APN 03-010-034 Danna Negotiating Parties: TRLIA/Bob Morrison Negotiation: Price and Terms of Payment

The Board returned from closed session at 3:03 p.m. with all Board and staff members present as indicated above, including Director Webb.
ADJOURNMENT

There being no further business to come before the Three Rivers Levee Improvement Authority the meeting was adjourned at 3:03 p.m. by Chairman Webb.

__________________________
Chairman

ATTEST: DONNA STOTTERMUYER
CLERK OF THE BOARD OF SUPERVISORS
AND SECRETARY OF THE PUBLIC AUTHORITY

__________________________
Approved:____________________
October 2, 2007

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director


Requested Action:

DISCUSSION:
Earlier this year Michael Hinz, CPA, was asked, via TRLIA contract, to conduct an audit of TRLIA’s financial statements for the last three operating years. Mr. Hinz has finished the audits and concluded for all three audited years (FY 2003/2004, 2004/2005, and 2005/2006) that there were no issues found and that TRLIA’s financial operations and cash flow were in conformity with generally accepted accounting principles.

In August of 2007, Three Rivers received a letter from Department of Water Resources (DWR) indicating that Feather River Segments 2 and 3 of its proposed Project passed the EIP Program’s first round of eligibility screening, thereby provisionally qualifying Three Rivers to receive a maximum estimated State cost share of $138.51 million. The DWR letter advised Three Rivers that before the State could make a commitment to fund a share of the eligible project costs of Segments 2 and 3, Three Rivers must complete the application review process by completing a financial plan which demonstrates TRLIA’s financial capability to meet local cost share requirements. These completed audits will be part of the TRLIA EIP financial plan.

TRLIA staff is currently in the process of acquiring Mr. Hinz consulting services to perform an audit of TRLIA’s FY 2006/2007 financial records.

FISCAL IMPACT:
None
October 2, 2007

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director
       Scott Shapiro, General Counsel

SUBJECT: Financial Plan and other documentation to Qualify for Proposition IE Grant

Requested Action: Approve term sheet that will be used to modify the second funding agreement and also approve Financial Plan contingent upon Board of Supervisors approving term sheet, and authorize Executive Director to submit plan to Department of Water Resources and take other actions as necessary in furtherance of (i) Financial Plan and (ii) qualification for Proposition IE grant.

Background: Three Rivers has been constructing levee improvements for substantially all of the RD 784 levees. The first three phases of the improvement program, plus phase 4 on the Yuba River, has been funded substantially through funds raised from developers and from Proposition 13 grants from the Departments of Water Resources and Fish and Game. While the developers had committed to provide funding for Phase 4 of the project (remaining Feather River levees), Three Rivers subsequently chose the superior alternative of the Feather River Setback Levee. This raised the remaining costs substantially, resulting in Three Rivers seeking grant funding from the Department of Water Resources' Early Implementation Program (EIP).

On August 30, 2007 Three Rivers received a Preliminary Eligibility Notification of a grant under the EIP for Feather River levee improvements (Segments 1, 2, and 3). The notification provides that $138.51 million will be available to Three Rivers for segments 2 and 3 if certain criteria are met. One of the necessary criteria is submittal of a Financial Plan. This financial plan needs to demonstrate that Three Rivers is able to provide the $53.3 million local share to complete the project and also be able to cover cost overruns. TRLIA staff has worked in close cooperation with Yuba County staff and their financial advisors, and the landowners currently participating in the 2nd funding agreement to develop a viable financial plan to cover the local share.
Other documentation also needs to be submitted to DWR, which includes: financial audits prepared by a CPA for TRLIA's last three years of operation; TRLIA's strategy to achieve 200 year flood protection for South Yuba County; and Yuba County recognition of the current flood hazard via County resolution.

Anticipated schedule:
- TRLIA, Yuba County Board of Supervisors, and RD784 approve financial plan required by EIP: October 2nd
- TRLIA submit financial plan & supporting documentation to DWR: October 3rd
- DWR to complete review: mid/late October
- Agreement finalized and signed: mid November
- Initial funding from DWR: mid December

Discussion: As of the writing of this report, the Financial Plan is essentially completed. The term sheet that will be used to modify the 2nd funding agreement will be considered for approval by TRLIA, Yuba County Board of Supervisors, and RD784 at their respective Board meetings on October 2, 2007. The Board of Supervisors will also consider approval of the flood risk resolution at their October 2 meeting. In its simplest form, the Financial Plan will include elements of funding from the developers and elements of public funding. The current draft of the plan requires a $30 million contribution from the developers and a $23.3 million contribution from the County. The plan creates various mechanisms so that both the developers' and the County's funding can be replaced and repaid over time with certain public funding mechanisms that will raise funds from future development via the already approved County Impact Fee and/or to-be-created CFDs or benefit assessment districts. As of this writing, certain elements of the plan remain to be finalized.

The August 30th DWR letter identified that State funding for both construction and land acquisition would be done via a reimbursement process. TRLIA has requested that both construction and land acquisition be paid directly by the State. As of this writing, indications from DWR are that direct payment of land acquisition is being favorably considered. DWR direct payment of construction activities is still pending. To facilitate cash flow early in the project schedule TRLIA staff have identified in the financial plan that TRLIA would obtain a Grant Anticipation Note.

The other documentation needed for this submission, including the financial audits, have been completed and are ready for submission.

Fiscal Impact: Approval of the term sheet and financial plan itself do not have a fiscal impact. However, once approved by the Department of Water Resources, the plan will allow for necessary funds to complete the Feather River improvement project.
RESOLUTION NO. 2007-__

A RESOLUTION BY THE BOARD OF
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
APPROVING PROPOSAL TO AMEND SECOND AGREEMENT FOR
ADVANCED FUNDING AND REIMBURSEMENT OF COSTS FOR LEVEE
IMPROVEMENTS, AND DIRECTING RELATED ACTIONS

WHEREAS, the Three Rivers Levee Improvement Authority (the “Authority”), a joint exercise of powers authority of which the County of Yuba (the “County”) and Reclamation District 784 (“RD 784”) are the members, has constructed over $130,000,000 of levee improvements resulting in the certification of levees on the Western Pacific Interceptor Canal, the Bear River and substantial portions of the levees on the Yuba River, thereby significantly improving public safety in Southern Yuba County; and

WHEREAS, the County has enacted an ordinance which imposes an impact fee on land in the area benefiting from the levee improvements, in order to fund the levee improvements; and

WHEREAS, the County, the Authority and RD 784 have entered into agreements with various landowners in the Southern area of the County, including a Second Funding Agreement for Advanced Funding and Reimbursement of Costs for Levee Improvements (the “Second Funding Agreement”), in order to provide advance funding for the levee improvements pending receipt of impact fees; and

WHEREAS, prior to starting the levee improvements along the Feather River necessary to complete the levee improvement program and achieve 200 year flood protection for the Southern portion of the County, the Authority applied to the State of California for funding for a setback levee on the Feather River, which involves costs in excess of the funds to be advanced under the Second Funding Agreement; and

WHEREAS, the Department of Water Resources of the State of California has informed the Authority that it has provisionally qualified the Authority to receive a maximum of $138,510,000 of State funds towards the costs of the levee improvements to be done and specified that, in order to obtain a commitment of the State funds, among other requirements, the Authority identify a financing plan for a local share of the costs of the levee improvements of $53,300,000 (the “Local Share”), and

WHEREAS, while it is expected that impact fees will ultimately be collected in amounts sufficient to fund the Local Share, funds will need to be advanced in respect thereof in order to timely fund the Local Share when needed to fund the levee improvements, and it is now proposed that the Second Funding Agreement be amended (the “Amendment”) to provide a means to fund the Local Share; and

WHEREAS, it is proposed that the Amendment provide that the participating landowners provide approximately $30,000,000 of the Local Share, and that the County provide, by means of a general fund lease financing with certificates of participation (the “Certificates of Participation”) approximately $23,300,000, with approximately $6,500,000 of the participating landowners contribution and all of the County contribution to cover the impact fees expected to be paid by the landowners, other than the participating landowners, in the area benefited by the levee improvements; and
**WHEREAS**, the Board of the Authority now desires to express its approval of a term sheet for the proposed Amendment, and to direct Staff to work with the County and participating landowners in connection with its financing plan and preparation of the Amendment, and to submit to the plan to the State.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the Three Rivers Levee Improvement Authority as follows:

**Section 1.** The Board hereby approves the Term Sheet For First Amendment To Second Funding Agreement attached hereto as Exhibit A.

**Section 2.** The Board hereby directs staff to continue working with the County and participating landowners in connection with its financing plan and preparation of the Amendment, and to submit to the State the financing plan.

**Section 3.** This Resolution shall take effect upon its adoption.

* * * * * *

**PASSED AND ADOPTED** this __th day of __________, 2007, by the Board of Three Rivers Levee Improvement Authority by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

ATTEST: DONNA STOTTERMeyer,
CLERK OF THE BOARD

APPROVED AS TO FORM: GENERAL COUNSEL
SCOTT SHAPIRO

-2-
I. Introduction of Concepts and Summary of Funding Requirements

A. Three Rivers Levee Improvement Authority ("TRLIA") has constructed over $130 million of levee improvements with funding from the participating landowners, set forth in Exhibit A ("Participants"), other landowners and the State of California. These improvements have led to the certification of levees on the Western Pacific Interceptor Canal, the Bear River, and substantial portions of the levees on the Yuba River, significantly improving public safety in southern Yuba County.

B. Yuba County has put into place a Levee Impact Fee, which completely funds the remaining levee improvements, primarily located along the Feather River and Yuba River, necessary to achieve 200-year flood protection for southern Yuba County. The costs of this program were to be advanced by certain landowners, and those landowners were to be reimbursed, over time, from the collection of impact fees paid by other landowners. This arrangement had been memorialized in the Second Funding Agreement.

C. Prior to starting improvements on the Feather River, TRLIA applied to the State to fund (from Propositions 1E and 84) a setback levee on the Feather River, which has costs in excess of the program originally to be funded by the landowners. The State has tentatively agreed to fund a maximum State cost share of $138.51 million for levee improvements, including the Feather River Setback Levee. In order to qualify for the funding, TRLIA is required to demonstrate the timely availability of a local share of $53.3 million.

D. While the entire local share of $53.3 million can ultimately be paid for by development through the Levee Impact Fee, the purpose of this First Amendment to the Second Funding Agreement ("First Amendment") is to establish how monies will be advanced by certain landowners, TRLIA and the County, and then how those landowners and the County can be repaid by the eventual collection of impact fees and by other means.

E. The local share necessary to be advanced is made up of two different types of funds:

i. The first type of funds are impact fees which would eventually be paid during build out by the Participants and which impact fees those Participants are willing to advance in the form of Capital
Calls in order to provide a portion of the necessary cash flow for the project. These Participant impact fees are currently estimated at $22.4 million.

ii. The second type of funds are impact fees which will eventually be paid by non-participating landowners but, due to the need for timely availability of funds, will be jointly advanced by the Participants and the County and which will ultimately be repaid to the Participants and the County from impact fees paid by non-participating landowners, along with other sources of revenue. These impact fees are referred to in the Second Funding Agreement as the Deferred Participants Levee Obligation and are currently estimated at $30.9 million.

F. Through this First Amendment the Participants are committing to advance fund the Participants Levee Obligation as required for construction of these levee improvements ($22.4 million). The Participants will no longer advance fund the entire Deferred Participant Obligation as originally set forth in the Second Funding Agreement, and the County will advance fund a majority of the remaining Deferred Participants’ Obligation.

G. Through this First Amendment, the County and the Participants are agreeing to jointly advance fund the Deferred Participants Levee Obligation of $30.9 million, except as otherwise revised by Section V(B) below, as follows:

1. The Participants will contribute $7.6 million.

2. The County will contribute $23.3 million.

H. Until such time as State funds are available to TRLIA, TRLIA will fund State share of the required cash flow through a credit line, grant anticipation note or other mechanism.

I. The timing of funding hereunder will be based on a TRLIA approved cash flow and project schedule (the “Approved Cash flow and Project Schedule”) for completion of the levee improvement program which will reflect local share contributions that are required to match funding from the State funding and be an exhibit to the First Amendment.
II. Participants Financial Obligation

A. The Participants advanced funding obligation (which includes their Participant Levee Obligation ($22.4 million) and portion of the Deferred Participants Levee Obligation ($7.6 million)), which shall be funded under the First Amendment, shall not exceed $30 million dollars, in fulfillment of its complete obligation (and advance of Deferred Participant Obligation), for the capital improvements to the Levee Program, as set forth in Exhibit B ("Participant Landowner Funding Proforma"). The Participants' ultimate contribution to the Levee Improvement Program will be determined, once the Levee Improvement Program is complete, pursuant to Section 16 of the Second Funding Agreement.

B. Upon execution of the First Amendment, the Participants shall transfer $5.1 million to the Participant Levee Improvement Fund for funding the Levee Improvement Project, which includes the Feather River Setback Levee. Those funds must be transferred within 5 business days after execution of the First Amendment.

C. Upon satisfaction of the following criteria, the Participants shall transfer the $5.1 million held in the Participant Levee Improvement Fund to a third-party Trustee Account as discussed below in Section VII (H): (1) Execution of Development Agreement as defined below in Section VI; (2) State Reclamation Board approval of the Feather River Setback Levee; (3) Executed Grant Agreement between TRLIA and State; (4) receipt of audited financial statements from TRLIA; and (5) no restrictions, moratorium or de facto moratoriums on issuance of building permits at the time of the transfer.

D. The Participants shall be required to fund the remaining Participant Levee Obligation and Deferred participant Levee Obligation through Capital Calls based on Approved Cash flow and Project Schedule and Landowner Proforma, unless and until another funding mechanism is identified and approved pursuant to Section IV below.

E. Once the Approved Cash flow and Project Schedule has been established in the First Amendment, then Capital Call amounts for Participants shall not increase, nor be accelerated, without Participant Escrow Committee written approval.

F. No joint and several liability by and between Participants.

G. To provide assurance of payment of Capital Calls, the Participants agree to resolve the disputes arising under or relating to this First Amendment related to required Capital Calls pursuant to the Approved
Cash flow and Project Schedule and Landowner Proforma, by binding arbitration rather than litigation. The award rendered by the arbitrator or arbitrators shall be final, and judgment shall be entered upon it in accordance with applicable law in any court having jurisdiction thereof. The County and TRLIA shall be entitled to recover from the defaulting Participant all costs and attorney fees if legal action is undertaken.

H. Section II(G) shall be valid until and unless Participant replaces this assurance with the lien on its property in the amount of the remaining Capital Calls for that Participant, established through the formation of a new Community Facilities District and/or Benefit Assessment District, if successful in their formation.

I. Further, if an individual Participant does not fund as required by the First Amendment to the Second Funding Agreement, the County may suspend all entitlements, not approve final maps, and shall suspend issuing building permits, even as to those building permits which may have already been funded by that Participant through previous advanced funding obligations. These penalties shall only apply to the defaulting Participant, and only until the default has been cured.

J. The Deferred Participant Obligation ($7.6 million) shall be funded through capital calls paid by Participants only after the Participant’s Levee Obligation ($22.4 million) amounts have been paid in full, or by CFD bonds, if a new CFD is established.

III. Yuba County Financial Obligation

A. The County advance funding obligation shall not exceed $23.3 million.

B. The County’s advance funding obligation will be funded through the issuance of Certificates of Participation (“COPs”), a long term debt borrowing commonly used by California Counties to fund essential capital projects, or other financing mechanism. COPs are repaid from the County’s legally available revenue, including the General Fund, impact fees, and other revenue sources that may be authorized in the future such as Community Facility Districts (“CFD”) and Assessment Districts (“AD”).

C. The County will issue COPs in the amounts necessary to fund the project based on the Approved Cashflow and Project Schedule, unless and until another funding mechanism is identified and approved pursuant to Section IV below.
IV. Consideration of the Creation of a Community Facility District and Benefit Assessment District

A. The Parties agree that a CFD and an AD can be mutually beneficial to all Parties by creating additional revenue streams to repay funds advanced and reduce future payments and provide additional security. Therefore, the Parties commit to work in good faith to pursue the formation of a CFD and/or an AD which provides such benefits.

B. If the creation of the new CFD and AD do not raise sufficient revenue to completely offset the funds to be advanced by the Participants and the County, the Participants and the County still remain responsible to advance the necessary funding as discussed above in Sections II and III.

C. The CFD and AD bonds issued will be subject to the County Land Secured Debt Policies, as may be amended from time to time, and the then-current underwriting standards.

V. New Funding Allocation

A. Additional funds, not otherwise discussed herein and received for the Levee Improvement Program from the State or Federal government or from other sources shall be used, to the extent possible, to repay the advancing of funds by the County.

B. After Open Enrollment, as discussed below in Section VII(A), any payments made by Deferred or Future Participant will be used to repay solely the advance of the Deferred Participants Levee Obligation by the County for 2 years from the date of the First Amendment. On the second anniversary of the First Amendment TRLIA shall complete the computation of the Final Par Amount pursuant to Section 16(B), and then repayment to County and Participants shall be consistent with the percentages for which Participants and County actually advanced, and were not repaid, for Deferred Participant Obligations. Any defaulting Participant will only be repaid advanced funds after all other Participants and County have been repaid.

C. Revenue received from Levee Impact Fees (other than Deferred and Future Participants) shall be used to repay the advancing of funds by the County.

D. Notwithstanding Section V(B) above, any Participant that funded a Deferred Participant Obligation pursuant to the Second Funding Agreement, prior to execution of the First Amendment, shall maintain their repayment position.
VI. Provisions of Development Agreement

A. The Parties agree that the Development Agreement will be formally approved for each Participant by County prior to the transfer of fund pursuant to II(C) above, subject to approval by County Board of Supervisors.

B. The Development Agreement will protect all Participants from (1) any new development impact fees or exactions that may be enacted by County; (2) any changes to the existing Capital Facilities Fees, except that Participants will agree to provide for any increase in the amount of 50% of any and all approved increases to the Traffic Impact (Road Improvements) Fee, which is part of the County Public Facilities Fee, in the event of an approval of an increase in such fee for an identified project and based on an approved nexus study, and (3) will provide for a 20 year map life for the current approved tentative maps owned by the Participants from the date of the First Amendment.

C. The term of the Agreement shall be 8 years from the date of the First Amendment.

D. If a Participant fails to make a required capital call, or fails to perform any provision under this First Amendment, subject to a 30-day cure period, the Development Agreement for that Participant shall become null and void.

VII Miscellaneous Provisions

A. An Open Enrollment Period of 60 days from the execution of the First Amendment shall be set up to encourage additional Participants. Any Deferred Participant that joins the funding program during the open enrollment period, shall reduce Participant and County funding obligations equally (50/50) up to $15.2 million. Any amount in excess of $15.2 million raised during open enrollment shall go solely to the County to repay their Deferred Participant Obligation.

B. Upon satisfaction of its own Capital Call obligation, there shall not be any limit, metering or allocation on issuance of building permits for such Participants.

C. It is anticipated that cost overruns will be covered by the currently existing contingency fund outlined in the budget, additional revenue received from impact fees, revenues received from RD.
784, and additional revenue received by TRLIA based on additional grant requests which may be made.

D. Assuming no default in funding by any individual Participant, Participant funding of its individual amount pursuant to the First Amendment shall be required so long as there is no restriction, moratorium or de facto moratorium on the issuance of building permits. However, in the event of any restriction, moratorium or de facto moratorium on the issuance of building permits, Participant’s shall be released from all funding obligations under the First Amendment until such time as the building permit restriction, moratorium or de facto moratorium has been removed.

E. Sections 6, 13, 14, and 15 of the Second Funding Agreement shall be modified to simplify the Capital Call process and ensure timely payment consistent with TRLIA's Capital Call requirements and provision of sufficient back-up information to the Participant Escrow Committee. Approval from the Participant Escrow Committee shall be revised to require only a majority vote of the quorum.

F. County shall be prepared to issue Levee Impact Fee Bonds, and Senior Levee Impact Fee Bonds pursuant to Exhibit M the Second Funding Agreement, upon Participant’s payment of Deferred Participants Levee Obligation.

G. Builder Bond program shall continue in place as set forth in the Second Funding Agreement secured by the existing CFD No. 2006-1 and CFD 2006-2.

H. Third Party Trustee shall be selected by TRLIA and County.

I. Participants and County shall each pay their own issuance costs for Builder Bonds and COPS' respectively. Costs of bond issuance for CFD and AD shall be split according to benefit received, i.e. offset to funding obligation.

J. The First Amendment shall not be effective unless executed by all Parties.

K. No other changes to the Second Funding Agreement.
EXHIBIT A

LIST OF PARTICIPANTS

1. Cresleigh Homes Corporation, a California Corporation
2. KB HOME Sacramento Inc., a California Corporation
3. K. Hovnanian Foremost Homes Northern, Inc.
4. Lennar Renaissance, Inc., a California Corporation
5. Matthews Land, Inc., a California Corporation
6. Meritage Homes of California, a California Corporation
7. Plumas Lake Holdings, LLC
8. Towne Development of Plumas Lake, LLC
   by Towne Development of Sacramento, Inc.
9. Western Pacific Housing Inc., a Delaware Corporation
### Exhibit B

**Participant Landowner Funding Proforma**

**$30 Million in Forward Funding**

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<tr>
<th>Southern Zone Builder</th>
<th>Assessed Project</th>
<th>(1) Prior Advance Funding</th>
<th>(2) Actual Aug-06 Payment</th>
<th>(3) Open Commitment Payments</th>
<th>(4) Actual Aug-06 Weekend Funding</th>
<th>(5) Proposed Dec-06 Payment</th>
<th>(6) Proposed Mar-07 Payment</th>
<th>(7) Proposed June-07 Payment</th>
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</tr>
<tr>
<td>Rio Del Oro 6 (1)</td>
<td>Rio Del Oro (Villa 70)</td>
<td>$0</td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
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<tr>
<td>Rio Del Oro Farms PDL</td>
<td>Rio Del Oro (Villa 64)</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>$0</td>
</tr>
<tr>
<td>Real Horse (Parkland)</td>
<td>Though House</td>
<td>$4,932,540</td>
<td>$0</td>
<td>$4,932,540</td>
<td>$0</td>
<td>$614,430</td>
<td>$614,430</td>
<td>$614,430</td>
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<tr>
<td>Tamaris</td>
<td>Rio Del Oro (Villa 14)</td>
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</tr>
</tbody>
</table>

**Subtotal - Southern Zone Participants**: $41,483,286

<table>
<thead>
<tr>
<th>(7) Total Local Contributions</th>
<th>(8) Total Local Contributions</th>
<th>(9) Total Local Contributions</th>
<th>(10) Total Local Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11,490,744</td>
<td>$1,227,911</td>
<td>$1,227,911</td>
<td>$1,227,911</td>
</tr>
</tbody>
</table>

**Total Local Contributions**

**Total Local Contributions**

NOTE 1: The figures represent dollar amounts in millions.

NOTE 2: BUILDING COSTS HAS BEEN ESTIMATED TO BE $800,000,000.

NOTE 3: The prices reflect estimated construction costs.

(1) As of the date this pro forma was drafted, 10 percent of theMARKET VALUE has been determined.

(2) Payments made after the final plan is approved.

(3) In accordance with the final agreement.