

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2011 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$39,030,000
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
(Santa Clara County, California)
Revenue Bonds, 2011 Series A

Dated: Date of Delivery

Due: August 1, as shown below

Authority for Issuance	The bonds captioned above (the "2011 Bonds") are being issued by the Mountain View Shoreline Regional Park Community (the "Community") under the Mountain View Shoreline Regional Park Community Act of California (the "Act") and an indenture of trust dated as of April 1, 1992, by and between the Community and Bank of America National Trust and Savings Association (as predecessor to U.S. Bank Trust National Association, which was the predecessor to the current trustee), as supplemented and amended to date, including a Fifth Supplemental Indenture of Trust dated as of July 1, 2011 (together, the "Indenture"), between the Community and U.S. Bank National Association, the current trustee. See "THE 2011 BONDS – Authority for Issuance."
Purpose of Financing	The 2011 Bonds are being issued to (i) refund the Community's Tax Allocation Bonds, 1996 Series A, (ii) to provide funds to acquire and construct certain capital improvements of benefit to the Community, (iii) make a deposit into the Reserve Sub-Account established for the 2011 Bonds, and (iv) to pay costs of issuing the 2011 Bonds. See "THE FINANCING PLAN."
Terms of Bonds; Book-Entry Only System	The 2011 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple of \$5,000, under the book-entry system maintained by DTC. Ultimate purchasers of 2011 Bonds will not receive physical certificates representing their interest in the 2011 Bonds. Interest on the 2011 Bonds will be payable on February 1 and August 1 each year, commencing February 1, 2012. See "THE 2011 BONDS" and Appendix G - "BOOK-ENTRY ONLY SYSTEM."
Redemption	The 2011 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to their stated maturity. See "THE 2011 BONDS – Redemption."
Security	The 2011 Bonds are special obligations of the Community and are secured by the Community's pledge of "Tax Revenues" (as defined in this Official Statement) received by the Community, consisting of a portion of all taxes levied upon all taxable property within the Community. The pledge of Tax Revenues for payment of the 2011 Bonds is on a parity with the pledge of Tax Revenues for payment of certain outstanding bonds previously issued by the Community. See "SECURITY FOR THE 2011 BONDS."
Risks of Investment	For a discussion of some of the risks associated with the purchase of the 2011 Bonds, see "RISK FACTORS."

THE 2011 BONDS ARE NOT A DEBT OF THE CITY OF MOUNTAIN VIEW, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREFOR NOR IN ANY EVENT SHALL THE 2011 BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE COMMUNITY AS SET FORTH IN THE INDENTURE. THE 2011 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION.

This cover page contains certain information for general reference only. It is not a summary of the 2011 Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(see inside cover)

The 2011 Bonds are offered when, as and if delivered and received by the Underwriter, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the Community by Jones Hall, as Disclosure Counsel to the Community, and the City Attorney of the City of Mountain View, as Community General Counsel. Certain legal matters will be passed upon for the Underwriter by Hawkins Delafield & Wood LLP, San Francisco, California. It is anticipated that the 2011 Bonds will be available for delivery to DTC on or about July 28, 2011.

STONE & YOUNGBERG

MATURITY SCHEDULE

\$26,000,000 Serial Bonds (Base CUSIP:† 624410)

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2012	\$1,450,000	2.000%	1.125%	100.874%	GB6
2013	1,495,000	3.000	1.625	102.705	GC4
2014	1,535,000	4.000	2.125	105.436	GD2
2015	1,595,000	4.000	2.580	105.374	GE0
2016	1,665,000	4.000	3.030	104.475	GF7
2017	1,735,000	4.000	3.400	103.235	GG5
2018	1,800,000	5.000	3.800	107.322	GH3
2019	1,890,000	5.000	4.150	105.741	GJ9
2020	1,985,000	5.000	4.400	104.422	GK6
2021	2,085,000	5.000	4.600	103.179	GL4
2022	695,000	5.000	4.800	101.574 C	GM2
2023	730,000	5.000	4.950	100.390 C	GN0
2024	765,000	5.000	5.100	99.057	GP5
2025	805,000	5.000	5.230	97.735	GQ3
2026	845,000	5.125	5.320	98.000	GR1
2027	885,000	5.250	5.400	98.405	GS9
2028	935,000	5.250	5.450	97.800	GT7
2029	980,000	5.375	5.500	98.582	GU4
2030	1,035,000	5.375	5.550	97.960	GV2
2031	1,090,000	5.500	5.600	98.805	GY6

\$5,005,000 5.625% Term Bond due August 1, 2035, Yield 5.780%, Price 98.000%,
CUSIP† No. 624410 GW0

\$8,025,000 5.750% Term Bond due August 1, 2040, Yield 5.850%, Price 98.610%,
CUSIP† No. 624410 GX8

† Copyright 2011, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the Community nor the Underwriter assumes any responsibility for the accuracy of this CUSIP data.

C = Priced to first par call on August 1, 2021.

REGIONAL LOCATION MAP



GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2011 Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Community, in any press release and in any oral statement made with the approval of an authorized officer of the Community, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Information Subject to Change. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Community since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Community or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2011 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the 2011 Bonds.

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

Document Summaries. All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the 2011 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 2011 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and the Underwriter may change those public offering prices from time to time.

No Registration or Qualification. THE 2011 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE 2011 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

COMMUNITY BOARD

Jac Siegel, *President*
R. Michael Kasperzak, Jr., *Vice President*
Margaret Abe-Koga, *Member*
Ronit Bryant, *Member*
John Inks, *Member*
Laura Macias, *Member*
Tom Means, *Member*

CITY OF MOUNTAIN VIEW AND COMMUNITY STAFF

Melissa Stevenson Dile, Interim City Manager and Interim Manager of the Community
Jannie Quinn, City Attorney and General Counsel of the Community
Patty J. Kong, City Finance and Administrative Services Director and Treasurer of the Community
Suzanne Niederhofer, Assistant Finance and Administrative Services Director
Lorrie Brewer, City Clerk and Secretary of the Community

Bond Counsel and Disclosure Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Underwriter's Counsel
Hawkins Delafield & Wood LLP
San Francisco, California

Trustee
U.S. Bank National Association
San Francisco, California

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OFFICIAL STATEMENT

\$39,030,000
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
(Santa Clara County, California)
Revenue Bonds, 2011 Series A

INTRODUCTORY STATEMENT

This introduction is not a summary of this Official Statement, and is qualified by the more complete and detailed information contained in the entire Official Statement and the documents described or summarized herein. The sale of the 2011 Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Indenture. See APPENDIX C.

General. This Official Statement, including the cover page and the appendices hereto, is provided to furnish information regarding the issuance by the Mountain View Shoreline Regional Park Community (the “**Community**”) of the bonds captioned above (the “**2011 Bonds**”).

Authority for Issuance. The 2011 Bonds will be issued under the Mountain View Shoreline Regional Park Community Act of California (the “**Act**”) and an Indenture of Trust dated as of April 1, 1992, by and between the Community and Bank of America National Trust and Savings Association (as predecessor to U.S. Bank Trust National Association, which was the predecessor to the current trustee), as supplemented and amended to date, including a Fifth Supplemental Indenture of Trust dated as of July 1, 2011 (together, the “**Indenture**”), between the Community and U.S. Bank National Association, the current trustee (the “**Trustee**”), and a resolution adopted by the Board of the Community on May 24, 2011.

The Community. The Community was created by a statute in 1969 for the purpose of providing for the development of 1,547 acres of bayfront lands within the City of Mountain View (the “**City**”), which in turn is located in the County of Santa Clara (the “**County**”), California.

The Community is not a redevelopment agency and is not governed by the provisions of the California Health and Safety Code concerning redevelopment agencies.

In 1977 the Community adopted the North Bayshore Area Plan providing for development in the Community. In order to finance the public improvements necessary to achieve the North Bayshore Area Plan's objectives, the Community has the authority to sell tax allocation bonds secured by a portion of the ad valorem taxes levied upon taxable property within the Community. See “THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY.”

The majority of the Community is developed and includes commercial office space, retail and office park complexes, research and development facilities, light manufacturing facilities, some residential development, a major shoreline regional park and recreational facility and certain other existing improvements. See "THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY."

The Fiscal Year 2010-11 total taxable value of the property in the Community is approximately \$2,401 million, the incremental valuation is approximately \$2,367 million, and the resulting Tax Revenues are anticipated to be approximately \$24.7 million. See "THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY."

Use of Proceeds. The Community intends to use the proceeds of the 2011 Bonds for the following purposes:

(i) to refund the Community's Tax Allocation Bonds, 1996 Series A (the "**1996 Bonds**"),

(ii) to provide funds to acquire and construct certain capital improvements of benefit to the Community,

(iii) to make a deposit into the Reserve Sub-Account established for the 2011 Bonds, and

(iv) to pay costs of issuing the 2011 Bonds.

See "THE FINANCING PLAN."

Security for the 2011 Bonds. The 2011 Bonds are special obligations of the Community payable from and secured by certain tax allocation revenues (the "**Tax Revenues**"), which consist primarily of those taxes received by the Community due to increases in assessed valuation taxable property in the plan area for the Community's North Bayshore Area Plan above the 1977-78 base year assessment roll. See "SECURITY FOR THE 2011 BONDS."

Outstanding Parity Bonds. The pledge of Tax Revenues for payment of the 2011 Bonds is on a parity with the pledge of Tax Revenues for payment of debt service on the following two outstanding issues of Bonds (collectively the "**Outstanding Parity Bonds**"):

- the Community's Tax Allocation Revenue Bonds, 2001 Series A (the "**2001 Bonds**"), which were issued in July 2001 in the principal amount of \$17,520,000 and are currently outstanding in the principal amount of \$8,345,000, and
- the Community's Tax Allocation Revenue Bonds, 2004 Series A (the "**2004 Bonds**"), which were issued in January 2004 in the principal amount of \$19,520,000 and are currently outstanding in the principal amount of \$11,420,000.

See "SECURITY FOR THE 2011 BONDS – Parity Pledge of Tax Revenues."

The 2011 Bonds, the Outstanding Parity Bonds and any future Parity Bonds issued under the Indenture are referred to collectively in this Official Statement as the "**Bonds**."

Issuance of Additional Bonds. The Community may issue future bonds payable from Tax Revenues on a parity with the 2011 Bonds and the Outstanding Parity Bonds, subject to the conditions set forth in the Indenture. See “SECURITY FOR THE 2011 BONDS – Additional Bonds.”

Summaries and Availability of Documents. There follows in this Official Statement descriptions of the Community, the City, the 2011 Bonds, the Indenture and certain other documents. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions. All statements herein with respect to such documents are qualified in their entirety by reference to each such document for the complete details of all of their respective terms and conditions. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Copies of the Indenture are available for inspection during business hours at the principal corporate trust office of the Trustee in San Francisco, California.

THE FINANCING PLAN

2011 Project

The Community will apply a portion of the proceeds of the 2011 Bonds to fund the acquisition and construction of the "2011 Project," which is generally defined in the Fifth Supplemental Indenture as the acquisition and construction of

(i) new athletic fields in the Community,

(ii) a new permanent fire station located in the Community, and

(iii) the Permanente Creek Trail overpassing at Highway 101, extending the Permanente Creek trail from the north side of Highway 101 to the south side of Old Middlefield Way,

or any other project contained in the North Bayshore Area Plan and approved by the Community.

Refunding Plan

Refunding of 1996 Bonds. The Community will apply a portion of the proceeds of the 2011 Bonds to provide for the refunding and legal defeasance of all of the outstanding 1996 Bonds, which were originally issued in August 1996 in the original principal amount of \$21,750,000 and are currently outstanding in the principal amount of \$13,035,000.

Escrow Fund. Concurrently with the issuance of the 2011 Bonds, the Trustee will establish a separate escrow fund under the Indenture (the "**Escrow Fund**") with a portion of the proceeds of the 2011 Bonds, and will apply those funds, together with other available funds relating to the 1996 Bonds, and other available funds of the Community to be deposited into the Escrow Fund, to the prepayment and defeasance of the 1996 Bonds on a current basis on August 1, 2011.

Amounts deposited in the Escrow Fund will be held uninvested, and will be in an amount sufficient to prepay the 1996 Bonds in full on August 1, 2011. As a result of the deposit and application of the Escrow Fund as provided in the Indenture, the 1996 Bonds will be defeased and all obligations thereunder discharged as of the closing date of the 2011 Bonds.

Moneys deposited in the Escrow Fund are pledged to payment of the 1996 Bonds and may not be used for payment of the 2011 Bonds.

Estimated Sources and Uses of Funds

The anticipated sources and uses of funds relating to the 2011 Bonds are as follows:

Estimated Sources of Funds:	
Principal Amount	\$39,030,000.00
Plus Net Original Issue Premium	424,336.35
Plus Amounts on Deposit with Respect to 1996 Bonds	<u>1,253,462.50</u>
TOTAL	\$40,707,798.85
Estimated Uses of Funds:	
Deposit to Escrow Fund [1]	\$13,393,462.50
Deposit to 2011 Project Fund	23,780,000.00
Costs of Issuance [2]	524,343.84
Deposit to Reserve Sub-Account [3]	<u>3,009,992.51</u>
TOTAL	\$40,707,798.85

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- [1] Represents funds to be applied to the refunding of the 1996 Bonds. See “– Refunding Plan” above.
- [2] Includes fees of Bond Counsel, Disclosure Counsel, Underwriter and the Trustee, costs of printing the Official Statement, rating agency fees, and other costs of issuing the 2011 Bonds.
- [3] Represents the Reserve Requirement with respect to the 2011 Bonds as of the Closing Date. See “SECURITY FOR THE 2011 BONDS – Reserve Account and Sub-Accounts.”

THE 2011 BONDS

This section provides summaries of the terms of the 2011 Bonds and certain provisions of the Indenture. See APPENDIX C for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

Authority for Issuance

The 2011 Bonds, are being issued under the Act, the Indenture, and a resolution adopted by the Board of the Community on May 24, 2011.

General

Dated Date and Denominations. The 2011 Bonds will be dated their date of delivery and issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple of \$5,000.

Calculation and Payment of Interest. The 2011 Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement and will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is after the 15th calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day and on or prior to the next Interest Payment Date, in which event interest is payable from such Interest Payment Date, and unless the date of authentication is prior to January 16, 2012, in which case such interest is payable from the date of original delivery; provided, however, that if, as of the date of authentication of any 2011 Bond, interest thereon is in default, that 2011 Bond will bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

Interest on the 2011 Bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2012 (each, an “**Interest Payment Date**”).

Registration, Transfer and Exchange. The Trustee will maintain at its corporate trust office books for the registration, exchange and transfer of the 2011 Bonds.

Registration Under Book-Entry Only System. The 2011 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). While the 2011 Bonds are held in the DTC book-entry system, all payments of principal and interest will be made to Cede & Co., as the registered Owner of the 2011 Bonds, for subsequent transmittal to the Beneficial Owners. See APPENDIX F - “**BOOK-ENTRY ONLY SYSTEM.**”

Redemption

Optional Redemption. The 2011 Bonds maturing on or after August 1, 2022 are subject to optional redemption in whole or in part, at the option of the Community, on any date on or after August 1, 2021, from any available source of funds, at a redemption price of par, plus accrued interest to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The 2011 Bonds maturing on August 1, 2035 (the “2035 Term Bonds”) are subject to redemption in part by lot, on August 1 in each year commencing August 1, 2032, from Sinking Account payments made by the Community under the Indenture, at a redemption price equal to the principal amount to be redeemed, without premium (or in lieu of purchase the Term Bonds are subject to purchase as described below), in the aggregate respective principal amounts and on the respective dates as set forth in the following tables:

2035 Term Bonds

Sinking Account Redemption Date (August 1)	Principal Amount of Term Bonds <u>To Be Redeemed or Purchased</u>
2032	\$1,150,000
2033	1,215,000
2034	1,285,000
2035 (maturity)	1,355,000

The 2011 Bonds maturing on August 1, 2040 (the “2040 Term Bonds”) are subject to redemption in part by lot, on August 1 in each year commencing August 1, 2036, from Sinking Account payments made by the Community under the Indenture, at a redemption price equal to the principal amount to be redeemed, without premium (or in lieu of purchase the Term Bonds are subject to purchase as described below), in the aggregate respective principal amounts and on the respective dates as set forth in the following tables:

2040 Term Bonds

Sinking Account Redemption Date (August 1)	Principal Amount of Term Bonds <u>To Be Redeemed or Purchased</u>
2036	\$1,430,000
2037	1,515,000
2038	1,600,000
2039	1,690,000
2040 (maturity)	1,790,000

If some but not all of the 2035 Term Bonds or 2040 Term Bonds have been redeemed through an optional redemption, the total amount of all future Sinking Account payments will be reduced by the aggregate principal amount of Bonds so redeemed, to be allocated among such Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Community.

Purchase in Lieu of Redemption. In lieu of mandatory sinking fund redemption of the 2035 Term Bonds or 2040 Term Bonds, amounts on deposit in the Special Fund or in the Sinking Account may also be used and withdrawn by the Community or the Trustee at any time, upon the Written Request of the Community, for the purchase of the Term Bonds 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 Account) as the Community may in its discretion determine. The par amount of any 2035 Term Bonds or 2040 Term Bonds so purchased by the Community in any twelve-month period ending on June 1 in any year will be credited towards and will reduce the par amount of the 2035 Term Bonds or 2040 Term Bonds required to be redeemed through mandatory sinking fund redemption on August 1 in such year.

Redemption Notices Will Be Delivered to DTC. So long as the Book-Entry System is used for the 2011 Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered Owners of 2011 Bonds only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2011 Bonds called for redemption or any other action premised on such notice. Beneficial Owners may desire to make arrangements with a DTC Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners, including notification of all interest payments, will be forwarded in writing by such DTC Participant. See APPENDIX F - "BOOK-ENTRY ONLY SYSTEM."

Redemption Notice. The Trustee, on behalf and at the expense of the Community, will send notice of any redemption by first class mail, at least 30 but not more than 60 days before the redemption date, to: (i) the respective Owners of any 2011 Bonds designated for redemption, at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and the Information Services.

However, such mailing is not a condition precedent to any redemption of the 2011 Bonds, and neither failure to mail or to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of any 2011 Bonds called for redemption or the cessation of the accrual of interest thereon.

Rescission of Notice of Redemption. The Community has the right to rescind any notice of the optional redemption of 2011 Bonds given under the Indenture by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2011 Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Community and the Trustee have no liability to the 2011 Bond Owners or any other party related to or arising from such rescission of notice of redemption.

The Trustee will mail notice of such rescission of notice of redemption in the same manner as the original notice of redemption was sent under the Indenture.

Manner of Redemption. Whenever any 2011 Bonds are to be selected for redemption and unless otherwise provided in the Indenture, the Trustee will select the 2011 Bonds or portions thereof to be redeemed among maturities so that approximately equal annual debt service results in each succeeding Bond Year, and by lot within a maturity.

Partial Redemption. If only a portion of any Bond is called for redemption, then upon surrender of such Bond the Community will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Community, a new Bond or Bonds of the same series and Principal Payment Date, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

SECURITY FOR THE 2011 BONDS

This section provides summaries of the security for the 2011 Bonds and certain provisions of the Indenture. See APPENDIX C for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

General

The 2011 Bonds and Interest thereon are secured by and payable from “**Tax Revenues**” allocated to the Community, which are defined under Sections 154 through 156 of the Act as that portion of taxes levied upon taxable property in the Community which is allocated and paid into the Special Fund of the Community. The Tax Revenues are also pledged on a parity basis to the payment of debt service on the Community’s Outstanding Parity Bonds. See “– Parity Pledge of Tax Revenues” below.

Tax Revenues are those taxes received by the Community due to increases in assessed valuation taxable property in the Community above the 1977-78 base year assessment roll. Tax Revenues include all payments and reimbursements, if any, to the Community specifically attributable to *ad valorem* taxes lost by virtue of tax exemptions and tax rate limitations.

Limited Obligation

THE 2011 BONDS ARE NOT A DEBT OF THE CITY, THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY, THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREFOR NOR IN ANY EVENT SHALL THE 2011 BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE COMMUNITY AS SET FORTH IN THE INDENTURE. THE 2011 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION.

Tax Allocation Financing

General. The Act provides a means for financing the North Bayshore Area Plan based upon an allocation of taxes collected within the Community.

The taxable valuation of taxable property within the Community last equalized prior to the adoption of the North Bayshore Area Plan (1977-78), or roll base, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing bodies thereafter receive the taxes produced by the levy of the current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll may be pledged by the Community to the repayment of any indebtedness incurred in financing or refinancing the North Bayshore Area Plan’s objectives.

The Community itself has no authority to levy property taxes and must look specifically to the allocation of taxes produced as indicated above.

Allocation of Taxes Levied in the Community. As provided in the North Bayshore Area Plan, and pursuant to the Indenture and the Act, taxes levied upon taxable property in the Community each year by or for the benefit of the State of California, the City, the County, and other taxing entities for fiscal years beginning with the effective date of the North Bayshore Area Plan, will be divided as follows:

1. The portion equal to the amount of those taxes that would have been produced by the current tax rate, applied to the assessed valuation of taxable property in the Community as last equalized prior to the adoption of the North Bayshore Area Plan or base roll will be, when collected, paid into the funds of those respective taxing agencies as taxes by or for taxing agencies.

2. That portion of taxes levied each year in excess of such amount, including all payments and reimbursements, if any, to the Community specifically attributable to *ad valorem* taxes lost by reason of tax rate limitations, will be allocated to, and when collected will be paid into a special fund of the Community to pay the principal of and interest on loans, money advanced to, or indebtedness incurred by the North Bayshore Area Plan. Such amounts are referred to in this Official Statement and the Indenture as "Tax Revenues."

Pledge of Tax Revenues

General. The 2011 Bonds are secured by a pledge of and lien on Tax Revenues, which are defined in the Act as that portion of taxes levied upon taxable property in the Community which is allocated and paid into the Special Fund of the Community.

Tax Revenues in the Special Fund, arising as above and necessary to pay Annual Debt Service and redemption premiums on the 2011 Bonds, are pledged to the payment of principal of, and interest on, and the redemption premium, if any, on the 2011 Bonds and any Parity Bonds issued under the Indenture and any applicable Supplemental Indentures until all of such bonds, and all interest thereon, have been paid, or until moneys have been set aside irrevocably for that purpose.

Parity Debt. The Tax Revenues are also the source of payment, on a parity with the 2011 Bonds, for the Outstanding Parity Bonds. See "– Parity Pledge of Tax Revenues" below.

Risks Associated with Tax Revenues. The Community has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of the Tax Revenues that would otherwise be available to pay the principal of, and interest on the 2011 Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "RISK FACTORS."

Reserve Account and Sub-Accounts

Establishment and Reserve Requirement. A debt service reserve account (the "**Reserve Account**") was established under the Indenture in connection with the issuance of the initial series of Bonds in 1992. The Reserve Account is held in trust by the Trustee.

The amount on deposit in the Reserve Account is required to be maintained at an amount equal to the "**Reserve Requirement**," which is defined under the Indenture, as of any date of calculation, as an amount equal to Maximum Annual Debt Service; provided that the Reserve Requirement, when applied to the use of proceeds of the issuance of a particular series of Parity Bonds, means the lesser of: (1) Maximum Annual Debt Service; or (2) 10% of the principal amount of such Parity Bonds; (3) Maximum Annual Debt Service on such Parity Bonds; or (4) 125% of Average Annual Debt Service on such Parity Bonds; and provided further, that when a subaccount has been created in the Reserve Account for one or more series of Bonds, and the use of the funds in such subaccount is restricted to the payment of

Debt Service on such series of Bonds, the Reserve Requirement for such series of Bonds may not at any time exceed Maximum Annual Debt Service on such series of Bonds for which such subaccount was created.

Separate Reserve Sub-Account for 2011 Bonds. The Reserve Requirement with respect to the 2011 Bonds will be satisfied through the deposit of a portion of the proceeds of the 2011 Bonds in the amount of \$3,009,992.51 into the 2011 Series A Bonds Reserve Subaccount within the Reserve Account. See “THE FINANCING PLAN - Estimated Sources and Uses of Funds.”

Amounts on deposit in the 2011 Series A Bonds Reserve Subaccount are available to pay debt service only on the 2011 Bonds, and any other Parity Debt hereafter issued that the Community elects to be secured by the 2011 Bonds Reserve Subaccount.

If the Community elects to secure additional Parity Debt with the 2011 Series A Bonds Reserve Subaccount, in order to satisfy the Reserve Requirement for the 2011 Bonds and such additional Parity Debt on a combined basis, the Community may establish additional sub-subaccounts within the 2011 Series A Bonds Reserve Subaccount as needed (for example, a sub-subaccount for the 2011 Bonds and a separate sub-subaccount for the additional Parity Debt for which such sub-subaccount may be created).

Amounts on deposit in the 2011 Series A Bonds Reserve Subaccount are not pledged toward or available to pay debt service on the Outstanding Parity Bonds.

Replenishment of 2011 Series A Bonds Reserve Subaccount. Under the Indenture, if a draw is made on the 2011 Series A Bonds Reserve Subaccount to pay debt service on the 2011 Bonds, such draw will be replenished from Tax Revenues on a proportionate basis with the draws on other subaccounts within the Reserve Account based on the respective Reserve Requirements with respect to each such subaccount without regard to whether a particular subaccount contained cash or a Qualified Reserve Fund Credit Instrument that was drawn upon.

Reserve Amounts for Outstanding Parity Bonds. The Reserve Requirement was satisfied in connection with the issuance of the Outstanding Parity Bonds through the deposit of separate “Qualified Reserve Fund Credit Instruments” (as defined below) at the time those series of Bonds were issued, as follows:

Outstanding Bonds	Stated Amount	Provider
2001 Bonds	1,653,638	MBIA
2004 Bonds	1,748,520	Ambac Assurance Corporation

The Qualified Reserve Fund Credit Instruments deposited with respect to Outstanding Parity Bonds are not available to pay the 2011 Bonds.

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation's bond insurance companies, including the providers of the Qualified Reserve Fund Credit Instruments shown in the table above. Further deterioration in the financial condition of the providers of the Qualified Reserve Fund Credit Instruments or a failure to honor a draw by any of these providers under its Qualified Reserve Fund Credit Instrument could occur.

The Community is not required under the Indenture to replace a Qualified Reserve Fund Credit Instrument with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. The Community currently has no plans to replace the Qualified Reserve Fund Credit Instruments in place for the Outstanding Parity Bonds.

If circumstances should ever cause a Qualified Reserve Fund Credit Instrument to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the portion of Reserve Requirement previously satisfied by such Qualified Reserve Fund Credit Instrument. Under the Indenture, if the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Community is required to transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the amount in the Reserve Account at the Reserve Requirement. Should the amount of Tax Revenues then available to maintain the Reserve Account at the applicable Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the Community to transfer available Tax Revenues to the Trustee would continue. No assurance can be given that there would ever be available Tax Revenues sufficient for such purpose.

Separate Sub-Accounts Authorized. Under the Fifth Supplemental Indenture, the Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds and any Parity Bonds in conformity with applicable provisions of the Tax Code to the extent directed by the Community in a Supplemental Indenture. Additionally, the Community may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve subaccount relating to any (but not necessarily all) Parity Bonds in order to maintain a combined reserve subaccount for the Bonds and any (but not necessarily all) Parity Bonds.

Application of Reserve Account. The Trustee will use amounts in the Reserve Account solely for making advances to the Tax Revenue Account to the extent that the Community fails to make payments of principal and interest on the Bonds in full when due.

If the Community fails to deposit with the Trustee on any Interest Payment Date the full amount of interest or principal required to be deposited under the Indenture, the Trustee will withdraw from the Reserve Account an amount equal to any such deficiency.

The Indenture provides that five days before each Interest Payment Date, the Community must withdraw from the Special Fund and transfer to the Trustee for deposit in the Reserve Account the amount necessary to bring the balance in the Reserve Account up to the Reserve Requirement.

If the amount on deposit in the Reserve Account on the next day after any Interest Payment Date exceeds the Reserve Requirement, the Trustee will withdraw from the Reserve Account all amounts in excess of the related Reserve Requirement and, transfer such amounts to the Interest Account.

Reserve Account Surety Bond in Lieu of Cash. The Community may at any time release funds from the Reserve Account upon tendering one or more Qualified Reserve Fund Credit Instruments, having a stated amount at least equal to the portion of the Reserve Requirement so released.

The Indenture defines "**Qualified Reserve Fund Credit Instrument**" as an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance

company and deposited with the Trustee, provided that certain requirements are met, as set forth in more detail in the Indenture. See APPENDIX C.

Parity Pledge of Tax Revenues

The pledge of Tax Revenues for payment of the 2011 Bonds is on a parity with the pledge of Tax Revenues for payment of all Outstanding Parity Bonds and any Parity Bonds issued in the future if the conditions set forth in the Indenture are met, as discussed below.

Additional Bonds

Issuance of Additional Parity Bonds. In addition to the 2011 Bonds, the Community may, by Supplemental Indenture, issue one or more series of bonds in the future (“Parity Bonds”) payable from Tax Revenues on a parity with the Bonds, in such principal amount as may be determined by the Community. The Community may issue and deliver any such other Parity Bonds subject to the specific conditions set forth in the Indenture, including the following (among others):

(a) The Community must be in compliance with all covenants set forth in the Indenture.

(b) The Tax Revenues for the then current fiscal year based on the County equalized assessed valuation of taxable property in the Community as evidenced in written documentation from the County, plus, at the option of the Community, the Additional Allowable Revenues, must at least equal 125% of Maximum Annual Debt Service on all Bonds and Parity Bonds that will be Outstanding following the issuance of the Parity Bonds.

(c) The Supplemental Indenture providing for the issuance of the Parity Bonds must provide that: (i) interest on the Parity Bonds is payable on February 1 and August 1 in each year of the term of such Parity Bonds except the first twelve month period, during which interest may be payable on any February 1 or August 1, provided that there is no requirement that such Parity Bonds pay current interest; (ii) the principal of such Parity Bonds is payable on August 1 in any year in which principal is payable; and (iii) money is deposited in the Reserve Account from the proceeds of the sale of said Parity Bonds in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement for the Bonds, taking into account the issuance of the Parity Bonds.

For purposes of the test for issuing Parity Bonds, “**Additional Allowable Revenues**” means, as of the date of calculation, the amount of Tax Revenues which, as shown in the report of an Independent Redevelopment Consultant, are estimated to be receivable by the Community within the fiscal year following the fiscal year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Community due to either (i) construction which has been completed but which is not then reflected on the tax rolls, or (ii) transfer ownership or any other interest in real property, which transfer is not then reflected on the tax rolls.

For purposes of this definition, the term “**increases in the assessed valuation**” means the amount by which the assessed valuation of taxable property in the Community is estimated to exceed the assessed valuation of taxable property in the Community (as evidenced in a written document from the County as of the date on which such calculation is made).

Issuance of Subordinate Debt. In addition to the 2011 Bonds, the Outstanding Parity Bonds and any future Parity Bonds issued under the Indenture, the Community may issue “**Subordinate Debt**,” which is defined in the Indenture as indebtedness issued or incurred by the Community which is either (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, or (b) secured by a pledge of or lien upon the Tax Revenues that is subordinate to the pledge of and lien upon the Tax Revenues securing the 2011 Bonds, the Outstanding Parity Bonds and any future Parity Bonds.

The Community currently has no subordinate debt outstanding.

DEBT SERVICE SCHEDULE

Scheduled debt service on the 2011 Bonds, the 1996 Bonds (only for the year ending August 1, 2011), the 2001 Bonds and 2004 Bonds, without regard to any optional or mandatory redemption for the 2011 Bonds, 2001 Bonds and 2004 Bonds, is shown in the following table:

**TABLE 1
Annual Debt Service**

Year Ending August 1	1996 Bonds Debt Service [1]	2001 Bonds Debt Service	2004 Bonds Debt Service	2011 Bonds Principal	2011 Bonds Interest	2011 Bonds Total	Total Combined Debt Service
2011	\$1,611,925	\$1,652,950.00	\$1,747,410	\$ -0-	\$ -0-	\$ -0-	\$5,012,285.00
2012		1,653,637.50	1,747,810	1,450,000	1,938,905.26	3,388,905.26	6,790,352.76
2013		1,650,912.50	1,743,950	1,495,000	1,893,881.26	3,388,881.26	6,783,743.76
2014		1,649,937.50	1,740,750	1,535,000	1,849,031.26	3,384,031.26	6,774,718.76
2015		1,650,650.00	1,744,000	1,595,000	1,787,631.26	3,382,631.26	6,777,281.26
2016		1,652,425.00	1,742,250	1,665,000	1,723,831.26	3,388,831.26	6,783,506.26
2017			1,742,000	1,735,000	1,657,231.26	3,392,231.26	5,134,231.26
2018			1,743,000	1,800,000	1,587,831.26	3,387,831.26	5,130,831.26
2019				1,890,000	1,497,831.26	3,387,831.26	3,387,831.26
2020				1,985,000	1,403,331.26	3,388,331.26	3,388,331.26
2021				2,085,000	1,304,081.26	3,389,081.26	3,389,081.26
2022				695,000	1,199,831.26	1,894,831.26	1,894,831.26
2023				730,000	1,165,081.26	1,895,081.26	1,895,081.26
2024				765,000	1,128,581.26	1,893,581.26	1,893,581.26
2025				805,000	1,090,331.26	1,895,331.26	1,895,331.26
2026				845,000	1,050,081.26	1,895,081.26	1,895,081.26
2027				885,000	1,006,775.00	1,891,775.00	1,891,775.00
2028				935,000	960,312.50	1,895,312.50	1,895,312.50
2029				980,000	911,225.00	1,891,225.00	1,891,225.00
2030				1,035,000	858,550.00	1,893,550.00	1,893,550.00
2031				1,090,000	802,918.76	1,892,918.76	1,892,918.76
2032				1,150,000	742,968.76	1,892,968.76	1,892,968.76
2033				1,215,000	678,281.26	1,893,281.26	1,893,281.26
2034				1,285,000	609,937.50	1,894,937.50	1,894,937.50
2035				1,355,000	537,656.26	1,892,656.26	1,892,656.26
2036				1,430,000	461,437.50	1,891,437.50	1,891,437.50
2037				1,515,000	379,212.50	1,894,212.50	1,894,212.50
2038				1,600,000	292,100.00	1,892,100.00	1,892,100.00
2039				1,690,000	200,100.00	1,890,100.00	1,890,100.00
2040				1,790,000	102,925.00	1,892,925.00	1,892,925.00
Total:	\$1,611,925	\$9,910,512.50	\$13,951,170	\$39,030,000	\$30,821,892.94	\$69,851,892.94	\$95,325,500.44

[1] The 1996 Bonds maturing on August 1, 2011, will be paid as scheduled through a deposit by the Community into the Escrow Fund. The remaining 1996 Bonds will be defeased and refunded with a portion of the proceeds of the 2011 Bonds. See "THE FINANCING PLAN."

THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

Background

Establishment of the Community. The Community was created on August 28, 1969 under the Act, which is a statute adopted by the State Legislature denominated the “Mountain View Shoreline Regional Park Community Act” (stats. 1969, ch. 1109).

Status of the Community Under State Law. *The Community is not a redevelopment agency and is not governed by the provisions of the California Health and Safety Code concerning redevelopment agencies.*

Authorization of North Bayshore Area Plan. On December 15, 1977 the Community's Board of Directors approved Resolution No. S-55 which adopted the North Bayshore Area Plan. The North Bayshore Area Plan provides for the development and improvement of the property within the Community, which consists of 1,547 acres of bayfront land located in the northeastern part of the City.

Development in the Community includes commercial office space, retail and office park complexes, research and development facilities, light manufacturing facilities, some residential development, a major shoreline regional park and recreational facility and certain other improvements. See “– Location,” “– Land Use Profile” and “– Major Existing Development” below.

Powers and Authority

The Community is a separate public body and exercises governmental functions in planning and carrying out its projects.

Under the Act, the Community can acquire, construct, reconstruct, alter, enlarge, lay, renew and replace facilities and works used or useful for (i) the production, storage, treatment and distribution of water for domestic and fire purposes, (ii) the collection, treatment and disposal of sewage, waste, storm and flood waters, (iii) street and highway lighting, (iv) streets, alleys, curbs, gutters, sidewalks and other public ways, (v) underground power and communication facilities, (vi) off-street parking lots, structures and facilities and (vii) reclamation of public and private lands by levees, bulkheads, breakwaters, fills and other works or structures useful therefor.

In order to finance the public improvements necessary to achieve the North Bayshore Area Plan's objectives, the Community has the authority to sell tax allocation bonds secured by a portion of the ad valorem taxes levied upon taxable property within the Community.

Staffing and Management

Under the Act, the City Council of the City serves as the Board of Directors of the Community and the City Manager is the Community's Manager.

The Community each year adopts an administrative budget. A portion of salaries and benefits of certain City staff members are budgeted and paid for by the Community. The Community funds administrative costs out of available revenues.

Short biographies of key staff is as follows:

Melissa Stevenson Dile is currently Interim City Manager and Interim Manager of the Community. Ms. Dile received a bachelor's degree from Mills College, and a Masters in Public Administration from San Jose State University.

Prior to joining the City of Mountain View, Melissa served as the Assistant City Manager for the City of Fremont and she worked for the City of Morgan Hill in a variety of capacities including Assistant to the City Manager and Acting Human Resources Manager. In those positions she has focused on human resources management, policy and budget development, information technology, performance measurement, communications, and housing and redevelopment.

Ms. Dile participated in the Management Talent Exchange Program sponsored by the Santa Clara County and San Mateo County City Managers' associations, working on a short-term basis for the Santa Clara Valley Water District.

Jannie Quinn, City Attorney, was appointed in May 2010. Ms. Quinn earned her Bachelor's of Arts degree in Psychology from University of California at San Diego and *juris doctorate* from University of San Diego. Ms. Quinn has served in the Mountain View City Attorney's Office since 1995. Ms. Quinn served as a Deputy City Attorney for the City of San Jose (1994-1995). Ms. Quinn has also engaged in the private practice of law, specializing in civil litigation and insurance defense (1989-1994).

Patty J. Kong, the City Finance and Administrative Services Director, was appointed to this position in March 2009. Prior to being appointed to this position, she served as the Assistant Finance and Administrative Services Director since 1991. Ms. Kong earned a Bachelor of Science degree in Business Administration from San Jose State University and is a certified public accountant. Prior to her current position, Ms. Kong was a manager at KPMG LLP, an international accounting and financial services firm.

Financial Statements

The Act requires the Community to file periodic reports of all financial transactions pursuant to Article 9 (commencing with Section 53890) of Division 2 of Title 5 of the Government Code, and to have prepared an annual audit of its transactions by a certified public accountant.

Attached as APPENDIX A are the audited financial statements of the Community (the "Financial Statements") for Fiscal Year ended June 30, 2010, prepared by the City Department of Finance and Administrative Services and audited by Maze & Associates Accountancy Corporation, Pleasant Hill, California (the "Auditor").

The Financial Statements should be read in their entirety. The Community has not requested nor did the Community obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the Community. In addition, the Auditor has not reviewed this Official Statement.

Location



The Community. The Community consists of 1,547 acres of land in the northeastern section of the City, abutting the San Francisco Bay. The Community is bounded by San Antonio Road on the west, the Bayshore Freeway (U.S. Highway 101) on the south and the San Francisco Bay on the north. A map of the Community appears on the following page.

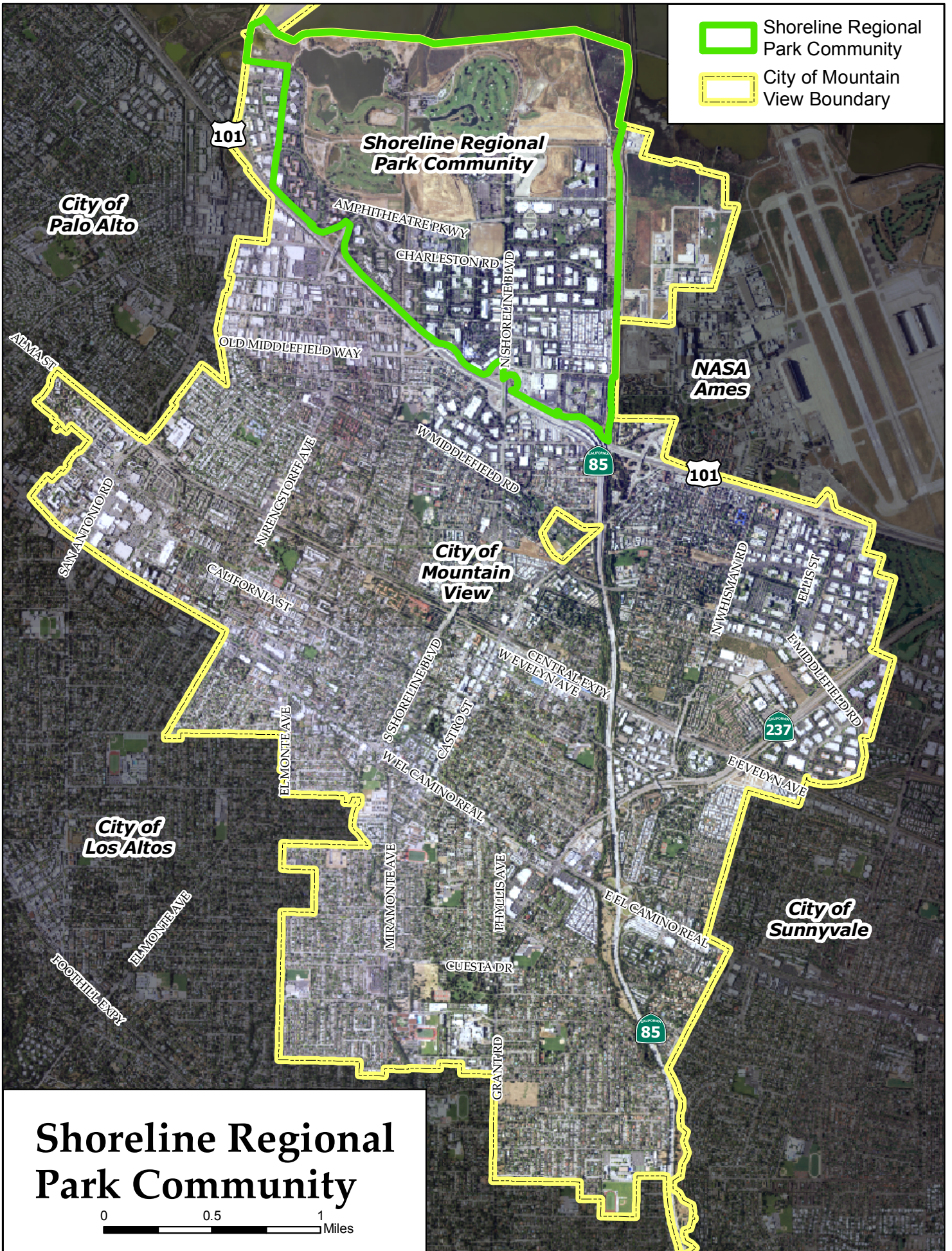
The City. The City is located approximately 36 miles southeast of the City and County of San Francisco and 15 miles northwest of the City of San Jose. The City is a part of the "Silicon Valley" area of Northern California and several high technology businesses are located within its boundaries. For certain information with respect to the City, see "THE CITY OF MOUNTAIN VIEW" and APPENDIX B - "GENERAL INFORMATION REGARDING THE CITY OF MOUNTAIN VIEW."

Land Use Profile and Current Development Summary

General. The Community consists of public and private land devoted to a planned mix of light industrial, commercial, residential, open space and recreational uses, as described below.

- Approximately 461 acres are privately owned land and are developed as corporate and research/development office space and some light manufacturing facilities; this area is occupied by several major high-technology and biotechnology firms.
- Approximately 16 acres are zoned for commercial uses and remain undeveloped.
- Approximately 40 acres are developed as residential property.
- Approximately 103 acres are leased to private entities for commercial ventures (including the Shoreline Amphitheater, a 25,000 seat amphitheater that serves as a major venue for concerts in the San Francisco Bay area) and approximately 18 acres remain vacant but have recently been leased to Google for possible development. See "– Projected Future Development" below.
- Approximately 909 acres are publicly owned, including Shoreline-at-Mountain View which contains a regional park, a Robert Trent Jones Jr.-designed golf course, a restaurant/club house, a sailing lake, trails and wildlife preservation lands.
- Other public properties, including City-owned land south of the park, Charleston Slough, Stevens Creek and Midpeninsula Open Space District lands, as well as the privately owned salt ponds, add to the public amenities for the adjoining private development.

-  Shoreline Regional Park Community
-  City of Mountain View Boundary



**Shoreline Regional
Park Community**

**City of
Palo Alto**

**NASA
Ames**

**City of
Mountain
View**

**City of
Los Altos**

**City of
Sunnyvale**

Shoreline Regional Park Community

0 0.5 1 Miles

Land Use Profile. The table below summarizes the current land uses within the Community.

**Table 2
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Current Land Use Profile**

	2010-11 <u>(Acres)</u>	% of <u>Total</u>
<u>Commercial/Light Industrial/R&D</u>		
Developed	461	29.8%
Undeveloped	<u>16</u>	<u>1.0</u>
Subtotal	477	30.8
<u>Residential</u>		
Occupied	40	2.6
Undeveloped	<u>0</u>	<u>0.0</u>
Subtotal	40	2.6
<u>Publicly Owned Privately Leased [1]</u>		
Shoreline Park Enterprises	20	1.3
Amphitheater	37	2.4
Charleston Industrial (Farmers Field)	21	1.4
Crittenden Industrial	25	1.6
Additional Undeveloped	<u>18 [2]</u>	<u>1.1</u>
Subtotal	121	7.8
<u>Public Owned</u>		
Shoreline-at-Mountain View	543	35.1
Vista Slope	66	4.3
Charleston Park	5	0.3
Crittenden Hill	44	2.9
Other [3]	<u>251</u>	<u>16.2</u>
Subtotal	909	58.8
 Total	 <u>1,547</u>	 <u>100.0%</u>

[1] Taxable leasehold interests.

[2] This property has been ground leased to Google for 595,000 square feet of Office/R&D (not yet developed). See “– Projected Future Development” below.

[3] Includes creeks and easements, parks, streets, and other public property.

Source: Mountain View Shoreline Regional Park Community.

Existing Development Summary. The Community contains a total of approximately 6.67 million square feet of office/industrial area and over 225,000 square feet of retail and museum space. Major office areas in the Community include the following:

- *Shoreline Technology Park*, consisting of 710,000 square feet of office and life science technology space.
- *Charleston/Shorebird Area*, encompassing over 985,000 square feet of office and industrial area.
- *Charleston South Area*, containing 1.59 million square feet of office buildings.

- *Garcia/Salado Area*, which includes 560,000 square feet of office parks.
- *The Googleplex*, the world headquarters of Google Inc., which contains 500,000 square feet.
- *The Crittenden campus*, leased to Google Inc., encompassing 535,000 square feet.
- *Microsoft campus* for 1,000 employees in five buildings containing 515,000 square feet.

The majority of existing development within the Community was completed by 2001, including the 470,000 square foot former Alza corporate offices (completed in 2000), the Microsoft Silicon Valley campus (completed in 2000), and the Crittenden campus (completed in 2000). More recent projects include the 26,000 square foot Mozart Car Museum (completed in 2011), a retail building on Shoreline Boulevard (14,000 square feet completed in 2006), and multiple City-owned improvements.

Projected Future Development. The City has recently leased 18.6 acres of land to Google Inc. for a 595,000 square foot office development. Construction on the development is expected to begin in 2012. Two additional office buildings have been proposed in the Community totaling approximately 210,000 square feet.

The City is currently revising the development policies for the Community area. If implemented as currently proposed, the new policies will substantially increase the allowed building area in the Community for office/R&D, commercial/retail and residential uses. Under the new policies, the City currently projects that an additional 3.2 million square feet of office/R&D uses, 235,000 square feet of retail/commercial uses, and 1,111 units of residential property could be developed by 2030. The new development policies will be formally proposed for adoption in 2012.

No assurance can be made that any future development will occur within the Community, or that the revised City development policies for the property within the Community will be adopted as currently proposed, if at all.

Major Property Tax Payers

The following table lists the ten largest property tax payers within the Community for Fiscal Year 2010-11, based on taxable valuation for Fiscal Year 2010-11.

Table 3
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Top Ten Property Tax Payers
Fiscal Year 2010-11

<u>Property Owner</u>	Number of Parcels	Secured Taxable Valuation (\$000s)	Unsecured Taxable Valuation (\$000s)	Total Taxable Valuation (\$000s)	Percent of Total Value [1]
1. Google Inc.	24/13 [2]	\$404,675	\$494,197	\$898,872	37.4%
2. HCP Life Science REIT Inc.	2	315,451	0	315,451	13.1
3. Mission West Shoreline LLC	2	175,434	0	175,434	7.3
4. Richard T. Peery	7	128,563	0	128,563	5.4
5. Microsoft Corporation	2	0	117,606	117,606	4.9
6. P. A. Charleston Road LLC	1	98,297	0	98,297	4.1
7. Cheryl A. S. Stacy 2009 Trust	3	70,186	0	70,186	2.9
8. Trust NOIP Charleston-Mountain View	2	66,841	0	66,841	2.8
9. Charleston Properties	3	40,602	0	40,602	1.7
10. BRCP Landmark LLC	2	38,114	0	38,114	1.6
Total for Top 10:		\$1,338,163	\$611,803	\$1,949,966	81.2%

[1] Based on 2010-11 total taxable value of \$2,400,761,637.

[2] Represents 24 secured parcels and 13 unsecured parcels.

Source: Santa Clara County Assessor 2010-11 Secured & Unsecured Tax Rolls.

Major tenants or occupants of the property listed in the table above include Google Inc., Actel, LinkedIn Corp., Complete Genomics, Inc., Microsoft, Inuit, CCP, Adaptive Planning, NetBase Solutions, and Pathworks Software.

Allocation of Taxes

Collection and Disbursement of Property Taxes. Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent after December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent after August 31.

The County Finance Director is responsible for the aggregation of the taxable values assigned by the Assessor as of the January 1 lien date for property within the boundaries of the Community. This results in the reported total current year Community taxable value and becomes the basis of determining tax increment revenues due to the Community.

Although adjustments to taxable values for property within the Community may occur throughout the fiscal year to reflect escaped assessments, roll corrections, etc., such adjustments are not assumed on the tax increment projection.

The County disburses secured tax increment revenue to all tax increment agencies in ten payments, five occurring between November and January based on December tax collections and five occurring between March and June from April collections.

The unitary roll revenue is remitted with secured tax increment revenue. Tax Revenue from the unsecured roll is distributed in October and April. Tax Revenue from supplemental assessments in the Community is separately distributed in installments to the Community.

Teeter Plan. The Board of Supervisors of the County adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**") in fiscal year 1992-93, as provided for in Section 4701 et seq. of the California Tax Revenue and Taxation Code.

Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. Unsecured taxes are not normally covered under the Teeter Plan.

In the County, the Community is covered under the so-called "modified Teeter Plan," the modification being that unsecured levies, as well as secured levies, are covered for tax increment revenues. Consequently, the Community can expect to receive the full increment of the current year's secured and unsecured assessed valuation, less the base year's secured and unsecured assessed valuation, with no adjustments for delinquencies, refunds or adjustments.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency.

The Community will continue to receive 100% of the annual tax increment without regard to actual collections in the Community so long as the Teeter Plan remains applicable to tax increment with respect to the Community. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan as to the Community if the delinquency rate for the Community in any year exceeds 3%.

Subordinate Tax Sharing Agreements

The Community has voluntarily entered into the following collaborative agreements with local governmental agencies. All payments by the Community under these agreements are made on a subordinate basis to the payment of debt service on the Bonds.

Education Enhancement Reserve JPA. In January 2006 the Community, the Mountain View-Los Altos Union High School District and the Mountain View Whisman School District (collectively, the "**School Districts**") entered into an agreement entitled "Educational Enhancement Reserve Joint Powers Agreement" (the "**JPA Agreement**") as a means for the Community to benefit local education in order to attract and retain a quality employment base and future supply of quality employees. Under the JPA Agreement, the Community agrees to make annual payments into separate reserve funds for each School District, which the School Districts are then entitled to draw on to make identified expenditures consistent with the

educational goals of the JPA Agreement. The annual contribution amount is increased to reflect assessed valuation growth, up to a maximum of 3% per year. The Community makes each deposit in July of each year from revenues received during the prior Fiscal Year, and is obligated to make deposits each year through the term of the JPA Agreement, which expires in 2023 (unless extended by agreement of the parties).

For Fiscal Year 2010-11, the Community contributed \$464,000 into each School District's respective account, for a total payment of \$928,000.

In April 2011 the Community and the School Districts entered into an amendment to the JPA Agreement, under which the Community agreed to make the following one-time payments: (a) in-lieu payments to the School Districts, instead of the payments described above, for Fiscal Years 2011-12 and 2012-13, equal to 20% of the revenues collected by the Community from property tax increment that would have been allocated to the School Districts in the absence of the Community, and (b) three payments to the reserve accounts established for each School District, each of which are to be made by June 30, 2011, July 31, 2011 and July 31, 2012. Thereafter, the Community's payment obligations will revert to those established under the original JPA Agreement as described above.

The Community estimates that its payment obligations under the JPA Agreement, as amended, will be as follows for the current and next four Fiscal Years:

Fiscal Year	Payment Amount
2010-11	\$3,928,000
2011-12	4,831,000
2012-13	4,854,000
2013-14	966,000
2014-15	994,000

The Community and the School Districts currently intend to have further discussions within the next two years regarding longer term modifications to the payments provided for in the JPA Agreement. Any payment obligations implemented under any future amendments to the JPA Agreement would be subordinate to the payment of debt service on the Bonds.

County Agreement. In June 2005 the Community, the City and the County entered into an agreement entitled "Agreement Between the County of Santa Clara, the City of Mountain View and the Mountain View Regional Shoreline Community for Funding the Acquisition of a Property Purchase and the Redistribution of Retirement Tax Levy and Other Funds" (the "**County Agreement**") under which, among other matters, the Community agrees to make the following payments to the County each year: (a) an amount equal to the County's total retirement tax override levy for all property within the Community, and (b) an annual payment based on a formula set forth in the County Agreement, currently equal to 20% of the revenues collected by the Community from property tax increment that would have been allocated to the County in the absence of the Community.

The Community's payment under the County Agreement for Fiscal Year 2010-11 was approximately \$2.3 million, and the Community estimates that its payment for Fiscal Year 2011-12 will be approximately \$2.3 million.

Application of ERAF

In recent years, the State has redirected property taxes from local governments, including the Community, to meet the State's requirements of funding schools by way of the Educational Revenue Augmentation Fund (“ERAF”). ERAF shifts from the Community for Fiscal Years 2004-05 and 2005-06 totaled approximately \$3.6 million in property tax revenues. See “–Historic Assessed Value and Tax Revenues –Historic Tax Revenues” and “RISK FACTORS – State Budget and Statewide Legislative Proposals.”

Historic Assessed Value and Tax Revenues

Historic Assessed Values. Resolution 8184, adopted February 10, 1969, endorsed a State law to create the Community. Subsequently, State Assembly Bill 1027 (1969) Chapter 1109 created the North Bayshore District with boundaries coterminous with the Community. The assessed value base was frozen in 1977-78 at \$9,315,169 (25% of market value). Beginning in 1981-82, all assessed values are expressed in terms of full market value. Since then the County has periodically made minor adjustments, but the frozen base has remained at its current level, \$33,888,148, since Fiscal Year 2001-02. The Community lost the growth portion of revenues to Proposition 13 until 1980-81, when it reached a point where tax increment revenues began to accrue. The Community receives tax increment revenues derived from the difference in the frozen base year and the current year assessed value.

The following table sets forth a history of the total taxable values and incremental values within the Community.

Table 4
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Total Net Taxable Value and Tax Increment Value
2001-02 through 2010-11

Fiscal Year	Local Net Secured Value [1]	Unsecured Value [2]	Total Net Taxable Value	Frozen Base Year Value	Incremental Valuation
2001-02	\$1,105,309,437	\$1,122,227,145	\$2,227,536,582	\$33,888,148	\$2,193,648,434
2002-03	1,218,546,635	861,222,087	2,079,768,722	33,888,148	2,045,880,574
2003-04	1,035,973,428	842,753,911	1,878,727,339	33,888,148	1,844,839,191
2004-05	905,806,526	782,994,872	1,688,801,398	33,888,148	1,654,913,250
2005-06	1,013,645,178	732,405,622	1,746,050,800	33,888,148	1,712,162,652
2006-07	1,226,454,234	954,750,278	2,181,204,512	33,888,148	2,147,316,364
2007-08	1,392,372,099	893,261,735	2,285,633,834	33,888,148	2,251,745,686
2008-09	1,457,492,634	671,621,028 [3]	2,129,113,662	33,888,148	2,095,225,514
2009-10	1,553,104,215	1,134,780,935	2,687,885,150	33,888,148	2,653,997,002
2010-11	1,550,431,939	850,329,698	2,400,761,637	33,888,148	2,366,873,489

[1] Net of homeowners' exemption.

[2] Unsecured values are self-reported by the taxpayer and can fluctuate over time, as further described below.

[3] Unsecured value lower due to the County temporarily removing two parcels from the tax roll in 2008-09 for valuation review. Returned to the tax roll as of Fiscal Year 2009-10.

Source: County of Santa Clara

Unsecured Assessed Valuations and Auditing. The County distributes a business property statement format to all businesses located within the County each January. The statement is to be used to report the cost of new equipment (plus shipping and installation costs), less any depreciation, purchased prior to January 1 (the annual lien date). This report is

used to establish the unsecured taxable value tax roll by the County for the upcoming July 1 fiscal year. The statement is completed by each business and is due on April 1. Penalties accrue for statements not received by May 7.

The unsecured taxable value is self-reported and the County conducts mandatory comprehensive audits every four years for companies reporting in excess of \$400,000. If the County discovers any discrepancies reported in the unsecured property statement, it assesses each business retroactively. Companies may appeal this reassessment, which must be heard by the County within two years. If the appeal is successful, a retroactive reduction in assessment and a refund of the unsecured property taxes is granted.

See “–Projected Tax Revenues– Growth in Unsecured Property Taxes” and “PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES–Property Tax Collection Procedures.”

Property Tax Rate Components. The tax rate includes the basic one percent levy, plus override levies (except those that were imposed to repay indebtedness approved by voters on or after January 1, 1989). The table below shows the components of the recent property tax rate in the Community.

**Table 5
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Tax Rates
Fiscal Years 2008-09, 2009-10 and 2010-11**

Typical Tax Rate per \$100 Assessed Valuation (TRA 05-004)

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
General Tax Rate	1.00000	1.00000	1.00000
County Retirement Levy	0.03880	0.03880	0.03880
County Bond - 2008 Hospital Facilities	N/A	0.01220	0.00950
Foothill College 2006	0.00170	0.02150	0.02070
Mountain View - Whisman School District Bond #5	0.03720	0.03890	0.03620
Mountain View - Los Altos High School District Bond #1	0.01480	0.01470	0.01510
Foothill-De Anza Community College District 1999	0.01060	0.01070	0.01190
El Camino Hospital 2003	0.01290	0.01290	0.01290
Santa Clara Valley Water District State Water Project	0.00590	0.00710	0.00700
Santa Clara Valley Water District Zone W-1 Bond	<u>0.00020</u>	<u>0.00030</u>	<u>0.00020</u>
Totals:	1.12210	1.15710	1.15230

Source: County of Santa Clara

Historic Tax Revenues. Set forth in the following table is a history of property tax revenues received by the Community for the past ten Fiscal Years. The revenues shown in this table include supplemental assessments, and reflect a reduction for the annual County administration fee (which was approximately \$283,500 for Fiscal Year 2009-10). Because the County has adopted the Teeter Plan, the Community’s Tax Revenues reflect actual levies rather than the total amount collected by the County. See “- Allocation of Taxes” above.

Table 6
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Historic Tax Revenues

<u>Fiscal Year</u>	<u>Tax Revenues</u>	<u>Percent Change</u>
2001-02	\$23,175,509	12.0%
2002-03	22,027,971	(5.0%)
2003-04	19,365,454	(12.1%)
2004-05	15,528,061 [1]	(19.8%)
2005-06	16,428,978 [2]	5.8%
2006-07	23,611,638	43.7% [3]
2007-08	24,232,314	2.6%
2008-09	22,338,885 [4]	(7.8%)
2009-10	29,101,871	30.3%
2010-11	24,738,000	(15.0%)

[1] Net of reduction for ERAF of \$1,806,500. Without this reduction, the percent change is (10.5%).

[2] Net of reduction for ERAF of \$1,806,500. Without this reduction, the percent change is 5.2%.

[3] Without ERAF reduction in prior fiscal year, the percent change is 29.5%

[4] Revenue lower due to County temporarily removing two parcels from the tax roll for valuation review.

Source: Mountain View Shoreline Regional Park Community

Appeals of Assessed Values

Appeal Procedure. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

See "PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES—Property Assessment Appeals and Reductions" for further information on appeals of assessed values.

Recent Appeals History–All Properties. The tables below provide a summary of assessment appeals activity within the Community for Fiscal Years 2008-09 through 2010-11, based on information obtained from the County Assessor.

Table 7A
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Summary of All Assessment Appeals, Resolved and Pending
2008-09 through 2010-11
(\$000's)

	Number of Parcels	Contested Value	Reduction Requested
2008-09	16	\$ 710,086	\$ 301,645
2009-10	43	1,996,946	523,522
2010-11	58	1,270,663	523,077
Totals	117	\$3,977,695	\$1,348,244

Source: Mountain View Shoreline Regional Park Community, based on information obtained from the Santa Clara County Assessor.

Table 7B
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Resolved Assessment Appeals
2008-09 through 2010-11
(\$000's)

	Number of Parcels	Contested Value	Reduction Requested	Reduction Granted	Reduction as a Percent of Contested Value
2008-09	16	\$ 710,086	\$301,645	\$27,305	3.8%
2009-10	32	877,743	395,600	28,099	3.2%
2010-11	7	95	24	0	0.0%
Totals	55	\$1,587,924	\$697,269	\$55,404	

Source: Mountain View Shoreline Regional Park Community, based on information obtained from the Santa Clara County Assessor.

Table 7C
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Pending Assessment Appeals
2008-09 through 2010-11
(\$000's)

	Number of Parcels	Contested Value	Reduction Requested
2008-09	0	N/A	N/A
2009-10	11	\$1,119,202	\$127,922
2010-11	51	1,270,569	523,054
Totals	62	\$2,389,771	\$650,976

Source: Mountain View Shoreline Regional Park Community, based on information obtained from the Santa Clara County Assessor.

Recent Appeals History—Major Property Tax Payers. The tables below provide a summary of assessment appeals activity for the top ten property tax payers within the Community for Fiscal Years 2008-09 through 2010-11, based on information obtained from the County Assessor. See “—Major Property Tax Payers” above.

Table 8A
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Summary of All Assessment Appeals, Resolved and Pending
Top Ten Property Tax Payers
2008-09 through 2010-11
(\$000's)

	Number of Parcels	Contested Value	Reduction Requested
2008-09	9	\$ 491,286	\$149,057
2009-10	30	940,524	415,864
2010-11	40	861,236	345,306
Totals	79	\$2,293,046	\$910,227

Source: Mountain View Shoreline Regional Park Community, based on information obtained from the Santa Clara County Assessor.

Table 8B
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Resolved Assessment Appeals
Top Ten Property Tax Payers
2008-09 through 2010-11
(\$000's)

	Number of Parcels	Contested Value	Reduction Requested	Reduction Granted	Reduction as a Percent of Contested Value
2008-09	9	\$ 491,286	\$149,057	\$22,655	4.6%
2009-10	23	748,886	324,639	25,099	3.4%
2010-11 [1]	2	0	0	0	0.0%
Totals	34	\$1,240,172	\$473,696	\$47,754	

[1] Dollar amounts are \$0 because duplicate appeals were submitted by tenants and property owners.
Source: Mountain View Shoreline Regional Park Community, based on information obtained from the Santa Clara County Assessor.

Table 8C
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Pending Assessment Appeals
Top Ten Property Tax Payers
2008-09 through 2010-11
(\$000's)

	Number of Parcels	Contested Value	Reduction Requested
2008-09	0	N/A	N/A
2009-10	7	\$ 191,638	\$ 91,225
2010-11	38	861,236	345,306
Totals	45	\$1,052,874	\$436,531

Source: Mountain View Shoreline Regional Park Community, based on information obtained from the Santa Clara County Assessor.

Proposition 8 Valuation Reductions. For Fiscal Year 2010-11, the Santa Clara County Assessor pro-actively provided Proposition 8 temporary property value reductions for 118,690 parcels throughout the County, representing a total reduction of \$23.8 billion or 8% of County-wide property values. See “PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES–Property Assessment Appeals and Reductions” for a further discussion of assessed valuation reductions under Proposition 8.

Future Appeals. The actual reductions in taxable values resulting from future appeals could be significant. Resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment. See “RISK FACTORS – Reduction in Tax Revenues.”

Projected Impact on Tax Revenues. The projections included in this Official Statement include certain assumptions regarding successful assessment appeals. See “– Projected Tax Revenues” below.

Projected Tax Revenues

The Tax Revenue projections for the Community are summarized below, and are based on the following assumptions:

Beginning Assessed Values. All projections commence with the reported values for Fiscal Year 2010-11.

Revenues. Projected revenues include revenues from the secured, unsecured and utility rolls, revenue from unitary assessments, and supplemental roll revenue.

Growth in Secured Assessed Values. For Fiscal Year 2011-12, property taxes are projected to increase by 0.753% (the increase in the California CPI). Also included is a 6% additional decline in assessed value for certain nonresidential property as a result of the County processing Proposition 8 reductions and assessment appeals. A small increase in assessed valuation resulting from changes in ownership experienced during 2010 is also added to the July 1, 2011 tax roll. This results in a net overall decline in property tax revenues for Fiscal Year 2011-12. For Fiscal Year 2012-13, an annual 2% California CPI increase was added for all properties excluding the nonresidential properties with a change in ownership subsequent to 2004, which have an additional 4% reduction factored in. The three remaining forecast years (Fiscal Years 2013-14 to 2015-16) assume an annual 2% growth based on California CPI. The remaining forecast years are believed to be conservative forecasts as they do not assume the restoration of Proposition 8 reductions that have already occurred as a result of the economic recession; any new development or redevelopment; or increases in assessed values due to a change in ownership.

Growth in Unsecured Property Taxes. Unsecured property taxes, including personal property, have varied significantly from year to year and can be highly dependent on business vacancies associated with the economic climate. This tax is self-reported by the taxpayer and audited by the taxing authority every five years, which can lead to fluctuations and uncertainty, making it difficult to forecast. Also included in unsecured property taxes is the possessory interest tax related to City-owned property leased to private companies (e.g., Google, Michaels at Shoreline, etc.). For Fiscal Year 2010-11, unsecured property values declined 25%. For the projections below, unsecured property taxes are projected as follows:

<u>Fiscal Year</u>	<u>Percentage Change</u>
2011-12	(10%)
2012-13	5%
2013-14	7%
2014-15	10%
2015-16	2%

Tax Rate. The assumed tax rate is 1%, plus override levies.

County Administrative Charge. The projected Tax Revenues are shown net of the County administrative charge.

Table 9
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Projected Tax Revenues
2011-12 through 2015-16
(\$000s)

<u>Fiscal Year</u>	<u>Total Net Taxable Value</u>	<u>Net Taxable Value over Base</u>	<u>Tax Revenues</u>
2011-12	2,274,304	2,240,416	23,496
2012-13	2,297,925	2,264,037	23,787
2013-14	2,384,086	2,350,198	24,683
2014-15	2,500,580	2,466,692	25,897
2015-16	2,550,610	2,516,722	26,414

Source: Mountain View Shoreline Regional Park Community.

Estimated Debt Service Coverage

The following table shows projected debt service coverage on the 2011 Bonds, the 1996 Bonds (only for the year ending August 1, 2011), the 2001 Bonds and the 2004 Bonds based on projected Tax Revenues from the Community.

Table 10
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Projected Debt Service Coverage
(\$000s)

Year Ending Aug. 1	Projected Tax Revenues [1]	Debt Service on Outstanding Parity Bonds [2]	Debt Service on the 2011 Bonds[3]	Total Debt Service	Estimated Debt Service Coverage
2011	\$24,738	\$5,012	\$ -0-	\$5,012	494%
2012	23,496	3,401	3,389	6,790	346%
2013	23,787	3,395	3,389	6,784	351%
2014	24,683	3,391	3,384	6,775	364%
2015	25,897	3,395	3,383	6,778	382%
2016	26,414	3,395	3,389	6,784	389%
2017	26,414	1,742	3,392	5,134	514%
2018	26,414	1,743	3,388	5,131	515%
2019	26,414		3,388	3,388	780%
2020	26,414		3,388	3,388	780%
2021	26,414		3,389	3,389	779%
2022	26,414		1,895	1,895	1,394%
2023	26,414		1,895	1,895	1,394%
2024	26,414		1,894	1,894	1,395%
2025	26,414		1,895	1,895	1,394%
2026	26,414		1,895	1,895	1,394%
2027	26,414		1,892	1,892	1,396%
2028	26,414		1,895	1,895	1,394%
2029	26,414		1,891	1,891	1,397%
2031	26,414		1,894	1,894	1,395%
2031	26,414		1,893	1,893	1,395%
2032	26,414		1,893	1,893	1,395%
2033	26,414		1,893	1,893	1,395%
2034	26,414		1,895	1,895	1,394%
2035	26,414		1,893	1,893	1,396%
2036	26,414		1,891	1,891	1,397%
2037	26,414		1,894	1,894	1,394%
2038	26,414		1,892	1,892	1,396%
2039	26,414		1,890	1,890	1,397%
2040	26,414		1,893	1,893	1,395%

[1] Calculated on a fiscal year basis as shown in the prior table. Projected Tax Revenues are held constant starting in the year ending August 1, 2016.

[2] Represents debt service on the 1996 Bonds, the 2001 Bonds and the 2004 Bonds for the year ending August 1, 2011 only; thereafter, represents debt service on the 2001 Bonds and the 2004 Bonds only. See "SECURITY FOR THE 2011 BONDS – Parity Pledge of Tax Revenues" and "DEBT SERVICE SCHEDULE." The 1996 Bonds maturing after August 1, 2011, will be defeased and refunded with a portion of the proceeds of the 2011 Bonds. See "THE FINANCING PLAN"

[3] Calculated on a Bond-year basis. Source: the Underwriter.

Source: Mountain View Shoreline Regional Park Community

THE CITY OF MOUNTAIN VIEW

The City is located approximately 36 miles southeast of the City of San Francisco and 15 miles northwest of the City of San Jose, in the “Silicon Valley” region of the San Francisco Bay area. The City was incorporated as a general law city in 1902 and became a chartered city in 1952. The City is governed by a seven-member elected City Council and is administered under the Council-Manager form of government.

For general and demographic information regarding the City, see “APPENDIX B - GENERAL INFORMATION REGARDING THE CITY OF MOUNTAIN VIEW.”

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 2011 Bonds. However, the following does not purport to be an exhaustive listing of risk and other considerations which may be relevant to investing in the 2011 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the 2011 Bonds. There can be no assurance that other risk factors will not become material in the future.

Reduction in Tax Revenues

Projections and Assumptions. To estimate the revenues available to pay debt service on the 2011 Bonds, the Community has made certain assumptions with regard to the assessed valuation of secured and unsecured taxable property in the Community, future tax rates, and percentage of taxes collected. The Community believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates, the percentage collected, the amount of the funds available for investment or the interest rate at which they are invested, are less than the Community’s assumptions, the Tax Revenues available to pay debt service on the 2011 Bonds will, in all likelihood, be less than those projected herein. See “THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY – Historic Assessed Value and Tax Revenues.”

Reduction in Assessed Valuation. Tax increment revenue allocated to the Community is determined in part by the amount of incremental assessed value in the Community and the current rate at which property in the Community is taxed.

Future reductions in assessed values of taxable property in the Community could be caused by many factors, including without limitation the following:

Economic Factors. Economic factors beyond the Community’s control, such as a relocation out of the Community by one or more major property owners, or a continued and prolonged economic downturn, could cause a long-term reduction in assessed values.

Assessed Value Appeals. Property owners may appeal to the County Assessor for a reduction of their individual assessed valuations. See “THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY – Appeals of Assessed Values.” In addition, the County Assessor could order a blanket reduction in assessed valuations based on then-current economic conditions. See “PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES - Property Assessment Appeals.”

Seismic and Environmental Events. The property in the Community could become subject to complete or partial destruction caused by natural disasters such as earthquakes, wildfires or flooding, which could result in a reduction of assessed values of the affected property. Although no known major faults exist within in City limits, earthquakes on major faults in the greater San Francisco Bay area (such as the San Andreas Fault west of the City and the Hayward and Calaveras Faults east of the City) could result in damage to buildings, roads, bridges, and property within the Community.

Hazardous Substances. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The discovery of hazardous substances on property within the Community could reduce the marketability and value of the property.

Eminent Domain. Under Article XIII A(2)(d) of the California Constitution and California Revenue and Taxation Code Section 68, a person who is displaced from property by eminent domain proceedings, or by governmental action resulting in a judgment of inverse condemnation, is permitted to transfer the adjusted base year value of the property from which the person is displaced to another comparable property anywhere within the State. Persons acquiring replacement property must request assessment pursuant to these provisions within four years of the date the property was acquired by eminent domain or purchase or the date the judgment of inverse condemnation becomes final. Such a reassessment affecting property in the Community could result in a reduction in assessed values within the Community.

Statewide Legislation. Actions of the California Legislature or electorate could adversely affect the existence or powers of the Community or the availability of future Tax Revenues.

Future reductions of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds, which in turn could impair the ability of the Community to make payments of principal of or interest on the Bonds when due.

Reduction in Tax Rates. While the Community is authorized to receive the Tax Revenues, it does not have the power to levy and collect property taxes directly. Accordingly, any reduction in tax rates, whether as a result of new statutes, constitutional amendment, changes in methods by which assessed valuation is established, the provisions of additional sources of revenues to taxing agencies which would reduce the need for Tax Revenues, or any increases in exemptions for the type of property to be located in a Community which are not offset by funds from other sources, would have the effect of reducing the Community’s Tax Revenues. Accordingly, such events could have an adverse impact on the ability of the Community to pay debt service on the 2011 Bonds.

Reduction in Inflationary Rate. As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent increase for any calendar year, or may be reduced to reflect a reduction in the California consumer price index or comparable local data.

Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation seven times:

<u>Fiscal Year</u>	<u>Inflationary Rate</u>
1983-84	1.000%
1995-96	1.190%
1996-97	1.110%
1999-00	1.853%
2004-05	1.867%
2010-11	(0.237%)
2011-12	0.753%

Fiscal year 2010-11 was the first time the inflationary value adjustment has been negative. The Community is unable to predict if any adjustments to the full cash value base of real property within the Community, whether an increase or a reduction, will be realized in the future.

Should the assessed value of real property not increase in future years at the allowed annual rate of 2%, the Community’s receipt of future Tax Revenues may be adversely affected and, consequently, so may the Community’s ability to pay debt service on the 2011 Bonds. See “PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES.”

Property Tax Collections and Concentration of Ownership. The Community has no independent power to levy and collect property taxes or to foreclose the lien of delinquent property taxes. Although the Community currently received 100% of its Tax Revenues from the County under the Teeter Plan, prolonged delinquencies in the payment of property taxes could cause the County to modify or eliminate the Teeter Plan with respect to the County, which would mean that the Community’s tax revenue receipts would become subject to property tax payment delinquencies.

In addition, the top ten property taxpayers in the Community are responsible for a significant portion of the property taxes collected within the Community. See “THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY” for a listing of the major property taxpayers within the Community.

State Budget and Statewide Legislative Proposals.

ERAF Reallocation. In connection with its approval of the budget for fiscal years 2004-05, and 2005-06, the State Legislature enacted legislation which, among other things, reallocated funds from the Community to school districts by shifting a portion of the Community’s tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the ERAF. See “THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY – Application of ERAF.”

Proposition 1A Borrowing by the State of California and Securitization. Under the provisions of Proposition 1A and as part of the fiscal year 2010 State budget package, the State borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes and supplemental property taxes, apportioned to the City and the Community. The State is required to repay the \$4.1 million borrowed from the City and the Community, plus interest, by June 30, 2013. Under the Proposition 1A Securitization Program authorized by the State, the City and the Community sold the Proposition 1A receivables to the California Statewide Communities Development Authority, which issued bonds to provide the City and the Community (and the other participants in the program) with the purchase price for the receivables. The City and the Community have no obligation on these bonds and no credit exposure to the State. As of June 30, 2010, the City and the Community received both installments due under this program and recorded them as property taxes in the same manner as if the State had not exercised its rights under Proposition 1A. Since sales proceeds to the City and the Community equal the book value of State borrowings no gain or loss was incurred.

Future State Action. The Community is not a redevelopment agency under State law. However, the Community cannot predict what actions will be taken in the future by the voters of the State, the State Legislature and the Governor to deal with changing State revenues and expenditures and the repercussions they may have on the current fiscal year State budget and future State budgets, or their impact on the Community. State legislative developments at the State level may, in turn, affect local governments and agencies, including the Community.

Information About the State Budget and the State. Information about the State budget and State spending is regularly available from various State offices, including the Department of Finance, the Office of the Legislative Analyst and the State Treasurer. However, none of such information is incorporated by such reference.

Limitation on Remedies

Remedies available to Bondowners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 2011 Bonds or to preserve the tax-exempt status of interest on the 2011 Bonds. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation, or modification of Bondowner rights.

In addition to the limitation on remedies contained in the Indenture, the rights and remedies may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors rights. The various legal opinions to be delivered concurrently with the delivery of the 2011 Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the 2011 Bonds, the Indenture, the 2011 Bonds and other related documents, by bankruptcy, reorganization, moratorium, insolvency, fraudulent conveyance or other similar laws relating to or affecting the enforcement of creditors' rights. Such opinions will also be subject to the application of equitable principles, to the exercise of judicial discretion in the appropriate cases and to the limitation on legal remedies against public agencies in the State.

Additionally, enforceability of the rights and remedies of the owners of the 2011 Bonds, and the obligations incurred by the Community, may become subject to laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the

reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. The exercise of powers by the Federal or State government, if initiated, and the assertion by the Community of its or their rights as a creditor, could subject the owners of the 2011 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code) which governs the bankruptcy proceedings for public agencies such as the Community, there are no involuntary petitions in bankruptcy. If the Community were to file a petition under Chapter 9 of the Bankruptcy Code, the owners of the 2011 Bonds could be prohibited from taking any steps to enforce their rights under the 2011 Bonds and the Indenture, and from taking any steps to collect amounts due from the Community under the 2011 Bonds.

Future Obligations Secured by Tax Revenues

The Community may issue Parity Bonds payable from Tax Revenues on a parity with the Bonds. The ability of the Community to enter into Parity Bonds is subject to certain requirements set forth in the Indenture. The Community may also issue bonds or enter into obligations payable from Tax Revenues which are subordinate to the Bonds. See "THE 2011 BONDS – Additional Bonds" and APPENDIX C.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2011 Bonds the Community has covenanted in the Indenture to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Internal Tax Revenue Code of 1986, as amended. The interest on the 2011 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the 2011 Bonds, as a result of acts or omissions of the Community. Should such an event of taxability occur, the 2011 Bonds are not subject to redemption or any increase in interest rates and will remain Outstanding until the maturity or until redeemed under one of the redemption provisions contained in the Indenture. See "TAX MATTERS."

PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on the secured property, regardless of the time of the creation of such other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer.

Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes that is delinquent. The taxing authority has four ways of collecting unsecured personal property taxes in the absence of timely payments by the taxpayer: (i) a civil action against the taxpayer; (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) 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 (iv) seizure and sale of personal property, improvements or possessory interests belonging or taxable to the assessee.

The County currently allocates property taxes to the Community based on 100% of the tax levy, irrespective of any delinquencies. However, there can be no assurance the County will continue such practice. See “County Teeter Plan” below.

A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

The assessed valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent after the following December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent after August 31 and such taxes are levied at the prior year’s secured tax rate.

The Santa Clara County Finance Director’s Office is responsible for making tax increment payments to the Community. As permitted by State law, the County charges the Community an administrative fee for collection and disbursement of tax revenues. The amount of the administrative fee is based on the Community’s proportional share of the County’s actual costs for the prior fiscal year. See “THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY – Historic Assessed Value and Tax Revenues.”

County Teeter Plan

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et. seq.* of the California Tax Revenue and Taxation Code, “to accomplish a simplification of the tax-levying and tax-apportioning process and an increased flexibility in the use of available cash resources.” This alternative method will, subject to the following, be used for distribution of the revenues with respect to the levy of *ad valorem* property taxes.

Pursuant to the Teeter Plan, each taxing entity in the County may draw on the amount of uncollected taxes and assessments credited to its fund, in the same manner as if the amount credited had been collected. Under the Teeter Plan, the County establishes a tax losses reserve fund and a tax resources account. The tax losses reserve fund is used exclusively to cover losses occurring in the amount of tax liens as a result of sales of tax-defaulted property. Moneys in this fund are derived from delinquent tax penalty collections.

The amount of taxes extended on a tax-defaulted property determines the cost of redeeming the property. If valuations of tax-defaulted property entered on the roll exceed 1% of the total roll, they are not included in any statement of equalized assessed valuations that are the basis for determining bond debt limitations. When tax-defaulted property is sold, the taxes and assessments which constitute the amount required to redeem the property are prorated between apportioned (Teeter) levies and unapportioned (or non-Teeter) levies. Amounts apportioned to the funds at the time of the levy are distributed to the apportioned tax resources accounts. The pro rata share of redemption penalties or interest collected on amounts levied but not apportioned to funds at the time of the levy is distributed to the respective funds. The balance of redemption penalties or interest, together with delinquency penalties, is apportioned to the tax losses reserve fund.

The County will be responsible for determining the amount of the *ad valorem* property taxes on each parcel, which will be entered onto the tax roll. Upon completion of the tax roll, the County Finance Director determines the total amount of taxes and assessments actually extended on the roll for each fund for which a tax levy has been included, and apportions 100% of the tax and assessment levies to that fund’s credit. Such moneys may thereafter be drawn against in the same manner as if the amount credited had been collected. The Board of Supervisors determines which moneys in the County treasury (including those credited to the tax losses reserve fund) shall be available to be drawn on to the extent of the amount of uncollected taxes credited to each fund for which a levy has been included. When amounts are received on the secured tax roll for the current year or for redemption of tax-defaulted property, Teeter Plan moneys are distributed to the apportioned tax resources accounts.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County has never received a petition from any governing board to discontinue the Teeter Plan. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* property taxes in the Community would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the Community.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedure under the Teeter Plan with respect to any tax or assessment levying community in the County if the rate of secured tax delinquency for that community in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls in for that community.

Property Tax Rate Limitations - Article XIII A

In 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIII A to the California Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value', or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment period." This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the event of declining property value caused by damage, destruction or other common factors. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978, by two-thirds of the voters voting on such indebtedness.

In 1986, the voters of the State of California approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provided that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the traditional practice of using 25% of full cash value as the assessed value for tax purposes). The legislation further provided a permanent system for sharing State taxes and budget surplus funds with local agencies would be established whereby cities and counties received about one-third more of the remaining property tax revenues collected under Proposition 13 instead of direct State aid. School districts received a correspondingly reduced amount of property taxes, but receive compensation directly from the State and was given additional relief. Chapter 282 does not affect the derivation of the base levy (\$4.00 per \$100 assessed valuation) and the bonded debt tax rate.

Effective as of the 1981-82 fiscal year, assessors in California no longer recorded property values in the tax rolls at the assessed value of 25% of market value. All taxable property value is now shown at full market value. In conformity with this change in procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of market value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for bond debt service and pension liability are also applied to 100% of market value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each community's allocation in the following year. The City and the community are unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above those described above, even with the approval of the affected voters.

Appropriations Limitation - Article XIII B

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. In 1990, the voters approved Proposition 111, which amended Article XIII B in certain respects. The principal effect of Article XIII B is to limit the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is the 1978-79 fiscal year and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment insurance and disability insurance funds. Proceeds of taxes include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues.

Proposition 218 – Articles XIII C and XIII D

On November 5, 1996, California voters approved Proposition 218 – Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges – Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Tax Revenues securing the 2011 Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

Future Initiatives

Article XIII A, Article XIII B and Proposition 87 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Community revenues or the Community's ability to expend revenues.

Property Assessment Appeals and Reductions

Owner Appeals. An assessee of locally-assessed or state-assessed property may contest the taxable value enrolled by the county assessor or by the State Board of Equalization (“SBE”), respectively. The assessee of SBE-assessed property or locally-assessed personal property, the valuation of which are subject to annual reappraisal, actually contests the determination of the full cash value of property when filing an assessment appeal. Because of the limitations to the determination of the full cash value of locally-assessed real property by Article XIII A, an assessee of locally assessed real property generally contests the original determination of the base assessment value of the parcel, i.e. the value assigned after a change of ownership or completion of new construction. In addition, the assessee of locally assessed real property may contest the current assessment value (the base assessment value plus the compounded annual inflation factor) when specified conditions have caused the full cash value to drop below the current assessment value.

At the time of reassessment, after a change of ownership or completion of new construction, the assessee may appeal the base assessment value of the property. Under an appeal of a base assessment value, the assessee appeals the actual underlying market value of the sale transaction or the recently completed improvement. A base assessment appeal has significant future revenue impact because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the two percent inflation factor allowable under Article XIII A, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Proposition 8 Appeals. Pursuant to Section 51(b) of the Tax Revenue and Taxation Code, the assessor may place a value on the tax roll lower than the compounded base assessment value, if the full cash value of real property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in the value. Reductions in value pursuant to Section 51(b), commonly referred to as Proposition 8 appeals, can be achieved either by formal appeal or administratively by assessor staff appraising the property. A reduced full cash value placed on the tax roll does not change the base assessment value. The future impact of a parcel subject to a Proposition 8 appeal is dependent upon a change in the conditions which caused the drop in value. In fiscal years subsequent to a successful Proposition 8 appeal, the assessor may determine that the value of the property has increased as a result of corrective actions or improved market conditions and enroll a value on the tax roll up to the parcel’s compounded base assessment value.

Utility Property. The taxable value of utility property may be contested by utility companies and railroads to the SBE. Generally, the impact of utility appeals is on the State-wide value of a utility determined by SBE. As a result, the successful appeal of a utility may not impact the taxable value of the property within the Community but could impact the Community’s allocation of unitary property taxes.

Impact of Appeals and Reductions. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the Santa Clara County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. Because the Santa Clara County Finance Director adjusts revenues to the Community to reflect roll corrections from successful appeals, the Community may bear the burden of appeals. The actual valuation impact to the Community from successful assessment appeals will occur on the assessment roll prepared after the actual valuation reduction. See “THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY – Appeals of Assessed Values” herein.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2011 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Community comply with all requirements of the Internal Revenue Code of 1986 (the "**Code**") that must be satisfied subsequent to the issuance of the 2011 Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Community has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2011 Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2011 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which 2011 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount is disregarded.

Under the Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2011 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2011 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2011 Bonds. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2011 Bonds who purchase the 2011 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2011 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2011 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2011 Bonds under federal individual and corporate alternative minimum taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the 2011 Bonds (said term being the shorter of the 2011 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2011 Bonds for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2011 Bond is amortized each year over the term to maturity of the 2011 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). Amortized 2011 Bond premium is not deductible for federal income tax purposes. Owners of Premium 2011 Bonds, including purchasers who do not purchase in the original offering, should

consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2011 Bonds.

In the further opinion of Bond Counsel, interest on the 2011 Bonds is exempt from California personal income taxes.

Owners of the 2011 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2011 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2011 Bonds other than as expressly described above.

CERTAIN LEGAL MATTERS

Upon the delivery of the 2011 Bonds, Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will issue its opinion approving the validity of the 2011 Bonds, the proposed form of which opinion is set forth in APPENDIX D hereto. Certain legal matters will also be passed upon for the Community by Jones Hall as Disclosure Counsel, and by the City Attorney of the City of Mountain View, as General Counsel of the Community.

ABSENCE OF LITIGATION

To the best knowledge of the Community, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental authority or body pending against the Community to restrain or enjoin the authorization, execution or delivery of the 2011 Bonds, or the pledge of the Tax Revenues or the collection of the payments to be made pursuant to the Indenture, or in any way contesting or affecting validity of the 2011 Bonds, the Indenture or the agreement for the sale of the 2011 Bonds.

A City resident has given public comment before the Community Board multiple times over a period of several months, most recently at its meeting on May 24, 2011, to the effect that he intends to bring a legal action seeking to enjoin the collection of certain Tax Revenues by the Community. No action has been brought as of the date of this Official Statement, and the Community believes that any such action, if brought, would be without merit.

RATING

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("**S&P**"), has assigned its municipal bond rating of "A" to the 2011 Bonds.

This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Community has provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement).

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APPENDIX A

**COMMUNITY AUDITED FINANCIAL STATEMENTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2010**

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MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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INDEPENDENT AUDITORS' REPORT

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The Board of Directors
Mountain View Shoreline Regional Park Community
City of Mountain View, California

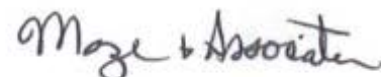
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain View Shoreline Regional Park Community (Shoreline Community), a component unit of the City of Mountain View, California, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Shoreline Community's component unit basic financial statements as listed in the Table of Contents. These component unit financial statements are the responsibility of the Shoreline Community's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Shoreline Community as of June 30, 2010 and the respective changes in the financial position and the respective budgetary comparison for the Special Revenue Fund for the fiscal year then ended, in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the component unit basic financial statements. The Supplemental Information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



September 3, 2010

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Mountain View Shoreline Regional Park Community's (Shoreline Community or SRPC) component unit basic financial statements presents a narrative overview and analysis of the financial activities of the Shoreline Community for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in our transmittal letter of the City of Mountain View (City).

FINANCIAL HIGHLIGHTS

The Shoreline Community's principal revenue source is incremental property taxes which, as a result of lower commercial vacancy rates and the growth in assessed values, increased significantly in fiscal year 2008 after four previous fiscal years of decline or low growth. A significant increase is reflected for fiscal year 2010 due to the County of Santa Clara (County) Assessor's Office reinstating two significant properties from the tax roll after revaluation, resulting in higher tax revenues for fiscal year 2010. Fiscal year 2010 financial highlights include the following:

- The assets of the Shoreline Community exceeded its liabilities at the close of the fiscal year ended June 30, 2010 by \$78.6 million (net assets). Of this amount, \$22.6 million (unrestricted net assets) may be used to meet the Shoreline Community's ongoing obligations.
- The Shoreline Community's total net assets increased by \$7.0 million during the fiscal year due primarily to an increase in property tax increment revenue from the reinstatement of the properties as previously discussed and an increase in net transfers.
- Shoreline Community-wide revenues included program revenues, general revenues and net transfers of \$35.3 million.
- Shoreline Community-wide expenses are \$28.3 million.
- Governmental fund balances increased to \$23.0 million in fiscal year 2010, an increase of \$10.0 million from the prior year's fund balances of \$13.0 million.
- Governmental fund revenues increased to \$30.3 million in fiscal year 2010, up \$7.0 million from the prior fiscal year's revenues of \$23.3 million.
- Governmental fund expenditures are \$24.9 million in fiscal year 2010, up \$8.8 million from the prior fiscal year's expenditures of \$16.1 million.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Shoreline Community's component unit basic financial statements. The Shoreline Community's

component unit basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Shoreline Community's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Shoreline Community's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Shoreline Community is improving or deteriorating.

The Statement of Activities presents information showing how the Shoreline Community's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as expenses pertaining to earned but unused vacation and sick leave.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Shoreline Community, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Shoreline Community's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Shoreline Community has four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the SRPC Special Revenue Fund,

SRPC 1996 Tax Allocation Bond Fund, SRPC 2001 Tax Allocation Bond Fund and SRPC 2004 Tax Allocation Bond Fund, all of which are reported as major funds.

The Shoreline Community adopts an annual appropriated budget for its Special Revenue Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Shoreline Community. Since the resources of these funds are not available to support the Shoreline Community's own programs, they are not reflected in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Since fiscal year 2002, the Shoreline Community has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local Governments. Two years of financial information is in the GASB Statement No. 34 format and a comparative analysis of government-wide data is included in this report.

Analysis of Net Assets

A summary of net assets follows:

	<u>2010</u>	<u>2009</u>
Assets:		
Current and other assets	\$ 33,705	24,041
Capital assets	<u>91,405</u>	<u>97,437</u>
Total assets	<u>125,110</u>	<u>121,478</u>
Liabilities:		
Current and other liabilities	11,073	11,459
Noncurrent liabilities	<u>35,419</u>	<u>38,394</u>
Total liabilities	<u>46,492</u>	<u>49,853</u>
Net Assets:		
Invested in capital assets, net of related debt	55,986	59,043
Unrestricted	<u>22,632</u>	<u>12,582</u>
Total net assets	<u>\$ 78,618</u>	<u>71,625</u>

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the Shoreline Community, assets exceeded liabilities by \$78.6 million at the end of the fiscal year. The components of net assets are as follows:

- The largest portion of the Shoreline Community's net assets of \$56.0 million is invested in capital assets, net of related debt.
- Another significant portion of the Shoreline Community's net assets of \$22.6 million is unrestricted, which may be used to meet the Shoreline Community's ongoing obligations.

The Shoreline Community's net assets increased \$7.0 million for the fiscal year. This is primarily due to revenues being higher than projected and transfers for capital projects.

Statement of Activities

A summary of the changes in net assets follows:

	<u>2010</u>	<u>2009</u>
Revenues:		
Program revenues	\$ 100	123
General revenues:		
Taxes	29,102	22,339
Interest earnings	1,086	858
Capital contributions	<u>324</u>	<u>9,313</u>
Total revenues	<u>30,612</u>	<u>32,633</u>
Expenses:		
General government	8,726	8,262
Public safety	113	100
Public works	8,684	617
Community development	339	272
Culture and recreation	8,452	7,753
Interest on long-term debt	<u>1,963</u>	<u>2,084</u>
Total expenses	<u>28,277</u>	<u>19,088</u>
Increase in net assets before transfers	2,335	13,545
Transfers (net)	<u>4,658</u>	<u>(14,653)</u>
Change in net assets	6,993	(1,108)
Beginning net assets	<u>71,625</u>	<u>72,733</u>
Ending net assets	<u>\$78,618</u>	<u>71,625</u>

The major component of the Shoreline Community's fiscal year 2010 revenues is \$29.1 million from property taxes. This amount compares with \$22.3 million in fiscal year 2009, an increase of \$6.8 million primarily due to the reinstatement of two properties to the tax roll by the County previously removed for revaluation and other increases in assessed values. Investment earnings accounted for \$1.1 million of Shoreline Community revenues, an increase of \$228,000 from the prior fiscal year. The increase in investment earnings reflects the Shoreline Community's portfolio share of the changes in the return on investments.

Expenses totaled \$28.3 million, of which \$8.7 million is for general government, \$8.7 million for public works, \$8.5 million for culture and recreation and \$2.0 million for interest on long-term debt.

FINANCIAL ANALYSIS OF THE SHORELINE COMMUNITY'S FUNDS

As noted earlier, the Shoreline Community uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Shoreline Community's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the Shoreline Community's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2010, the Shoreline Community's funds reported combined fund balances of \$23.0 million, an increase of \$10.0 million in comparison to the prior fiscal year's fund balances of \$13.0 million. Approximately \$22.9 million of this total amount represents unreserved fund balance, which is available for spending at the Shoreline Community's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for restricted purposes.

Revenues for the fiscal year ending June 30, 2010 totaled \$30.3 million, an increase of \$7.0 million, or 29.9 percent, over the prior fiscal year. Expenditures totaled \$24.9 million, an increase of \$8.8 million, or 54.6 percent, over the prior fiscal year.

The SRPC Special Revenue Fund is the general fund for the Shoreline Community and receives tax increment revenues on property within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community. At the end of the fiscal year, the unreserved fund balance is \$22.9 million while the total fund balance is \$23.0 million. As a measure of the fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to total fund expenditures. The unreserved fund balance represents 114.8 percent of the total fund expenditures of \$20.0 million, while the total fund balance represents 115.3 percent of that same amount.

The fund balance of the SRPC Special Revenue Fund increased by \$10.0 million during the current fiscal year. Key factors in this increase are as follows:

- Total revenues are \$30.3 million in fiscal year 2010, an increase of \$7.0 million from the prior fiscal year. Property tax increment revenues are \$29.1 million in fiscal year 2010, an increase of \$6.8 million from fiscal year 2009. Use of money and property increased \$228,000 to \$1.1 million, while other revenues decreased \$23,000 to \$100,000.
- Expenditures are \$20.0 million in fiscal year 2010, an increase of \$8.8 million from the prior fiscal year due to the contribution of \$8.1 million for the recycled water project.

- The Shoreline Community transferred \$4.9 million for debt service in other financing sources. Net transfers to and from the City of \$4.7 million consisted primarily of \$5.2 million for capital projects of the Shoreline Community.

The SRPC 1996 Tax Allocation Bond Fund accounts for resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 1996 Tax Allocation Bonds as they become due, which are more fully described in Note 6 to the financial statements.

Debt service expenditures included \$805,000 in principal retirement and \$789,000 in interest and fiscal payments in fiscal year 2010.

The SRPC 2001 Tax Allocation Bond Fund accounts for resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2001 Tax Allocation Refunding Bonds as they become due, which are more fully described in Note 6 to the financial statements.

Debt service expenditures included \$1.1 million in principal retirement and \$499,000 in interest and fiscal payments in fiscal year 2010.

The SRPC 2004 Tax Allocation Bond Fund accounts for resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2004 Tax Allocation Refunding Bonds as they become due, which are more fully described in Note 6 to the financial statements.

Debt service expenditures included \$1.2 million in principal retirement and \$566,000 in interest and fiscal payments in fiscal year 2010.

CAPITAL ASSETS

A summary of capital assets follows:

	Capital Assets (Dollars in thousands)	
	<u>2010</u>	<u>2009</u>
Land	\$14,332	14,332
Construction in progress	18,775	20,239
Buildings	9,416	9,416
Improvements other than buildings	67,341	66,827
Machinery and equipment	1,571	967
Traffic signals	746	746
Streetlights	1,014	1,014
Bridges and culverts	3,456	3,348
Sidewalks, curbs and gutters	7,421	7,421
Streets and roads	21,653	21,107
Less accumulated depreciation	<u>(54,320)</u>	<u>(47,980)</u>
Total	<u>\$91,405</u>	<u>97,437</u>

At the end of fiscal year 2010, capital assets recorded on the Shoreline Community's financial statements amount to \$91.4 million (net of accumulated depreciation). There are net additions of \$324,000 and transfers from construction in progress to \$1.8 million during fiscal year 2010. Net depreciation of \$6.3 million is provided for in fiscal year 2010. Further details on capital assets and depreciation charges may be found in Note 5.

DEBT ADMINISTRATION

As of June 30, 2010, the Shoreline Community has \$35.4 million of outstanding long-term debt and all debt principal payments were made as scheduled. The Shoreline Community's debt issues are discussed in detail in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- Overall property taxes for the Shoreline Community are expected to decline for the upcoming fiscal year due to the negative 0.237 California Consumer's Price Index applied to secured property, a projected decline in unsecured assessed values and supplemental taxes due to decreased sales activity and values.

These factors were considered in preparing the Shoreline Community's budget for fiscal year 2011.

REQUEST FOR INFORMATION

These financial statements are intended to provide citizens, taxpayers, investors and creditors with a general overview of the Shoreline Community's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance and Administrative Services Department, 500 Castro Street, Mountain View, California, 94039-7540 or *finance@mountainview.gov*.

PJK/4/FIN
546-09-24-10R-1^

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

**Statement of Net Assets
June 30, 2010 (Dollars in Thousands)**

Assets:	
Cash and investments (Note 3)	\$ 32,939
Receivables:	
Account	8
Interest	398
Cost of issuance, net of amortization	360
Capital assets (Note 5):	
Land and construction in progress	33,107
Other capital assets, net of depreciation	<u>58,298</u>
Total assets	<u>125,110</u>
Liabilities:	
Accounts payable and accrued costs	2,315
Interest payable	744
Advances from the City of Mountain View (Note 4)	8,011
Refundable deposits	3
Noncurrent liabilities (Note 6):	
Due within one year	3,215
Due in more than one year	<u>32,204</u>
Total liabilities	<u>46,492</u>
Net assets (Note 8):	
Invested in capital assets, net of related debt	55,986
Unrestricted	<u>22,632</u>
Total net assets	<u>\$ 78,618</u>

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

Statement of Activities

For the Fiscal Year Ended June 30, 2010 (Dollars in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental activities:			
General government	\$ 8,726	100	(8,626)
Public safety	113	0	(113)
Public works	8,684	0	(8,684)
Community development	339	0	(339)
Culture and recreation	8,452	0	(8,452)
Interest on long term debt	1,963	0	(1,963)
Total governmental activities	<u>\$ 28,277</u>	<u>100</u>	<u>(28,177)</u>
General revenues and transfers:			
Property taxes			29,102
Interest earnings			1,086
Capital contributions			324
Transfers from the City of Mountain View (Note 4)			9,571
Transfers to the City of Mountain View (Note 4)			<u>(4,913)</u>
Total general revenues and transfers			<u>35,170</u>
Change in net assets			6,993
Beginning net assets			<u>71,625</u>
Ending net assets			<u>\$ 78,618</u>

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

**Governmental Funds
Balance Sheet
June 30, 2010 (Dollars in Thousands)**

	<u>Shoreline Regional Park Community</u>	<u>Shoreline Regional Park Community 1996 TABs</u>	<u>Shoreline Regional Park Community 2001 TABs</u>	<u>Shoreline Regional Park Community 2004 TABs</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and Investments (Note 3)	\$ 32,939	0	0	0	32,939
Receivables:					
Accounts	8	0	0	0	8
Interest	398	0	0	0	398
Total assets	\$ 33,345	0	0	0	33,345
Liabilities and fund balances:					
Liabilities:					
Accounts payable and accrued costs	\$ 2,315	0	0	0	2,315
Refundable deposits	3	0	0	0	3
Advances from the City of Mountain View (Note 4)	8,011	0	0	0	8,011
Total liabilities	10,329	0	0	0	10,329
Fund balances (Note 8):					
Reserved for:					
Encumbrances	110	0	0	0	110
Unreserved:					
Designated for unrealized gain on investments	937	0	0	0	937
Undesignated	21,969	0	0	0	21,969
Total fund balances	23,016	0	0	0	23,016
Total liabilities and fund balances	\$ 33,345	0	0	0	

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 91,405

LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Governmental Funds:

Noncurrent liabilities	(35,419)
Interest payable	(744)
Cost of issuance	360
	<u>360</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 78,618

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

**Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2010 (Dollars in Thousands)**

	<u>Shoreline Regional Park Community</u>	<u>Shoreline Regional Park Community 1996 TABs</u>	<u>Shoreline Regional Park Community 2001 TABs</u>	<u>Shoreline Regional Park Community 2004 TABs</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 29,102	0	0	0	29,102
Use of money and property	1,086	0	0	0	1,086
Charges for services	48	0	0	0	48
Other	52	0	0	0	52
Total revenues	<u>30,288</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,288</u>
Expenditures:					
Current:					
General government	8,726	0	0	0	8,726
Public safety	110	0	0	0	110
Public works	8,645	0	0	0	8,645
Community development	339	0	0	0	339
Culture and recreation	2,133	0	0	0	2,133
Capital outlay	5	0	0	0	5
Debt service:					
Principal repayment	0	805	1,130	1,160	3,095
Interest and fiscal charges	0	789	499	566	1,854
Total expenditures	<u>19,958</u>	<u>1,594</u>	<u>1,629</u>	<u>1,726</u>	<u>24,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,330</u>	<u>(1,594)</u>	<u>(1,629)</u>	<u>(1,726)</u>	<u>5,381</u>
Other financing sources (uses):					
Transfers in (Note 4)	0	1,594	1,629	1,726	4,949
Transfers (out) (Note 4)	(4,949)	0	0	0	(4,949)
Transfers from the City of Mountain View (Note 4)	9,571	0	0	0	9,571
Transfers to the City of Mountain View (Note 4)	(4,913)	0	0	0	(4,913)
Total other financing sources (uses)	<u>(291)</u>	<u>1,594</u>	<u>1,629</u>	<u>1,726</u>	<u>4,658</u>
Net change in fund balances	10,039	0	0	0	10,039
Beginning fund balances	<u>12,977</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,977</u>
Ending fund balances	<u>\$ 23,016</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,016</u>

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

**Reconciliation of the
Net Change in Fund Balances -
Total Governmental Funds with the
Change in Net Assets - Governmental Activities
For the Fiscal Year Ended June 30, 2010 (Dollars in Thousands)**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 10,039

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Contributed capital assets by the City	324
Depreciation expense is deducted from the fund balance	(6,343)
Retirements, net	(13)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	3,095
Amortization of discounts and premiums on refunding is deducted from fund balance	(120)
Amortization of cost of issuance is deducted from fund balance	(40)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds (net change):

Interest payable	51
------------------	----

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 6,993

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

**Shoreline Regional Park Community
Statement of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2010 (Dollars in Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 22,923	22,923	29,102	6,179
Use of money and property	2,243	2,243	1,086	(1,157)
Charges for services	41	41	48	7
Other	35	35	52	17
Total revenues	<u>25,242</u>	<u>25,242</u>	<u>30,288</u>	<u>5,046</u>
Expenditures:				
Current:				
General government:				
City attorney	10	398	124	274
City manager	117	117	107	10
Finance and administrative services	8,079	8,507	8,495	12
Public safety:				
Fire	110	124	88	36
Police	26	26	22	4
Public works	652	669	8,645	(7,976)
Community development	370	423	339	84
Culture and recreation:				
Community services	2,485	2,632	2,133	499
Capital outlay	0	5	5	0
Total expenditures	<u>11,849</u>	<u>12,901</u>	<u>19,958</u>	<u>(7,057)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,393</u>	<u>12,341</u>	<u>10,330</u>	<u>(2,011)</u>
Other financing sources (uses):				
Transfers (out)	(4,957)	(4,957)	(4,949)	8
Transfers from the City of Mountain View	0	0	9,571	9,571
Transfers to the City of Mountain View	(5,486)	(5,906)	(4,913)	993
Total other financing sources (uses)	<u>(10,443)</u>	<u>(10,863)</u>	<u>(291)</u>	<u>10,572</u>
Net change in fund balances	2,950	1,478	10,039	8,561
Beginning fund balances	<u>12,977</u>	<u>12,977</u>	<u>12,977</u>	<u>0</u>
Ending fund balances	<u>\$ 15,927</u>	<u>14,455</u>	<u>23,016</u>	<u>8,561</u>

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

**Fiduciary Fund
Statement of Fiduciary Net Assets
June 30, 2010 (Dollars in Thousands)**

	<u>Agency Fund</u>
Assets:	
Cash and investments	<u>\$ 0</u>
Total assets	<u><u>\$ 0</u></u>
Liabilities:	
Due to others	<u>\$ 0</u>
Total liabilities	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT REPORTING POLICIES

The Mountain View Shoreline Regional Park Community (Shoreline Community) was established in 1969 pursuant to the provisions of the Mountain View Shoreline Regional Park Community Act. The purpose of the Shoreline Community is to provide for the development of approximately 1,550 acres of bayfront lands.

The Shoreline Community is an integral part of the City of Mountain View (City). It primarily services the City and the City's City Council serves as the governing body of the Shoreline Community. Therefore, the financial data of the Shoreline Community has also been included as a blended component unit within the City's comprehensive annual financial report for the fiscal year ended June 30, 2010.

The Shoreline Community's primary source of revenue is incremental property taxes, which are computed and allocated to the Shoreline Community in the following manner:

- a. The assessed valuation of all property within the Shoreline Community's boundaries is determined and "frozen" for allocation purposes on the date of adoption of the Shoreline Community by a designation of a fiscal year assessment roll.
- b. Increments in property taxes resulting from any increase in assessed values after the adoption of the Shoreline Community are allocated to the Shoreline Community; all property taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts receiving taxes within the Shoreline Community's boundaries.

The Shoreline Community has no power to levy or collect taxes. Any legislative property tax reduction would lower the amount of tax revenues that would otherwise be available to pay principal and interest on debt or loans from the City and any increase in the tax rate or assessed valuation or any elimination of present exemptions would increase the amount of tax revenues available for this purpose. The Shoreline Community is also authorized to finance the North Bayshore Plan from other sources, including assistance from the City, the State and federal governments, interest income and the issuance of Shoreline Community debt.

A. *Basis of Presentation*

The Shoreline Community's component unit basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S.A.). The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These standards require that the financial statements described below be presented.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements: The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Shoreline Community government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Shoreline Community's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Shoreline Community's funds, including fiduciary funds. Separate statements for each fund category – *governmental* and *fiduciary* are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

B. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total and five percent of the grand total. All of the Shoreline Community's funds are major funds, except for fiduciary funds.

The Shoreline Community reports the following major governmental funds in the accompanying financial statements:

Shoreline Regional Park Community Fund (Special Revenue) – This fund receives tax increment revenues on properties within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community.

Shoreline Regional Park Community 1996 Tax Allocation Bonds Fund (Debt Service) – This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 1996 Tax Allocation Bonds as they become due.

Shoreline Regional Park Community 2001 Tax Allocation Bonds Fund (Debt Service) – This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2001 Tax Allocation Bonds as they become due.

Shoreline Regional Park Community 2004 Tax Allocation Bonds Fund (Debt Service) – This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2004 Tax Allocation Refunding Bonds as they become due.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary fund. The Agency Fund accounts for assets held by the Shoreline Community as an agent for educational enhancement activities.

C. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when *measurable and available*. The Shoreline Community considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured or are expected to be paid in the coming fiscal year. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the Shoreline Community gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Those revenues susceptible to accrual include taxes and interest.

Certain indirect costs are included in program expenses reported for individual functions and activities.

D. Property Taxes

Santa Clara County (County) assesses properties and it bills, collects and distributes property taxes to the Shoreline Community. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 for the fiscal year.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the Shoreline Community in the fiscal year they are assessed, provided they become available as defined above.

E. Use of Estimates

The accompanying basic financial statements have been prepared on the modified accrual basis of accounting in accordance with generally accepted accounting principles. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

F. Proposition 1A Borrowing by the State of California and Securitization

Under the provisions of Proposition 1A and as part of the fiscal year 2010 budget package passed by the California State legislature on July 28, 2009, the State of California (State) borrowed 8.0 percent of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the Shoreline Community. The State is required to repay the \$1.7 million it borrowed from the Shoreline Community, plus interest, by June 30, 2013.

Authorized with the fiscal year 2010 State budget package was the Proposition 1A Securitization Program (Program), administered by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. Under the Program, the participating entities receive cash equal to their share of State borrowings and forego interest they otherwise would have received from the State on the unpaid borrowings. The Shoreline Community is a participant in the Program.

California Communities simultaneously purchased the Proposition 1A receivables from the Shoreline Community and other participants, and issued bonds to provide participants with proceeds to be remitted in two equal installments due on January 15, 2010 and May 3, 2010. All costs of issuance and interest were paid by the State. Participating local agencies have no obligation on the bonds and no credit exposure to the State. As of June 30, 2010, the Shoreline Community received both installments due under the Program and recorded them as property taxes in the same manner as if the State had not exercised its rights under Proposition 1A. Since sales proceeds to the Shoreline Community equal the book value of State borrowings no gain or loss was incurred.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgets and Budgetary Accounting*

The Shoreline Community adopts an annual budget on or before June 30 for the ensuing fiscal year for the Special Revenue Fund. All Debt Service is budgeted annually in the Special Revenue Fund, the fund obligated for such payments.

Budget appropriations become effective each July 1. The Shoreline Community may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund and department level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

The Special Revenue Fund's annual budget is presented on a basis consistent with the governmental financial statements prepared in accordance with generally accepted accounting principles.

Budgeted revenue amounts represent the original budget modified by adjustments authorized during the fiscal year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the fiscal year and reappropriated amounts for encumbrances outstanding at the end of each prior fiscal year. The Shoreline Community Board must approve appropriation increases to departmental budgets; however, management may transfer Board-approved budgeted amounts within fund and departmental expenditure classifications. Judgments, settlements and accrual entries are not subject to budgetary control and expenditures exceeding budget due to these items do not constitute a violation of budget policy or control. Supplemental appropriations were approved during the course of the fiscal year as needed.

The expenditures exceeded the budget in the Public Works function by \$8.0 million as of June 30, 2010. Accrual and accounting adjustments related to the funding of a joint recycled water pipeline project within Shoreline Community caused the variance. The Shoreline Community Board approved participation in the joint project managed by the City of Palo Alto by resolution in 2006 and 2007.

B. *Encumbrance Accounting*

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration. Encumbrances outstanding at fiscal year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are automatically reappropriated for inclusion in the following fiscal year's budget.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 3 – CASH AND INVESTMENTS

A. Classification

Cash and Investments are classified in the financial statements, based on whether or not their use is restricted under the terms of debt instruments. Investments are carried at fair value as of June 30, 2010. Cash and investments are as follows (dollars in thousands):

Cash and investments	\$ 32,939
Total Cash and investments	<u>\$ 32,939</u>

Cash and investments as of June 30, 2010 consist of the following (dollars in thousands):

City of Mountain View's Pooled Investments	\$ 26,016
Investments:	
Held by the Shoreline Community	<u>6,923</u>
Total Cash and investments	<u>\$ 32,939</u>

The Shoreline Community's cash is included in a City-wide cash and investments pool, the details of which are presented in the City's basic financial statements. The City's Investment Policy and the California Government Code permit investments in the following: Securities issued by the U.S. Government or an agency of the U.S. Government, mortgage-backed securities, commercial paper, banker's acceptances, medium term notes issued by U.S. corporations, mutual funds invested in U.S. Government securities, certificates of deposit, municipal bonds issued by the City or any of its component units and the State Treasurer's investment pool (Local Agency Investment Fund). As of June 30, 2010 the City's portfolio was composed primarily of investments in securities issued by the U.S. Government and its agencies and the Local Agency Investment Fund.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements

The Shoreline Community must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. The investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's Investment Policy. These debt agreements do not address interest rate risk, credit risk and concentration of credit risk. The table below identifies the investment types that are authorized for investments held by bond trustee:

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	No limit
U.S. Agency Securities	No limit
Deposit Accounts, Federal Funds and Banker's Acceptances	360 days
FDIC Insured Certificates of Deposit	No limit
Commercial Paper	270 days
Money Market Mutual Funds	No limit
State and Local Agency Bonds	No limit
Insurer approved Investment Contracts	No limit
Local Agency Investment Fund (LAIF)	No limit

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 3 – CASH AND INVESTMENTS (Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates, therefore, short term maturities reduce the Shoreline Community's exposure to interest rate risk. Information about the sensitivity of the fair values of the Shoreline Community's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the Shoreline Community's investments by maturity date (dollars in thousands):

Investment Type	Amount	Specific Identification Maturity Date
Held by Shoreline Community:		
Municipal Bonds:		
Revitalization Authority 2003 Tax Allocation Bonds	\$ 4,902	August 1, 2018
Revitalization Authority Registered Note	<u>2,021</u>	(A)
Total Cash and investments	<u>\$ 6,923</u>	

(A) The investment is held by the Shoreline Regional Park Community and was used to purchase property. This investment will mature upon sale of property.

D. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Shoreline Community's general Investment Policy, which is the City's policy, is to apply the prudent investors standard in managing the overall portfolio. This standard states that investments shall not be made for speculation but shall be made with judgment and care which investors of prudence, discretion and intelligence exercise considering the safety of principal as well as the income to be earned. The Municipal Bonds, which were issued by another component unit of the City, were not rated as of June 30, 2010.

E. Concentration of Credit Risk

The Shoreline Community is required to disclose investments that represent a concentration of 5.0 percent or more of investments in any one issuer other than U. S. Treasury securities, mutual funds and external investment pools. As of June 30, 2010, the Shoreline Regional Park Community Special Revenue Fund held \$6.9 million of Mountain View Revitalization Authority bonds and notes.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Board approval, resources may be transferred from one Shoreline Community fund to another. The purpose of the majority of transfers is to allocate resources from the fund that receives them to the fund where they will be spent without a requirement for repayment. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2010 were as follows (dollars in thousands):

	Transfers	
	In	Out
Major Governmental Funds:		
Shoreline Regional Park Community	\$ 0	4,949
Debt Service:		
1996 Tax Allocation	1,594	0
2001 Tax Allocation	1,629	0
2004 Tax Allocation	1,726	0
Total all funds	\$ 4,949	4,949

During fiscal year 2010 the Shoreline Community made transfers to the City in the amount of \$4.9 million to fund debt service payments, capital projects and retirees' health benefits. Transfers from the City to the Shoreline Community were \$9.6 million to return interest earnings on available capital projects balances and return unspent balances on completed capital projects.

B. Long-term Advances from the City

Improvements to the Shoreline Community have been partially funded by advances from the City. The Shoreline Community's management believes that future property tax increment revenues will be sufficient to repay the advances. The advances of \$8.0 million from the City will be repaid at 10.0 percent in six remaining equal annual installments. During fiscal year 2010, a payment of \$994,000 was made.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 5 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Shoreline Community defines capital assets as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of two years.

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated. The Shoreline Community has assigned the useful lives listed below to capital assets.

Buildings	25 to 50 years
Improvements other than buildings	5 to 50 years
Machinery and equipment	3 to 10 years
Traffic signals	20 years
Streetlights	50 years
Bridges and culverts	60 years
Sidewalks, curbs and gutters	40 years
Streets and roads	40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 5 – CAPITAL ASSETS (Continued)

A. Capital Asset Activity

Capital assets activity for the fiscal year ended June 30, 2010 is as follows (dollars in thousands):

	Balance at June 30, 2009	Additions	Deletions	Transfers	Balance at June 30, 2010
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$ 14,332	0	0	0	14,332
Construction in progress	20,239	3,481	(3,157)	(1,788)	18,775
Total capital assets not being depreciated	34,571	3,481	(3,157)	(1,788)	33,107
Capital assets being depreciated:					
Buildings	9,416	0	0	0	9,416
Improvements other than buildings	66,827	0	0	514	67,341
Machinery and equipment	967	0	0	604	1,571
Traffic signals	746	0	0	0	746
Streetlights	1,014	0	0	0	1,014
Bridges and culverts	3,348	0	(16)	124	3,456
Sidewalks, curbs and gutters	7,421	0	0	0	7,421
Streets and roads	21,107	0	0	546	21,653
Total capital assets being depreciated	110,846	0	(16)	1,788	112,618
Less accumulated depreciation for:					
Buildings	(3,478)	(218)	0	0	(3,696)
Improvements other than buildings	(29,957)	(5,116)	0	0	(35,073)
Machinery and equipment	(341)	(200)	0	0	(541)
Traffic signals	(368)	(18)	0	0	(386)
Streetlights	(370)	(25)	0	0	(395)
Bridges and culverts	(1,195)	(81)	3	0	(1,273)
Sidewalks, curbs and gutters	(3,270)	(177)	0	0	(3,447)
Streets and roads	(9,001)	(508)	0	0	(9,509)
Total accumulated depreciation	(47,980)	(6,343)	3	0	(54,320)
Net capital assets being depreciated	62,866	(6,343)	(13)	1,788	58,298
Governmental activity capital assets, net	\$ 97,437	(2,862)	(3,170)	0	91,405

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 5 – CAPITAL ASSETS (Continued)

B. Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function for the fiscal year ended June 30, 2010 are as follows (dollars in thousands):

Governmental Activities:	
Public safety	\$ 3
Public works	39
Culture and recreation	<u>6,301</u>
Total	<u>\$ 6,343</u>

NOTE 6 – NONCURRENT LIABILITIES

The Shoreline Community generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The Shoreline Community's debt issues and transactions are summarized below and discussed in detail thereafter.

A. Composition and Changes

Noncurrent liabilities activity for the fiscal year ended June 30, 2010 is as follows (dollars in thousands):

	Original Issue Amount	Balance June 30, 2009	Retirements	Balance June 30, 2010	Due Within One Year
1996 Tax Allocation Bonds					
4.0% to 5.6%, due 2021	\$ 21,750	14,685	(805)	13,880	845
2001 Tax Allocation Refunding Bonds					
3.5% to 5.25%, due 2016	17,520	10,650	(1,130)	9,520	1,175
Less deferred amount on refunding	(2,419)	(1,131)	161	(970)	0
2004 Tax Allocation Refunding Bonds					
2.0% to 5.0%, due 2018	19,520	13,775	(1,160)	12,615	1,195
Plus deferred premium	619	415	(41)	374	0
Total	<u>\$ 56,990</u>	<u>38,394</u>	<u>(2,975)</u>	<u>35,419</u>	<u>3,215</u>

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 6 – NONCURRENT LIABILITIES (Continued)

B. Description of Noncurrent Liabilities

1996 Tax Allocation Bonds Shoreline Regional Park Community - On August 15, 1996, the Shoreline Community issued \$21.8 million of 1996 Tax Allocation Bonds, 1996 Series A, to provide financing for land purchases, including road, water, sewer and other public improvements within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community.

2001 Tax Allocation Refunding Bonds Shoreline Regional Park Community - On July 24, 2001, the Shoreline Community issued \$17.5 million of Tax Allocation Refunding Bonds, 2001 Series A, to refund and retire a portion of the Shoreline Community's 1992 Tax Allocation Bonds. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community.

2004 Tax Allocation Refunding Bonds Shoreline Regional Park Community - On December 16, 2003, the Shoreline Community issued \$19.5 million of Tax Allocation Refunding Bonds, 2004 Series A, to refund the Shoreline Community's 1993 Tax Allocation Bonds. As of June 30, 2010, the 1993 Tax Allocation Bonds outstanding with a final maturity value of \$13.1 million are considered defeased. The Bonds were issued at a premium of \$619,000, which will be amortized over the remaining life of the debt issue. The refunding resulted in a \$2.4 million savings in total debt service. The net present value of the savings resulted in an economic gain of \$1.9 million. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community.

C. Debt Service Requirements

The pledge of future tax increment revenues ends upon repayment of the \$45.7 million in remaining debt service on the Shoreline Community's Tax Allocation Bonds which is scheduled to occur in 2021. For fiscal year 2010 tax increment revenues amounted to \$29.1 million which represented coverage of 5.8 over the \$5.0 million in debt service.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 6 – NONCURRENT LIABILITIES (Continued)

Annual debt service requirements to maturity is as follows (dollars in thousands):

For the Fiscal Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2011	\$ 3,215	1,719	4,934
2012	3,360	1,572	4,932
2013	3,525	1,408	4,933
2014	3,680	1,241	4,921
2015	3,845	1,066	4,911
2016-2020	15,420	2,499	17,919
2021-2022	2,970	166	3,136
Total	\$ 36,015	9,671	45,686

Reconciliation of long-term debt principal (dollars in thousands):

Principal requirement as reported above	\$ 36,015
Less deferred amount on refunding	(970)
Plus deferred premium	374
Total long-term debt principal, net	\$ 35,419

NOTE 7 – RISK MANAGEMENT

The Shoreline Community is covered under the City’s insurance program. The City is exposed to various risks of loss related to torts, errors and omissions, injuries to employees or others, unemployment and certain health care benefits of employees. The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Under the self-insurance programs, the City retains the risk of loss up to a maximum of \$1.0 million for general liability claims, \$500,000 for workers’ compensation claims with statutory excess insurance and actual costs incurred for unemployment and certain health care benefits.

For general liability claims, the City has excess liability coverage through the Authority for California Cities Excess Liabilities (ACCEL) to cover the risk of loss for claims in excess of \$1.0 million per incident. ACCEL is a joint powers authority of medium-sized California municipalities which pools catastrophic general liability, automobile liability and public officials’ errors and omissions losses. ACCEL coverage consists of an excess pooled layer of \$4.0 million and an additional excess insurance policy purchased for \$45.0 million for a total limit of \$49.0 million per occurrence, with an aggregate limit of \$50.0 million.

Additional information regarding the City’s insurance programs can be found in the City’s June 30, 2010 Comprehensive Annual Financial Report.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 8 – NET ASSETS AND FUND BALANCES

A. Net Assets

Net assets are the excess of all the Shoreline Community's assets over all its liabilities, regardless of fund. Net assets are divided into three captions on the Statement of Net Assets. These captions apply only to net assets, which is determined only at the Government-wide level and are described below:

Invested in Capital Assets, net of related debt describes the portion of net assets which is represented by the current net book value of the Shoreline Community's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Shoreline Community cannot unilaterally alter. These principally include debt service requirements.

Unrestricted describes the portion of net assets which is not restricted as to use.

B. Fund Balances, Reserves and Designations

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

Fund balances consist of reserved and unreserved amounts. Reserved fund balances represent that portion of fund balance which are not available for appropriation or are legally segregated for a specific future use. The remaining portion is unreserved fund balance.

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intentions are subject to change.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. *Education Enhancement Reserve Joint Powers Agreement*

On January 1, 2006 the Shoreline Community entered into an Education Enhancement Reserve Joint Powers Agreement with the Mountain View-Los Altos Union High School District and the Mountain View Whisman School District (Districts) to foster and develop educational programs for the Districts' students. Commencing in fiscal year 2006, the Shoreline Community is required to contribute \$400,000 per District per year for a total of \$800,000. The contribution amount shall be adjusted annually to reflect the growth in assessed valuation up to a maximum of 3.0 percent per year. In fiscal year 2010, the Shoreline Community paid \$900,407 in contributions and recorded them in the Education Enhancement JPA Agency Fund.

B. *Tax Revenue Sharing*

Pursuant to an Agreement between the City, the Shoreline Community, and the County dated June 22, 2005, the Shoreline Community is annually obligated to pay the County from tax increment revenues, an amount equal to the County's total retirement tax override levies and pass-through an additional amount of taxes that would have gone to the County in the absence of the existence of the Shoreline Community. In fiscal year 2010, \$1.1 million and \$1.2 million in retirement tax override levies and pass-through payments, respectively, were paid to the County.

AGENCY FUNDS

The Education Enhancement JPA Agency Fund accounts for funds to be used by the joint powers authority to enhance the educational and technology capacity of students in Mountain View schools.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

**Agency Fund
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010 (Dollars in Thousands)**

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Education Enhancement JPA</u>				
Assets:				
Cash and investments	<u>\$ 0</u>	<u>900</u>	<u>900</u>	<u>0</u>
Liabilities:				
Due to others	<u>\$ 0</u>	<u>900</u>	<u>900</u>	<u>0</u>

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF MOUNTAIN VIEW

Introduction

The City of Mountain View (the "City"), which occupies about 12 square miles, is located approximately 36 miles southeast of the City of San Francisco and 15 miles northwest of the City of San Jose. The climate is mild, with average temperatures in the mid-seventies during the summer months and in the high fifties during the winter months.

Government

The City was incorporated as a general law city in 1902 and became a chartered city in 1952. The City is governed by a seven-member elected City Council and is administered under the Council-Manager form of government. Members of the of the City Council serve terms of four years. Each year, the Mayor is elected by the seven council members.

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

Population

The following table shows the population of the City, the County of Santa Clara (the "County") and the State of California during the past five calendar years, based on data maintained by the California Department of Finance. For purposes of comparison, the U.S. Census reported the 2010 population of the City as 74,066.

CITY OF MOUNTAIN VIEW 2007 through 2011 Population Estimates

<u>Calendar Year</u>	<u>City of Mountain View</u>	<u>County of Santa Clara</u>	<u>State of California</u>
2007	72,829	1,797,623	37,463,609
2008	73,598	1,828,977	37,871,509
2009	74,758	1,857,516	38,255,508
2010	74,030	1,781,427	37,223,900
2011	74,723	1,797,375	37,510,766

Source: State of California, Department of Finance, as of January 1.

Industry and Employment

Labor Force. The City is included in the San Jose–Santa Clara–Sunnyvale Metropolitan Statistical Area (MSA), which is comprised of Santa Clara County. The County civilian labor force figures are shown in the following table. These figures are County-wide and may not necessarily accurately reflect employment trends in the City.

As of May 2011, the City’s unemployment rate was reported to be 7.2%.

SAN JOSE–SANTA CLARA–SUNNYVALE METROPOLITAN STATISTICAL AREA Annual Average Labor Force and Industry Employment

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Civilian Labor Force ⁽¹⁾	847,800	869,100	894,600	899,700	899,700
Employment	809,200	827,900	840,500	801,200	797,800
Unemployment	38,600	41,200	54,100	98,500	102,000
Civilian Unemployment Rate	4.6%	4.7%	6.1%	10.9%	11.3%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	6,200	6,700	6,100	5,600	5,200
Natural Resources and Mining	300	300	300	200	200
Construction	46,800	47,200	44,200	34,400	32,300
Manufacturing	163,700	166,700	168,000	155,800	153,000
Wholesale Trade	38,300	39,800	39,800	35,600	35,100
Retail Trade	85,800	86,400	84,400	78,800	78,200
Transportation, Warehousing and Utilities	13,000	13,500	13,500	12,100	12,100
Information	37,500	39,600	42,300	41,600	43,900
Finance and Insurance	21,900	21,500	19,900	18,300	18,100
Real Estate and Rental and Leasing	15,000	15,300	14,400	13,100	12,700
Professional and Business Services	172,000	178,300	178,900	161,400	162,300
Educational and Health Services	100,600	103,500	108,200	109,300	111,400
Leisure and Hospitality	75,200	76,800	78,100	74,900	74,300
Other Services	24,800	25,100	25,400	24,500	25,500
Federal Government	11,100	11,000	11,000	10,800	10,700
State Government	7,500	7,600	7,500	6,800	6,400
Local Government	77,900	78,500	79,400	78,900	76,500
Total All Industries	897,400	917,900	921,000	862,000	857,600

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

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

Source: State of California Employment Development Department.

Major Private Employers. The major private employers within the Mountain View area and each employer's type of business are shown below.

**MAJOR PRIVATE EMPLOYERS
(in alphabetical order)
Fiscal Year 2010-11**

Company	Type of Business
Actel Corporation	Chip Design and Software
El Camino Hospital	Health Services
Google	Software
Intuit Corporation	Financial Software
KPMG	Consulting & Tax Services
Microsoft Corporation	Software
Siemens	Diagnostic Imaging Systems
Symantec	Software
Synopsys, Inc.	Chip Development Software and Services
Verisign	Software

Source: City of Mountain View.

Median Effective Buying Income

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

EFFECTIVE BUYING INCOME As of January 1, 2005 through 2009

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2005	City of Mountain View	\$2,351,393	\$60,144
	Santa Clara County	46,910,278	63,293
	California	720,798,106	44,681
	United States	5,894,663,364	40,529
2006	City of Mountain View	\$2,468,863	\$62,277
	Santa Clara County	49,261,000	65,458
	California	764,120,963	46,275
	United States	6,107,092,244	41,255
2007	City of Mountain View	\$2,612,053	\$64,432
	Santa Clara County	52,377,985	67,498
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Mountain View	\$2,669,690	\$65,268
	Santa Clara County	53,987,635	68,929
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Mountain View	\$2,826,720	\$67,887
	Santa Clara County	55,561,405	71,077
	California	844,823,319	49,736
	United States	6,571,536,768	43,252

Source: The Nielsen Company (US), Inc.

Building Permit Activity

The following table shows the number and value of building permits issued in the City during calendar years 2006 through 2010.

**CITY OF MOUNTAIN VIEW
BUILDING PERMIT VALUATION
For Calendar Years 2006 through 2010
(Dollars in Thousands)**

<u>Permit Valuation</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
New Single-family	\$32,667.1	\$70,705.4	\$27,446.8	\$26,952.1	\$21,751.3
New Multi-family	7,841.7	21,500.0	0.0	14,000.0	5,456.1
Res. Alterations/Additions	<u>16,572.8</u>	<u>18,291.8</u>	<u>21,671.0</u>	<u>13,946.7</u>	<u>14,088.9</u>
Total Residential	\$57,081.5	\$110,497.2	\$49,117.8	\$54,898.8	\$41,296.3
New Commercial	\$37,822.1	\$ 4,077.7	\$ 9,150.0	\$ 7,712.1	\$ 0.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	21,951.6	1,398.8	12,886.6	723.5	680.2
Comm'l Alterations/Additions	<u>88,702.6</u>	<u>89,728.1</u>	<u>77,152.3</u>	<u>50,765.2</u>	<u>91,576.6</u>
Total Nonresidential	\$148,476.2	\$95,204.5	\$99,188.9	\$59,200.8	\$92,256.8
<u>New Dwelling Units</u>					
Single Family	131	267	101	90	72
Multiple Family	<u>32</u>	<u>104</u>	<u>0</u>	<u>68</u>	<u>20</u>
TOTAL	163	371	101	159	92

Source: Construction Industry Research Board, Building Permit Summary.

Sales Taxes

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 are not comparable to those of prior years. A summary of historic taxable sales within the City during the past five years in which data are available is shown in the following table. Total taxable sales during calendar year 2009 in the City were reported to be \$1,259,138,000, a 9.02% decrease over the total taxable sales of \$1,383,936,000 reported during calendar year 2008. Figures are not yet available for 2010.

CITY OF MOUNTAIN VIEW
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2005	1,052	892,404	2,504	1,241,047
2006	1,072	969,754	2,458	1,337,309
2007	1,013	1,014,809	2,383	1,392,567
2008	993	975,733	2,313	1,383,936
2009 ⁽¹⁾	1,223	900,559	2,152	1,259,138

(1) Retail Stores data not comparable to prior years.

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

Utilities

The City provides water and sewer services and refuse collection services. Sewage treatment is provided by a joint treatment facility. Natural gas and electricity are supplied by Pacific Gas & Electric and telephone services are supplied by AT&T and other providers.

Transportation

The City is connected by U.S. 101 to San Francisco to the north and San Jose to the south. Interstate 280, which runs parallel to U.S. 101 is within a few miles of the City boundary. State Routes 82, 237 and 85 provide interconnections between Interstate 280 and U.S. 101. The Peninsula Corridor Joint Powers Board provides commuter rail service and Southern Pacific Transportation Company provides freight transport through the City, and the Santa Clara Valley Transportation Authority provides light rail commuter service to San Jose and other communities along the peninsula. Air transport is available from San Francisco International Airport (25 miles to the north) or San Jose Airport (15 miles to the south). Bus services are provided by Greyhound and the Santa Clara Valley Transportation Authority. Deep water port facilities are available at the Port of Redwood City, 10 miles north or at the San Francisco and Oakland ports.

APPENDIX C

SUMMARY OF THE INDENTURE, WITH APPROPRIATE REFERENCES TO THE FIFTH SUPPLEMENTAL INDENTURE

The following is a brief summary of the provisions of the Indenture, with appropriate references to the Fifth Supplemental Indenture. This summary is not intended to be definitive, and reference is made to the complete text of each of such documents for the complete terms thereof.

DEFINITIONS

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings ascribed to such terms in the body of this Official Statement. In addition, the following terms have the following meanings when used in this summary.

"Additional Allowable Revenues" means, as of the date of calculation, the amount of Tax Revenues which, as shown in the report of an Independent Redevelopment Consultant, are estimated to be receivable by the Community within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Project Area due to either (i) construction which has been completed but which is not then reflected on the tax rolls, or (ii) transfer of ownership or any other interest in real property, which transfer is not then reflected on the tax rolls.

For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Project Area is estimated to exceed the assessed valuation of taxable property in the Project Area (as evidenced in a written document from Santa Clara County) as of the date on which such calculation is made.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the respective Outstanding Bonds in such Bond Year, assuming that the respective Outstanding serial Bonds are retired as scheduled and assuming that the respective Outstanding term Bonds are redeemed from sinking account payments as scheduled, (b) the principal amount of the respective Outstanding serial Bonds and Community Capital Appreciation Bonds payable by their terms in such Bond Year, and (c) the principal amount of the respective Outstanding term Bonds scheduled to be paid or redeemed from sinking account payments in such Bond Year, excluding the redemption premiums, if any, thereon.

"Bonds" means the 2011 Series A Bonds, the 2004 Series A Bonds, the 2001 Series A Bonds, and any other issue of Bonds issued under the Indenture.

"Business Day" means any day other than a Saturday or Sunday or a day on which the New York Stock Exchange is closed or any day on which the Trustee is not open for business.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the respective series of the Bonds during the period of computation (exclusive of premium, if any, on the Bonds), excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Defeasance Securities" means U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- "SLGSs"), direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities and obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

1. U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership.
2. Farmers Home Administration
Certificates of beneficial ownership.
3. Federal Financing Bank
4. Federal Housing Administration Debentures
5. General Services Administration
Participation certificates.
6. U.S. Maritime Administration
Guaranteed Title XI financing.
7. New Communities Debentures
U.S. government guaranteed debentures.
8. U.S. Public Housing Notes and Bonds
U.S. government guaranteed public housing notes and bonds.
9. U.S. Department of Housing and Urban Development
Project Notes.
Local Authority Bonds.
10. Pre-refunded municipal bonds must be rated "Aaa" by Moody's or "AAA" by S&P. If the issue is only rated by S&P (i.e., there is no Moody's rating), 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 municipals that satisfy this condition.

"Fifth Supplemental Indenture" means the Fifth Supplemental Indenture, dated as of July 1, 2011, securing (with the Indenture) the 2011 Series A Bonds.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Community as its official fiscal year period.

"Indenture" means the Indenture of Trust, dated as of April 1, 1992, between the Community and the Trustee, as amended or supplemented.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Community, and who, or each of whom (a) is in fact independent and not under domination of the Authority, the City or the Community; (b) does not have any substantial interest, direct or indirect, in the Authority, the City or the Community; and (c) is not connected with the Authority, the City or the Community as an officer or employee of the Authority, the City or the Community but who may be regularly

retained to make annual or other audits of the books of or reports to the Authority, the City or the Community.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Community, and who, or each of whom: (a) is judged by the Community to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Community; (c) does not have any substantial interest, direct or indirect, with the Community; and (d) is not connected with the Community as an officer or employee of the Community, but who may be regularly retained to make reports to the Community.

"Investment Agreements" means one or more Permitted Investments described in clause (G) of the definition of Permitted Investments.

"Law" means the Mountain View Shoreline Regional Park Community Act (Stats 1969, ch 1109) of the State.

"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, its successors and assigns.

"Outstanding", when used as of any particular time with reference to Bonds or a series of the Bonds, as applicable, means (subject to the provisions of the Indenture all Bonds or such series of Bonds theretofore executed, issued and delivered by the Authority or the Community under the Indenture except (a) Bonds or such Bonds, as applicable, theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds paid or deemed to have been paid within the meaning of the Indenture or the Indenture, respectively, and (c) Bonds or such Bonds, as applicable, in lieu of or in substitution for which other Bonds or such Bonds, as applicable, shall have been executed, issued and delivered pursuant to the Indenture or the Indenture, respectively, or any Supplemental Indenture or Supplemental Indenture, as applicable.

"Owner" or **"Bond Owner,"** when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books; and when used with respect to any Community Bond, means the Trustee, as trustee for the Authority.

"Parity Bonds" means any loans, advances or indebtedness issued or incurred by the Community on a parity with any series of the Bonds pursuant to the Indenture.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith

and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership.
2. Farmers Home Administration (FHA)
Certificates of beneficial ownership.
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation certificates.
6. Government National Mortgage Association (GNMA or "Ginnie Mae")
GNMA - guaranteed mortgage-backed bonds.
GNMA - guaranteed pass-through obligations.
7. U.S. Maritime Administration
Guaranteed Title XI financing.
8. 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.

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations.
2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates.
Senior debt obligations.
3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal).
4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations.
5. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating: (i) by S&P of AA, Am-G, AAAM, or AAM; or (ii) by Moody's of Aa or better.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. CD's must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated A or better by S&P. Should the institution not have an adequate S&P rating, then its CD would be acceptable if the following collateral levels are maintained:

A) if valued daily	-	102%
B) if valued weekly	-	103%
C) if valued monthly	-	106%
D) if valued quarterly	-	106%

The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC or FSLIC.

G. Investment Agreements, including GIC's, acceptable to MBIA.

H. Commercial paper rated "Prime - 1" by Moody's and "A-1" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

K. Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria or be approved by MBIA.

1. Repos must be between the municipal entity and a dealer bank or securities firm.
 - a. Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the SIPC and which are rated A or better by Standard & Poor's Corporation and Moody's, or
 - b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.
2. The written repo contract must include the following:
 - a. Securities which are acceptable for transfer are:

- (1) Direct U.S. governments.
- (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FMAC).

- b. The term of the repo may be up to 30 days.
- c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
- d. The trustee has a perfected first priority security interest in the collateral.
- e. Collateral is free and clear of Third-party liens and in the case of SIPC broker was not acquired pursuant to a repo or reverse repo.
- f. Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the trustee to liquidate collateral.
- g. Valuation of Collateral

- (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.

- (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under title repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FMAC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

- a. Repo meets guidelines under state law for legal investment of public funds.

L. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating), 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 municipals to satisfy this condition.

Additional Notes

- (i) Any state administered pool investment fund in which the issuer is statutorily permitted or required to invest may be acceptable subject to MBIA.
- (ii) DSRF investments should be valued at fair market value and marked to market at least once per year. DSRF investments may not have maturities extending beyond 5 years.

"Plan" means the plan entitled "North Bayshore Area Plan" approved by the City Council of the City of Mountain View, California, on December 15, 1977, pursuant to Article 6 of the Law, as amended on July 27, 1993, and as amended from time to time.

"Qualified Reserve Fund Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is in the highest rating category by Moody's or S&P; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.03(d); and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

"Reserve Requirement" means, as of any calculation date as calculated by the Community, an amount equal to Maximum Annual Debt Service; provided that the Reserve Requirement, when applied to the use of proceeds of the issuance of a particular series of Parity Bonds, means the lesser of: (1) Maximum Annual Debt Service; or (2) 10% of the principal amount of such Parity Bonds; (3) Maximum Annual Debt Service on such Parity Bonds; or (4) 125% of Average Annual Debt Service on such Parity Bonds; and provided further, that when a subaccount has been created in the Reserve Account for one or more series of Bonds, and the use of the funds in such subaccount is restricted to the payment of Debt Service on such series of Bonds, the Reserve Requirement for such series of Bonds shall not at any time exceed Maximum Annual Debt Service on such series of Bonds for which such subaccount was created.

"S&P" means Standard & Poor's Corporation, New York, New York or in San Francisco, California.

"State" means the State of California.

"Subordinate Debt" means any loans, advances or indebtedness issued or incurred by the Community, which are either: (a) payable from, but not secured by a pledge of or lien upon, the applicable Tax Revenues; or (b) secured by a pledge of or lien upon the applicable Tax Revenues which is subordinate to the pledge or and lien upon the applicable Tax Revenues under the Indenture for the security of the Bonds.

"Tax Code" means the Internal Revenue Code of 1986, as amended. Any reference to a provision of the Tax Code shall include the applicable Tax Regulations with respect to such provision.

"Term Bonds" means the Bonds which are payable on or before their specified principal payment dates from sinking account payments established for that purpose and calculated to retire such Bonds on or before their respective principal date.

"2001 Series A Bonds" means the Community's 2001 Series A Tax Allocation Bonds, issued in the original principal amount of \$17,520,000.

"2004 Series A Bonds" means the Community's 2004 Series A Tax Allocation Bonds, issued in the original principal amount of \$19,520,000.

THE INDENTURE

Funds and Accounts; Flow of Funds

Special Fund; Deposit of Tax Revenues. Under the Indenture there is established a Special Fund, which shall be held by the Community. The Community shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Community; provided, that the Community shall not be obligated to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts then in the Special Fund, exceeds the amounts required to be transferred to the Trustee for deposit in the Interest Account, Principal Account, Sinking Account, Reserve Account and Redemption Account in such Bond Year pursuant to the Indenture. Any Tax Revenues received during such Bond Year at such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to the Indenture, shall be released from the pledge and lien thereunder and may be used for any lawful purposes of the Community.

All Tax Revenues and any other amounts at any time paid by the Community and designated in writing for deposit in the Special Fund shall be held by the Community solely for the uses and purposes in the Indenture. So long as any of the Bonds are Outstanding, the Community shall not have any beneficial right or interest in the Tax Revenues, except only as in the Indenture provided, and such moneys shall be used and applied as set forth in the Indenture.

Moneys in the Special Fund shall be transferred by the Community to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective accounts within such Special Fund in the following order of priority which accounts are created to be held in trust by the Trustee under the Indenture:

(a) Interest Account. Five days prior to each date on which interest on the Bonds is payable, the Community shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount contained in such 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 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 date. The Trustee shall also deposit in such Interest Account any other amounts received by it from the Community designated by the Community in writing for deposit in such Interest Account. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any such bonds purchased or redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. Five days prior to each Principal Payment Date, the Community shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in such Principal Account, will be equal to the aggregate amount of principal becoming due and payable on the Outstanding 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 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 Community designated by the Community in writing for deposit in such Principal Account. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal on the Bonds as it shall become due and payable.

(c) Sinking Account. Five days prior to each August 1 on which the Outstanding Bonds are subject to mandatory sinking account redemption pursuant to the Indenture, the Community shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on the next succeeding August 1 pursuant to the Indenture. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) the Term Bonds pursuant to the Indenture.

(d) Reserve Account. A Reserve Account is established under the Indenture and shall be held by the Trustee solely for the benefit of the Owners of the Bonds issued under the Indenture.

Five days prior to each Interest Payment Date, the Community shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Reserve Account an amount of money that shall be required to maintain in the Reserve Account an amount equal to the Reserve Requirement. No such deposit need be made to a Reserve Account so long as there shall be on deposit therein an amount at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order, in the event of any deficiency at any time in any of such accounts with respect to amounts due on the Bonds or for the retirement of all of the Bonds, except that so long as the Community is not in default under the Indenture, any amount in the Reserve Account held under such Indenture in excess of an amount equal to the Reserve Requirement shall be withdrawn from such Reserve Account by the Trustee on or prior to each February 1 and August 1 and transferred to the Interest Account, and applied as a credit against Debt Service. All amounts in the Reserve Account on the day preceding the final Principal Payment Date shall be withdrawn from the Reserve Account and transferred either (i) to the Interest Account, the Principal Account and the Sinking Account, in such order, to the extent required to make the deposits then required to be made with respect to amounts then due on the Bonds, or (ii) if the Community shall have caused to be deposited in the Special Fund an amount sufficient to make the deposits required by the Indenture, then to the Community to be used for any lawful purpose of the Community.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds and any Parity Bonds in conformity with applicable provisions of the Tax Code to the extent directed by the Community in a Supplemental Indenture. Additionally, the Community may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve subaccount relating to any (but not necessarily all) Parity Bonds in order to maintain a combined reserve subaccount for the Bonds and any (but not necessarily all) Parity Bonds.”

Pursuant to the above provision, the Community has established in the Fifth Supplemental Indenture a 2011 Series A Reserve Subaccount, which will be funded in the amount of the Reserve Requirement, and which will be available only to pay debt service, if needed on 2011 Series A Bonds.

The Reserve Requirement for both of the 2001 Series A Bonds and the 2004 Series A Bonds has been satisfied with a Qualified Reserve Fund Credit Instrument.

(e) Redemption Account. Five days prior to any date on which Bonds are to be redeemed pursuant to the Indenture, the Community shall withdraw from the Special Fund and transfer to the Trustee for 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 the Indenture, 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 Community designated by the Community in writing to be deposited in such Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to the Indenture on the dates set for such redemption.

(f) Surplus. The Community shall not be obligated to deposit in a Special Fund in any Bond Year an amount of applicable Tax Revenues which, together with other available amounts in such Special Fund, exceeds the amounts required to be transferred from such Special Fund with respect to such Bond Year pursuant to the Indenture and pursuant to any Supplemental Indenture authorizing the issuance of Parity Bonds. In the event that, for any reason whatsoever, any amount shall remain on deposit in such Special Fund, the Interest Account, the Principal Account, the Sinking Account or the Redemption Account on any Interest Payment Date after making all of the transfers from such Special Fund and such accounts with respect to such Bond Year theretofore required to be made pursuant to the Indenture and pursuant to any Supplemental Indenture authorizing the issuance of Parity Bonds, the Community shall withdraw such amount from such Special Fund and such account to be used for any lawful purpose of the Community.

Investment of Funds

Moneys in the funds and accounts held by the Trustee under the Indenture shall be invested by the Trustee in Permitted Investments as specified by the Treasurer or Community Manager. In the absence of any such direction provided by the Treasurer or Community Manager by twelve noon of the Business Day prior to such investment, the Trustee shall invest any such moneys in Permitted Investments described in clause (d) of the definition thereof which by their terms mature prior to the date on which such moneys are required to be paid out under the Indenture.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in the Indenture any moneys are required to be transferred by the Community to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments which by their terms mature prior to the date on which such moneys are required to be paid out under such Indenture. All interest or gain derived from the investment of amounts in any of the funds or accounts established under an Indenture shall be retained in the respective funds and accounts to be used for the purposes thereof.

For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it. The Trustee may act as principal or agent in the acquisition and disposition of any investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to an Indenture. For purposes of determining the amount on deposit in any fund or account held under the Indenture, all Permitted Investments credited to such fund or account shall be valued at the cost thereof (excluding accrued interest and brokerage commissions, if any).

Covenants of the Community

Punctual Payment. The Community will punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of the Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures and of the Bonds.

Limitation on Additional Indebtedness. The Community covenants that it shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only the Bonds, any Parity Bonds, and Subordinate Debt. The provisions of the Indenture shall in no way limit the ability of the Community to incur indebtedness not secured by a pledge of or lien upon the Tax Revenues.

Extension of Bonds. The Community will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to approve any such arrangement by purchasing or funding the Bonds or claims for interest or in any other manner. In case the Principal Payment Date of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Community, such Bond or claim for interest so extended or funded shall not be entitled, in case of default, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Payment of Claims. The Community will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Community or the properties then owned by the Community in the Project Area, when the same shall become due. Nothing contained in the Indenture shall require the Community to make any such payment so long as the Community in good faith shall contest the validity of said taxes, assessments or charges. The Community will duly observe and conform with all valid requirements of any governmental authority relative to the Project or any part thereof. All amounts derived by the Community pursuant to Section 157 of the Law with respect to the lease of property shall be treated as Tax Revenues for all purposes of the Indenture.

Tax Revenues. The Community shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, and shall forward information copies of each such filing to the Trustee. The Community shall not enter into any agreement or any amendment of an agreement with the County of Santa Clara or any other governmental unit which would have the effect of reducing the amount of Tax Revenues available to the Community 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 under of or the security granted under to the Bond Owners.

No Arbitrage. The Community shall not take, or permit to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the closing date of the 2011 Series A Bonds would have caused any of the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Tax Code.

Limitation of Use of Proceeds for the Bonds. The Community shall assure that the proceeds of the Bonds are not used, directly or indirectly, to make loans to two or more ultimate borrowers (including governmental units) and in the event that loans are made, directly or indirectly, to a single borrower other than a governmental unit, the Community shall assure that not in excess of five percent (5%) of the proceeds of the Bonds is used for such purpose. The provisions of such covenant do not apply to loans constituting Nonpurpose Investments or to loans which enable the borrower to finance any governmental tax or assessment of general application for specific essential governmental functions.

Federal Guarantee Prohibition. The Community shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code and applicable Tax Regulations.

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

Compliance with the Tax Code. The Community covenants to take any and all action and to refrain from taking such action, which is necessary in order to comply with the Tax Code or amendments thereto in order to maintain the exclusion from federal gross income, pursuant to Section 103 of the Tax Code, of the interest on the Bonds paid by the Community and received by the Bond Owners.

Issuance of Additional Debt. In addition to the Bonds, the Community may issue Parity Bonds or may incur Subordinate Debt in such principal amount as shall be determined by the Community. The Community may issue Parity Bonds subject to the following specific conditions precedent:

(a) The Community shall be in compliance with all covenants set forth in the Indenture.

(b) The Tax Revenues for the then current Fiscal Year based on the County equalized assessed valuation of taxable property in the Project Area as evidenced in written documentation from Santa Clara County, plus, at the option of the Community, the Additional Allowable Revenues, shall be at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on all Bonds and Parity Bonds which will be Outstanding following the issuance of such Parity Bonds.

(c) The Supplemental Indenture providing for the issuance of such Parity Bonds shall provide that:

(i) Interest on said Parity Bonds shall be payable on February 1 and August 1 in each year of the term of such Parity Bonds except the first twelve month period, during which interest may be payable on any February 1 or

August 1; provided that there shall be no requirement that such Parity Bonds pay current interest;

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

(iii) Money shall be deposited in the Reserve Account from the proceeds of the sale of said Parity Bonds in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement for the Bonds, taking into account the issuance of the Parity Bonds.

(d) The Supplemental Indenture providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts; and

(e) The Community shall deliver to the Trustee a Written Certificate of the Community certifying that the conditions precedent to the issuance of such Parity Bonds set forth in subsections (a), (b), (c) and (d) above have been satisfied.

(f) Tax Revenues available for debt service on the Bonds and any Parity Bonds shall be distributed on a pro rata basis without regard to the existence of a funded debt service reserve or a Qualified Reserve Fund Credit Instrument.

Modification and Amendment of Indenture

Amendments Permitted. The Indenture and the rights and obligations of the Community and of the Owners of the Bonds may be modified or amended by the Community at any time by the execution of a Supplemental Indenture, but only pursuant to the affirmative vote at a meeting of the Bond Owners, or with the written consent without a meeting, of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding determined in accordance with the Indenture, exclusive of Bonds disqualified as provided in the Indenture and, so long as the Bonds are registered in the name of the Trustee, upon compliance with the Indenture. Any such Supplemental Indenture shall become effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite number of the Bond Owners pursuant to the Indenture. No such modification or amendment shall (a) extend the Principal Payment Date of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Community to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of such Bond, or (b) permit the creation by the Community of any mortgage, pledge or lien upon the applicable Tax Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as expressly permitted by the Indenture), or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or (c) modify any of the rights or obligations of the Trustee without its written consent thereto.

The Indenture and the rights and obligations of the Community and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of the Bonds, but only to the extent permitted by law and, so long as the Bonds are registered in the name of the Trustee, the Indenture, and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Community in the Indenture contained, other covenants and agreements thereafter to be observed, or to surrender any right or power therein reserved to or conferred upon the Community;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision, or otherwise to modify or amend any other provision of the Indenture as the Community may deem necessary or desirable, provided in any case that such amendment shall not materially adversely affect the interests of the Owners of the Bonds;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Indenture; or

(d) to make modifications not adversely affecting any outstanding series of Bonds in any material respect; or to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148 of the Tax Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with applicable Tax Regulations.

Disqualified Bonds. Bonds owned or held for the account of the Community or the City of Mountain View, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in the Indenture, and shall not be entitled to vote upon, consent to, or take any other action provided for in the Indenture.

Events of Default and Remedies

Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default under the Indenture:

(a) if default shall be made in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Community in the observance of any of the covenants, agreements or conditions on its part in such Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following the receipt by the Community of written notice from the Trustee or any Bond Owner of the occurrence of such default; or

(c) if the Community shall commence a voluntary action under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default has occurred under the Indenture and is continuing, the Trustee may, and if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (determined in accordance with the Indenture) the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in such Indenture or Bonds to the contrary notwithstanding, and (b) subject to the provisions of the Indenture, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Community by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners of the Bonds in the same manner for notices of redemption of such Bonds, which shall include the statement that interest on such Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared such Bonds to become due and payable pursuant to the preceding paragraph.

However, at any time after the principal of such Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Community shall deposit with the Trustee a sum sufficient to pay all principal on such Bonds matured prior to such declaration and all matured installments of interest (if any) upon all such Bonds, with interest on such overdue installments of principal and interest at the net effective rate then borne by such Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on such 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, the Owners of at least a majority in aggregate principal amount of such Bonds then Outstanding (determined in accordance with the Indenture), by written notice to the Community and to the Trustee, may, on behalf of the Owners of all of such Bonds, rescind and annul such declaration and its consequences. However, 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.

Application of Funds Upon Acceleration. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in an Indenture, and all sums thereafter received by the Trustee under such Indenture, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee and of the Bond Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the average interest rate then borne by the respective Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon such Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, or any such Bond over any other such Bond, ratably to the aggregate of such principal and interest.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding (determined in accordance with the Indenture), it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds (determined in accordance with the Indenture) thereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Community Bond Owners' Right To Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds (determined in accordance with the Indenture) then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity acceptable to the Trustee, which indemnity will not be unreasonable rejected, against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Discharge of Indenture

If the Community shall pay and discharge the entire indebtedness on all or any portion of any series of Bonds Outstanding in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest and premium (if any) on all or such portion of Bonds Outstanding, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay all or such portion of the Bonds Outstanding, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Trustee, in trust, Defeasance Securities, in such amount as an Independent Accountant or Bond Counsel shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on all or such portion of the Bonds (principal, interest and redemption premiums) at or before maturity;

and if such Bonds are to be redeemed prior to the maturity thereof redemption shall be pursuant to the Indenture and notice of such redemption shall have been given pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Community, and notwithstanding that any of such Bonds

shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Community under the Indenture with respect to all or such portion of such Bonds Outstanding shall cease and terminate, except only the obligation of the Trustee to transfer and exchange such Bonds and except the obligation of the Community to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon and all expenses and costs of the Trustee; and thereafter the Tax Revenues shall not be payable to the Trustee.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

July 28, 2011

Mountain View Shoreline Regional Park Community
City Hall, 500 Castro Street
Mountain View, California 95040

OPINION: \$39,030,000 Mountain View Shoreline Regional Park
Community Revenue Bonds, 2011 Series A

Board of Directors of the Community:

We have acted as bond counsel to the Mountain View Shoreline Regional Park Community (the "Community") in connection with the issuance by the Community of \$39,030,000 aggregate principal amount of Mountain View Shoreline Regional Park Community Revenue Bonds, 2011 Series A (the "Bonds"), pursuant to the provisions of the Mountain View Shoreline Regional Park Community Act, being Statutes 1969, Chapter 1109 of the State of California (the "Act"), and pursuant to an Indenture of Trust, dated as of April 1, 1992, between the Community and Bank of America National Trust and Savings Association, as trustee (the "Prior Trustee"), as supplemented and amended to date, including a Fifth Supplemental Indenture of Trust dated as of July 1, 2011, by and between the Community and U.S. Bank National Association, as successor to the Prior Trustee (as supplemented and amended, the "Indenture"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Community contained in the Indenture and in the certified proceedings and certifications of public officials and others 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 Community is a public body, corporate and politic, duly organized and validly existing under the laws of the State of California with the full power to enter into the Indenture, to perform the agreements on its part contained therein, and to issue the Bonds.

2. The Indenture has been duly entered into by the Community, and constitutes a valid and binding special obligation of the Community enforceable against the Community in accordance with its terms.

3. Pursuant to the Act, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds.

4. The Bonds have been duly authorized, executed and delivered by the Community, and are valid and binding special obligations of the Community, payable solely from the sources provided therefor in the Indenture.

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

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$39,030,000
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
(Santa Clara County, California)
Revenue Bonds, 2011 Series A

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Mountain View Shoreline Regional Park Community (the "Community") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are being issued under an Indenture of Trust dated as of April 1, 1992, by and between the Community and Bank of America National Trust and Savings Association, as predecessor to U.S. Bank National Association (the "Trustee"), as amended to date and as amended by a Fifth Supplemental Indenture of Trust dated as of July 1, 2011, by and between the Community and the Trustee (collectively, the "Indenture"). The Community covenants and agrees as follows:

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

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

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

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

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, 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 dated July 19, 2011, executed by the Community in connection with the issuance of the Bonds.

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

"*Report Date*" means seven months after the end of the Community's fiscal year (or January 31 of each year, based on the Community's current fiscal year ending of June 30).

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

Section 3. Provision of Annual Reports.

(a) The Community shall, or shall cause the Dissemination Agent to, not later than the Report Date, commencing January 31, 2012 with the report for the 2010-11 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Report Date, the Community shall provide the Annual Report to the Dissemination Agent (if other than the Community). If by 15 Business Days prior to the Report Date the Dissemination Agent (if other than the Community) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Community to determine if the Community 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 Community may be submitted separately from the balance of the Annual Report, and later than the Report Date, if not available by that date. If the Community'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 Community 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 Community hereunder.

(b) If the Community does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Report Date, the Community 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.

(c) With respect to each Annual Report, the Dissemination Agent shall:

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

(ii) if the Dissemination Agent is other than the Community, file a report with the Community 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 Community's Annual Report shall contain or incorporate by reference the following:

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

(b) The following financial information and operating data set forth in the final Official Statement:

- (1) Ten largest property tax payers in the Community including name, taxable value (secured/unsecured) and percent of total value, substantially in the form of Table 3 contained in the Official Statement;
- (2) Data on land use in Community, substantially in the form of Table 2 contained in the Official Statement;
- (3) Annual assessed valuations (secured/unsecured), tax increment values, and Tax Revenues (as defined in the Indenture), substantially in the form of Tables 4, 6, and 9 contained in the Official Statement.
- (4) Coverage ratio of Tax Revenues to debt service on Bonds and all parity debt, substantially in the form of Table 10 contained in the Official Statement, but only for the then-current and next four Fiscal Years.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Community shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) 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 Community, the City of Mountain View or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Community shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Community 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 Community or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the Community or an obligated person, or the sale of all or substantially all of the assets of the Community 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.

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

(c) The Community acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material." The Community 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 the Community determines the event's occurrence is material for purposes of U.S. federal securities law.

Section 6. Termination of Reporting Obligation. The Community's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Community shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Community may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Community.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Community 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 nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Community 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 Community 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 Community shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Community to comply with any provision of this Disclosure Certificate 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 Community 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 Community to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure

Certificate, and the Community agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Community under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Community, the Trustee, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: July 28, 2011

MOUNTAIN VIEW SHORELINE
REGIONAL PARK COMMUNITY

By _____
Patty J. Kong
Treasurer of the Community

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Mountain View Shoreline Regional Park Community

Name of Bond Issue: \$39,030,000 Mountain View Shoreline Regional Park Community Revenue Bonds, 2011 Series A

Date of Issuance: July 28, 2011

NOTICE IS HEREBY GIVEN that the Mountain View Shoreline Regional Park Community has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.08 of the Fifth Supplemental Indenture of Trust dated as of July 1, 2011, by and between the Community and U.S. Bank National Association (the "Trustee"). The Community anticipates that the Annual Report will be filed by _____.

Dated: _____

MOUNTAIN VIEW SHORELINE
REGIONAL PARK COMMUNITY

By _____

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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

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

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or 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 Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. 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 and www.dtc.org.

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

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

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

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

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

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272