

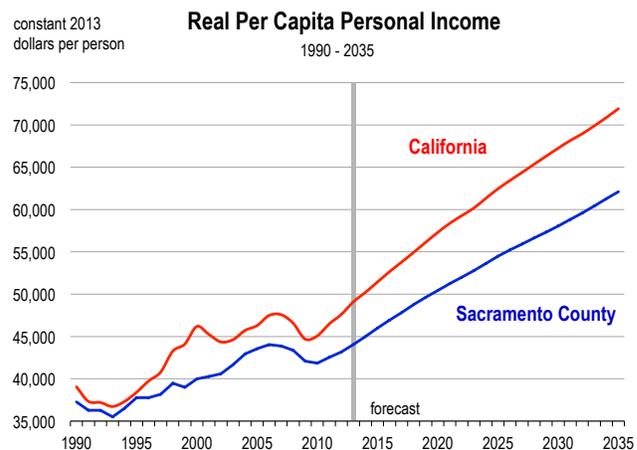
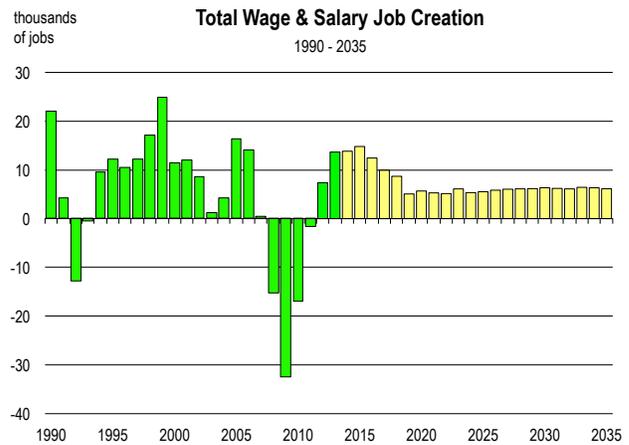
SACRAMENTO COUNTY ECONOMIC FORECAST

Sacramento County is home to the California state capital. Sacramento County has a population of 1.4 million people and approximately 570,000 wage and salary jobs. The per capita income in Sacramento County is \$44,062 and the average salary per worker is \$76,501. Because it contains the state capital, the Sacramento County economy is highly influenced by the public sector, with government jobs comprising more than 27 percent of total wage and salary employment.

Employment across Northern California increased by 3.7 percent in 2013, whereas employment in the Sacramento Valley (consisting of Sacramento, Yolo, Placer, El Dorado, Yuba and Sutter counties) increased by 2.6 percent. In Sacramento County, 13,700 wage and salary jobs were created, representing a growth rate of 2.5 percent. The unemployment rate improved substantially, falling from 10.5 percent in 2012 to 8.8 percent in 2013.

During 2013, virtually all sectors were characterized by positive job growth. The largest gains were observed in education and healthcare (+3,800 jobs), construction (+2,700 jobs), professional and business services (+2,600 jobs), and leisure and hospitality (+2,100 jobs). The only sector with losses was manufacturing (-100 jobs).

From 2008-2013, the population of Sacramento County grew at an annual average rate of 0.7 percent. This is a slowdown from the rates that prevailed during the previous decade, and is largely the result of lower net migration. Between 2008 and 2013, the county lost an average of 700 net migrants per year.



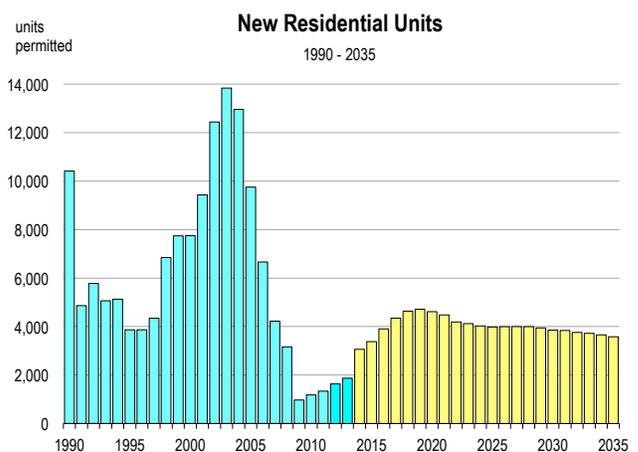
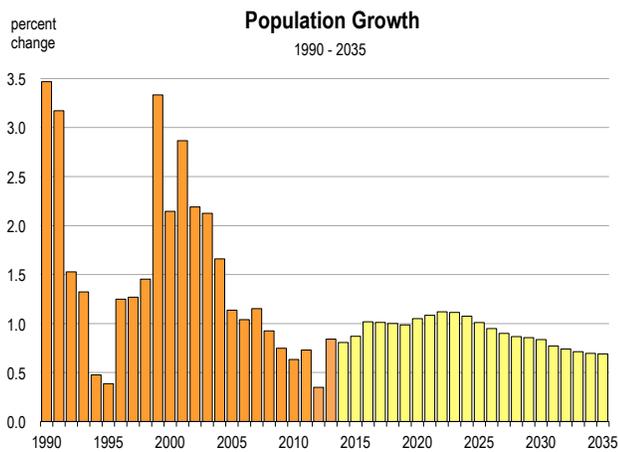
FORECAST HIGHLIGHTS

- In 2014, total employment is expected to increase by 2.4 percent. From 2014 to 2019, job growth is expected to average 1.7 percent per year.
- Average salaries are slightly above the California state average, and are expected to remain so over the next few years. In Sacramento County, inflation-adjusted salaries will rise by an average of 0.9 percent per year from 2014 to 2019.
- Between 2014 and 2019, employment growth will be greatest in professional and business services (+14,700 jobs), education and healthcare (+8,600 jobs), government (+5,700 jobs), and leisure and hospitality (+5,400 jobs). Together, these industries will account for 68 percent of net job growth in the county.
- Population growth will accelerate over the next 5 years. Annual growth in the 2014-2019 period will average 1.0 percent per year.
- Between 2014 and 2019, an average of 6,100 net migrants will enter the county each year.
- Real per capita income is forecasted to rise by 2.1 percent in 2014. Between 2014 and 2019, growth will average 2.0 percent per year.
- Total taxable sales, adjusted for inflation, are expected to rise by 2.4 percent per year from 2014 to 2019.
- Industrial production is expected to rise by 3.6 percent in 2014. Between 2014 and 2019, industrial production is forecasted to rise by an average of 4.0 percent per year.

Sacramento County Economic Forecast

2006-2013 History, 2014-2040 Forecast

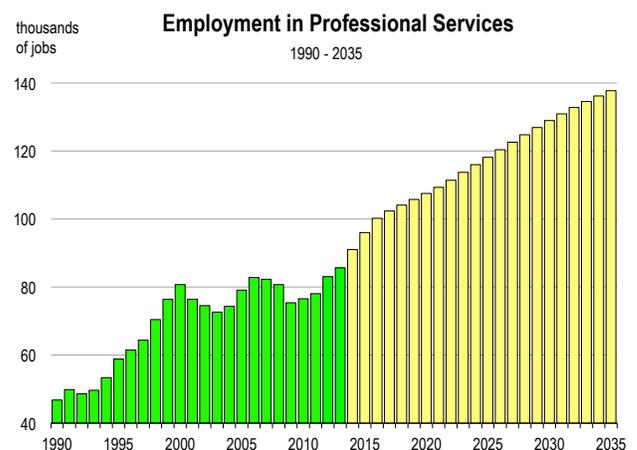
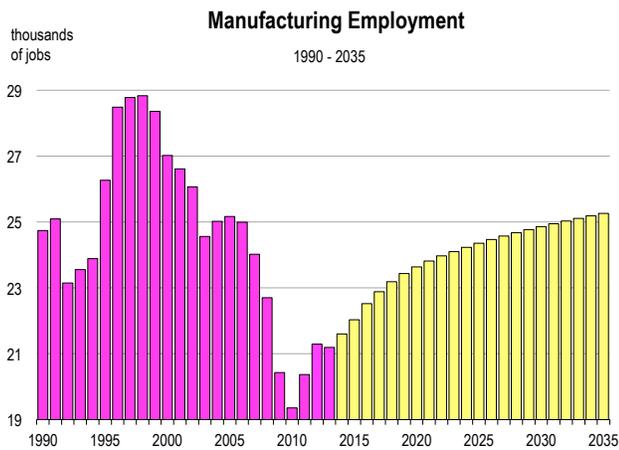
| | Population (people) | Net Migration (people) | Registered Vehicles (millions) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (billions) | Unemployment Rate (percent) |
|------|---------------------|------------------------|--------------------------------|------------------------|-----------------------------|--------------------------------|----------------------------|----------------------------------|----------------------------------|---------------------------------|---------------------------------------|-----------------------------|
| 2006 | 1,372,275 | 2,675 | 1.17 | 501.0 | 6,663 | \$21.1 | \$51.6 | \$44,038 | 3.2 | 359.5 | 5.9 | 4.8 |
| 2007 | 1,388,086 | 3,670 | 1.17 | 507.9 | 4,223 | \$20.6 | \$53.8 | \$43,881 | 3.4 | 413.3 | 5.9 | 5.4 |
| 2008 | 1,400,939 | 645 | 1.16 | 512.0 | 3,164 | \$19.3 | \$55.2 | \$43,361 | 3.0 | 394.2 | 5.9 | 7.2 |
| 2009 | 1,411,403 | -772 | 1.16 | 513.6 | 973 | \$16.6 | \$54.4 | \$42,089 | 0.8 | 382.4 | 5.6 | 11.4 |
| 2010 | 1,420,331 | -1,719 | 1.16 | 514.0 | 1,181 | \$16.9 | \$55.2 | \$41,837 | 1.3 | 400.9 | 5.2 | 12.7 |
| 2011 | 1,430,691 | 396 | 1.14 | 514.9 | 1,332 | \$18.0 | \$58.0 | \$42,525 | 2.7 | 425.1 | 5.3 | 12.1 |
| 2012 | 1,435,682 | -4,246 | 1.14 | 516.0 | 1,633 | \$19.1 | \$60.7 | \$43,184 | 2.7 | 470.7 | 5.9 | 10.5 |
| 2013 | 1,447,759 | 2,869 | 1.18 | 517.6 | 1,871 | \$20.1 | \$63.8 | \$44,062 | 2.2 | 483.7 | 6.0 | 8.8 |
| 2014 | 1,459,438 | 3,040 | 1.18 | 519.8 | 3,063 | \$20.9 | \$67.4 | \$44,990 | 2.7 | 491.8 | 6.3 | 7.7 |
| 2015 | 1,472,134 | 4,143 | 1.19 | 522.7 | 3,379 | \$22.1 | \$71.8 | \$46,010 | 3.2 | 497.8 | 6.6 | 6.6 |
| 2016 | 1,487,119 | 6,495 | 1.20 | 525.8 | 3,903 | \$23.5 | \$76.3 | \$46,940 | 3.1 | 494.2 | 6.9 | 5.8 |
| 2017 | 1,502,160 | 6,593 | 1.20 | 529.5 | 4,346 | \$24.5 | \$80.3 | \$47,826 | 2.3 | 495.8 | 7.2 | 5.5 |
| 2018 | 1,517,187 | 6,631 | 1.21 | 533.6 | 4,636 | \$25.6 | \$84.6 | \$48,776 | 2.2 | 499.5 | 7.5 | 5.3 |
| 2019 | 1,532,147 | 6,614 | 1.22 | 537.9 | 4,715 | \$26.8 | \$88.9 | \$49,635 | 2.3 | 500.9 | 7.7 | 5.3 |
| 2020 | 1,548,236 | 7,832 | 1.22 | 542.3 | 4,614 | \$27.9 | \$93.3 | \$50,416 | 2.3 | 499.5 | 8.0 | 5.2 |
| 2021 | 1,565,025 | 8,566 | 1.23 | 546.7 | 4,480 | \$29.0 | \$98.2 | \$51,260 | 2.4 | 498.7 | 8.3 | 5.2 |
| 2022 | 1,582,551 | 9,311 | 1.23 | 550.9 | 4,191 | \$30.1 | \$103.3 | \$51,995 | 2.5 | 498.1 | 8.6 | 5.1 |
| 2023 | 1,600,171 | 9,399 | 1.24 | 554.8 | 4,121 | \$31.3 | \$108.6 | \$52,777 | 2.4 | 497.6 | 8.9 | 5.1 |
| 2024 | 1,617,377 | 9,046 | 1.24 | 558.7 | 4,025 | \$32.5 | \$114.2 | \$53,629 | 2.4 | 497.2 | 9.2 | 5.1 |
| 2025 | 1,633,715 | 8,306 | 1.25 | 562.5 | 3,982 | \$33.8 | \$120.0 | \$54,484 | 2.4 | 497.0 | 9.5 | 5.2 |
| 2026 | 1,649,214 | 7,631 | 1.25 | 566.2 | 3,994 | \$35.2 | \$125.8 | \$55,225 | 2.4 | 496.8 | 9.9 | 5.3 |
| 2027 | 1,664,048 | 7,185 | 1.26 | 569.9 | 3,999 | \$36.7 | \$131.7 | \$55,928 | 2.4 | 496.7 | 10.2 | 5.3 |
| 2028 | 1,678,472 | 6,996 | 1.26 | 573.7 | 3,997 | \$38.4 | \$137.7 | \$56,633 | 2.4 | 496.6 | 10.6 | 5.3 |
| 2029 | 1,692,841 | 7,113 | 1.27 | 577.4 | 3,945 | \$40.1 | \$144.0 | \$57,332 | 2.4 | 496.7 | 11.0 | 5.3 |
| 2030 | 1,707,001 | 7,085 | 1.28 | 581.1 | 3,856 | \$41.9 | \$150.6 | \$58,059 | 2.4 | 496.7 | 11.4 | 5.2 |
| 2031 | 1,720,165 | 6,259 | 1.29 | 584.8 | 3,839 | \$44.0 | \$157.6 | \$58,831 | 2.4 | 496.9 | 11.9 | 5.3 |
| 2032 | 1,732,901 | 5,992 | 1.30 | 588.4 | 3,760 | \$46.2 | \$164.7 | \$59,585 | 2.4 | 497.0 | 12.3 | 5.3 |
| 2033 | 1,745,254 | 5,758 | 1.31 | 591.9 | 3,720 | \$48.5 | \$172.2 | \$60,410 | 2.4 | 497.2 | 12.8 | 5.3 |
| 2034 | 1,757,395 | 5,676 | 1.32 | 595.4 | 3,659 | \$50.8 | \$180.1 | \$61,261 | 2.4 | 497.4 | 13.3 | 5.3 |
| 2035 | 1,769,521 | 5,809 | 1.34 | 598.8 | 3,579 | \$53.1 | \$188.3 | \$62,098 | 2.4 | 497.7 | 13.8 | 5.2 |
| 2036 | 1,781,458 | 5,781 | 1.35 | 602.2 | 3,515 | \$55.5 | \$196.8 | \$62,944 | 2.4 | 497.9 | 14.3 | 5.2 |
| 2037 | 1,793,094 | 5,668 | 1.36 | 605.5 | 3,454 | \$57.9 | \$205.7 | \$63,818 | 2.4 | 498.2 | 14.9 | 5.2 |
| 2038 | 1,804,047 | 5,199 | 1.37 | 608.7 | 3,447 | \$60.4 | \$215.0 | \$64,738 | 2.4 | 498.5 | 15.4 | 5.2 |
| 2039 | 1,813,937 | 4,382 | 1.37 | 612.0 | 3,497 | \$63.0 | \$224.7 | \$65,704 | 2.4 | 498.8 | 16.0 | 5.3 |
| 2040 | 1,822,968 | 3,776 | 1.38 | 615.2 | 3,474 | \$65.5 | \$234.7 | \$66,672 | 2.4 | 499.1 | 16.5 | 5.3 |

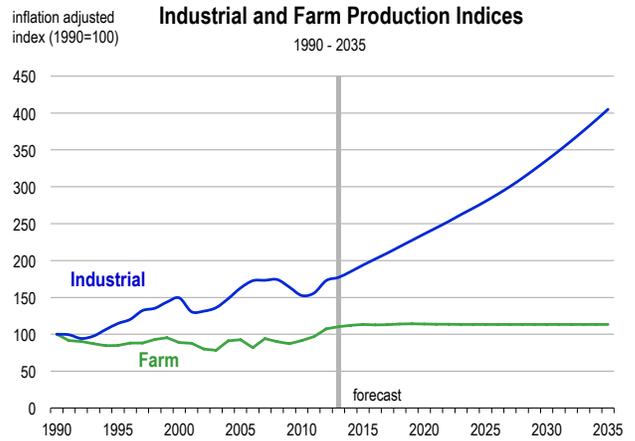
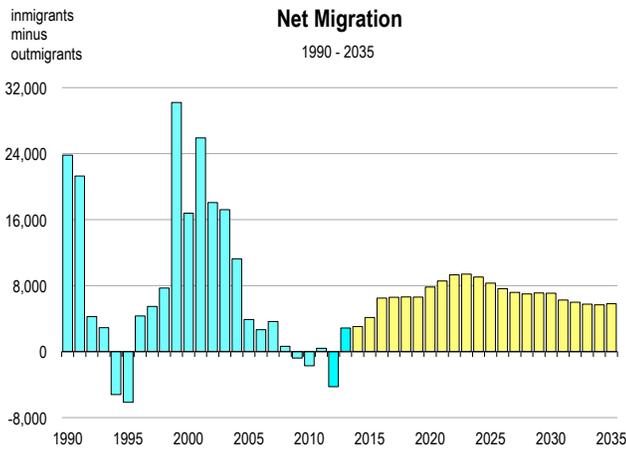
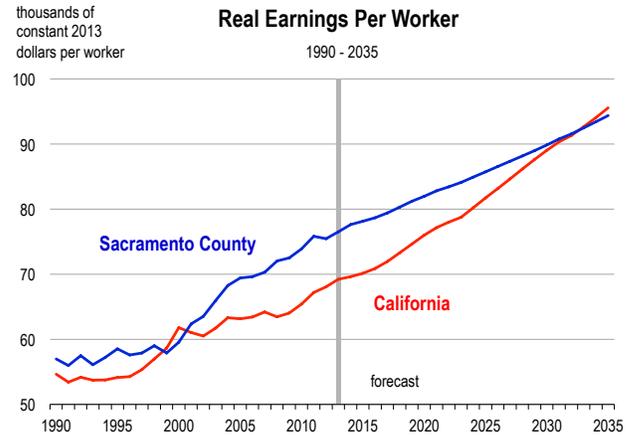
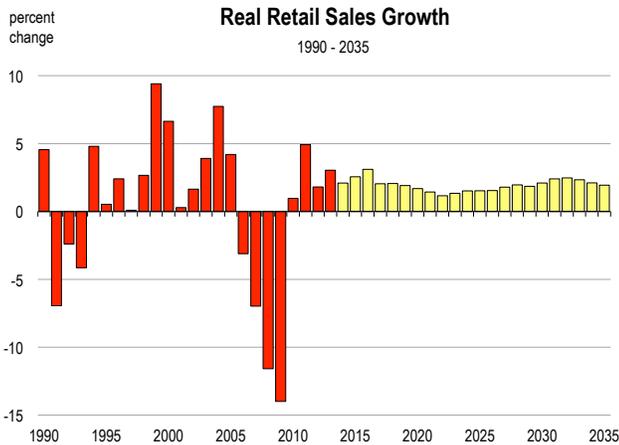


Sacramento County Employment Forecast

2006-2013 History, 2014-2040 Forecast

| | Total Wage & Salary | Farm | Construction | Manufacturing | Transportation & Utilities | Wholesale & Retail Trade | Financial Activities | Professional Services | Information | Health & Education | Leisure | Government |
|--|---------------------|------|--------------|---------------|----------------------------|--------------------------|----------------------|-----------------------|-------------|--------------------|---------|------------|
| -----employment (thousands of jobs)----- | | | | | | | | | | | | |
| 2006 | 614.7 | 2.70 | 43.7 | 25.0 | 12.9 | 84.5 | 45.6 | 82.8 | 15.3 | 66.3 | 52.3 | 163.1 |
| 2007 | 615.2 | 2.92 | 41.0 | 24.0 | 13.6 | 81.7 | 42.5 | 82.3 | 15.5 | 68.6 | 53.3 | 169.1 |
| 2008 | 599.9 | 2.72 | 34.4 | 22.7 | 13.7 | 76.4 | 39.6 | 80.7 | 15.0 | 69.7 | 52.6 | 171.5 |
| 2009 | 567.4 | 2.74 | 26.9 | 20.4 | 12.8 | 69.8 | 36.0 | 75.4 | 14.2 | 69.5 | 50.2 | 168.8 |
| 2010 | 550.3 | 2.57 | 23.5 | 19.4 | 11.9 | 69.7 | 32.1 | 76.6 | 13.2 | 68.5 | 48.5 | 164.3 |
| 2011 | 548.7 | 2.47 | 22.6 | 20.4 | 11.5 | 71.2 | 30.5 | 78.0 | 12.6 | 70.3 | 49.5 | 159.9 |
| 2012 | 556.0 | 2.59 | 22.8 | 21.3 | 12.3 | 73.9 | 30.9 | 83.1 | 11.6 | 71.4 | 50.3 | 156.3 |
| 2013 | 569.7 | 2.63 | 25.5 | 21.2 | 12.5 | 75.2 | 31.8 | 85.7 | 11.2 | 75.2 | 52.4 | 156.6 |
| 2014 | 583.5 | 2.69 | 26.3 | 21.6 | 12.9 | 76.0 | 31.7 | 91.0 | 11.7 | 78.3 | 54.4 | 156.7 |
| 2015 | 598.3 | 2.72 | 28.7 | 22.0 | 13.2 | 77.4 | 31.5 | 96.0 | 11.9 | 80.5 | 55.8 | 157.9 |
| 2016 | 610.7 | 2.70 | 29.7 | 22.5 | 13.5 | 78.6 | 31.5 | 100.2 | 12.1 | 82.2 | 57.2 | 159.2 |
| 2017 | 620.6 | 2.71 | 31.3 | 22.9 | 13.8 | 79.6 | 31.6 | 102.4 | 12.3 | 83.8 | 58.5 | 160.2 |
| 2018 | 629.3 | 2.73 | 31.5 | 23.2 | 14.0 | 80.3 | 31.9 | 104.1 | 12.5 | 85.3 | 59.4 | 162.5 |
| 2019 | 634.4 | 2.74 | 31.3 | 23.4 | 14.2 | 80.9 | 32.1 | 105.8 | 12.6 | 86.9 | 59.8 | 162.4 |
| 2020 | 640.1 | 2.73 | 31.0 | 23.6 | 14.5 | 81.4 | 32.4 | 107.5 | 12.7 | 88.0 | 59.9 | 163.7 |
| 2021 | 645.3 | 2.73 | 30.8 | 23.8 | 14.7 | 81.8 | 32.5 | 109.3 | 12.9 | 89.4 | 60.1 | 164.5 |
| 2022 | 650.5 | 2.72 | 30.5 | 24.0 | 15.0 | 82.2 | 32.6 | 111.4 | 13.0 | 90.7 | 60.1 | 165.1 |
| 2023 | 656.6 | 2.72 | 30.5 | 24.1 | 15.2 | 82.5 | 32.9 | 113.7 | 13.0 | 92.2 | 60.2 | 165.8 |
| 2024 | 661.9 | 2.72 | 30.4 | 24.2 | 15.5 | 82.9 | 32.8 | 116.0 | 13.1 | 93.3 | 60.3 | 166.6 |
| 2025 | 667.4 | 2.72 | 30.2 | 24.4 | 15.8 | 83.3 | 32.8 | 118.2 | 13.2 | 94.4 | 60.4 | 167.7 |
| 2026 | 673.3 | 2.72 | 30.1 | 24.5 | 16.0 | 83.8 | 32.9 | 120.4 | 13.4 | 95.5 | 60.4 | 168.8 |
| 2027 | 679.3 | 2.72 | 30.1 | 24.6 | 16.3 | 84.2 | 33.1 | 122.6 | 13.5 | 96.6 | 60.5 | 170.0 |
| 2028 | 685.4 | 2.72 | 30.1 | 24.7 | 16.6 | 84.7 | 33.2 | 124.8 | 13.6 | 97.7 | 60.6 | 171.2 |
| 2029 | 691.5 | 2.72 | 30.0 | 24.8 | 16.9 | 85.2 | 33.3 | 126.9 | 13.7 | 99.0 | 60.7 | 172.5 |
| 2030 | 697.9 | 2.72 | 29.9 | 24.9 | 17.2 | 85.8 | 33.3 | 129.0 | 13.8 | 100.6 | 60.8 | 173.8 |
| 2031 | 704.1 | 2.72 | 29.8 | 24.9 | 17.5 | 86.3 | 33.3 | 130.9 | 13.9 | 102.3 | 60.9 | 175.0 |
| 2032 | 710.2 | 2.72 | 29.6 | 25.0 | 17.8 | 86.9 | 33.2 | 132.8 | 14.0 | 104.1 | 60.9 | 176.2 |
| 2033 | 716.6 | 2.72 | 29.5 | 25.1 | 18.1 | 87.4 | 33.2 | 134.6 | 14.1 | 106.0 | 61.0 | 177.5 |
| 2034 | 722.9 | 2.72 | 29.3 | 25.2 | 18.4 | 88.0 | 33.2 | 136.2 | 14.2 | 108.0 | 61.1 | 178.8 |
| 2035 | 729.0 | 2.72 | 29.2 | 25.3 | 18.7 | 88.5 | 33.4 | 137.7 | 14.3 | 109.8 | 61.2 | 180.2 |
| 2036 | 735.2 | 2.72 | 29.0 | 25.3 | 19.1 | 89.0 | 33.5 | 139.3 | 14.4 | 111.6 | 61.3 | 181.6 |
| 2037 | 741.4 | 2.72 | 28.9 | 25.4 | 19.4 | 89.4 | 33.7 | 140.8 | 14.5 | 113.4 | 61.4 | 182.9 |
| 2038 | 747.7 | 2.73 | 28.8 | 25.5 | 19.7 | 89.9 | 33.8 | 142.4 | 14.6 | 115.2 | 61.4 | 184.4 |
| 2039 | 754.0 | 2.73 | 28.8 | 25.5 | 20.1 | 90.4 | 34.0 | 144.0 | 14.8 | 116.8 | 61.5 | 185.8 |
| 2040 | 759.9 | 2.73 | 28.7 | 25.6 | 20.4 | 90.8 | 33.9 | 145.6 | 14.9 | 118.5 | 61.6 | 187.2 |





County Economic and Demographic Indicators

Projected Economic Growth (2014-2019)

| | |
|----------------------------------|--------------|
| Expected retail sales growth: | 12.2% |
| Expected job growth: | 8.7% |
| Fastest growing jobs sector: | Construction |
| Expected personal income growth: | 15.8% |

| | |
|--|-------|
| Expected population growth: | 5.0% |
| Net migration to account for: | 41.9% |
| Expected growth in number of vehicles: | 2.8% |

Demographics (2014)

| | |
|---|-------|
| Unemployment rate (April 2014): | 7.1% |
| County rank* in California (58 counties): | 19th |
| Working age (16-64) population: | 65.7% |

| | |
|-----------------------------------|-----------|
| Population with B.A. or higher: | 27.5% |
| Median home selling price (2013): | \$225,000 |
| Median household income: | \$52,647 |

Quality of Life

| | |
|---|-------------------------|
| Violent crime rate (2012): | 553 per 100,000 persons |
| County rank* in California (58 counties): | 47th |
| Average commute time to work (2014): | 27.9 minutes |

| | |
|--|-------|
| High school drop out rate (2012): | 15.3% |
| Households at/below poverty line (2014): | 12.9% |

* The county ranked 1st corresponds to the lowest rate in California