



Winters City Council Meeting
City Council Chambers
318 First Street
Tuesday, February 7, 2017

Members of the City Council

*Wade Cowan, Mayor
Bill Biasi, Mayor Pro-Tempore
Harold Anderson
Jesse Loren
Pierre Neu*

*John W. Donlevy, Jr., City Manager
Ethan Walsh, City Attorney
Nanci Mills, City Clerk*

5:30 p.m. – Executive Session

AGENDA

Safe Harbor for Closed Session – Pursuant to Government Code Section 54954.5

Pursuant to Government Code Section 54956.8 of the Government Code –
Conference with Real Property Negotiators – Property: APN 003-370-043.
Agency Negotiators: Daniel Maguire, John Donlevy and Ethan Walsh;
Negotiating Parties: City of Winters and Blue Mountain Terrance Associates;
Under Negotiation: Terms of Payment

Pursuant to Government Code Section 54957 - Public Employee Performance
Evaluation – City Manager

6:30 p.m. – Regular Session

AGENDA

PLEASE NOTE – The numerical order of items on this agenda is for convenience
of reference. Items may be taken out of order upon request of the Mayor or

Councilmembers. Public comments time may be limited and speakers will be asked to state their name.

Roll Call

Pledge of Allegiance

Approval of Agenda

COUNCIL/STAFF COMMENTS

PUBLIC COMMENTS

At this time, any member of the public may address the City Council on matters, which are not listed on this agenda. Citizens should reserve their comments for matter listed on this agenda at the time the item is considered by the Council. An exception is made for members of the public for whom it would create a hardship to stay until their item is heard. Those individuals may address the item after the public has spoken on issues that are not listed on the agenda. Presentations may be limited to accommodate all speakers within the time available. Public comments may also be continued to later in the meeting should the time allotted for public comment expire.

CONSENT CALENDAR

All matters listed under the consent calendar are considered routine and non-controversial, require no discussion and are expected to have unanimous Council support and may be enacted by the City Council in one motion in the form listed below. There will be no separate discussion of these items. However, before the City Council votes on the motion to adopt, members of the City Council, staff, or the public may request that specific items be removed from the Consent Calendar for separate discussion and action. Items(s) removed will be discussed later in the meeting as time permits.

- A. Minutes of the Regular Meeting of the Winters City Council Held on Tuesday, January 17, 2017 (pp. 5-9)
- B. Reject all bids for the Walnut Ave Roundabout on State Route 128 (Grant Ave) (pp. 10-11)
- C. Resolution 2017-05, a Resolution of the City Council of the City of Winters Authorizing the City Manager to Execute an On-Call Storm Drainage Engineering Services Contract with Wood Rodgers (pp. 12-20)
- D. Proclamation of the City Council of the City of Winters Celebrating June 3, 2017 as Elder Day in the City of Winters (pp. 21)

- E. Resolution 2017-08, a Resolution of the City Council of the City of Winters Regarding Its Intention to Reimburse Certain Capital Expenditures Made to the City Water System (pp. 22-25)

PRESENTATIONS

Presentation of Proclamation Celebrating June 3, 2017 as Elder Day in the City of Winters Presented by Wally Pearce of the Winters Senior Foundation

DISCUSSION ITEMS

1. Second Reading and Adoption of Ordinance 2017-01, an Ordinance Amending Chapters 17.04 (Definitions), 17.16 (Applications and Public Hearings), 17.52 (Land Use Regulations: Zoning Matrix), and 17.58 (Second Residential Units) (pp. 26-32)
2. First Reading and Introduction of Ordinance 2017-02, an Ordinance Amending Section 17.200.080 Subsection (B)(2)(b) to the Winters Municipal Code Pertaining to Affordable Housing Requirements (pp. 33-41)
3. Waste Management Contract (pp. 42-44)
4. Resolution 2017-07 A Resolution of the City Council of the City of Winters Adopting Tax-Advantaged Bonds Post Issuance Compliance Procedures and Taking Related Actions and Resolution 2017-06 A Resolution of the City Council of the City of Winters Adopting Continuing Disclosure Compliance Procedures and Taking Related Actions (pp. 45-66)

CITY OF WINTERS AS SUCCESSOR AGENCY TO THE WINTERS COMMUNITY DEVELOPMENT AGENCY

1. Consideration of Resolution SA-2017-02 Authorizing the Issuance of Tax Allocation Refunding Bonds and Taking Related Actions (pp. 67-188)

CITY MANAGER REPORT

INFORMATION ONLY

ADJOURNMENT

I declare under penalty of perjury that the foregoing agenda for the February 7, 2017 regular meeting of the Winters City Council was posted on the City of Winters website at www.cityofwinters.org and Councilmembers were notified via e-mail of its' availability. A copy of the foregoing agenda was also posted on the outside public bulletin board at City Hall, 318 First Street on February 2, 2017, and made available to the public during normal business hours.

Nanci G. Mills by Tracy Jensen
Nanci G. Mills, City Clerk

Questions about this agenda – Please call the City Clerk's Office (530) 794-6701. Agendas and staff reports are available on the city web page www.cityofwinters.org/administrative/admin_council.htm

General Notes: Meeting facilities are accessible to persons with disabilities. To arrange aid or services to modify or accommodate persons with disability to participate in a public meeting, contact the City Clerk.

Staff recommendations are guidelines to the City Council. On any item, the Council may take action, which varies from that recommended by staff.

The city does not transcribe its proceedings. Anyone who desires a verbatim record of this meeting should arrange for attendance by a court reporter or for other acceptable means of recordation. Such arrangements will be at the sole expense of the individual requesting the recordation.

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City Hall – Finance Office - 318 First Street

During Council meetings – Right side as you enter the Council Chambers

City Council meetings are televised live on City of Winters Government Channel 20 (available to those who subscribe to cable television) and replayed following the meeting.

Wednesday at 10:00 a.m.

Videotapes of City Council meetings are available for review at the Winters Branch of the Yolo County Library.



Minutes of the Regular Meeting of the Winters City Council
Held on Tuesday, January 17, 2017

5:30 p.m. – Executive Session

Pursuant to Government Code Section 54957 - Public Employee Performance Evaluation – City Manager

Mayor Cowan said there was no reportable action taken in Executive Session.

6:30 p.m. – Regular Session

Mayor Wade Cowan called the meeting to order at 6:30 p.m.

Present: Council Members Harold Anderson, Bill Biasi, Jesse Loren, Pierre Neu and Mayor Wade Cowan.

Absent: None

Staff: City Manager John Donlevy, City Attorney Ethan Walsh, City Clerk Nanci Mills, Director of Financial Management Shelly Gunby, Contract Planner Dave Dowswell, Environmental Services Manager Carol Scianna, Building Official Gene Ashdown, and Management Analyst Tracy Jensen.

Gene Ashdown led the Pledge of Allegiance

Approval of Agenda: Motion by Council Member Loren, second by Council Member Neu to approve the agenda with no changes. Motion carried with the following vote:

AYES: Council Members Anderson, Biasi, Loren, Neu, Mayor Cowan

NOES: None

ABSENT: None

ABSTAIN: None

COUNCIL/STAFF COMMENTS

PUBLIC COMMENTS: None

CONSENT CALENDAR

- A. Minutes of the Regular Meeting of the Winters City Council Held on Tuesday, January 3, 2017
- B. Resolution 2017-02, a Resolution of the City Council of the City of Winters Approving Plans, Specifications and a Project Budget Sheet, and Authorize the City Engineer to Proceed with the Bidding Process for the Construction of the Main and Grant Signal Improvements, PN 16-01
- C. Resolution 2017-03, a Resolution of the City Council of the City of Winters Approving Plans and Technical Specifications, and Authorize the City Engineer to Proceed with the Bidding Process for the Construction of the Downtown Water & Storm Drain Improvements, PN 17-01
- D. Main and Grant Signal Archaeological Services
- E. Resolution 2017-04, a Resolution Amending the October 2015 through October 2017 Firefighter Personnel Rules
- F. Approval of City of Winters – Holiday Pay (Police)
- G. Side Agreement – Amending the October 2015 through October 2017 Winters Miscellaneous Association – Uniform Pay

City Manager Donlevy gave an overview. Council Member Anderson recused himself from Consent Item C due to a possible conflict of interest but remained at the dais under City Attorney's guidance. Motion by Council Member Loren, second by Council Member Biasi to approve Consent Items A, B, D, E, F and G. Motion carried with the following vote:

AYES: Council Members Anderson, Biasi, Loren, Neu, Mayor Cowan
NOES: None
ABSENT: None
ABSTAIN: None

Motion by Council Member Biasi, second by Council Member Neu to approve Consent Item C. Motion carried with the following vote:

AYES: Council Members Biasi, Loren, Neu, Mayor Cowan
NOES: None
ABSENT: None
ABSTAIN: Council Member Anderson

PRESENTATIONS: None

DISCUSSION ITEMS

1. Public Hearing, Introduction and Waive the First Reading of Ordinance 2017-01, an Ordinance Amending Chapters 17.04 (Definitions), 17.16 (Applications and Public Hearings), 17.52 (Land Use Regulations: Zoning Matrix), and 17.58 (Second Residential Units)

Contract Planner Dave Dowswell gave an overview of the proposed zoning text amendments to Title 17 of the Winters Municipal Code regarding second residential units, or accessory dwelling units.

Mayor Cowan opened the public hearing at 6:47 p.m. Building Official Gene Ashdown said he supports the decisions made by the State. Mayor Cowan closed the public hearing at 6:48 p.m.

Motion by Council Member Anderson, second by Council Member Loren to introduce and waive the first reading of Ordinance 2017-01, amending Chapters 17.04 (Definitions), 17.16 (Applications and Public Hearings), 17.52 (Land Use Regulations: Zoning Matrix), and 17.58 (Second Residential Units). Motion carried with the following vote:

AYES: Council Members Anderson, Biasi, Loren, Neu, Mayor Cowan
NOES: None
ABSENT: None
ABSTAIN: None

2. Pension and Unfunded Liabilities

City Manager Donlevy and Director of Financial Management Gunby collectively gave an overview of the City's three areas of unfunded liabilities, which include accrued leave balance (or compensated absences), postemployment benefits, and net pension liability. The City's unfunded liability currently falls between \$5-\$7 million, while neighboring jurisdictions are facing hundreds of millions of dollars in unfunded liability.

Accrued leave balances are now capped at 500 hours at the end of each fiscal year. The City purchased existing balances above 500 hours for many long tenured employees to reduce the unfunded burden. Management staff is monitoring employee vacation time and requiring all employees to take a

minimum of 5 consecutive days of vacation time per year. This will help control the amount of unused leave time liability for the City.

Postemployment benefit payments for City retirees includes a mandated contribution by the City toward health benefits, which requires a minimum contribution of \$128 per month per retiree, totaling \$9,216 for 6 retired employees. Currently, an estimated \$27,400 will be needed to be able to have funds set aside for future retiree health insurance.

City Manager Donlevy directed Council to the chart contained on page 73 of the staff report displaying the CalPERS Retirement Plans Status, including the 17-18 and 18-19 rates and liability payments, the estimated unfunded liability as of 6/30/17, and a 15, 20, and 30 year amortization schedule. Staff will come up with an overall strategy by this time next year to fold into the next 2-year budget cycle.

Council Member Biasi liked the fact that staff is addressing this issue now and Council Member Anderson said the YSAQMD is also going through the same thing and asked if they might be able to provide any helpful information.

CITY OF WINTERS AS SUCCESSOR AGENCY TO THE WINTERS
COMMUNITY DEVELOPMENT AGENCY

1. Resolution SA-2017-01 of the City of Winters as Successor Agency to the Winters Community Development Agency Adopting a Recognized Obligation Payment Schedule Pursuant to AB1X 26

Agency Chairman Biasi opened the Successor Agency at 7:23 p.m. Director of Financial Management Gunby gave an overview. Once the ROPS is approved by the Successor Agency and the Oversight Board, it will then be submitted to the Department of Finance for approval.

Motion by Agency Member Neu, second by Agency Member Cowan to approve Resolution SA-2017-01 (with corrections) of the City of Winters as Successor Agency to the Winters Community Development Agency Adopting a Recognized Obligation Payment Schedule Pursuant to AB1X 26. Motion carried with the following vote:

AYES: Agency Members Anderson, Cowan, Loren, Neu, Agency
Chairman Biasi
NOES: None
ABSENT: None
ABSTAIN: None

Agency Chairman Biasi closed the Successor Agency at 7:32 p.m.

CITY MANAGER REPORT: The Mayor & City Manager met with the downtown hotel developers and received the best news: a copy of the USDA loan guarantee, which brings a lion's share of money into the project. Now that the financing and loan guarantee are present, the project is ready to go, weather permitting. Get the plans in for plan check and we can expect an incredible spring!

INFORMATION ONLY: None

ADJOURNMENT: Mayor Cowan adjourned the City Council meeting at 7:33 p.m.

Wade Cowan, MAYOR

ATTEST:

Nanci G. Mills, City Clerk



STAFF REPORT

TO: Honorable Mayor and Councilmembers
THROUGH: John W. Donlevy, Jr., City Manager *[Signature]*
FROM: Carol Scianna, Environmental Services Manager
DATE: February 7, 2017
SUBJECT: Reject all bids for the Walnut Lane Roundabout, Project No. 12-04

RECOMMENDATION: Staff recommends that the City Council reject all bids received on December 8, 2016, for the Walnut Ave Roundabout (RAB) on State Route 128 (Grant Ave) – City Project No. 12-04, Federal Project CML-5110 (030) - and authorize the City Clerk to return all bid securities.

BACKGROUND: The City began the design process for the RAB in April of 2012, with the award of a \$100,000 design grant from SACOG. Over the next 4 years the engineering and public works staff continued to work on completing design, environmental clearance, right of way and utility certification, and other elements in order to satisfy Caltrans. The review process with Caltrans was completed in May 2016 and City received an encroachment permit in August 2016, with construction authorization (federal funds) in October 2016. On October 26, 2016, City Council authorized staff to go out to bid for the RAB project.

DISCUSSION: A bid opening was held on December 8, 2016 with the following results. The bid tabulation is available for review in the PW office.

\$1,426,724	Vintage Paving
\$1,485,611	McGuire and Hester
\$1,604,707	Martin Brothers
\$817,983	Engineer's Estimate

Staff is recommending that Council reject all bids. Staff does not believe the project should be awarded due the high bid prices and funding constraints.

Staff met with the apparent low bidder and discussed the reasons for the higher than anticipated bid. The main reasons identified were rising material costs, the engineer's estimate was too low, the constraints of breaking the construction up into phases to keep traffic open at all times, the requirements associated with working on a state highway with federal funding, and subcontractor costs due to the stronger economy.

Staff is currently working with Caltrans to reduce construction costs by removing

elements of the project. Some key elements considered are:

Remove landscaping (installing sleeves only)
Decorative concrete will be regular concrete
Decorative lighting will be Caltrans standard cobra heads
Reducing phasing by allowing partial or full closure, with a detour

Even with reduced construction scope, there will be a funding shortfall. The City is programmed to receive \$806,269 from FHWA and Caltrans. Staff is optimistic that the City will be able to secure additional funds to make the RAB a viable project.

Staff will come back to Council at a later date, with a request to re-bid, with the reduced-scope project and additional funding.

ALTERNATIVES:

1. Reject all bids received on December 8, 2016, for the Walnut Ave Roundabout (RAB) on State Route 128 (Grant Ave) – City Project No. 12-04, Federal Project CML-5110 (030) - and authorize the City Clerk to return all bid securities.
2. Provide staff with further direction.

FISCAL IMPACT: None with the requested action.



**CITY COUNCIL
STAFF REPORT**

TO: Honorable Mayor and Council members
DATE: February 7, 2017
THROUGH: John Donlevy, City Manager *[Signature]*
FROM: Alan Mitchell, City Engineer
SUBJECT: Resolution 2017-05 Authorizing City Manager to Execute an On-call Storm Drainage Engineering Services Contract with Wood Rodgers.

RECOMMENDATION: Staff recommends the City Council approve Resolution No. 2017-05, authorizing the City Manager to execute an on-call contract with Wood Rodgers, for storm drainage engineering services.

BACKGROUND: The City's General Plan requires that project level engineering studies such as traffic impact studies, water, storm drainage, and wastewater studies be performed to confirm existing conditions and to identify infrastructure improvements required to maintain the City's Level of Service (LOS) thresholds and engineering standards for infrastructure for General Plan developments.

In 2001, the City executed a contract with Borcalli & Associates (Wood Rodgers) for the preparation of the Citywide Storm Drainage Master Plan. The Master Plan draft was presented to City Council in October 2004. In early 2005, the City executed a contract with Wood Rodgers for on-call Engineering Storm Drainage Analysis Services for various new development projects. Since that time, Wood Rodgers has been assisting staff with requests from developers for information pertaining to the Master Plan as it relates to their specific developments, evaluating drainage system reports and plans from developer's engineers for specific developments, and identifying drainage improvements required to maintain consistency with the Master Plan.

Recently, Wood Rodgers has been assisting the City Engineer with reviewing the drainage for the PG&E GOTTC project, and a technical review of a phased drainage approach for Winters Highlands. They are the engineer of record for the new Rancho Arroyo Basin Pump Station, and are under contract for the flood hazard evaluation in northeast area of City's General Plan

DISCUSSION: The City Engineer recently requested a proposal from Wood Rodgers, for a general scope of work and updated hourly rate schedule, to prepare a new on-call contract. The contract is attached. The term of the Contract is five (5) years. As new projects come to the City, Wood Rodgers will be asked to provide a detailed scope and fee for their review, and a Work Order will be prepared for approval by staff.

ALTERNATIVES: No alternatives recommended.

FISCAL IMPACT: The costs associated with the Contract will be funded with project-specific funds. For private development, the developer's fees cover the cost of drainage analysis and review.

Attachments: Wood Rodgers Contract
Resolution No. 2017-05



**CONSULTANT SERVICES AGREEMENT
AGREEMENT No. 17-01WR**

THIS AGREEMENT is made at Winters, California, as of _____, 2017, by and between the City of Winters ("the CITY") and Wood Rodgers, Inc. (CONSULTANT)", who agree as follows:

1. **SERVICES.** Subject to the terms and conditions set forth in this Agreement, CONSULTANT shall provide the City with on-call Stormwater Drainage Engineering Services for various City capital and/or development projects. The General Scope of Services are described in more detail in Exhibit "A". Upon request of the CITY, the CONSULTANT shall review, analyze, and provide comments for projects proposed by others located within the City. For each project, a Work Order will be executed with specific project and scope information.

2. **PERIOD.** CONSULTANT shall provide said Services for a period of five years from the date of execution of this Agreement.

3. **PAYMENT.** The Consultant shall be paid for the actual costs, for all time and materials expended, in accordance with the attached Rate Schedule in Exhibit "B". For each project, a Work Order will be executed with specific compensation information. City shall pay consultant for services rendered pursuant to the Agreement.

4. **FACILITIES AND EQUIPMENT.** CONSULTANT shall, at its sole cost and expense, furnish all facilities and equipment which may be required for furnishing services pursuant to this Agreement.

5. **GENERAL PROVISIONS.** The general provisions set forth in Exhibit "C" are part of this Agreement. In the event of any inconsistency between said general provisions and any other terms or conditions of this Agreement, the other term or condition shall control only insofar as it is inconsistent with general Provisions.

6. **EXHIBITS.** All exhibits referred to therein are attached hereto and are by this reference incorporated herein.

EXECUTED as of day first above-stated.

CITY OF WINTERS
a municipal corporation

By: _____
John W. Donlevy, Jr., City Manager

CONSULTANT

By: 
Jonathan Kors, PE, Vice President

ATTEST:

By: _____
Nanci G. Mills, CITY CLERK

ATTACHMENT A SUMMARY OF STORM DRAINAGE ENGINEERING SERVICES

On-Call Services for Storm Drainage Study Review

GENERAL STORM DRAINAGE STUDY REVIEW TASKS

- Drainage Work Scope Review: Wood Rodgers, Inc. will review the work scope for Storm Drainage Study documents, including proposed methodology and key assumptions, and provide comments to City staff.
- Review Draft Drainage Studies: Wood Rodgers, Inc. will review Draft Drainage Study documents, as requested by City staff, including attached technical calculation sheets. Wood Rodgers, Inc. will review preliminary comments by City staff and prepare a compilation of comments.
- Review Final Drainage Studies/Provide Input on Project Conditions: Wood Rodgers, Inc. will review the Draft Final Drainage Study and Final Drainage Study, including any revised technical calculation sheets, to determine if the comments provided on Draft Drainage Study documents were responded to adequately. Wood Rodgers, Inc. will also provide a description of recommended drainage-related conditions of approval. Comments on the Final Drainage Study, as well as on recommended drainage-related conditions, will be documented in a technical memorandum.
- Prepare Drainage Analysis: Wood Rodgers, Inc. will prepare focused drainage analyses, as requested by City staff, to address issues raised by City Council members, Planning Commission members, City staff, project applicants, and/or members of the public.
- Respond to Developer Request: Wood Rodgers, Inc. will provide on-call assistance to address questions from developers relative to the City of Winters Storm Drainage Master Plan.
- Attend Meetings: Wood Rodgers, Inc. will attend meetings and public hearings on a time-and-materials basis, as requested by City staff.

EXHIBIT "B"



WOOD RODGERS

SACRAMENTO FEE SCHEDULE
Effective January 1, 2017

CLASSIFICATION	STANDARD RATE
Principal Engineer/Geologist/Surveyor/Planner/LA* II	\$235
Principal Engineer/Geologist/Surveyor/Planner/LA* I	\$195
Associate Engineer/Geologist/Surveyor/Planner/GIS/LA* III	\$185
Associate Engineer/Geologist/Surveyor/Planner/GIS/LA* II	\$175
Associate Engineer/Geologist/Surveyor/Planner/GIS/LA* I	\$165
Engineer/Geologist/Surveyor/Planner/GIS/LA* III	\$155
Engineer/Geologist/Surveyor/Planner/GIS/LA* II	\$145
Engineer/Geologist/Surveyor/Planner/GIS/LA* I	\$135
Assistant Engineer/Geologist/Surveyor/Planner/GIS/LA*	\$110
CAD Technician III	\$125
CAD Technician II	\$115
CAD Technician I	\$105
Project Coordinator	\$115
Administrative Assistant	\$95
1 Person Survey Crew**	\$180
2 Person Survey Crew**	\$260
3 Person Survey Crew**	\$340
Consultants, Outside Services, Materials & Direct Charges	Cost Plus 10%
Overtime Work	Rate Plus 50%

*LA = Landscape Architect

Blueprints, reproductions, and outside graphic services will be charged at vendor invoice. Auto mileage will be charged at the IRS standard rate, currently 54 cents per mile.

Fee Schedule subject to change January 1, 2018.

EXHIBIT "C"

GENERAL PROVISIONS

(1) INDEPENDENT CONTRACTOR. At all times during the term of this Agreement, CONSULTANT shall be an independent contractor and shall not be an employee of CITY. CITY shall have the right to control CONSULTANT only insofar as the results of CONSULTANT'S services rendered pursuant to this Agreement; however, CITY shall not have the right to control the means by which CONSULTANT accomplishes services rendered pursuant to this Agreement.

(2) LICENSES; PERMITS; ETC. CONSULTANT represents and warrants to CITY that CONSULTANT has all licenses, permits, qualifications, and approvals of whatsoever nature which are legally required for CONSULTANT to practice CONSULTANT'S profession. CONSULTANT represents and warrants to CITY that CONSULTANT shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement, any licenses, permits, and approvals which are legally required for CONSULTANT to practice his profession.

(3) TIME. CONSULTANT shall devote such services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of CONSULTANT'S obligations pursuant to this Agreement.

(4) INSURANCE.

(a) WORKER'S COMPENSATION. During the term of this Agreement, CONSULTANT shall fully comply with the terms of the law of California concerning worker's compensation. Said compliance shall include, but not be limited to, maintaining in full force and effect one or more policies of insurance insuring against any liability CONSULTANT may have for worker's compensation.

(b) GENERAL LIABILITY AND AUTOMOBILE INSURANCE. CONSULTANT shall obtain at its sole cost and keep in full force and effect during the term of this agreement broad form property damage, personal injury, automobile, employer, and comprehensive form liability insurance in the amount of \$2,000,000 per occurrence; provided (1) that the CITY, its officers, agents, employees and volunteers shall be named as additional insured under the policy; and (2) that the policy shall stipulate that this insurance will operate as primary insurance; and that (3) no other insurance effected by the CITY or other names insured will be called upon to cover a loss covered there under; and (4) insurance shall be provided by an, at least, A-7 rated company.

(c) PROFESSIONAL LIABILITY INSURANCE. During the term of this Agreement, CONSULTANT shall maintain an Errors and Omissions Insurance policy in the amount of not less than \$1,000,000.

(d) CERTIFICATES OF INSURANCE. CONSULTANT shall file with CITY'S City Clerk upon the execution of this agreement, certificates of insurance which shall provide that no cancellation, major change in coverage, expiration, or non-renewal will be made during the term of this agreement, without thirty (30) days written notice to the CITY'S City Clerk prior to the effective date of such cancellation, or change in coverage.

(5) CONSULTANT NOT AGENT. Except as CITY may specify in writing, CONSULTANT shall have no authority, express or implied, to act on behalf of CITY in any capacity whatsoever as an agent. CONSULTANT shall have no authority, express or implied, pursuant to this Agreement, to bind CITY to any obligation whatsoever.

(6) ASSIGNMENT PROHIBITED. No party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.

(7) PERSONNEL. CONSULTANT shall assign only competent personnel to perform services pursuant to this Agreement. In the event that CITY, at its sole discretion, at anytime during the term of this Agreement, desires the removal of any person or persons assigned by CONSULTANT to perform services pursuant to this Agreement, CONSULTANT shall remove any such person immediately upon receiving notice from CITY of the desire of CITY for the removal of such person or persons.

(8) STANDARD OF PERFORMANCE. CONSULTANT shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which CONSULTANT is engaged in the geographical area in which CONSULTANT practices his profession. CITY pursuant to this Agreement shall be prepared in a substantial, first-class, and workmanlike manner, and conform to the standards of quality normally observed by a person practicing in CONSULTANT'S profession. CITY shall be the sole judge as to whether the product of the CONSULTANT is satisfactory.

(9) CANCELLATION OF AGREEMENT. This Agreement may be canceled at any time by CITY for its convenience upon written notification to CONSULTANT. CONSULTANT shall be entitled to receive full payment for all services performed and all costs incurred to the date of receipt of written notice to cease work on the project. CONSULTANT shall be entitled to no further compensation for work performed after the date of receipt of written notice to cease work. All completed and uncompleted products up to the date of receipt of written notice to cease work shall become the property of the CITY.

(10) PRODUCTS OF CONSULTING. All products of the CONSULTANT resulting from this Agreement shall be the property of the CITY.

(11) INDEMNIFY AND HOLD HARMLESS. CONSULTANT shall indemnify, hold harmless the CITY, its officers, agents and employees from all claims, suits, or actions of every name, kind and description, brought forth on account of injuries to or death of any person or damage to property to the extent arising from or connected with the willful misconduct, negligent acts, errors or omissions, ultra-hazardous activities, activities giving rise to strict liability, or defects in design by the CONSULTANT or any person directly or indirectly employed by or acting as agent for CONSULTANT in the performance of this Agreement, including the concurrent or successive passive negligence of the City, its officers, agents or employees.

It is understood that the duty of CONSULTANT to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code.

Acceptance of insurance certificates and endorsements required under this Agreement does not relieve CONSULTANT from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

(12) PROHIBITED INTERESTS. No employee of the CITY shall have any direct financial interest in this agreement. This agreement shall be voidable at the option of the CITY if this provision is violated.

(13) LOCAL EMPLOYMENT POLICY. The City of Winters desires wherever possible, to hire qualified local residents to work on city projects. Local resident is defined as a person who resides in Yolo County.

The City encourages an active affirmative action program on the part of its contractors, consultants, and developers.

When local projects require, subcontractors, contractors, consultants, and developers will solicit proposals from qualified local firms where possible.

As a way of responding to the provisions of the Davis-Bacon Act and this program, contractor, consultants, and developers will be asked to provide no more frequently than monthly, a report which lists the employee's residence, and ethnic origin.

(14) CONSULTANT NOT PUBLIC OFFICIAL. CONSULTANT is not a "public official" for purposes of Government Code §87200 et seq. CONSULTANT conducts research and arrives at conclusions with respect to his or her rendition of information, advise, recommendation or counsel independent of the control and direction of the CITY or any CITY official, other than normal contract monitoring. In addition, CONSULTANT possesses no authority with respect to any CITY decision beyond the rendition of information, advice, recommendation or counsel.

RESOLUTION NO. 2017 - 05

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINTERS
AUTHORIZING THE CITY MANAGER TO EXECUTE AN ON-CALL CONTRACT WITH WOOD
RODGERS, FOR STORM DRAINAGE ENGINEERING SERVICES**

WHEREAS, The City's General Plan requires that project level engineering studies for storm drainage be performed to confirm existing conditions and to identify infrastructure improvements required; and

WHEREAS, In 2001, the City executed a contract with Borcalli & Associates (Wood Rodgers) for the preparation of the Citywide Storm Drainage Master Plan; and

WHEREAS, In early 2005, the City executed a contract with Wood Rodgers for on-call Engineering Storm Drainage Analysis Services for various new development projects; and

WHEREAS, Wood Rodgers has been assisting staff with requests from developers for information pertaining to the Master Plan as it relates to their specific developments, evaluating drainage system reports and plans from developer's engineers for specific developments, and identifying drainage improvements required to maintain consistency with the Master Plan; and

WHEREAS, The City Engineer recently requested a proposal from Wood Rodgers, for a general scope of work and updated hourly rate schedule, to prepare a new on-call contract.

WHEREAS, As new projects come to the City, Wood Rodgers will be asked to provide a detailed scope and fee for their review, and a Work Order will be prepared for approval by staff.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Winters authorizes the City Manager to execute an On-call Storm Drainage Engineering Services Contract with Wood Rodgers.

PASSED AND ADOPTED by the City Council of the City of Winters, on this 7th day of February, 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Wade Cowan, MAYOR

ATTEST:

Nanci G. Mills, City Clerk



**A PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF WINTERS
CELEBRATING JUNE 3, 2017 AS ELDER DAY IN THE CITY OF WINTERS**

WHEREAS, the City of Winters includes an older adult community with some of these residents being 90-years of age and older who deserve special recognition for their dedication and contributions to our community; and

WHEREAS, older adults are significant members of our community, investing their wisdom and experience to help enrich and better the lives of younger generations; and

WHEREAS, the City of Winters City Council recognizes that these older adults are pioneers, advocating for themselves, their peers, their families, and the general public – concreting the way for future generations; and

WHEREAS, the City of Winters City Council is committed to raising awareness and recognition about issues facing older adults and helping these individuals to thrive in the community of their choice for as long as possible; and

WHEREAS, we appreciate the value of presence and support in helping older adults successfully contribute to and benefit from their community, and the people and organizations who serve them; and

WHEREAS, our community can provide opportunities to enrich the lives of individuals 90-years of age and older by promoting and engaging in activity, wellness and social involvement, emphasizing community-based service organizations that support older adults and independent living, and ensuring community members can benefit from the contributions and experiences of older adults; and

WHEREAS, the City of Winters City Council assures that a celebration of this day occurs by implementing the formation of an official public committee with representation from the City of Winters City Council, the Winters Senior Foundation, and the Winters Chamber of Commerce; and

NOW, THEREFORE, BE IT HEREBY PROCLAIMED by the Winters City Council, the first Saturday in the month of June will hence forth memorialize this date forever, and to be known as Elder Day. Every resident in the City of Winters is urged to take time on this date to acknowledge older adults as powerful and vital individuals who greatly contribute to our community.

PASSED AND ADOPTED this 7th day of February, 2017.

Mayor Wade Cowan

Mayor Pro Tem Bill Biasi

Council Member Harold Anderson

Council Member Jesse Loren

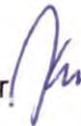
Council Member Pierre Neu

City Manager John W. Donlevy Jr.

ATTEST: Nanci G. Mills, City Clerk



STAFF REPORT

TO: Honorable Mayor and Council Members
DATE: February 7, 2017
THROUGH: John W. Donlevy, Jr., City Manager 
FROM: Ethan Walsh, City Attorney
Shelly Gunby, Director of Financial Management
SUBJECT: Resolution 2017-08, A Resolution of the City Council of the City of Winters Regarding the City's Intention to Reimburse Certain Capital Expenditures Made to the City Water System

RECOMMENDATION: That the City Council approve Resolution No. 2017-08, a Resolution of the City Council of the City of Winters Regarding its Intention to Reimburse Certain Capital Expenditures Made to the City Water System.

BACKGROUND: In 2014, the State Water Resources Control Board-Division of Drinking Water adopted drinking water standards for hexavalent chromium (Cr-6) that established a maximum contaminant level (MCL) of 10 parts per billion for Cr-6. The City's water system is currently not in compliance with those levels, and the City is in the process of determining the most cost effective way to bring the City's water system into compliance, in order to minimize the financial impact on the citizens of Winters. To date, the City retained Kennedy Jenks, which has been assisting the City in developing a Corrective Action Plan, and locating potential funding sources for the required improvements.

DISCUSSION: Ultimately, if the City moves forward with improvements necessary to bring the Water System into compliance with the Cr-6 MCL, the required capital improvements will cost in the tens of millions of dollars. The City does not have that money available, and will have to either borrow the money, or issue bonds in order to raise the capital necessary to construct the improvements. However, the City has already been paying Kennedy Jenks in

order to develop its plan to address the Cr-6 issue, and may have to make other capital improvements to the water system as part of the compliance effort prior to borrowing the necessary funds or issuing bonds. The expenditures to date have been made out of the Water System O&M fund. In the event that the City finances the overall project through a bond issue or borrowing, City staff desires to make clear that the preliminary costs spent on the Corrective Action Plan and the improvements to the water system are part of the overall project to be financed, and that the City will reimburse the Water System O&M fund out of the proceeds of the financing.

The enclosed resolution is intended to make clear the City's intent to reimburse the Water System O&M fund from the proceeds of any future bond issue or borrowing, and to establish an appropriate record of that intent.

FISCAL IMPACT: No fiscal impact at this time. In the future, in the event the City moves forward with a financing for the required improvements, this action will allow the City to reimburse the Water System O&M fund for costs incurred in connection with the Cr-6 compliance work.

ATTACHMENTS: Resolution No. 2017-08

RESOLUTION 2017-08

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINTERS REGARDING ITS INTENTION TO REIMBURSE CERTAIN CAPITAL EXPENDITURES MADE TO THE CITY WATER SYSTEM

WHEREAS, The City of Winters (the “City”) intends to make certain capital expenditures constructing, reconstructing and/or equipping certain public facilities and improvements relating to its water system in order to bring the water system into compliance with the maximum contaminant levels established by the State Water Resource Control Board-Division of Drinking Water for hexavalent chromium (the “Project”); and

WHEREAS, the City anticipates that it will finance the construction, reconstruction and/or equipping of the Project or portions of the Project through a future borrowing, or with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”), and

WHEREAS, prior to the borrowing or issuance of the Obligations the City will incur certain capital expenditures (the “Expenditures”) with respect to the Project from available moneys of the Borrower; and

WHEREAS, The City Council of the City of Winters has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the City for the Expenditures from the proceeds of the Obligations;

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Winters as follows:

SECTION 1. The City hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations or borrowing of funds with proceeds of the Obligations or loan. The Project consists of various capital improvements to the Borrower’s water system, including certain infrastructure improvements as deemed necessary to bring the City’s water system into compliance with the maximum contaminant levels for hexavalent chromium.

SECTION 2. The reasonably expected maximum principal amount of the Obligations or loan is not to exceed \$42,000,000

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the City will expend moneys for the portion of the Project to be reimbursed from proceeds of the Obligations.

SECTION 4. In the event the City issues Obligations for the Project, the City will make a reimbursement allocation, which is a written allocation that evidences the City’s

use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid, or the Project is place in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. For Obligations subject to the small government issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended, the "eighteen-month limit" of the previous sentence is changed to "three years" and the "three-year limitation" of the previous sentence is not applicable.

SECTION 5. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 6. Each Expenditure will be of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure).

SECTION 7. To the best of our knowledge, this City Council is not aware of the previous adoption of official intents by the Borrower that have been made as a matter of course for the purpose of reimbursing expenditures for which tax-exempt obligations have not been issued.

SECTION 8. This resolution is adopted as official action of the City in order to comply with Treasury Regulation Section 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of City expenditures incurred prior to the date of the issue of the Obligations.

SECTION 9. All the recitals in this Resolution are true and correct and this City Council so finds, determines and represents.

PASSED AND ADOPTED by the City Council, City of Winters, the 7th day of February 2017 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Wade Cowan, MAYOR

ATTEST:

Nanci G. Mills, CITY CLERK



TO: Honorable Mayor and Council Members
DATE: February 7, 2017
THROUGH: John W. Donlevy, Jr., City Manager 
FROM: David Dowswell, Community Development Department 
SUBJECT: Various Zoning Text Amendments to Title 17 (Zoning Ordinance) regarding Second Residential Units

RECOMMENDED CITY COUNCIL ACTION

Waive the second reading and adopt Ordinance No. 2017-01 amending Title 17 (Zoning) of the Winters Municipal Code.

BACKGROUND:

On January 17, 2017 the City Council voted unanimously to approve the ordinance updating certain provisions of the City's zoning regulations in the Municipal Code having to do with Second Residential Units.

DISCUSSION:

The proposed amendments to the zoning regulations are designed to primarily update the City's Second Residential Units ordinance to comply with two new state laws, SB 1069 and the companion bill AB 2299 (Accessory Dwelling Units).

ATTACHMENTS

- A) Ordinance 2017-01, Zoning Text Amendments

CITY COUNCIL

ORDINANCE NO. 2017 - 01

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WINTERS
AMENDING CHAPTER 17.04 (INTRODUCTORY PROVISIONS AND DEFINITIONS),
CHAPTER 17.16 (APPLICATIONS AND PUBLIC HEARINGS), CHAPTER 17.52 (LAND
USE/ZONE MATRIX) AND CHAPTER 17.98 (SECOND RESIDENTIAL UNITS)
OF THE WINTERS MUNICIPAL CODE

The City Council of the City of Winters, State of California, does hereby ordain as follows:

1. Purpose. The purpose of this ordinance is to amend various section of the text in the Winters Municipal Code (the "Municipal Code") necessary to regulate Accessory Dwelling Units (formerly known as Second Residential Units).

2. Authority. The City of Winters has authority to adopt this ordinance pursuant to the general police power granted to cities by Article 11, Section 7 of the California Constitution.

3. Amendments to Title 17. The City hereby makes the following amendments to Title 17 of the Municipal Code:

a. Subdivision (B) of Section 17.04.140 of the Municipal Code is hereby amended to add or delete the following definitions:

1. The following definition is hereby added to Subdivision (B) of Section 17.04.040 of the Municipal Code:

"Accessory dwelling unit" (formerly known as "second residential unit") means a dwelling unit attached or detached from principal permitted dwelling which provides complete and independent living facilities, including living, sleeping, eating, cooking and sanitation facilities, for rent but not for sale.

2. The following definition is hereby deleted from Subdivision (B) of Section 17.04.040 of the Municipal Code:

b. Section 17.16.050 of the Municipal Code is hereby amended to read as follows:

17.16.050 Ministerial permits.

A. Purpose.

Ministerial actions, as noted herein, shall be subject to review and approval by the community development director and, as applicable, city engineer, to ensure, project consistency with this title, the municipal code and applicable provisions of state law.

B. Ministerial Projects.

The following is a list of projects which typically are classified as being ministerial. The community development director and/or city engineer retain the authority to seek guidance or discretionary approval from a reviewing body if the nature of a proposed project warrants such action:

1. Building permits and tenant improvements, where the proposed use or structure does not trigger discretionary review under the terms of this title (such as for certain types of remodeling), or when such discretionary review has been completed;
2. Demolition permits;
3. Grading permits where the intended use of land does not trigger discretionary review under the terms of this title, or when such discretionary review has been completed;
4. Site plans in conjunction with a building or grading permit, except where planning commission design review is required as noted elsewhere in this title;
5. Certificates of occupancy;
6. Lot line adjustments; (Note: The community development director and city engineer may refer a lot line adjustment application to the planning commission for action if it is determined that the adjustment has the potential to significantly enhance the developability of one or more lots.)
7. Certificates of compliance;
8. Accessory dwelling units; and
9. Voluntary lot mergers. (Ord. 97-03 § 2 (part): prior code § 8-1.4209)

c. Section 17.52.020 of the Municipal Code is hereby amended to make the following deletions and additions to the Land Use/Zone Matrix:

17.52.020 Land Use/Zone Matrix

Delete "Second Residential Units" from Table 2 under R-R, R-1 and R-2 as a permitted "P" use and add "Accessory Dwelling Units" to Table 2 under R-R, R-1 and R-2 as a permitted "P" use.

d. Chapter 17.98 of the Municipal Code is hereby amended in its entirety to read as follows:

Chapter 17.98

ACCESSORY DWELLING UNITS

Sections:

- 17.98.010 Purpose and intent.**
- 17.98.020 Administration**
- 17.98.030 Development Standards**

17.98.010 Purpose and intent

The purpose of this section is to permit accessory dwelling units in single-family residential zoning districts consistent with state law (California Government Code Sections 65852.150 through 65852.2). This section is intended to expand housing opportunities by increasing the number of housing units available within existing neighborhoods while maintaining the primarily "single family" residential character of the area. Accessory dwelling units are intended to provide livable housing at lower cost while providing greater security, companionship, and family support for the occupants, consistent with the general plan. An accessory dwelling unit must comply with all of the provisions in Chapter 17, except as modified in this chapter.

17.98.020 Administration

A. Accessory Dwelling Unit Permit Required. An approved accessory dwelling unit permit shall be obtained prior to construction, conversion and/or development of an accessory dwelling unit. Pursuant to California Government Code Section 65852.2, the accessory unit permit shall be considered ministerial without any discretionary review or a hearing. Accessory dwelling units are exempt from the California Environmental Quality Act.

B. Application.

1. Applications for an accessory dwelling unit permit shall be filed with the community development director on forms provided by the community development department.
2. An application for an accessory dwelling unit permit shall be accompanied by a fee established by resolution of the city council to cover the cost of handling the application as prescribed in this subsection.
3. Once an application is deemed complete the application must be approved or denied within one hundred and twenty (120) days.

C. Existing Accessory Dwelling Units. This section shall in no way validate an illegal accessory dwelling unit. An application for an accessory dwelling unit permit may be made pursuant to the provisions of this chapter to convert an illegal accessory dwelling unit into a lawful accessory dwelling unit, or to allow for the replacement, alteration or expansion of an existing

nonconforming accessory dwelling unit. The conversion of an illegal accessory dwelling unit into a lawful accessory dwelling unit, or the replacement, alteration or expansion of an existing nonconforming accessory dwelling unit shall be subject to the requirements of this chapter.

17.98.030 Development Standards

All accessory dwelling units shall comply with the following development standards:

- A. The maximum area of floor space of a detached accessory residential unit shall not exceed one thousand two hundred (1,200) square feet of living area on lots with a net lot area of twenty thousand (20,000) square feet or more and seven hundred fifty (750) square feet of living area on lots with a net lot area of less than twenty thousand (20,000) square feet. The maximum area of floor space on an attached accessory residential unit shall not exceed fifty percent (50%) of the living area of the existing principal residence, not to exceed a maximum of one thousand two hundred (1,200) square feet.
- B. The site on which the proposed accessory dwelling unit is to be located meets the minimum lot size requirements for the zone in which it is located and in no instance is less than six thousand (6,000) square feet.
- C. Construction under this section shall be subject to zoning requirements applicable to residential construction in single family (R-R, R-1 and R-2) zones, except as modified by the conditions of this section.
- D. The lot on which the accessory dwelling unit is proposed shall contain a principal residence at the time of construction of the accessory dwelling unit. In the case of vacant lots, the principal residence and accessory dwelling unit may be constructed at the same time.
- E. The accessory dwelling unit is self-contained with its own separate entrance, kitchen and bathroom and shall comply with all applicable building, fire, energy and other health and safety codes.
- F. Only one accessory dwelling unit shall be allowed for each principal residence per lot. An accessory dwelling unit shall not be permitted on a lot already having two or more dwelling units located thereon and shall not be permitted in addition to a guest dwelling. A guest dwelling shall not be permitted on any lot developed with an accessory dwelling unit.
- G. The accessory dwelling unit shall be in compliance with all current zoning requirements, including structure height and yard setbacks. Consistent with the general plan, accessory dwelling units that front on alleys shall be encouraged. An accessory dwelling unit built above an existing detached garage may be located within five (5) feet of the rear or side property lines, subject to complying with Title 24 of the California Code of Regulations.
- H. An accessory building or structure, including a garage, may be converted into an accessory dwelling unit, subject to complying with the Title 24 of the California Code of Regulations.

I. One (1) off-street uncovered parking space shall be provided for every accessory dwelling unit in addition to parking required for the principal residence. The off-street uncovered parking space may be provided in the front setback to the side of the existing driveway or in tandem on the driveway, subject to complying with Section 17.98.030I. When development of the accessory dwelling unit displaces existing required off-street parking (e.g., conversion of a garage) the required parking shall be concurrently replaced on the property in compliance with the off-street parking regulations in Chapter 17.72.

No additional parking is required if the accessory dwelling unit is located:

1. Within one-half (½) mile of public transit;
2. In an historic district;
3. In part of an existing principal residence or existing accessory building or structure;
4. In an area requiring on-street parking permits but they are not offered to the ADU occupant; or
5. Within one block of a car-sharing vehicle pick-up/drop-off location.

J. Not more than forty (40) percent of the front yard of a parcel, inclusive of accessory dwelling unit off-street parking requirements, shall be devoted to a driveway.

K. The accessory dwelling unit shall not cause excessive noise, traffic congestion, parking congestion or overloading of public facilities.

L. Separate hookups for city services and/or utilities may be required as determined by city standards as applied by city staff or by the appropriate public utility.

M. Accessory dwelling units shall achieve architectural continuity with the principal residence and with the character of the surrounding neighborhood, as determined by the community development department. No entrance to an accessory dwelling unit shall be located on the front building elevation of the principal residence if the accessory dwelling unit is attached to the residence, in order to maintain the appearance of the structure as a single-family unit.

N. The property owner shall occupy either the principal or accessory dwelling unit as their principal or primary residence as defined by the County Assessor. If either unit should become non-owner occupied the accessory dwelling unit, upon notification by the city, shall be converted into a non-dwelling unit or guest dwelling by removing the kitchen facilities. To ensure the property is owner-occupied the property owner shall record a deed restriction prior to obtaining a certificate of occupancy for the accessory dwelling unit. The deed restriction will stipulate they (property owner) will live in one of the two units at all times.

O. Before obtaining an occupancy permit for an accessory dwelling unit the owner of an accessory dwelling unit shall file with the County Recorder a declaration or agreement, form to be approved by the city attorney, stating the owner shall live in either the principal residence or

accessory dwelling unit at all times. This restriction shall be removed if the owner eliminates the accessory dwelling unit or converts it into a non-dwelling unit or guest dwelling by removing the kitchen facilities.

P. The size of the accessory dwelling unit shall be counted towards the maximum floor area ratio (FAR) for the site.

Q. Accessory dwelling unit permits shall not be issued for accessory dwelling units that result in adverse impacts to the adequacy of water and sewer services, and/or result in adverse impacts on traffic flow, and/or result in adverse impacts on any real property listed in the California Register of Historic Places.

R. All new construction or exterior alterations to existing structures proposed under the accessory dwelling unit permit may be subject to design review as prescribed in Chapter 17.36, except that design review shall be ministerial without any discretionary review or a hearing.

4. Severability. If any provision or clause of this ordinance or any application of it to any person, firm, organization, partnership or corporation is held invalid, such invalidity shall not affect other provisions of this ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are declared to be severable.

5. Effective Date and Notice. This ordinance shall take effect thirty (30) days after its adoption and, within fifteen (15) days after its passage, shall be published at least once in a newspaper of general circulation published and circulated within the City of Winters.

INTRODUCED at a regular meeting on the ____ day of _____, 2017 and **PASSED AND ADOPTED** at a regular meeting of the Winters City Council, County of Yolo, State of California, on the ____ day of _____, 2017 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Wade Cowan, Mayor

ATTEST:

Nanci G. Mills, City Clerk



**CITY COUNCIL
STAFF REPORT**

TO: Honorable Mayor and Councilmembers
DATE: February 7, 2017
THROUGH: John W. Donlevy, Jr., City Manager *JWD*
FROM: Dan Maguire, Economic Development and Housing Manager *DM*
SUBJECT: Public Hearing and Consideration by the Winters City Council of Adoption of Ordinance 2017-02, an Ordinance of the City of Winters Amending Section 17.200.080, Subsection (B)(2)(b) to the Winters Municipal Code Pertaining to Affordable Housing Requirements

RECOMMENDATION:

Staff recommends that the City Council take the following actions:

- 1) Receive Staff Report
- 2) Conduct the Public Hearing
- 3) Waive first reading, read by title only, and introduce:
Ordinance 2017-02, Amending Section Amending Section 17.200.080, Subsection (B)(2)(b) to the Winters Municipal Code Pertaining to Affordable Housing Requirements

BACKGROUND:

In 1992, the City of Winters completed and adopted a comprehensive update of its General Plan. As part of this effort, the City also adopted the seven elements required for a General Plan. Subsequently, Legal Services of Northern California (LSNC) challenged the adequacy of the City's Housing Element, one of the required seven elements, and brought suit against the City in Yolo County Superior Court. The City incurred significant expenses during its defense and eventually, a stipulated judgment was agreed to by all parties in 1994 and entered in Superior Court. The key provisions of the judgment included the City's adoption of an inclusionary housing ordinance in 1994 (Ordinance 94-10), which required that 15 percent of all new housing be affordable to very low-, low-, and moderate income households.

In early 2016, staff met with the sales staff and preferred lender for the Winters Ranch subdivision and provided copies of the City's Affordability Covenant for moderate income household home ownership. Per the approved Affordable Housing Plan for Winters Ranch and Callahan Estates, Winters Ranch is to produce 7 moderate income units during the construction of Winters Ranch. It was subsequently brought to staff's attention that recent

changes in Fannie Mae and Freddie Mac guidelines precluded jurisdictions from using Affordability Covenants that utilized a shared equity model unless the jurisdiction was providing financial support to the transaction, and only to the degree that participation represented on a percentage basis. This recent change to guidelines was confirmed by the City's affordable homeownership consultant, NeighborWorks Sacramento. The City of Winters has historically not provided financial support towards the moderate income home ownership as a part of the implementation of the Inclusionary Housing Ordinance (IHO). Down payment assistance through Federal programs such as HOME and CDBG are restricted to low and very low income households and do not provide funding for assistance to moderate income households. These changes in Fannie/Freddie guidelines effectively rendered the existing Equity Share Covenant non-usable, as first mortgage loans originated with the equity share covenant could not be resold on the secondary market.

DISCUSSION:

Staff worked with our City Attorney to replace the covenant based on equity share with a covenant as prescribed by our existing municipal code. This resulted in a covenant with a significantly longer affordability period than was the case under the equity share agreement, which expired after ten-year duration. The new covenant requires affordability period with duration of 45 years at a minimum, and which tied directly to the requirements of Redevelopment Law.

The AHSC, with participation from Legal Services of Northern California, met on Wednesday, April 13, 2016 to discuss the changes brought about by the elimination of the equity share covenant with emphasis on discussing the change in the duration of the covenant. The unanimous consensus from that meeting was to recommend the Planning Commission and the City Council considers revising that requirement to allow for a covenant with a ten year affordability restriction. The AHSC participants felt this length of term was consistent with the affordability covenant it is replacing. Additionally, the recommendation took into account the desire to enhance the homeowners ability to build equity from homeownership while promoting the community's interest in preserving the affordable assets of the community, in part by the introduction of the use of a promissory note that capture the "windfall equity" that is created at first sale. This "windfall equity" is typically defined as the difference between the sales price of an affordable unit and the sales price of a similar unit sold at market rate.

The Planning Commission, at its meeting on May 24, 2016, conducted a Publicly Noticed Public Hearing and discussed Ordinance 2016-06 and the Planning Commission recommended on a vote of 6-0 that the City Council adopt Ordinance 2016-06 amending Section 17.200-080 of the City of Winters Municipal Code to amend the Term of Resale Restriction of Moderate Income Inclusionary Units from Forty-Five Years to Ten Years. The City Council adopted Ordinance 2016-06 at the July 5, 2016 City Council meeting.

As staff worked with the City Attorney to revise the affordability covenant and the Promissory Note, it was discovered that the existing ordinance language tied the interest rate on the City "silent second" (Promissory Note rate) to the Local Agency Investment Fund ("LAIF" rate) rather than at Simple Interest. It should be noted that the most recent homeownership project, the Cottages at Carter Ranch (early 2000s), used simple interest in the City notes executed relative to affordable home sales in that project.

Staff subsequently contacted Legal Services of Northern California and Yolo County Housing to discuss staff's recommended change from using the LAIF rate to using simple interest instead and both were supportive of the recommended change.

The Planning Commission, at its meeting on January 24, 2017, conducted a Publicly Noticed Public Hearing and discussed Ordinance 2017-02 and the Planning Commission recommended on a vote of 5-0 that the City Council adopt Ordinance 2017-02 amending Section 17.200.80 (B)(2)(b) of the City of Winters Municipal Code to amend the requirement for Promissory Notes ("silent second notes") from being tied to the Local Agency Investment Fund ("LAIF") rate to a simple interest rate of three percent ("3%")

ANALYSIS:

The change from the Promissory Note being tied to the LAIF rate to the Note being tied to Simple Interest is beneficial to potential homeowners as well as to staff. The LAIF rate is not easily understood by most consumers; whereas simple interest is easy to understand.

Additionally, it is not uncommon for homeowners with silent seconds from the City to make payments on that silent second. There have also been a few instances where homeowners (Cottages at Carter Ranch) have paid off the City Note on their property. It is much less complicated for staff to apply a payment to a loan based on simple interest in comparison to one based on a LAIF rate. Similarly, it is easier and more transparent to the homeowner that said payment is being applied correctly when using simple interest, and for a homeowner/consumer to understand the staff computation of the demand payoff (paying off the note in full) when that computation is based on simple interest.

PROJECT NOTIFICATION:

Public notice advertising for the public hearing on this Amendment was prepared by the Community Development Department in accordance with notification procedures set forth in the City of Winters Municipal Code and State Planning Law. A legal notice was published in the Davis Enterprise on Friday, January 27, 2017, and the Winters Express on Thursday, February 2, 2017. Copies of the staff report and all attachments for the proposed Amendment have been on file, available for public review at City Hall since Tuesday, January 31, 2017.

ENVIRONMENTAL DETERMINATION:

Pursuant to Section 15061 (b) (3) of the State CEQA Guidelines, a project is exempt from the California Environmental Quality Act when it can be seen with certainty that there is not possibility that the proposed Amendment may have significant effect on the environment. This Amendment entails the extension of a section of the Zoning Code regarding Affordable Housing, and therefore, constitutes administrative changes to the Zoning Code. As such, they will have no adverse effect on the environment; consequently, the project is not subject to environmental review under CEQA pursuant to Section 15061 (b) (3).

RECOMMENDATION:

Staff recommends that the City Council approve the proposed Ordinance 2017-02 by making the affirmative motions as follows:

I MOVE THAT THE WINTERS CITY COUNCIL WAIVE THE FIRST READING, READ BY TITLE ONLY, AND INTRODUCE ORDINANCE 2017-02 TO AMEND CHAPTER 17.200.080

**OF THE CITY OF WINTERS MUNICIPAL CODE TO AMEND THE RATE FOR
PROMISSORY NOTES FROM ACCRUING AT THE LOCAL AGENCY INVESTMENT FUND
RATE TO A SIMPLE INTEREST RATE**

ATTACHMENTS:

- 1) Winters Municipal Code Section 17.200.080 Subsection (B)(2)(b)
- 2) Ordinance No. 2017-02

Attachment #1 Winters Municipal code

- D. **Local Public Funding.** A developer may apply to the community development agency for local public funding to assist in the financing and development of affordable housing to meet the inclusionary housing requirement.
- E. **Modification of Development Standards.** To the extent feasible in light of the uses, design and infrastructure needs of the development project, modifications to existing city planning standards may be made for the development project. Such modifications shall be requested through a development permit, or other such permit that allows the modification of planning standards, and shall be considered in conjunction with the other discretionary land use entitlements for the development project.
- F. **Mixed-Use Projects.** Mixed-use projects containing affordable units may be proposed and approved in areas of the city where the zoning code and the general plan allow such development to help offset the cost of developing affordable units pursuant to the requirements of this chapter. (Ord. 2009-18 § 2 (part))

17.200.070 Density bonus.

Inclusionary units required by this chapter or otherwise proposed to be constructed as part of a development project shall not be counted towards the number of units necessary to qualify for a density bonus under applicable state or local laws. (Ord. 2009-18 § 2 (part))

17.200.080 Restrictions on inclusionary units.

Each inclusionary unit created as a result of this chapter shall have limitations governing its rental, sale, and/or resale and its occupancy, unless such limitations would be in conflict with federal or state law. The purpose of these limitations is to preserve the long-term affordability and to ensure its continued availability for income eligible households.

A. **Duration of Affordability for Rental and Resale of Inclusionary Units.** All rental and for-sale inclusionary housing units developed within the city shall remain affordable for a period of not less than that required by Section [33334.3\(f\)\(1\)](#) of the California Health and Safety Code (fifty-five (55) years for rental units, forty-five (45) years for owner-occupied units and fifteen (15) years for mutual self-help housing units), and shall be regulated by regulatory agreement, recorded covenants or other legal mechanisms to assure that the units remain affordable housing units, as determined by the city.

B. Occupancy Requirements.

1. **Rental Units.** Any person(s) who occupies a rental inclusionary unit shall occupy that unit as his or her principal residence and shall annually certify that he or she qualifies for the applicable affordable rent level. The community development director shall annually initiate this certification process. If and when any person(s) who rents an inclusionary unit no longer qualifies at the applicable affordable rent and income levels, the person(s) shall be required to vacate the unit or pay the market rate for the unit provided another rental unit is made available at the income level of the inclusionary unit.

2. For-Sale Units.

a. Except as provided in this section, an initial owner who purchases a for-sale inclusionary unit shall occupy that unit as his or her principal residence. The inclusionary housing agreement shall provide that a for-sale inclusionary unit may only be rented or leased with the written permission of the city, and then only to an income eligible person and the inclusionary unit shall be rented at no greater a

rental rate than the affordable rent level as defined in Health and Safety Code Section [50053](#). The inclusionary unit shall be rented or leased at the same income level of the original for-sale affordable housing price. For example, if the initial owner bought the unit at the very low income housing price, the unit shall be rented at the very low income rent level currently in effect. Any person intending to offer a for-sale inclusionary unit for rent or lease shall first notify the city housing coordinator in writing, prior to the renting of the unit.

b. An initial owner shall be required to execute a promissory note, secured by a deed of trust, payable to the city, for the difference between the fair market value of the unit and the actual purchase price ("silent second note"). The silent second note shall accrue interest at the local agency investment fund ("LAIF") rate, and shall be due and payable upon the sale, transfer or refinancing of the unit, unless the sale is to another low income eligible buyer, as determined by the city. The proceeds of any silent second notes shall be deposited in an account designated for uses related to the provision of affordable housing in the city.

C. Resale of For-Sale Units. The initial owner or any subsequent owner may sell a for-sale unit pursuant to the following requirements. Inclusionary for-sale units shall remain affordable to subsequent income eligible buyers pursuant to the resale restricted term provided for in subsection A of this section, and in accordance with the affordable housing costs set forth in Health and Safety Code Section [50052.5](#). The inclusionary for-sale unit shall be sold at the same affordable housing price income level as it was originally sold, and the new income eligible buyer shall be required to execute a new inclusionary housing agreement and silent second note, secured by a deed of trust.

1. Option to Sell to City. If the owner is unable to sell the inclusionary unit within one hundred eighty (180) days of offering and advertising the unit for sale, the owner may offer to sell the unit to the city at the affordable housing price at the time offered. The community development director may reduce the one hundred eighty (180) day requirement specified above if the owner demonstrates, to the satisfaction of the director, that such limit would create a hardship for the owner. If the city or its assignee does not complete the purchase of the unit within ninety (90) days of the owner's offer of sale to the city, the resale obligation of this section shall terminate; however, the provisions of this section relating to recapture upon sale shall continue to apply and remain in full force and effect.

2. Recapture Upon Sale. If the inclusionary unit does not sell within one hundred eighty (180) days of offering and advertising the unit for sale, or such lesser time as established by the community development director upon a finding that a hardship exists, and if the city does not acquire the inclusionary unit as specified in this section, the inclusionary unit may be sold at the current market price. Upon the sale of a unit at market price, the seller shall pay to the city housing trust fund the full amount of the silent second note, described above in this section. The owner shall be entitled to any appreciation in the fair market value of the unit from the time of initial sale to the present sale. (Ord. 2009-18 § 2 (part))

17.200.090 Administration of inclusionary housing requirements.

A. Inclusionary Housing Agreement. Upon approval of the inclusionary housing plan pursuant to Section [17.200.030](#), the community development director shall prepare an inclusionary housing agreement for the development project that is consistent with the inclusionary housing plan, and shall indicate ownership information, type of inclusionary unit

ORDINANCE NO. 2017-02

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WINTERS AMENDING SECTION 17.200.080 OF THE CITY OF WINTERS MUNICIPAL CODE TO PROVIDE THAT SILENT SECOND PROMISSORY NOTES EXECUTED PURSUANT TO THE CITY'S INCLUSIONARY HOUSING ORDINANCE SHALL ACCRUE SIMPLE INTEREST AT AN ANNUAL RATE OF THREE PERCENT

WHEREAS, the City of Winters has adopted affordable housing requirements that are set forth in Chapter 17.200 of the City of Winters Municipal Code (the "Inclusionary Housing Ordinance") and require new residential development in the City of Winters jurisdictional boundaries to construct a designated percentage of the housing units to be sold or rented to very-low, low and moderate income units (the "Inclusionary Units"); and

WHEREAS, the Affordable Housing Ordinance requires that all for-sale Inclusionary Units be owned and occupied by a household that qualifies as a very-low, low or moderate income household at the time of acquisition of the Inclusionary Unit; and

WHEREAS, in order to secure the City's interest in ensuring that the Inclusionary Units remain affordable to very-low, low or moderate income households, the Inclusionary Ordinance further requires that the initial owner shall be required to execute a promissory note, secured by a deed of trust, payable to the city, for the difference between the fair market value of the unit and the actual purchase price paid by the purchaser (a "Silent Second Note"); and

WHEREAS, the Inclusionary Housing Ordinance further requires that the Silent Second Note accrue interest at a rate that is equivalent to the Local Agency Investment Fund ("LAIF") interest rate; and

WHEREAS, the LAIF rate is not typically used as an interest rate in affordable housing programs at the local, state or federal level; and

WHEREAS, the City desires to amend the Inclusionary Housing Ordinance to provide that Silent Second Notes executed in favor of the City by very low, low or moderate income purchasers pursuant to the City's Inclusionary Housing Ordinance shall accrue simple interest at an annual rate of three percent;

NOW, THEREFORE, the City Council of the City of Winters does hereby ordain as follows:

Section 1. Recitals. The above recitals are hereby found to be true and accurate and are incorporated into this Ordinance by this reference.

Section 2. Amendments to Section 17.200.080(B)(2)(b). Subparagraph (B)(2)(b) of Section 17.200.080 of Chapter 17.200 of Title 17 of the City of Winters Municipal Code is hereby amended as follows:

b. An initial owner shall be required to execute a promissory note, secured by a deed of trust, payable to the city, for the difference between the fair market value of the unit and the

actual purchase price ("silent second note"). The silent second note shall accrue simple interest at the ~~local agency investment fund ("LAIF")~~ rate of three percent (3%) annually, and shall be due and payable upon the sale, transfer or refinancing of the unit, unless the sale is to another low income eligible buyer, as determined by the city. The proceeds of any silent second notes shall be deposited in an account designated for uses related to the provision of affordable housing in the city.

Section 3. CEQA. This Ordinance is not a project within the meaning of Section 15378 of the State of California Environmental Quality Act ("CEQA") Guidelines, because it has no potential for resulting in physical change in the environment, directly or indirectly, as it is simply a clarification of existing restrictions as currently set forth in the City of Winters Municipal Code. The City Council further finds, under Title 14 of the California Code of Regulations, Section 15061(b)(3), that this Ordinance is nonetheless exempt from the requirements of CEQA in that the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The City Council, therefore, directs that a Notice of Exemption be filed with the County Clerk of the County of Yolo in accordance with CEQA Guidelines.

Section 4. Custodian of Records. The documents and materials that constitute the record of proceedings on which this Ordinance is based are located at the City Clerk's office located at 318 First Street, Winters, CA 95694. The custodian of these records is the City Clerk.

Section 5. Severability. If any section, sentence, clause or phrase of this Ordinance or the application thereof to any entity, person or circumstance is held for any reason to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council of the City of Winters hereby declare that they would have adopted this Ordinance and each section, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

Section 6. Effective Date. This Ordinance shall become effective thirty (30) days following its adoption.

[Continued on following page]

Section 7. Publication. The City Clerk shall certify to the adoption of this Ordinance. Not later than fifteen (15) days following the passage of this Ordinance, the Ordinance, or a summary thereof, along with the names of the City Council members voting for and against the Ordinance, shall be published in a newspaper of general circulation in the City of Winters.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Winters, California, at a regular meeting of the City Council held on the ____ day of _____, 2017.

City of Winters

By: Wade Cowan, Mayor

ATTEST:

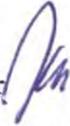
Nanci Mills, City Clerk

APPROVED AS TO FORM:

Ethan Walsh, City Attorney



CITY COUNCIL
STAFF REPORT

TO: Honorable Mayor and Councilmembers
DATE: January 17, 2017
THROUGH: John W. Donlevy, Jr., City Manager 
FROM: Carol Scianna, Environmental Services Manager 
SUBJECT: Waste Management Contract Renewal

RECOMMENDATION: Staff recommends the Council authorize the City Manager to negotiate the contract renewal with Waste Management (WM) for a term of 10 years and to provide direction as to which of the 3 Options related to green waste services presented is the preferred option.

BACKGROUND: The current 10 year contract with WM to provide garbage, recycling and green waste services for residents expired December 31, 2016. The City Manager recently executed an extension while the City determines the details for the new contract. The City has chosen not to go out to bid for these services, previous attempts to do so did not provide competitive bids and resulted in higher rates than would have been achieved had we just extended the contract with WM.

Based on discussions that staff has had thus far with WM current services provided by WM would remain mostly the same as our current contract provides with the following exceptions:

- Ally service would no longer be provided
- Green waste would mainly be a cart collection service (with options to provide limited street pile collection)
- Organics collection to be added in the future
- Street sweeping would go from weekly to monthly
- Addition of Green waste/ Organics Commercial Cart service

Monthly Rates would increase from an average amount of \$35/month to a range from \$35.64 - 38.72 depending on the option chosen.

The differences between the 3 option are:

Option 1- Organics cart collection (bi-weekly) and monthly street pile collection

Option 2- Organics cart collection (bi-weekly) and monthly street pile collection and Nov 1-Jan 31 weekly street

Option 3- Organics cart collection (bi-weekly) Feb- Oct and weekly cart collection Nov-Jan and monthly street pile collection

Recycling services would remain bi-weekly, these pickups would be on alternate weeks with Option 1 and 2 organics services

FISCAL IMPACT: TBD average rate increase per resident would range between \$.64- \$3.72

RESIDENTIAL	CURRENT RATES	2017 OPTION 1	2017 OPTION 2	2017 OPTION 3
SOLID WASTE COLLECTION (weekly)				
*1 - 64 gallon	\$ 20.55	\$ 20.93	\$ 20.93	\$ 20.93
* Most commonly used service				
RECYCLING CART COLLECTION (bi-weekly)				
1 - 96 gallon	\$ 2.75	\$ 2.80	\$ 2.80	\$ 2.80
ORGANICS CART COLLECTION (bi-weekly)				
1 - 96 gallon (.5 cubic yards)	\$ -	\$ 7.42	\$ 8.65	\$ 10.50
2 - 96 gallon (1 cubic yard)	\$ -	\$ -	\$ -	\$ -
GREEN WASTE - LOOSE PILES				
Loose Piles - 4 cubic yards	\$ 7.29	* \$7.29	* \$7.29	* \$7.29
* loose pile collection for Option 1 & Option 2 are included in Organics Cart Rate				
RESIDENTIAL LARGE ITEM COLLECTION				
Residential Curbside Collection - 5 cubic yards	\$ 4.41	\$ 4.49	\$ 4.49	\$ 4.49
TOTAL PACKAGED RATES				
Customers Mandatory Service Total: Rates in grey are added into the mandatory service rates below	Current Bundled Rate	Option 1	Option 2	Option 3
*1-64g Trash/1-96g Recycle/1-96g Green Waste	\$ 35.00	\$ 35.64	\$ 36.87	\$ 38.72
* Most commonly used service				



STAFF REPORT

TO: Honorable Mayor and Council Members
DATE: February 7, 2017
THROUGH: John W. Donlevy, Jr., City Manager *JD*
FROM: Shelly Gunby, City of Winters Director of Financial Management *Shelly*
SUBJECT: **CONSIDERATION OF: (I) RESOLUTION NO. 2017-07 ADOPTING TAX-ADVANTAGED BONDS POST-ISSUANCE COMPLIANCE PROCEDURES AND TAKING RELATED ACTIONS, AND (II) RESOLUTION NO. 2017-06 ADOPTING CONTINUING DISCLOSURE COMPLIANCE PROCEDURES AND TAKING RELATED ACTIONS**

RECOMMENDATION:

Staff recommends that the City Council, by minute motion:

- Adopt Resolution No. 2017-07, adopting tax-advantaged bonds post-issuance compliance procedures, and taking related actions
- Adopt Resolution No. 2017-06 adopting continuing disclosure compliance procedures, and taking related actions

BACKGROUND:

The City and the City's related public entities (such as the Successor Agency to the Winters Community Development Agency and the Winters Public Finance Authority) issue bonds from time to time, including tax-exempt bonds (i.e., the interest on which is exempt from federal income tax) and bonds sold through public offerings. In connection with tax-exempt bonds, an issuer must comply with federal tax law requirements. In connection with bonds sold to through public offerings, the issuer undertakes continuing disclosure obligations pursuant to securities law requirements to provide certain

information available to the investing market. In recent years, the United States Internal Revenue Service and Securities and Exchange Commission have placed a new focus on the importance of an issuer's adoption of written procedures to monitor post-issuance compliance and continuing disclosure.

REVIEW AND ANALYSIS:

Tax-Advantaged Bonds Compliance. Bonds that are issued by public entities to finance or refinance public capital improvements or for certain other purposes are sometimes provided preferential treatment under the federal tax laws. Such bonds include those that are commonly referred to as "tax-exempt bonds" and others referred to as "tax credit bonds." They are often collectively referred to by the IRS as "tax-advantaged bonds." Tax-advantaged bonds are subject to federal tax requirements both at the time when the bonds are issued and for as long as they remain outstanding. Failure by the issuer to comply with any applicable federal tax requirement with respect to tax-advantaged bonds jeopardizes their preferential treatment and could subject the issuer of non-compliant bonds to IRS penalties or civil liability.

In recent years, the IRS has focused on the importance of issuers establishing written procedures to monitor post-issuance compliance with respect to tax-advantaged bonds. City Staff currently monitors post-issuance compliance with federal tax requirements of outstanding bonds and refers questions on an as-needed basis to bond counsel. The post-issuance compliance procedures attached to Resolution No. 2017-07 as Exhibit A, would formalize and aid the City's monitoring process with written procedures that can be used as a checklist. These procedures advance recent IRS objectives and serve as a measure of added internal controls to assist in preventing violations from occurring, or timely correcting identified violations, to ensure the continued tax-advantaged status of the bonds.

Continuing Disclosure Compliance. The City and the City's related public entities typically sell their bonds through public offerings. The Successor Agency is currently undertaking proceedings to issue refunding bonds through a public offering.

Pursuant to federal securities law, for each public offering of a municipal bond issue, the issuer (or the relevant entity responsible for the repayment of the bonds) must execute a continuing disclosure agreement. Under each such continuing disclosure agreement, the issuer agrees to periodically provide certain relevant information and to make such information available to the investing market.

In recent years, the Securities and Exchange Commission has placed increased emphasis on local government entities' compliance with their continuing disclosure undertakings. The adoption of the continuing disclosure compliance procedures would formalize the process by the City and its related public entities to comply with bond continuing disclosure obligations. The adoption of such procedures will also be helpful to

the marketing of the Successor Agency refunding bonds and any other future bond issues.

FISCAL IMPACT:

The costs associated with the requirements set forth in these procedures are paid from the funds established for the purpose of maintaining the issued bonds and will not have any fiscal impact on the General Fund budget. Costs and reporting requirements will remain in effect throughout the final maturity of each series of bonds.

ATTACHMENTS:

- Resolution No. 2017-07 (with Exhibit A - Tax-Advantaged Bonds Post-Issuance Compliance Procedures)
- Resolution No. 2017-06 (with Exhibit A – Continuing Disclosure Compliance Procedures)

RESOLUTION NO. 2017-07

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINTERS
ADOPTING TAX-ADVANTAGED BONDS POST-ISSUANCE
COMPLIANCE PROCEDURES AND TAKING RELATED ACTIONS**

WHEREAS, the City of Winters and its related entities (collectively, the "City") have issued bonds or otherwise incurred bonded indebtedness ("Tax-Exempt Bonds"), the interest on which is excluded from gross income for owners thereof for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the City may issue additional Tax-Exempt Bonds from time to time; and

WHEREAS, the City may also, in the future, issue bonds or incur bonded indebtedness ("Tax Credit Bonds," and together with Tax-Exempt Bonds, "Tax-Advantaged Bonds") that entitle the City, the owners of the Tax Credit Bonds or another party to either a credit against federal income tax liability or a refundable credit from the United States Treasury; and

WHEREAS, issuers of Tax-Advantaged Bonds are required to comply with certain post issuance requirements in accordance with the Code; and

WHEREAS, the City desires to adopt the Tax-Advantaged Bonds Post-Issuance Compliance Procedures (the "Procedures"), as set forth in Exhibit A hereto;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WINTERS HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Procedures, as set forth in Exhibit A, are hereby approved and adopted, and shall be made applicable to all Tax-Advantaged Bonds issued by or on behalf of the City and its related entities (such as, but not limited to, the Successor Agency to the Winters Community Development Agency).

Section 3. The City Manager, in consultation with bond counsel, is hereby authorized to amend the Procedures from time to time as necessary or appropriate.

Section 4. The City Manager, the Director of Financial Management and all other officers of the City are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the purposes of this Resolution, and to implement the Procedures and any such actions previously taken by such officers are hereby ratified and confirmed

Section 8. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, and ADOPTED by the City Council of the City of Winters at a meeting duly held on the 7th day of February, 2017.

AYES:

NOES:

ABSENT:

ATTEST:

Wade Cowan, Mayor

Nanci G Mills, City Clerk

TAX-ADVANTAGED BONDS POST-ISSUANCE COMPLIANCE PROCEDURES

1. BACKGROUND AND TRAINING

Bonds that receive preferential treatment under federal law are commonly referred to by the Internal Revenue Service as "tax-advantaged bonds." These bonds or other obligations are issued by or on behalf of state and local governments, including the City of Winters and its related public entities, (e.g., the Successor Agency to the Winters Community Development Agency and the Winters Public Finance Authority). These bonds are subject to federal tax requirements both at the time the bonds are issued and for as long as they remain outstanding. An issuer's (or other party's) failure to comply with any applicable federal tax requirement with respect to these bonds jeopardizes their preferential treatment.

While compliance with applicable federal tax requirements normally occurs at closing, other federal tax requirements require on-going monitoring after the issuance of the bonds. These requirements include filing a Form 8038 information return (8038-G for fully tax-exempt bonds, 8038-GC for fully tax-exempt bonds with an issue price of less than \$100,000, 8038 for tax-exempt ("qualified") private activity bonds or 8038-TC for tax credit bonds) and the issuer having reasonable expectations of on-going, post-issuance compliance.

Post-issuance federal tax requirements generally fall into two categories: (1) the use of proceeds and the use of bond-financed property; and (2) arbitrage yield restriction on investments and rebate. Use requirements require monitoring of the various direct and indirect uses of bond-financed property over the life of the bonds and calculations of the percentage of nonqualified uses. Arbitrage requirements also require monitoring over the life of the bonds to determine whether the yield on investments acquired with bond proceeds are properly restricted and whether the City must file a Form 8038-T to pay a rebate or a yield reduction payment. References to the City in these procedures include the City's related public entities.

Post-issuance compliance procedures will help the City monitor compliance as long as the bonds remain outstanding and improve the City's ability to identify noncompliance and prevent violations from occurring, or timely correct identified violations, to ensure the continued tax-advantaged status of the bonds.

The designated officer or employee (described in Section 2.A, below) and anyone assigned particular responsibilities in connection with the procedures described below must read the certificate regarding compliance with certain tax matters (commonly referred to as the "tax certificate") that is executed by the City (or a related public entity) in connection with each bond issue for a more complete explanation of the matters described in these Procedures. In addition, the designated officer or employee and anyone assigned particular responsibilities, should discuss these matters with bond counsel and meet with bond counsel for training related to these Procedures.

2. GENERAL ADMINISTRATION

A. Responsible Officers or Employees. The City Manager will designate the officer or employee (e.g., the Director of Financial Management of the City) who will be responsible for compliance with each of the procedures set forth below. The City Manager will notify the current holder of that office, or the employee, of the responsibilities and provide that person a copy of these Procedures. The holder of the office, or the employee, may in turn designate other officers or employees and assign to them particular responsibilities for certain of these Procedures. Qualified consultants may assist in conducting the compliance procedures. The City Manager must be notified in writing of all such designations and assignments.

B. Reassignment of Responsibilities. Upon the transition of a designated officer or employee, the City Manager will advise the new officer or employee of the responsibilities under these procedures. If officer or employee positions are restructured or eliminated, the City Manager, or his or her designee will reassign responsibilities as necessary to ensure that all of the procedures listed below have been appropriately assigned.

C. Periodic Reviews. The designated officer or employee will conduct periodic reviews of compliance with these procedures and with the terms of any existing tax certificate relating to outstanding tax-advantaged bonds, such as fully tax-exempt bonds or tax-credit bonds, to determine whether any violations have occurred. Such periodic reviews will occur at least once every six months. In the event that violations have occurred, bond counsel will be contacted immediately so that violations can be remedied through the remedial actions set forth in Section 1.141-12 of the Treasury Regulations, the Voluntary Closing Agreement Program described in IRS Notice 2008-31, or further guidance as may be provided by the IRS. Where necessary, violations will be reported to the IRS by submitting a VCAP request within 90 days after identification of the violation.

D. Changes or Modifications to Bond Terms. If any change or modification to the terms of tax-advantaged bonds is contemplated, the designated officer or employee will immediately contact bond counsel.

E. Recordkeeping. For each issue of tax-advantaged bonds, the designated officer or employee will:

(1) maintain a copy of the transcript of the documents relating to the bonds.

(2) maintain records of all facilities and other costs (e.g., issuance costs, credit enhancement fees and capitalized interest) and uses (e.g., deposits to project funds and reserve funds) for which bond proceeds were spent or used (in the case of a qualified private activity bond, the conduit borrower will be responsible for providing the City with this information);

(3) maintain records of investments and expenditures of bond proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and yield reduction payments, and any other records relevant to compliance with arbitrage restrictions (in the case of a qualified private activity bond, the borrower will be responsible for providing the City with this information in the event it is not otherwise available to the City);

(4) maintain all records described in these Procedures while any bonds of the issue are outstanding and during the three-year period following the final maturity or redemption of the bond issue or, if later, while any bonds that refund bonds of that original issue are outstanding and for the three year period following the final maturity or redemption date of the latest refunding bond issue; and

(5) maintain copies of all of the following contracts or arrangements with non-governmental persons or organizations or with the federal government: (a) the sale of any bond-financed facility; (b) the lease of any bond-financed facility (other than individual tenant leases in the case of qualified private activity multifamily rental housing bonds); (c) management or service contracts relating to a bond-financed facility (other than those entered into in connection with qualified private activity bonds); (d) research contracts involving research undertaken in a bond-financed facility (other than those entered into in connection with qualified private activity bonds); and (e) any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) with respect to a bond-financed facility (other than those entered into in connection with qualified private activity bonds).

3. IRS INFORMATION RETURN FILING

In cooperation with bond counsel, the designated officer or employee will ensure that the Form 8038-G (or other applicable Form 8038) is timely filed (on or before the 15th day of the second calendar month after the end of the quarter in which the bonds were issued) with respect to each tax-advantaged bond issue, including any required schedules and attachments.

4. INVESTMENT AND EXPENDITURE OF BOND PROCEEDS AND REBATE

A. Track Investments and Expenditures. The designated officer or employee will ensure the existence of an established accounting procedure for tracking the investment and the timely expenditures of bond proceeds, including investment earnings.

B. Reimbursement. Upon issuance of the bonds, the designated officer or employee will allocate bond proceeds to reimbursement of prior expenditures (assuming, if required, an appropriate declaration of intent to reimburse has been adopted). In the case of qualified private activity bonds, the designated officer or employee shall rely on information provided by the conduit borrower.

C. Final Allocations. The designated officer or employee will ensure that a final allocation of bond proceeds (including investment earnings) to qualifying

expenditures is made if bond proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the bond proceeds as spent as shown in the accounting records for bond draws and project expenditures). This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than the earlier of five years and 60 days after the issuance date of the bonds or 60 days after the bond issue is retired. In the case of qualified private activity bonds, the designated officer or employee shall rely on information provided by the conduit borrower, which shall be required to provide such information within the timeframe described in the preceding section.

D. Timely Expenditure of Bond Proceeds. Mindful of the expectations regarding the timing of the expenditures of bond proceeds set forth in the tax certificate, the designated officer or employee will monitor expenditures of bond proceeds, including investment earnings, against issuance date expectations for satisfaction of three-year (or five-year) temporary period from yield restriction on investment of bond proceeds. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

E. Yield. The designated officer or employee will make note of the "yield" of the bond issue, as shown on the Form 8038-G, 8038-B or other applicable Form 8038.

F. Temporary Periods and Yield Restriction. The designated officer or employee will review the tax certificate to determine the "temporary periods" for the bond issue, during which periods various categories of gross proceeds of the bond issue may be invested without restriction as to yield. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

G. Investment of Proceeds and Yield Restriction. The designated officer or employee will ensure that bond proceeds are not invested in investments with a yield above the bond yield following the end of the applicable temporary period unless yield reduction payments are to be made. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

H. Bidding Requirements. If purchasing investments other than publicly traded securities for immediate delivery (for example, a guaranteed investment contract or certificates of deposit), the designated officer or employee will consult with bond counsel to ensure that investments of bond proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintain records to demonstrate satisfaction of such safe harbors. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

I. Credit Enhancement and Hedging Transactions. The designated officer or employee will consult with bond counsel before engaging in credit enhancement or hedging transactions with respect to a bond issue. The designated officer or employee

will maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions.

J. Debt Service Fund. The designated officer or employee will ensure that the debt service fund meets the requirements of a "bona fide debt service fund," i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of (i) the investment earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the bond issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year. The designated officer or employee will consult with bond counsel before creating separate additional funds that are expected to be used to pay debt service on the bonds. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

K. Reserve Fund. The designated officer or employee will ensure that amounts of bond proceeds invested in any reasonably required reserve fund do not exceed the least of (each determined at the time of issuance of the bonds): (i) ten percent of the stated principal amount of the bonds (or the sale proceeds of the bond issue if the bond issue has original issue discount or original issue premium that exceeds two percent of the stated principal of the bond issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the bond issue; or (iii) 125 percent of average annual debt service on the bond issue. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

L. Escrow Fund. For an advance refunding escrow (where the refunding bonds are issued more than 90 days before the refunded bonds are to be redeemed) funded with taxable open market securities earning yields higher than the yield of the advance refunding bonds, assure that all or part of the escrow is invested in zero interest rate SLGS issued by the U.S. Treasury Department if needed to blend down the yield.

M. Gifts for Bond-Financed Projects. Before beginning a campaign that may result in gifts that will be restricted for use relating to a bond-financed facility (or, in the absence of such a campaign, upon the receipt of such restricted gifts), the designated officer or employee will consult with bond counsel to determine whether replacement proceeds may result. In the case of qualified private activity bonds, the conduit borrower will be required to comply with this paragraph.

N. Performance of Rebate Calculations. Subject to the small issuer exception and the exceptions described in the tax certificate, investment earnings on bond proceeds at a yield in excess of the bond yield generally must be rebated to the United States. The designated officer or employee will ensure that rebate calculations will be timely performed and payment of rebate amounts, if any, will be timely made. Rebate payments are generally due 60 days after the fifth anniversary of the issuance

date of the bond issue, then in succeeding installments every five years. The final rebate payment is due 60 days after retirement (or early redemption) of the last bond of the issue. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

O. Rebate Consultant. The designated officer or employee will engage the services of an experienced rebate consultant to undertake rebate calculations described above for each bond issue. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

P. Spending Exceptions. If the six-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the tax certificate) apply to the bond issue, the designated officer or employee will ensure that the spending of bond proceeds is monitored prior to semi-annual spending dates for the applicable exception.

Q. Follow-up on Rebate. After all bond proceeds have been spent, the designated officer or employee will ensure compliance with rebate requirements for any reserve fund and any debt service fund that is not exempt from the rebate requirement. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

R. Filing of 8038-T. The designated officer or employee will make rebate and yield reduction payments timely and file Form 8038-T.

5. PRIVATE BUSINESS USE

A. Private Business Use. Use of bond proceeds or bond-financed property by a nongovernmental person (including the federal government) in furtherance of a trade or business activity is considered private business use. Any activity carried on by other than a natural person (individual acting as a member of the general public) is treated as a trade or business. Indirect uses of bond proceeds must also be considered in determining whether more than ten percent of the proceeds of a bond issue will be for a private business use. For example, a facility is treated as being used for a private business use if it is sold or leased to a nongovernmental person and the nongovernmental person's use is in a trade or business. The designated officer or employee will analyze any private business use of bond-financed facilities and, for each issue of bonds, determine whether the ten percent limit on private business use (five percent in the case of "unrelated or disproportionate" private business use) is exceeded and immediately contact bond counsel if either of these limits is exceeded. This section shall not apply to qualified private activity bonds.

B. Management and Service Agreements. Management contracts between governmental entities and private parties under which the private party receives compensation for services provided with respect to a bond-financed facility may result in private business use. Before entering into any new management agreement or service agreement relating to bond-financed facilities, the designated officer or employee will immediately contact bond counsel to review any such agreement to determine whether

it may result in private business use. This section does not apply to qualified private activity bonds.

C. Special Legal Entitlements. Before entering into any agreement providing special legal entitlements relating to a bond-financing facility, the designated officer or employee will immediately contact bond counsel to review such agreement. This section does not apply to qualified private activity bonds.

6. PROCEDURES RELATING ONLY TO TAX CREDIT BONDS

A. Limit on Premium. The designated officer or employee will consult with the financial advisor to ensure that the premium on each maturity (stated as a percentage of principal amount) does not exceed one-quarter of one-percent multiplied by the number of complete years to the earlier of the final maturity or, generally, the earliest optional redemption date for the bonds.

B. Two Percent Costs of Issuance Limitation. The designated officer or employee will consult with the financial advisor to ensure that the excess of the issue price (*i.e.*, the stated principal amount of the bonds plus the original issue premium or less the original issue discount) over the price at which the bond issue is sold to the investors at the initial bond offering, when combined with other issuance costs paid from bond proceeds, does not exceed two percent of the sale proceeds.

C. Review of Market Availability. The designated officer or employee will ensure that the financial advisor reviews the market trading activity after their sale date but before their issuance date to determine whether the market pricing is consistent with the issue price reported by the underwriter or original purchaser as of their sale date. Market trading information is generally available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA) (<http://www.emma.msrb.org>). A record of such determination, including copies of the market trading information, will be maintained.

D. Monitor Interest For Refundable Credit. In the case of tax credit bonds, the designated officer or employee will monitor the amount of interest payable on each interest payment date to ensure that the proper amount of direct payment (refundable credit) is requested on each Form 8038-CP.

E. Filing of 8038-CP. In the case of tax credit bonds, the designated officer or employee will ensure that IRS Form 8038-CP is timely filed with respect to each interest payment date (or each quarter in the case of certain variable rate bond issues).

F. Refundable Credit Payments to Proper Person. In the case of tax credit bonds, if the direct payments (refundable credits) to be made by the federal government with respect to the bonds will be paid to a person other than the issuer (*e.g.*, the bond trustee or the state or local government entity on whose behalf an authority issued the bonds, such as the California Statewide Communities Development Authority), the designated officer or employee will obtain and record the contact information of that

person, and ensure that it is properly shown on Form 8038-CP so that the direct payment (refundable credit) will be made to the proper person.

G. Follow-up on Two Percent Costs of Issuance Limitation. In the case of tax credit bonds, in cooperation with the financial advisor, the designated officer or employee will ensure that no more than two percent of the sale proceeds are used to pay issuance costs.

H. Available Project Proceeds. In the case of tax credit bonds, the designated officer or employee will ensure that all of the sale proceeds and investment earnings, other than (i) sale proceeds used to pay issuance costs (up to the two percent limit described above) or (ii) deposited in a reasonably required reserve fund, are allocated to capital expenditures.

RESOLUTION NO. 2017-06

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINTERS
ADOPTING CONTINUING DISCLOSURE COMPLIANCE
PROCEDURES AND TAKING RELATED ACTIONS**

WHEREAS, the City of Winters and its related entities (collectively, the “City”) have issued bonds and have agreed to undertake certain continuing disclosure obligations pursuant to Rule 15c2-12 (“Rule 15c2-12”) promulgated by the U.S. Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934; and

WHEREAS, the City may issue additional bonds from time to time and, in connection with such bonds, agree to undertake continuing disclosure obligations pursuant to the Rule; and

WHEREAS, the City desires to adopt the Continuing Disclosure Compliance Procedures (the “Procedures”), as set forth in Exhibit A hereto;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WINTERS HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Procedures, as set forth in Exhibit A, are hereby approved and adopted, and shall be made applicable to all bonds (or other municipal securities) issued by, or on behalf of the City and its related entities (such as, but not limited to, the Successor Agency to the Winters Community Development Agency), for which the City undertakes continuing disclosure obligations in connection with the Rule.

Section 3. The City Manager, in consultation with bond counsel, is hereby authorized to amend the Procedures from time to time as necessary or appropriate.

Section 4. The City Manager, the Director of Financial Management and all other officers of the City are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the purposes of this Resolution, and to implement the Procedures and any such actions previously taken by such officers are hereby ratified and confirmed

Section 8. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, and ADOPTED by the City Council of the City of Winters at a meeting duly held on the 7th day of February, 2017.

AYES:

NOES:

ABSENT:

ATTEST:

Chair

Secretary

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

1. BACKGROUND AND TRAINING

Rule 15c2-12, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, requires certain information be disclosed to the municipal bond marketplace. The SEC recently amended the disclosure requirements in an effort to improve the quality and availability of information regarding outstanding municipal bonds. In the words of the SEC, the amendment is consistent with its "mandate to adopt rules reasonably designed to prevent fraudulent, deceptive or manipulative acts or practices in the market for municipal securities." This reiterates the SEC's position that material non-compliance by an issuer with past continuing disclosure obligations may warrant, without corrective actions, an underwriter being prohibited from underwriting the issuer's bonds, and thus prevent the issuer from accessing the municipal bond marketplace.

The following procedures will help ensure compliance by the City and its related public entities with Rule 15c2-12 and its continuing disclosure obligations under continuing disclosure agreements or similar instruments executed in connection with its municipal bond offerings. Certain capitalized terms herein will have the meanings ascribed to them in the respective continuing disclosure agreements or similar instruments.

2. DESIGNATION OF RESPONSIBLE OFFICER

The Responsible Officer will be the officer or other employee responsible for compiling and filing Annual Reports and notices regarding enumerated events ("Event Notices"), if required to be filed pursuant to the continuing disclosure agreements or similar instruments. The initial Responsible Officer shall be the City's Director of Financial Management. From time to time, the City Manager may designate a different person to serve as the Responsible Officer.

3. RESPONSIBLE OFFICER TO BECOME FAMILIAR WITH "EMMA" AND FILING REQUIREMENTS UNDER CONTINUING DISCLOSURE AGREEMENTS

- A. The Responsible Officer will take such action as may be necessary or appropriate to become familiar with the SEC's Electronic Municipal Market Access website. The Responsible Officer should understand how to locate on EMMA the filings made by the City in connection with bonds issued by the City. If the City is serving as its own Dissemination Agent, the Responsible Officer will establish a user identification and password for EMMA and become familiar with uploading documents onto EMMA.
- B. For each separate issue of the City's outstanding bonds, the Responsible Officer will read the related continuing disclosure agreement or similar instrument and identify the following:
 - (i) The date by which the Annual Report must be filed;

- (ii) The contents needed to be included in the Annual Report;
 - (iii) The Event Notices that must be filed; and
 - (iv) When Event Notices are required to be filed.
- C. The Responsible Officer should be aware of the types of events (the "Listed Events") that would require the filing of an Event Notice. If clarification is required regarding what is meant by a Listed Event, the City's bond counsel or disclosure counsel should be contacted to seek such clarification.

4. PREPARATION AND FILING OF ANNUAL REPORTS AND EVENT NOTICES

- A. The City will strive to begin the process of completing its audited financial statements as soon as practicable after the close of each Fiscal Year. Such audited financial statements should be completed in time to be submitted to the City Council (or other governing board) before the date that the Annual Report must be filed.
- B. The Responsible Officer will identify any information that is required to be included in the Annual Report but is not part of the City's audited financial statements, and contact the sources necessary to compile such information as soon as possible after the close of each Fiscal Year. The Responsible Officer will consider adding any information required by its continuing disclosure agreements or similar instrument not already included in its audited financial statements into a supplementary information section of audited financial statements.
- C. Following the compilation of the information that is to be included in the Annual Report, the Responsible Officer will (or will cause the Dissemination Agent to) submit the Annual Report to EMMA on or before the date on which the Annual Report must be filed.
- D. Each year, by no later than the date that the Annual Report is required to be filed on EMMA, the Responsible Officer will review the EMMA website to confirm that the Annual Report has been posted. If the Annual Report has not been posted, the Dissemination Agent will be notified, or the Responsible Officer will file the Annual Report, as applicable.
- E. The Responsible Officer will, or with the assistance of consultants engaged to monitor compliance, identify the occurrence of a Listed Event and prepare, or have prepared, the appropriate disclosure. The Responsible Officer will file (or will cause the Dissemination Agent to file) Event Notices on EMMA in a timely manner, when so required by the continuing disclosure agreements or similar instrument. The Responsible Officer will contact the City's bond counsel or disclosure counsel if there

are any questions regarding whether an event constitutes a Listed Event, and whether such occurrence will require the filing of an Event Notice.

5. RETENTION OF RECORDS

- A. The documents identified below should be retained for a period of at least six years following the termination of the City's obligations (i.e., the legal defeasance, prior redemption or payment in full of the related issue of municipal securities) under a continuing disclosure agreement or similar instrument.
- B. The City will retain, in its records, the transcripts containing the documents related to each issue of bonds or other obligations of the City.
- C. The City will retain copies, in paper or electronic form, of each Listed Event Notice submitted to EMMA.
- D. The City will retain copies, in paper or electronic form, of each Annual Report submitted to EMMA.
- E. To the extent that the content of an Annual Report is based on source materials created or obtained by the City, the City will retain in its records, such source materials created or obtained by the City.

RESOLUTION NO. SA-2017-02

A RESOLUTION OF THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE WINTERS COMMUNITY DEVELOPMENT AGENCY AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT, AN OFFICIAL STATEMENT, AN ESCROW AGREEMENT AND OTHER DOCUMENTS IN CONNECTION WITH THE SUCCESSOR AGENCY'S ISSUANCE OF TAX ALLOCATION REFUNDING BONDS AND TAKING RELATED ACTIONS

WHEREAS, the former Winters Community Development Agency (the "**Former Agency**") was a redevelopment agency duly formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the Health and Safety Code ("**HSC**") of the State of California (the "**State**"); and

WHEREAS, the Former Agency undertook a program to redevelop a project area known as the City of Winters Community Development Project Area; and

WHEREAS, pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012; the Successor Agency to the Winters Community Development Agency, as the successor to the Former Agency (the "**Successor Agency**"), was constituted; and an Oversight Board to the Successor Agency (the "**Oversight Board**") was established; and

WHEREAS, to finance redevelopment projects, the Former Agency issued its City of Winters Community Development Project Area, Tax Allocation Bonds, Series 2004, in the aggregate principal amount of \$7,820,000 (the "**2004 Bonds**") and its City of Winters Community Development Project Area, Tax Allocation Bonds, Series 2007, in the aggregate principal amount of \$11,470,000 (the "**2007 Bonds**"); and

WHEREAS, a portion of the principal amount of each of the 2004 Bonds and the 2007 Bonds remains outstanding (the "**Outstanding Bonds**"); and

WHEREAS, pursuant to AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the HSC (such Parts 1.8 and 1.85, including amendments and supplements thereto enacted after AB X1 26, being referred to herein as the "**Dissolution Act**"); and

WHEREAS, pursuant to HSC Section 34177.5(a), the Successor Agency is authorized to issue bonds (the "**Refunding Bonds**") to refund the Outstanding Bonds, to provide savings to the Successor Agency, provided that:

- (i) the total interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds shall not exceed the total remaining interest cost to maturity on the Outstanding Bonds, plus the remaining principal of the Outstanding Bonds to be refunded; and

- (ii) the principal amount of the Refunding Bonds shall not exceed the amount required to defease the refunded Outstanding Bonds, to establish customary debt service reserves and pay related costs of issuance; and

WHEREAS, the Successor Agency desires to issue Refunding Bonds to refund the Outstanding Bonds to achieve debt service savings; and

WHEREAS, the Refunding Bonds will be issued under the authority of HSC Section 34177.5 and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "**Refunding Bond Law**"); and

WHEREAS, this Board previously adopted Resolution No. SA-2016-03, on November 1, 2016 (the "**SA Bond Approval Resolution**"), approving the issuance of the Refunding Bonds and the Indenture (the "**Indenture**"), under which The Bank of New York Mellon Trust Company will serve as the initial trustee; and

WHEREAS, pursuant to HSC Sections 34177.5(f) and 34180, the issuance of the Refunding Bonds is subject to the Oversight Board's prior approval; and

WHEREAS, the Oversight Board adopted Resolution No. 2016-04 on November 7, 2016 (the "**Oversight Board Resolution**"), approving the issuance of the Refunding Bonds; and

WHEREAS, the State Department of Finance ("**DOF**") issued its letter, dated December 22, 2016, providing the DOF's approval of the Oversight Board Resolution;

NOW, THEREFORE, THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE WINTERS COMMUNITY DEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Board hereby confirms its approval of the issuance of the Refunding Bonds in an aggregate principal amount not to exceed \$16,000,000 pursuant to the SA Bond Approval Resolution.

Section 3. The sale of the Refunding Bonds pursuant to a Purchase Contract (the "**Purchase Contract**"), by and between the Successor Agency and Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**") is hereby approved; provided, that such sale shall be subject to the following parameters: (i) the terms of the Refunding Bonds shall be in compliance with the savings parameters set forth in HSC Section 34177.5(a), (ii) the true interest cost of the Refunding Bonds shall not exceed 4.5 percent, (iii) the Underwriter's compensation (i.e., underwriter's discount), exclusive of any original issue discount, for the Refunding Bonds shall not exceed 0.65 percent of the aggregate principal amount of the Refunding Bonds. The Purchase Contract, in the form on file with the Secretary of the Successor Agency, is hereby approved. Subject to the parameters set forth above, each of the Chair of this Board, the Vice Chair of this Board, the Executive Director and the Finance Officer of Successor Agency (the "**Authorized Officers**," each an "**Authorized Officer**"), acting individually, is authorized, for

and in the name and on behalf of the Successor Agency, to execute and deliver the Purchase Contract, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 4. The Escrow Agreement (the “**Escrow Agreement**”) relating to the defeasance of the Outstanding Bonds, substantially in the form on file in the office of the Secretary of the Successor Agency, is hereby approved. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement, in substantially such form, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 5. The Preliminary Official Statement (the “**Preliminary Official Statement**”) relating to the Refunding Bonds, substantially in the form on file in the office of the Secretary of the Successor Agency, is hereby approved. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended (the “**Rule**”). The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Refunding Bonds.

Section 6. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to cause the Preliminary Official Statement to be brought into the form of a final Official Statement and to execute the final Official Statement and such additional documents prior to or concurrently with the signing of the final Official Statement as such Authorized Officer may deem necessary or appropriate to verify the accuracy thereof. The distribution and use of the Official Statement by the Underwriter in connection with the sale of the Refunding Bonds are hereby approved.

Section 7. The Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”) with respect to the Refunding Bonds, substantially in the form on file in the office of the Successor Agency Secretary, is hereby approved. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Continuing Disclosure Certificate in substantially such form, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 8. Reference is hereby made to Resolution No. 2017-06_ (the “**City Resolution**”) adopted by the City Council of the City on February 7, 2017, pursuant to which the Continuing Disclosure Compliance Procedures (the “**Continuing Disclosure Compliance Procedures**”) were adopted. It is hereby affirmed that the Successor Agency adopts such Continuing Disclosure Compliance Procedures. With respect to the Successor Agency’s continuing disclosure undertakings, each reference in the Continuing Disclosure Compliance Procedures to the City, the City Manager and the Director of Financial Management shall be read as, respectively, the Successor Agency, the Successor Agency’s Executive Director and the

Successor Agency's Finance Officer. The Executive Director, in consultation with bond counsel, is authorized to amend the Compliance Procedures from time to time.

Section 9. Reference is hereby made to Resolution No. 2017-07 (the "**City Resolution**") adopted by the City Council of the City on February 7, 2017, pursuant to which the Tax-Advantaged Bonds Post-Issuance Compliance Procedures (the "**Post-Issuance Tax Compliance Procedures**") were adopted. It is hereby affirmed that the Successor Agency adopts such Post-Issuance Tax Compliance Procedures. With respect to the Successor Agency's continuing disclosure undertakings, each reference in the Post-Issuance Tax Compliance Procedures to the City, the City Manager and the Director of Financial Management shall be read as, respectively, the Successor Agency, the Successor Agency's Executive Director and the Successor Agency's Finance Officer. The Executive Director, in consultation with bond counsel, is authorized to amend the Compliance Procedures from time to time.

Section 10. The members of this Board, the Chair, the Vice Chair, the Executive Director, the Finance Officer and all other officers of the Successor Agency, are hereby authorized, jointly and severally, to execute and deliver any and all necessary documents and instruments and to do all things (including, but not limited to, obtaining bond insurance or other types of credit enhancement, and engagement of a verification agent for the defeasance escrows) which they may deem necessary or proper to effectuate the purposes of this Resolution. Any such previous action taken by such officers are hereby ratified and confirmed.

Section 11. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, and ADOPTED by the Governing Board of the Successor Agency to the Winters Community Development Agency at a meeting duly held on the 7th day of February, 2017.

AYES:

NOES:

ABSENT:

ATTEST:

Chair

Secretary



**SUCCESSOR AGENCY
STAFF REPORT**

TO: Honorable Chair and Board Members
DATE: February 7, 2017
THROUGH: John W. Donlevy, Jr., Successor Agency Executive Director *JD*
FROM: Shelly Gunby, Successor Agency Finance Officer *Shelly*
**SUBJECT: CONSIDERATION OF RESOLUTION SA 2017-02 AUTHORIZING THE
ISSUANCE OF TAX ALLOCATION REFUNDING BONDS AND TAKING
RELATED ACTIONS**

RECOMMENDATION:

Staff recommends that the Governing Board of the Successor Agency to the Winters Community Development Agency ("Successor Agency"), by minute motion:

- Adopt Resolution No. SA 2017 - 02, authorizing the execution and delivery of a bond purchase contract, an official statement, an escrow agreement and other documents in connection with the successor agency's issuance of tax allocation refunding bonds, and taking related actions

BACKGROUND:

To finance redevelopment projects, the former Winters Community Development Agency (the "Former Agency") issued a series of bonds in 2004 (the "2004 Bonds") and a series of bonds in 2007 (the "2007 Bonds"). There are still outstanding \$4,650,000 in principal amount of 2004 Bonds and \$9,855,000 in principal amount of 2007 Bonds. On November 1, 2016, the Board adopted Resolution No. SA-2016-03 authorizing the issuance of bonds (the "Refunding Bonds") to refund the remaining 2004 Bonds and 2007 Bonds to achieve debt service savings. By law, the issuance of the Refunding Bonds is also subject to the approval of the Oversight Board and the State Department

of Finance (the "DOF"). The Oversight Board adopted Resolution No. 2016-04 on November 7, 2016, approving the issuance of the Refunding Bonds. The Successor Agency received the DOF's approval on December 22, 2016.

REVIEW AND ANALYSIS:

In November, the Board already approved the form of an indenture, pursuant to which the Refunding Bonds will be issued. Being presented to the Board now are additional key documents required for the refunding transactions, including:

Bond Purchase Contract: Pursuant to the Bond Purchase Contract, the Underwriter (Stifel, Nicolaus & Company, Incorporated) will agree to buy the Refunding Bonds at specified prices and interest rates, subject to the receipt of certain opinions, certificates and other conditions. The Bond Purchase Contract will be presented to the authorized officers of the Successor Agency for approval and execution as soon as the Underwriter has completed the offering to the investors and the pricing of the Refunding Bonds. The Resolution specifies the maximum underwriter's discount and other financing parameters that must be met before moving forward on the transaction.

Escrow Agreement: The Escrow Agreement will provide for the establishment of defeasance escrow funds, to be maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and escrow agent. Upon issuance of the Refunding Bonds, a portion of the proceeds will be deposited in each escrow fund. Moneys deposited in the escrow funds will be used to pay principal, interest and redemption price of the refunded bonds through their respective redemption dates. Pending disbursement, most of the moneys deposited in the escrow funds will be invested in escrow securities (in the form of non-callable securities issued by the U.S. Treasury). The sufficiency of the moneys deposited in the escrow funds to pay the refunded bonds will be verified by a report to be prepared by certified public accountants.

Preliminary Official Statement: A Preliminary Official Statement has been prepared to provide material information to investors regarding the terms and the security of the Refunding Bonds. The Preliminary Official Statement contains descriptions of the legal and financial aspects of the Refunding Bonds, as well as a summary of various related legal documents. Certain information which will be determined upon the pricing of the Refunding Bonds (such as the final principal amount, the interest rates and the redemption dates) are either omitted or noted as "preliminary, subject to change" in the Preliminary Official Statement. The Underwriter will use the Preliminary Official Statement to market the Refunding Bonds to the potential investors. Once the Refunding Bonds have been priced, the final pricing information will be inserted into each Preliminary Official Statement, thereby converting it to an Official Statement. The Underwriter will then distribute the Official Statements to the individuals and institutions that placed orders to buy the Refunding Bonds from the Underwriter.

Continuing Disclosure Certificate: Under the Continuing Disclosure Certificate, the Successor Agency will agree to provide an annual report containing certain information relevant to the security of the Refunding Bonds, to be filed on the EMMA system (the internet-based information repository maintained by the Municipal Securities Rule Making Board for municipal bonds issued in the United States), to make such information available to the investors. The Successor Agency will also agree to disclose and make filings upon the occurrence of enumerated events (such as a rating change on the Refunding Bonds).

Continuing Disclosure Compliance Procedures: By separate action, the City Council will consider the adoption of Continuing Disclosure Compliance Procedures, to formalize the process by the City and its related public entities (including the Successor Agency) to comply with bond continuing disclosure obligations pursuant to Federal Securities Law. This Resolution confirms the applicability of the Continuing Disclosure Compliance Procedures to the Successor Agency.

Tax-Advantaged Bonds Post-Issuance Compliance Procedures: By separate action, the City Council will consider the adoption of Tax-Advantaged Bonds Post-Issuance Compliance Procedures (the "Post-Issuance Tax Compliance Procedures"). The Post-Issuance Tax Compliance Procedures will help the City and its related public entities, to monitor compliance with applicable federal tax requirements. These procedures advance recent IRS objectives and serve as a measure of added internal controls to assist in preventing violations from occurring, or timely correcting identified violations, to ensure the continued tax-advantaged status of the applicable bonds. This Resolution confirms the applicability of the Continuing Disclosure Compliance Procedures to the Successor Agency's bonds.

FISCAL IMPACT:

Estimated savings for the Successor Agency is expected to be \$1.5 million over the life of the refunding bonds, approximately \$71,700 savings annually, with approximate savings of \$16,500 to the City of Winters. Final amounts will be determined at the time of the sale of the bonds.

Based on current market rates, a refinancing of the outstanding bonds is expected to generate over \$2.3 million in gross cash flow savings through 2038. The savings will become moneys available for the Successor Agency's enforceable obligations, as approved on the ROPS or, if not needed for ROPS-approved obligations, for disbursement to taxing entities (including the City) as RPTTF residuals through the semi-annual RPTTF distribution process.

ATTACHMENTS:

- Resolution
- Form of Bond Purchase Contract
- Form of Escrow Agreement
- Form of Preliminary Official Statement
- Form of Continuing Disclosure Certificate

RESOLUTION NO. SA-2017-02

A RESOLUTION OF THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE WINTERS COMMUNITY DEVELOPMENT AGENCY AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT, AN OFFICIAL STATEMENT, AN ESCROW AGREEMENT AND OTHER DOCUMENTS IN CONNECTION WITH THE SUCCESSOR AGENCY'S ISSUANCE OF TAX ALLOCATION REFUNDING BONDS AND TAKING RELATED ACTIONS

WHEREAS, the former Winters Community Development Agency (the "**Former Agency**") was a redevelopment agency duly formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the Health and Safety Code ("**HSC**") of the State of California (the "**State**"); and

WHEREAS, the Former Agency undertook a program to redevelop a project area known as the City of Winters Community Development Project Area; and

WHEREAS, pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012; the Successor Agency to the Winters Community Development Agency, as the successor to the Former Agency (the "**Successor Agency**"), was constituted; and an Oversight Board to the Successor Agency (the "**Oversight Board**") was established; and

WHEREAS, to finance redevelopment projects, the Former Agency issued its City of Winters Community Development Project Area, Tax Allocation Bonds, Series 2004, in the aggregate principal amount of \$7,820,000 (the "**2004 Bonds**") and its City of Winters Community Development Project Area, Tax Allocation Bonds, Series 2007, in the aggregate principal amount of \$11,470,000 (the "**2007 Bonds**"); and

WHEREAS, a portion of the principal amount of each of the 2004 Bonds and the 2007 Bonds remains outstanding (the "**Outstanding Bonds**"); and

WHEREAS, pursuant to AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the HSC (such Parts 1.8 and 1.85, including amendments and supplements thereto enacted after AB X1 26, being referred to herein as the "**Dissolution Act**"); and

WHEREAS, pursuant to HSC Section 34177.5(a), the Successor Agency is authorized to issue bonds (the "**Refunding Bonds**") to refund the Outstanding Bonds, to provide savings to the Successor Agency, provided that:

- (i) the total interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds shall not exceed the total remaining interest cost to maturity on the Outstanding Bonds, plus the remaining principal of the Outstanding Bonds to be refunded; and

- (ii) the principal amount of the Refunding Bonds shall not exceed the amount required to defease the refunded Outstanding Bonds, to establish customary debt service reserves and pay related costs of issuance; and

WHEREAS, the Successor Agency desires to issue Refunding Bonds to refund the Outstanding Bonds to achieve debt service savings; and

WHEREAS, the Refunding Bonds will be issued under the authority of HSC Section 34177.5 and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "**Refunding Bond Law**"); and

WHEREAS, this Board previously adopted Resolution No. SA-2016-03, on November 1, 2016 (the "**SA Bond Approval Resolution**"), approving the issuance of the Refunding Bonds and the Indenture (the "**Indenture**"), under which The Bank of New York Mellon Trust Company will serve as the initial trustee; and

WHEREAS, pursuant to HSC Sections 34177.5(f) and 34180, the issuance of the Refunding Bonds is subject to the Oversight Board's prior approval; and

WHEREAS, the Oversight Board adopted Resolution No. 2016-04 on November 7, 2016 (the "**Oversight Board Resolution**"), approving the issuance of the Refunding Bonds; and

WHEREAS, the State Department of Finance ("**DOF**") issued its letter, dated December 22, 2016, providing the DOF's approval of the Oversight Board Resolution;

NOW, THEREFORE, THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE WINTERS COMMUNITY DEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Board hereby confirms its approval of the issuance of the Refunding Bonds in an aggregate principal amount not to exceed \$16,000,000 pursuant to the SA Bond Approval Resolution.

Section 3. The sale of the Refunding Bonds pursuant to a Purchase Contract (the "**Purchase Contract**"), by and between the Successor Agency and Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**") is hereby approved; provided, that such sale shall be subject to the following parameters: (i) the terms of the Refunding Bonds shall be in compliance with the savings parameters set forth in HSC Section 34177.5(a), (ii) the true interest cost of the Refunding Bonds shall not exceed 4.5 percent, (iii) the Underwriter's compensation (i.e., underwriter's discount), exclusive of any original issue discount, for the Refunding Bonds shall not exceed 0.65 percent of the aggregate principal amount of the Refunding Bonds. The Purchase Contract, in the form on file with the Secretary of the Successor Agency, is hereby approved. Subject to the parameters set forth above, each of the Chair of this Board, the Vice Chair of this Board, the Executive Director and the Finance Officer of Successor Agency (the "**Authorized Officers**," each an "**Authorized Officer**"), acting individually, is authorized, for

and in the name and on behalf of the Successor Agency, to execute and deliver the Purchase Contract, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 4. The Escrow Agreement (the “**Escrow Agreement**”) relating to the defeasance of the Outstanding Bonds, substantially in the form on file in the office of the Secretary of the Successor Agency, is hereby approved. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement, in substantially such form, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 5. The Preliminary Official Statement (the “**Preliminary Official Statement**”) relating to the Refunding Bonds, substantially in the form on file in the office of the Secretary of the Successor Agency, is hereby approved. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended (the “**Rule**”). The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Refunding Bonds.

Section 6. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to cause the Preliminary Official Statement to be brought into the form of a final Official Statement and to execute the final Official Statement and such additional documents prior to or concurrently with the signing of the final Official Statement as such Authorized Officer may deem necessary or appropriate to verify the accuracy thereof. The distribution and use of the Official Statement by the Underwriter in connection with the sale of the Refunding Bonds are hereby approved.

Section 7. The Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”) with respect to the Refunding Bonds, substantially in the form on file in the office of the Successor Agency Secretary, is hereby approved. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Continuing Disclosure Certificate in substantially such form, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 8. Reference is hereby made to Resolution No. 2017-06_ (the “**City Resolution**”) adopted by the City Council of the City on February 7, 2017, pursuant to which the Continuing Disclosure Compliance Procedures (the “**Continuing Disclosure Compliance Procedures**”) were adopted. It is hereby affirmed that the Successor Agency adopts such Continuing Disclosure Compliance Procedures. With respect to the Successor Agency’s continuing disclosure undertakings, each reference in the Continuing Disclosure Compliance Procedures to the City, the City Manager and the Director of Financial Management shall be read as, respectively, the Successor Agency, the Successor Agency’s Executive Director and the

Successor Agency's Finance Officer. The Executive Director, in consultation with bond counsel, is authorized to amend the Compliance Procedures from time to time.

Section 9. Reference is hereby made to Resolution No. 2017-07 (the "**City Resolution**") adopted by the City Council of the City on February 7, 2017, pursuant to which the Tax-Advantaged Bonds Post-Issuance Compliance Procedures (the "**Post-Issuance Tax Compliance Procedures**") were adopted. It is hereby affirmed that the Successor Agency adopts such Post-Issuance Tax Compliance Procedures. With respect to the Successor Agency's continuing disclosure undertakings, each reference in the Post-Issuance Tax Compliance Procedures to the City, the City Manager and the Director of Financial Management shall be read as, respectively, the Successor Agency, the Successor Agency's Executive Director and the Successor Agency's Finance Officer. The Executive Director, in consultation with bond counsel, is authorized to amend the Compliance Procedures from time to time.

Section 10. The members of this Board, the Chair, the Vice Chair, the Executive Director, the Finance Officer and all other officers of the Successor Agency, are hereby authorized, jointly and severally, to execute and deliver any and all necessary documents and instruments and to do all things (including, but not limited to, obtaining bond insurance or other types of credit enhancement, and engagement of a verification agent for the defeasance escrows) which they may deem necessary or proper to effectuate the purposes of this Resolution. Any such previous action taken by such officers are hereby ratified and confirmed.

Section 11. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, and ADOPTED by the Governing Board of the Successor Agency to the Winters Community Development Agency at a meeting duly held on the 7th day of February, 2017.

AYES:

NOES:

ABSENT:

ATTEST:

Chair

Secretary

**SUCCESSOR AGENCY TO THE
WINTERS COMMUNITY DEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2017**

PURCHASE CONTRACT

_____, 2017

Successor Agency to the Winters Community Development Agency
318 First Street
Winters, California 95694

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") offers to enter into this Purchase Contract with the Successor Agency to the Winters Community Development Agency (the "Successor Agency") with regard to the purchase and sale of the Bonds described herein which will be binding upon the Successor Agency the Underwriter upon the Successor Agency's acceptance hereof. All capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture (defined below).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter agrees to purchase from the Successor Agency, and the Successor Agency agrees to sell to the Underwriter, all (but not less than all) of the Successor Agency's \$_____ aggregate principal amount of Tax Allocation Refunding Bonds, Series 2017 (the "Bonds"). The purchase price of the Bonds shall be \$_____ (being the principal amount of the Bonds, less an Underwriter's discount in the amount of \$_____, and plus/less original issue premium/discount of \$_____). The Bonds will have the maturities and bear interest at the rates set forth on Exhibit A hereto. The Bonds will be subject to redemption as set forth in the Official Statement herein described. The Bonds will be dated as described in the Official Statement. The Bonds will be issued in book-entry form only.

The net proceeds of the Bonds will be applied to refund outstanding indebtedness of the Winters Community Development Agency (the "Former Agency") including the Former Agency's City of Winters Community Development Project Area, Tax Allocation Bonds, Series 2004 (the "2004 Bonds"), and City of Winters Community Development Project Area, Tax Allocation Bonds, Series 2007 Series A (the "2007 Bonds"), to purchase a municipal bond debt service reserve insurance policy (the "Reserve Policy"), and pay costs of issuance of the Bonds.

2. Authorizing Instruments and Law. The Bonds shall be issued pursuant to the Constitution and the laws of the State of California (the "State"), including Article 11 (commencing with Section 53580 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code and Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California (the "Law"), a resolution of the Successor Agency approving the issuance of the Bonds (the "Approving Resolution") and a resolution of the Oversight Board (the "Oversight Board") approving the action of the Successor Agency set forth in the Agency Resolution (the "Oversight Board Resolution"), and an Indenture, dated as of _____ 1, 2017 (the "Indenture"), between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds shall be as described in the Indenture and the Official Statement (defined below). The Successor Agency approved the execution and delivery of the

Official Statement pursuant to a resolution of the Successor Agency (the “Disclosure Resolution” and, together with the Approving Resolution, the “Agency Resolution”). The Bonds are payable exclusively from Tax Revenues and from amounts on deposit in the Reserve Account for the Bonds and other accounts pledged under the Indenture.

3. Offering the Bonds. The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the inside cover page of the Official Statement of the Successor Agency pertaining to the Bonds, dated _____, 2017 (such Official Statement, together with all appendices thereto, and with such changes therein and supplements thereto as are consented to in writing by the Underwriter, are collectively called the “Official Statement”). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. “Public Offering” shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

The Successor Agency acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm’s-length commercial transaction between the Successor Agency and the Underwriter, (ii) in connection with such transaction the Underwriter has not assumed a fiduciary responsibility in favor of the Successor Agency with respect to (x) the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the Successor Agency on other matters) or (y) any other obligation to the Successor Agency except the obligations expressly set forth in this Purchase Contract, and (iii) the Successor Agency has consulted with its own legal and other professional advisors to the extent it deemed appropriate in connection with the offering of the Bonds, including but not limited to matters relating to the timing of the sale of the Bonds, the size of the Bonds, and the potential impacts of the sale of the Bonds on the Successor Agency’s financial condition.

4. Delivery of Official Statement on the Date Hereof. The Successor Agency shall deliver to the Underwriter two (2) copies of the Official Statement manually executed on behalf of the Successor Agency by the Executive Director of the Successor Agency. The Successor Agency shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of the Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement become available and ending on the End Date (defined below). The Successor Agency shall deliver these copies to the Underwriter within seven (7) business days after the execution of this Purchase Contract and in sufficient time to accompany or precede any sales confirmation that requests payment from any customer of the Underwriter. The Underwriter shall inform the Successor Agency in writing of the End Date, and covenants to file the Official Statement with the Municipal Securities Rulemaking Board (the “MSRB”) on a timely basis.

“End Date” as used herein is that date which is the earlier of:

- (a) ninety (90) days after the end of the underwriting period, as defined in SEC Rule 15c2-12 adopted by the Securities and Exchange Commission on June 28, 1989 (“Rule 15c2-12”); or
- (b) the time when the Official Statement become available from the MSRB, but in no event less than twenty-five (25) days after the underwriting period (as defined in Rule 15c2-12) ends.

Pursuant to the Agency Resolution, the Successor Agency has authorized the use of the Official Statement in connection with the public offering of the Bonds. The Successor Agency also has consented to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement of the

Successor Agency, dated _____, 2017, in connection with the public offering of the Bonds (which, together with all appendices thereto, are herein called the "Preliminary Official Statement"). An authorized officer of the Successor Agency has certified to the Underwriter on behalf of the Successor Agency that such Preliminary Official Statement were deemed to be final as of their date for purposes of Rule 15c2-12, with the exception of certain final pricing and related information referred to in Rule 15c2-12. The Underwriter has distributed a copy of the Preliminary Official Statement to potential customers on request.

5. The Closing. At 8:00 A.M., California time, on _____, 2017, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Successor Agency and the Underwriter, the Successor Agency will deliver (i) the Bonds in book-entry form through or otherwise in care of the facilities of The Depository Trust Company ("DTC"), and (ii) the closing documents hereinafter mentioned at the offices of Richards, Watson and Gershon, A Professional Corporation, Los Angeles, California, or another place to be mutually agreed upon by the Successor Agency and the Underwriter. The Underwriter will pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer of immediately available funds to the Trustee. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing."

6. Successor Agency Representations, Warranties and Covenants. The Successor Agency represents, warrants and covenants to the Underwriter that:

(a) Due Organization, Existence and Authority. The Successor Agency is a public body corporate and politic, organized and existing under the Constitution and laws of the State, including the Law, with full right, power and authority to adopt the Agency Resolution, to issue the Bonds, and to execute, deliver and perform its obligations under the Bonds, this Purchase Contract, the Indenture, the Continuing Disclosure Certificates, the Official Statement and the Agency Resolution (the Bonds, the Purchase Contract, the Indenture, the Official Statement, the Continuing Disclosure Certificates and the Agency Resolution are collectively referred to herein as the "Successor Agency Documents").

(b) Due Authorization and Approval. By all necessary official action of the Successor Agency, the Successor Agency has duly authorized and approved the adoption or execution and delivery of, and the performance by the Successor Agency of the obligations on its part contained in, the Successor Agency Documents, and has approved the use by the Underwriter of the Preliminary Official Statement and the Official Statement and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties thereto the Successor Agency Documents will constitute the legally valid and binding obligations of the Successor Agency enforceable upon the Successor Agency in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors rights generally. The Successor Agency has complied, and will at the Closing be in compliance in all respects, with the terms of the Successor Agency Documents.

(c) Official Statement Accurate. The Official Statement are, and at all times subsequent to the date of each Official Statement up to and including the Closing will be, true and correct in all material respects, and the Official Statement contain, and up to and including the Closing will contain, no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

(d) Underwriter's Consent to Amendments and Supplements to Official Statement. The Successor Agency will advise the Underwriter promptly of any proposal to amend or supplement an

Official Statement from the date of delivery of such Official Statement to the End Date, and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Successor Agency will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(e) Successor Agency Agreement to Amend or Supplement Official Statement. For a period beginning on the date hereof and continuing until the End Date, (a) the Successor Agency will not adopt any amendment of, or supplement to, the Official Statement to which the Underwriter shall object in writing and (b) if any event relating to or affecting the Project Area or the Successor Agency shall occur as a result of which it is necessary, in the opinion of Disclosure Counsel or the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time they are delivered to a purchaser of the Bonds, the Successor Agency will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Disclosure Counsel and the Underwriter) which will amend or supplement the Official Statement so that they will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement are delivered to a purchaser of the Bonds, not misleading.

(f) No Material Change in Finances; Tax Sharing Agreements. At the time of the Closing, there shall not have been any material adverse change in the financial condition of the Successor Agency or any material adverse change in the valuation of taxable property in the Project Area (as described in the Official Statement) since June 30, 2016. Except as disclosed in the Official Statement, the Successor Agency has not entered into any tax sharing agreements with regards to tax increment generated within the Project Area, and the Successor Agency is not subject to any resolution of taxing entities adopted pursuant to former Section 33676 of the Law pursuant to which Tax Revenues attributable to growth in assessed value as a result of lawful inflationary adjustments are captured by such taxing entity.

(g) No Breach or Default. As of the time of acceptance hereof and as of the Closing, except as otherwise disclosed in the Official Statement, the Successor Agency is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Successor Agency is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have an adverse effect on the Successor Agency's ability to perform its obligations under the Successor Agency Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Successor Agency Documents and compliance by the Successor Agency with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Successor Agency (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Successor Agency Documents.

(h) No Litigation. As of the time of acceptance hereof and as of the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or to the best knowledge of the Successor Agency threatened against the Successor Agency:

(i) in any way questioning the corporate existence of the Successor Agency or the titles of the officers of the Successor Agency to their respective offices;

(ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Successor Agency Documents or the consummation of the transactions on the part of the Successor Agency contemplated thereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Successor Agency;

(iii) which may result in any material adverse change relating to the financial condition of the Successor Agency; or

(iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) Prior Liens on Tax Revenues. As of the time of acceptance hereof and as of the Closing the Successor Agency does not and will not have outstanding any indebtedness which is secured by a lien on the Tax Revenues superior to or on a parity with the lien of the Bonds on such Tax Revenues, except as disclosed in the Official Statement.

(j) Further Cooperation; Blue Sky. The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Successor Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(k) Bonds Issued Per Indenture; Pledge. The Bonds, when issued, executed and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be legally valid and binding limited obligations of the Successor Agency, entitled to the benefits of the Indenture and enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, and upon execution and delivery of the Bonds, the Indenture will provide, for the benefit of the owners from time to time of the Bonds, a legally valid and binding pledge of and lien on Tax Revenues and on the funds and accounts pledged to such Bonds under the Indenture as provided in and contemplated by the Indenture.

(l) Consents and Approvals. All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or

commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Successor Agency of, its obligations in connection with the Successor Agency Documents have been duly obtained or made.

(m) No Other Bonds; Compliance with Redevelopment Plan Limits. Between the date of this Purchase Contract and the date of Closing, the Successor Agency will not, without the prior written consent of the Underwriter, and except as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, secured by tax increment generated in the Project Area. The total obligations of the Successor Agency heretofore incurred and all payments thereon over the life of the Redevelopment Plan have been computed by the Successor Agency and will not exceed any applicable limit on tax increment revenues received by the Successor Agency over the life of the Redevelopment Plan or any constituent component as set forth therein, (b) the total bonded indebtedness of the Successor Agency outstanding and secured by the Tax Revenues as of the date hereof does not exceed any applicable limit thereon set forth in the Redevelopment Plan, and (c) except as disclosed in the Official Statement, the Successor Agency is entitled to receive Tax Revenues under the Redevelopment Plan for a term longer than the final maturity of the Bonds.

(n) Certificates. Any certificate signed by any authorized officer of the Successor Agency and delivered to the Underwriter in connection with the issuance of the Bonds shall be deemed to be a representation and warranty by the Successor Agency to the Underwriter as to the statements made therein.

(o) Compliance With the Redevelopment Law. As of the time of acceptance hereof and as of the date of the Closing, except as otherwise disclosed in the Official Statement, the Successor Agency has complied with all material provisions of the Law.

(p) Compliance With Continuing Disclosure. Except as described in the Official Statement, the Successor Agency has not defaulted under any prior continuing disclosure undertaking pursuant to Rule 15c2-12 over the past five years.

(q) Oversight Board Approval. The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions described in the Preliminary Official Statement.

(r) Department of Finance of the State Final and Conclusive Determination Letter. The Department of Finance of the State (the "Department of Finance") has issued a Final and Conclusive Determination Letter (the "Final and Conclusive Determination Letter") approving the issuance of the Bonds and the payment of debt service on the Bonds and no further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement, and except as disclosed in the Preliminary Official Statement, the Successor Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Successor Agency pursuant to Section 34183 of the Health and Safety Code of the State of California.

7. **Closing Conditions.** The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and covenants herein and the performance by the Successor Agency of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The

Underwriter's obligations under this Purchase Contract are and shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the Successor Agency contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing:

(i) the Successor Agency Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the consent of the Underwriter;

(ii) there shall be in full force and effect such resolutions as, in the opinion of Richards, Watson & Gershon, A Professional Corporation ("Bond Counsel"), shall be necessary in connection with the transactions on the part of the Successor Agency contemplated by this Purchase Contract, the Official Statement, and the other Successor Agency Documents;

(iii) the Successor Agency shall perform or have performed its obligations required or specified in the Successor Agency Documents to be performed at or prior to Closing; and

(iv) the Official Statement shall not have been supplemented or amended, except pursuant to Paragraph 7(e) or as otherwise may have been agreed to in writing by the Underwriter.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing under this Purchase Contract, the Agency Resolution, or the other Successor Agency Documents and the Successor Agency shall not be in default in the payment of principal or interest on any of its bonded indebtedness which default shall adversely impact the ability of the Successor Agency to make payments on the Bonds.

(d) Termination Events. The Underwriter shall have the right to terminate this Purchase Contract, without liability therefor, by written notification to the Successor Agency if at any time at or prior to the Closing:

(i) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Contract in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any

Federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other Federal or State authority materially adversely affecting the Federal or State tax status of the Successor Agency, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture need to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to market the Bonds; or

(vi) a general banking moratorium shall have been established by federal or State authorities; or

(vii) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States, being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds; or

(viii) the commencement of any action, suit or proceeding described in Paragraph 7(h) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(ix) there shall be in force a general suspension of trading on the New York Stock Exchange; or

(x) as a result of actions by the Successor Agency or the State of California the market for the Bonds or the market prices of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Underwriter; or

(xi) an event described in paragraph (e) of Section 7 hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to either of the Official Statement; or

(xii) any rating or credit outlook of the Bonds or other obligations of the Successor Agency by a national rating agency shall have been withdrawn or downgraded.

(e) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents:

(1) Bond Opinion. The approving opinions of Bond Counsel dated the date of the Closing and substantially in the forms included as APPENDIX E to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinions may be relied upon by the Underwriter to the same extent as if such opinions were addressed to them.

(2) Supplemental Opinion. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, substantially to the following effect:

(a) the statements and information contained in the Official Statement on the cover page and under the captions "BONDS" (except for the information under the captions "Book Entry System"), "SECURITY AND SOURCES OF PAYMENT FOR BONDS" and "CONCLUDING INFORMATION – Tax Matters," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Indenture, and the form and content of the Bond Opinion, are accurate in all material respects;

(b) the Bonds are exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"), and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended; and

(c) the Purchase Contract has been duly authorized, executed and delivered by the Successor Agency and constitutes a valid and binding agreement of the Successor Agency (subject to customary exceptions).

(3) Successor Agency Counsel Opinion. An opinion of counsel to the Successor Agency, dated as of the Closing and addressed to the Underwriter, in form and substance acceptable to Bond Counsel and the Underwriter, to the following effect:

(a) The Successor Agency is a public body, corporate and politic, duly organized and validly existing under the laws of the State;

(b) The Successor Agency Documents have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid, legal and binding obligations of the Successor Agency enforceable in accordance with their respective terms;

(c) The Agency Resolution has been duly adopted at meetings of the governing body of the Successor Agency, each of which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Agency Resolution is in full force and effect and has not been modified, amended or rescinded;

(d) To the best of such counsel's current actual knowledge, the execution and delivery of the Successor Agency Documents and the Official Statement and compliance with the provisions of the Successor Agency Documents, under the circumstances contemplated thereby, does not and will not in any material respect conflict with or constitute on the part of the Successor Agency a breach of or default (with due notice or the passage of time or both) under (a) any material agreement or other instrument to which the Successor Agency is a party or by which it is bound, (b) any applicable California or federal statutory law or administrative rule or regulation known to such counsel, or (c) any applicable court order or consent decree to which the Successor Agency is subject;

(e) The Official Statement have been duly approved by the governing body of the Successor Agency and executed on its behalf by an authorized officer of the Successor Agency;

(f) To the best of such counsel's actual knowledge, no additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date of the Closing for the Successor Agency to enter into the Successor Agency Documents or to perform its obligations under the Successor Agency Documents except as have been obtained or made and as are in full force and effect;

(g) Except as otherwise disclosed in the Official Statement, to the best of such counsel's knowledge, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending against the Successor Agency, challenging the creation, organization or existence of the Successor Agency, or the validity of the Bonds or the Successor Agency Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Bonds or the Successor Agency Documents or any of the transactions referred to therein or contemplated thereby or contesting the authority of the Successor Agency to enter into or perform its obligations under any of the Bonds or the Successor Agency Documents, or which, in any manner, questions the right of the Successor Agency to issue the Bonds or to use the Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Successor Agency to enter into the Bonds or to collect or pledge the Tax Revenues for repayment of the Bonds, which, if determined adversely to the Successor Agency, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Bonds, the Official Statement or the Successor Agency Documents (in rendering such opinion counsel may rely solely upon the representations made to us in Officer's Certificates and on information provided by the Successor Agency as to the existence or non-existence of any pending or threatened litigation, proceeding, action, suit, or investigation, which it has no reason to believe are incorrect); and

(h) Based upon the information made available to such counsel in the course of its participation in the preparation of the Official Statement, and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to the attention of the lawyers in such firm rendering professional services in connection with the issuance of the Bonds that would lead them to believe that the statements and information contained in the Official Statement relating to the Successor Agency and the Project Area contained under the following headings:

“INTRODUCTION,” “SUCCESSOR AGENCY” and “PROJECT AREA” (excluding therefrom: (a) the financial statements or information (including pro forma information), or any financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion contained in the Official Statement; and (b) any statements and information relating to The Depository Trust Company and Appendices, as to which we express no opinion) as of the date of the Official Statement or as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

(4) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Successor Agency and the Underwriter, in form and substance acceptable to the Underwriter substantially to the following effect:

(a) The Trustee is a national banking association duly organized and validly existing under the laws of the United States.

(b) The Trustee has duly authorized the execution and delivery of the Indenture and the Continuing Disclosure Certificate.

(c) The Indenture and the Continuing Disclosure Certificate have been duly entered into and delivered by the Trustee and assuming due, valid and binding authorization, execution and delivery by the other parties thereto, constitute the legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity.

(5) Disclosure Counsel Opinion. An opinion, dated the date of the Closing addressed to the Successor Agency and the Underwriter, of Richards, Watson and Gershon, A Professional Corporation, disclosure counsel, to the effect that based upon their participation in the preparation of the Official Statement as Disclosure Counsel to the Successor Agency and without having undertaken to determine independently the accuracy or completeness of the contents in the Official Statement, such counsel has no reason to believe that the Official Statement, as of their date and as of the Closing Date (except for the financial statements and the other financial and statistical data included therein and the information included therein relating to The Depository Trust Company and the book-entry system (as such terms are defined in the Official Statement), and in the Appendices thereto as to all of which no opinion or belief need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(6) Successor Agency Certificate. A certificate of the Successor Agency, dated the date of the Closing, signed on behalf of the Successor Agency by the Executive Director or Chairman or other duly authorized officer of the Successor Agency to the effect that:

(a) The representations, warranties and covenants of the Successor Agency contained herein and in the Successor Agency Documents are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the Successor Agency has complied with all of the terms and conditions of

this Purchase Contract required to be complied with by the Successor Agency at or prior to the date of the Closing;

(b) No event affecting the Successor Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(c) No further consent is required to be obtained for the inclusion of the Successor Agency's audited financial statements, including the accompanying accountant's letter, for Fiscal Year 2014-15 in the Official Statement.

(7) Trustee's Certificate. A Certificate of the Trustee, dated the date of Closing, addressed to the Successor Agency and the Underwriter, in form and substance acceptable to Bond Counsel and the Underwriter to the following effect:

(a) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Indenture and the Continuing Disclosure Certificate;

(b) Subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture; and

(c) The Trustee has duly authorized and executed the Indenture and the Continuing Disclosure Certificate.

(8) Transcripts. Two transcripts of all proceedings relating to the authorization and issuance of the Bonds.

(9) Official Statement. The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the Successor Agency by a duly authorized officer of the Successor Agency.

(10) Documents. An original executed copy of each of the Successor Agency Documents.

(11) Successor Agency Resolution. A copy, certified by the Clerk of the Commission of the Successor Agency, of the Agency Resolution, approving the issuance of the Bonds by the Successor Agency.

(12) Oversight Board Resolution. A copy, certified by the Clerk to the Oversight Board, of Oversight Board Resolution approving the issuance of the Bonds by the Successor Agency;

(13) IRS Form 8038-G. Evidence that the federal tax information form 8038-G for the Bonds has been prepared for filing.

(14) Nonarbitrage Certificate. An arbitrage certificate in form satisfactory to Bond Counsel.

(15) Ratings. Evidence of ratings on the Bonds.

(16) Bond Insurance/Reserve Policy. [The municipal bond insurance policy insuring the payment of principal and interest with respect to certain of the Bonds (the "Insurance Policy"), issued by _____ (the "Insurer"); the Reserve Policy issued by the Insurer; an opinion of counsel to the Insurer, dated the date of Closing, addressed to the Successor Agency, the Trustee and the Underwriter, regarding the Insurer's valid existence, power and authority, the Insurer's due authorization and issuance of the Insurance Policy and the Reserve Policy and the enforceability of the Insurance Policy and the Reserve Policy against the Insurer; and a certificate of the Insurer or an opinion of counsel to the Bond Insurer, dated the date of Closing, regarding the accuracy of the information in the Official Statement describing the Insurer, the Insurance Policy, and the Reserve Policy.]

(17) CDIAC Statement. A copy of the Notices of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code.

(18) Closing Certificate of Fiscal Consultant. A certificate of Urban Futures, Inc., dated the Closing, certifying that as of the date of the Official Statement and as of the Closing Date, the statements contained in the Official Statement insofar as such statements purport to summarize their report included in the Official Statement are true and correct in all material respects, and did not and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and consenting to the use of their report as APPENDIX B to the Preliminary Official Statement and the Official Statement and all references to their report in the Preliminary Official Statement and the Official Statement.

(19) Additional Documents. Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary.

If the Successor Agency shall be unable to satisfy the conditions contained in this Purchase Contract, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be terminated by the Underwriter by written notice to the Successor Agency, and neither the Underwriter or the Successor Agency shall be under further obligation hereunder.

8. Expenses. The Underwriter shall be under no obligation to pay, and the Successor Agency shall pay or cause to be paid, the expenses incident to the performance of the obligations of the Successor Agency hereunder including but not limited to:

(a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Successor Agency Documents and the cost of preparing, printing, issuing and delivering the Bonds;

(b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or consultants retained by the Successor Agency;

(c) the fees and disbursements of Bond Counsel and Disclosure Counsel;

- (d) the cost of preparation and printing the Preliminary Official Statement and any supplements and amendments thereto and the cost of preparation and printing of the Official Statement, including a reasonable number of copies thereof for distribution by the Underwriter;
- (e) charges of rating agencies for the rating of the Bonds;
- (f) the cost of preparation of this Purchase Contract; and
- (g) any out-of-pocket disbursements of the Successor Agency incurred in connection with the public offering and distribution of the Bonds.

Whether or not the Bonds are delivered to the Underwriter as set forth herein, the Successor Agency shall be under no obligation to pay, and the Underwriter shall pay, all expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraphs (a) through (g) above), including the fees and disbursements of its counsel and any advertising expenses.

9. Notice. Any notice or other communication to be given to the Underwriter may be given by delivering the same to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Ralph Holmes. Any notice or other communication to be given to the Successor Agency pursuant to this Purchase Contract may be given by delivering the same in writing to such entity, at the addresses set forth on the cover page hereof; provided, however, that all such notices, requests or other communications may be made by telephone and promptly confirmed by writing. The Successor Agency and Underwriter may, by notice given as aforesaid, specify a different address for any such notices, requests or other communications.

10. Entire Agreement. This Purchase Contract, when accepted by the Successor Agency, shall constitute the entire agreement among the Successor Agency and the Underwriter and is made solely for the benefit of the Successor Agency and the Underwriter (including the successors or assigns of any Underwriter, subject to Section 14 below). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All the Successor Agency's representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, until the earlier of (a) delivery of and payment for the Bonds hereunder, and (b) any termination of this Purchase Contract.

11. Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

12. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

13. State of California Law Governs. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State applicable to contracts made and performed in the State.

14. No Assignment. The rights and obligations created by this Purchase Contract shall not be subject to assignment by the Underwriter or the Successor Agency without the prior written consent of the other parties hereto.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED,** as Underwriter

By: _____
Title: Authorized Signatory

Accepted as of the date first stated above:

**SUCCESSOR AGENCY TO THE WINTERS
COMMUNITY DEVELOPMENT AGENCY**

By: _____
Executive Director
Time of Execution: _____

EXHIBIT A

**Maturity Date
(September 1)**

**Principal
Amount**

**Interest
Rate**

Yield

ESCROW AGREEMENT

by and between

SUCCESSOR AGENCY TO THE WINTERS COMMUNITY DEVELOPMENT AGENCY

and

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

Dated as of _____ 1, 2017

Relating to Defeasance of:

Winters Community Development Agency
City of Winters Community Development Project Area,
Tax Allocation Bonds
Series 2004 & Series 2007

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Appendix B – Form of Defeasance Notice (2007 Bonds)

ESCROW AGREEMENT

This Escrow Agreement (this "Agreement"), dated as of _____ 1, 2017, is by and between the Successor Agency to the Winters Community Development Agency, a public entity existing under the laws of the State of California (the "City"), and The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States of America, as successor trustee, under the Indenture described below (the "Trustee").

RECITALS:

A. The former Winters Community Development Agency (the "Former Agency") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law set forth in Section 33000 et seq. of the Health and Safety Code ("HSC") of the State of California (the "State").

B. The Former Agency undertook a program to redevelop a project area known as the City of Winters Community Development Project Area (the "Project Area").

C. To finance redevelopment projects, the Former Agency issued its City of Winters Community Development Project Area, Tax Allocation Bonds, Series 2004, in the aggregate principal amount of \$7,820,000 (the "2004 Bonds") and its City of Winters Community Development Project Area, Tax Allocation Bonds, Series 2007, in the aggregate principal amount of \$11,470,000 (the "2007 Bonds," and together with the 2004 Bonds, the "Prior Bonds").

D. The Prior Bonds were issued pursuant to and are governed by the terms of an Indenture of Trust, dated as of March 1, 2004 (the "Master Indenture"), by and between the Former Agency and BNY Western Trust Company, as trustee, as supplemented by a First Supplemental Indenture, dated as of June 1, 2007 (the "First Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), by and between the Former Agency and The Bank of New York Trust Company, N.A., as successor trustee. The Bank of New York Mellon Trust Company, N.A., is the successor to The Bank of New York Trust Company, N.A., as trustee under the Indenture.

E. Pursuant to AB X1 26 (enacted in June 2007), and the State Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2007), the Former Agency was dissolved as of February 1, 2012, the Successor Agency was constituted.

F. The Successor Agency has determined to issue its Tax Allocation Refunding Bonds, Series 2017, in the aggregate principal amount of \$_____ (the "2017 Bonds"), pursuant to an Indenture, dated as of _____ 1, 2017 (the "2017 Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee.

G. The 2017 Bonds are being issued to effect a refunding of all of the remaining outstanding Prior Bonds.

H. Pursuant to the 2017 Indenture and this Agreement, the Successor Agency will also cause to be transferred to the Trustee, a portion of the sale proceeds of 2017 Bonds, together with other moneys, for the deposit into the escrow funds (the "Escrow Funds") to be established under this Agreement, to effect the defeasance of the outstanding Prior Bonds.

I. Pursuant, and subject, to the terms of the Indenture, if there has been deposited with the Trustee, to be held in escrow, cash or qualified securities (or a combination thereof) which shall provide sufficient moneys to pay and redeem any portion of the outstanding Prior Bonds through maturity or a designated redemption date, then the Successor Agency's obligations with respect to such Prior Bonds shall be discharged and the lien with respect to such Prior Bonds under the Indenture shall cease (except for the payment thereof from the moneys held in escrow by the Trustee) and such Prior Bonds shall be defeased.

J. The Successor Agency is entering into this Agreement in order to provide for the proper and timely application of the proceeds from the 2017 Bonds and other moneys toward the defeasance and the payment and redemption of the outstanding Prior Bonds.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa. Unless the context clearly requires otherwise, capitalized terms used in this Agreement shall have the meanings ascribed to them in the introductory paragraph and the Recitals hereof. In addition, as used herein, the following terms shall have the following meanings:

"2004 Bond Redemption Date" means _____, 2017.

"2004 Escrow Fund" means the fund by that name established by the Trustee pursuant to Section 4.

"2004 Refunding Requirement" means an amount sufficient to pay the principal, interest and the redemption premium (if any) with respect to the Refunded 2004 Bonds to and including the 2004 Bond Redemption Date as set forth in Schedule A.

"2007 Bond Redemption Date" means September 1, 2017.

"2007 Escrow Fund" means the fund by that name established by the Trustee pursuant to Section 4.

"2007 Refunding Requirement" means an amount sufficient to pay the principal, interest and the redemption premium (if any) with respect to the Refunded 2007 Bonds to and including the 2007 Bond Redemption Date as set forth in Schedule A.

"Bond Counsel" means Richards, Watson & Gershon, A Professional Corporation, or such other attorney or firm of attorneys of nationally recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code selected by the Successor Agency.

“Closing Date” means _____, 2017, the date on which the 2017 Bonds are being issued.

“Code” means the Internal Revenue Code of 1986, as amended.

“Escrow Funds” means, collectively, the 2004 Escrow Fund and the 2007 Escrow Fund.

“Escrow Securities” means the Investment Securities described in Schedule B to be deposited in the 2007 Escrow Fund.

“Investment Securities” means noncallable direct obligations of the United States of America, or bonds or other obligations which are noncallable and the payment of principal and interest of which are unconditionally and fully guaranteed by the United States of America, to mature or be withdrawable, as the case may be, not later than the time when needed for the payment and redemption of the Refunded Bonds in order to discharge the pledge and lien securing the Refunded Bonds.

“Redemption Dates” means, together, the 2004 Bond Redemption Date and the 2007 Bond Redemption Date.

“Refunded 2004 Bonds” means the 2004 Bonds to be defeased, paid and redeemed, pursuant to this Agreement, as further described in Schedule A.

“Refunded 2007 Bonds” means the 2007 Bonds to be defeased, paid and redeemed, pursuant to this Agreement, as further described in Schedule A.

“Refunded Bonds” means, together, the Refunded 2004 Bonds and the Refunded 2007 Bonds.

“Refunding Requirements” means, together, the 2004 Refunding Requirement and the 2007 Refunding Requirement.

Section 2. Trustee’s Acceptance of Duties. The Trustee hereby accepts the duties and obligations expressly provided in this Agreement and agrees that the irrevocable instructions to the Trustee contained herein are in a form satisfactory to it.

Section 3. Incorporation of Indenture. The applicable and necessary provisions of the Indenture, including redemption provisions and defeasance provisions set forth in Articles II and X of the Master Indenture and Article II of the First Supplemental Indenture are incorporated herein by reference.

Section 4. Escrow Funds Deposits.

(a) There is hereby created and established with the Trustee, a special and irrevocable trust fund designated the “2004 Escrow Fund,” to be held by the Trustee separate and apart from all other funds of the Successor Agency or the Trustee and used only for the purposes and in the manner provided in this Agreement. The 2004 Escrow Fund constitutes a special and irrevocable trust fund for purposes of defeasing the Refunded 2004 Bonds. On the Closing Date,

there shall be transferred and deposited into the 2004 Escrow Fund the following amounts (the sum of which shall be \$_____):

(i) The Successor Agency shall cause to be transferred to the Trustee a portion of the proceeds of the 2017 Bonds for deposit in the 2004 Escrow Fund, in the amount of \$_____; and

(ii) The Trustee shall also release and transfer \$_____ from the Reserve Account established under the Indenture to the 2004 Escrow Fund.

(b) There is hereby created and established with the Trustee, a special and irrevocable trust fund designated the "2007 Escrow Fund," to be held by the Trustee separate and apart from all other funds of the Successor Agency or the Trustee and used only for the purposes and in the manner provided in this Agreement. The 2007 Escrow Fund constitutes a special and irrevocable trust fund for purposes of defeasing the Refunded 2007 Bonds. On the Closing Date, The Successor Agency shall cause to be transferred to the Trustee a portion of the proceeds of the 2017 Bonds for deposit in the 2007 Escrow Fund, in the amount of \$_____.

Section 5. Maintenance of Escrow Funds.

(a) The Trustee, upon receipt of the moneys for the 2004 Escrow Fund described in Section 4(b), shall immediately: (i) invest \$_____ of such moneys in the Escrow Securities set forth in Schedule B, (ii) deposit such securities in the 2004 Escrow Fund, and (iii) hold the remaining \$_____ as cash in the 2004 Escrow Fund. All proceeds received upon the maturity of the Escrow Securities, including interest earnings thereon, shall be retained in the Escrow Fund. The Trustee is hereby authorized and empowered to deposit uninvested monies held hereunder from time to time in a demand deposit account, without payment of interest thereon as provided hereunder, established at commercial banks that are corporate affiliates of the Trustee.

(b) The Trustee, upon receipt of the moneys for the 2007 Escrow Fund described in Section 4(b), shall immediately: (i) invest \$_____ of such moneys in the Escrow Securities set forth in Schedule B, (ii) deposit such securities in the 2007 Escrow Fund, and (iii) hold the remaining \$_____ as cash in the 2007 Escrow Fund. All proceeds received upon the maturity of the Escrow Securities, including interest earnings thereon, shall be retained in the Escrow Fund. The Trustee is hereby authorized and empowered to deposit uninvested monies held hereunder from time to time in a demand deposit account, without payment of interest thereon as provided hereunder, established at commercial banks that are corporate affiliates of the Trustee.

(c) Notwithstanding the foregoing or any other provision of this Agreement to the contrary, at the written request of the Successor Agency and upon compliance with the conditions hereinafter set forth, the Trustee shall have the power to sell, transfer, request the redemption of or otherwise dispose of some or all of the Escrow Securities in an Escrow Fund and to substitute Investment Securities. The foregoing may be effected only if: (i) the substitution of Investment Securities for the substituted Escrow Securities occurs simultaneously; (ii) the amounts of and dates on which the anticipated moneys from such Escrow Fund to be

available for the payment or redemption of the related Refunded Bonds on each disbursement date identified in Schedule A will not be diminished or postponed thereby, as shown in the certification (described below) of an independent certified public accountant; (iii) the Trustee shall receive the unqualified opinion of counsel to the effect that the Successor Agency has the right and power to effect such disposition and substitution; and (iv) the Trustee shall receive from an independent certified public accountant a certification that, immediately after such transaction, the principal of and interest on the Investment Securities in such Escrow Fund will, together with other moneys available for such purpose, be sufficient to pay the related Refunding Requirement. Any cash received from the disposition and substitution of Escrow Securities pursuant to this Section to the extent that, as shown in such certification, such cash will not be required, in accordance with the 2017 Indenture and this Agreement, at any time for the payment when due as provided in Section 6, shall be transferred to the Successor Agency.

Section 6. Payment of Refunding Requirements.

(a) The 2004 Bond Redemption Date shall be _____, 2017. On the 2004 Bond Redemption Date, the Trustee shall disburse moneys from the 2004 Escrow Fund to pay interest and principal due to the registered owners of the Refunded 2004 Bonds in the amounts set forth Schedule A. Amounts disbursed from the 2004 Escrow Fund shall be applied towards the payment and redemption of the Refunded 2004 Bonds for the equal and ratable benefit of the owners of the Refunded 2004 Bonds.

(b) The 2007 Bond Redemption Date shall be September 1, 2017. On the 2007 Bond Redemption Date, the Trustee shall disburse moneys from the 2007 Escrow Fund to pay interest and principal due to the registered owners of the Refunded 2007 Bonds in the amounts set forth Schedule A. Amounts disbursed from the 2007 Escrow Fund shall be applied towards the payment and redemption of the Refunded 2007 Bonds for the equal and ratable benefit of the owners of the Refunded 2007 Bonds.

Section 7. Verification. The Successor Agency has caused schedules to be prepared relating to the sufficiency of the funds deposited in the Escrow Funds to pay the Refunding Requirements. The Successor Agency shall furnish the Trustee with the report of _____, verifying the mathematical accuracy of the computations contained in such schedules.

Section 8. Compliance with Indenture and this Agreement. The Trustee hereby agrees that the Trustee will take all the actions required to be taken by it hereunder, including the timely transfer of moneys for the payment of principal, interest and redemption premium (if any) with respect to the Refunded Bonds, in order to effectuate this Agreement. The liability of the Trustee for the payment of the Refunding Requirements, pursuant to this Section and under the Indenture, shall be limited to the application, in accordance with this Agreement, of moneys in the Escrow Funds (including the Escrow Securities and interest earnings thereon, if any) available for the purposes of and in accordance with this Agreement.

Section 9. Tax Covenant. Notwithstanding any other provision of this Agreement, the Successor Agency hereby covenants that no part of the proceeds of 2017 Bonds or of the moneys or funds held by the Trustee hereunder shall be used, and that the Successor Agency

shall not direct the Trustee to use any of such moneys or funds at any time, directly or indirectly, in a manner that would cause any of the 2017 Bonds to be an “arbitrage bond” under Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of execution and delivery of the 2017 Bonds. Neither the Successor Agency nor the Trustee shall transfer or otherwise dispose of moneys and securities held in the Escrow Funds except as set forth in this Agreement; provided that the Trustee may effectuate the transfer of such moneys to a successor Trustee in accordance with the provisions of Section 16 relating to the transfer of rights and property to successor Trustees.

Section 10. Defeasance and Redemption Notices.

(a) As soon as practicable upon the Trustee’s receipt of moneys for deposit in the 2004 Escrow Fund and the 2006 Escrow Fund pursuant to Section 4(a) and Section 4(b) (but in no event later than _____, 2017), the Trustee shall send notices of redemption and defeasance to the registered owners of the Refunded 2004 Bonds and the Refunded 2006 Bonds, substantially in the form set forth in Appendix A.

(b) As soon as practicable upon the Trustee’s receipt of moneys for deposit in the 2007 Escrow Fund pursuant to Section 4(c), the Trustee shall send notices of defeasance to the registered owners of the Refunded 2007 Bonds, substantially in the form set forth in Appendix B. No later than the 30 days before the 2007 Bond Redemption Date (but no earlier than 60 days before the 2007 Bond Redemption Date), the Trustee shall also send notices of redemption in accordance with Section 4.3 of the 2007 Trust Agreement.

Section 11. Defeasance of Refunded Bonds. Concurrently with the deposit of the moneys in the Escrow Funds pursuant to Section 4 of this Agreement, the Refunded Bonds shall no longer be deemed to be “Outstanding” and unpaid within the meaning and with the effect expressed in the Indenture. (For the purposes of Section 220 of the Master Indenture, the 2004 Escrow Fund shall be deemed to be one and the same as the “Redemption Fund” referenced in such Section 220.)

Section 12. Nature of Lien. The trusts hereby created shall be irrevocable. The owners of the Refunded 2004 Bonds shall have an express lien on all of the moneys (including securities, if any) in the 2004 Escrow Fund, including the earnings thereon (if any), until paid out, used and applied in accordance with this Agreement. The owners of the Refunded 2007 Bonds shall have an express lien on all of the moneys (including any securities) in the 2007 Escrow Fund, including the earnings thereon, until paid out, used and applied in accordance with this Agreement.

Section 13. Amendments. This Agreement shall not be repealed, revoked, altered, amended without the written consent of all of the registered owners of the unpaid Refunded Bonds and the written consent of the Trustee and the Successor Agency; provided, however, that the Successor Agency and the Trustee may, without the consent of or notice to, such registered owners, enter into such amendment to this Agreement, if such amendment shall not materially adversely affect the rights of such registered owners and shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Agreement;
- (b) To grant to, or confer upon, the Trustee for the benefit of the owners of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Trustee;
- (c) To transfer to the Trustee and make subject to this Agreement, additional funds securities or properties;
- (d) To conform the Agreement to the provisions of any law or regulations governing the tax-exempt status of the Refunded Bonds and the 2017 Bonds in order to maintain their tax-exempt status; and
- (e) To make any other change determined by the Successor Agency to be not materially adverse to the owners of the Refunded Bonds.

The Trustee shall be entitled to rely exclusively upon an opinion of Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the owners of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 14. Compensation of Trustee. In consideration of the services rendered by the Trustee under this Agreement, the Successor Agency agrees to and shall pay to the Trustee its proper fees and expenses in accordance with the agreement therefor reached by the Trustee and the Successor Agency, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, from any moneys of the Successor Agency and the Authority lawfully available therefor and the Trustee shall have no lien whatsoever upon any of the moneys in the Escrow Funds (including any securities therein) for the payment of such proper fees and expenses.

Section 15. Resignation or Removal of Trustee; Appointment of Successor. The Trustee at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving written notice to the Successor Agency specifying the date when such resignation will take effect, but no such resignation shall take effect unless a successor Trustee shall have been appointed by the owners of the Refunded Bonds or by the Successor Agency as hereinafter provided and such successor Trustee shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Successor Agency and signed by the registered owners of a majority in principal amount of the Refunded Bonds. The Trustee may also be removed at any time by the Successor Agency with not less than 30 days' written notice to the Trustee and the registered owners of the Refunded Bonds.

In the event the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or

in case the Trustee shall be taken under the control of any public officer or officers, or a receiver appointed by a court, a successor Trustee may be appointed by the owners of a majority in principal amount of the Refunded Bonds, by an instrument or concurrent instruments in writing, signed by such owners, or by their attorneys in fact duly authorized in writing; provided, nevertheless, that in any such event, the Successor Agency shall appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the owners of a majority in principal amount of the Refunded Bonds, and any such temporary Trustee so appointed by the Successor Agency shall immediately, and without further act, be superseded by the Trustee so appointed by such owners.

In the event that no appointment of a successor Trustee, or a temporary successor Trustee, shall have been made by such owners or the Successor Agency, pursuant to the foregoing provisions of this Section, within 30 days after written notice of the removal or resignation of the Trustee has been given to the Successor Agency, the owner of any of the Refunded Bonds, or any retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Trustee.

No successor Trustee shall be appointed unless such successor Trustee shall be a national banking association or a corporation with trust powers organized under the banking laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than \$75,000,000.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Successor Agency, an instrument in writing accepting such appointment hereunder and thereupon such successor Trustee without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Trustee or the Successor Agency, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the Successor Agency be required by any successor Trustee for more fully and certainly vesting in such successor Trustee the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency.

Any entity into which the Trustee, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any entity resulting from any merger, conversion, consolidation or tax-free reorganization to which the Trustee or any successor to it shall be a party, shall, if it meets the qualifications set forth in the fifth paragraph of this Section, and if it is otherwise satisfactory to the Successor Agency, be the successor Trustee under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 16. Limitation of Powers and Duties. The Trustee shall have no power or duty to invest any funds held under this Agreement except as provided in Section 5. The Trustee shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

Section 17. Indemnification. To the extent permitted by law, the Successor Agency hereby assumes liability for, and hereby agree (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Trustee and its agents, employees and servants, from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Trustee at any time (whether or not also indemnified against the same by the Successor Agency or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Funds, the acceptance of the moneys and any securities deposited therein, transfer or other application of moneys by the Trustee in accordance with the provisions of this Agreement; provided, however, that the Successor Agency shall not be required to indemnify the Trustee against the Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Trustee's agents, employees or servants. In no event shall the Successor Agency or the Trustee be liable to any person by reason of the transactions contemplated hereby other than as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and removal or resignation of the Trustee.

Section 18. Limitation of Liability. The Trustee and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Funds, the acceptance of the moneys or securities deposited therein, the sufficiency of the moneys or any securities held hereunder to accomplish the payment and redemption of the Refunded Bonds, or any payment, transfer or other application of moneys or any securities by the Trustee in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Trustee made in good faith in the conduct of its duties. The Trustee shall incur no liability for losses arising from any investment made in accordance with this Agreement. The recitals of fact contained in the Recitals of this Agreement, shall be taken as the statements of the Successor Agency, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the sufficiency of any securities purchased pursuant hereto, and any moneys to accomplish the payment and redemption of the Refunded Bonds, pursuant to the Indenture or to the validity of this Agreement as to the Successor Agency and, except as otherwise provided herein, the Trustee shall incur no liability in respect thereof. The Trustee shall not be liable in connection with the performance of its duties under this Agreement, except for its own negligence or willful misconduct, and the duties and obligations of the Trustee shall be determined by the express provisions of this Agreement. Anything in this Agreement notwithstanding, the Trustee shall not be liable for any consequential (i.e., special or indirect) losses or damages in performing its duties or in exercising its rights or power pursuant to this Agreement. The Trustee may consult with counsel, who may or may not be counsel to the Successor Agency. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any

action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the Successor Agency. Whenever the Trustee deems it necessary or desirable, that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. No provision of this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties in accordance with this Agreement, or in the exercise of its rights or powers.

Section 19. Closing of Escrow Funds; Termination of Agreement.

(a) Upon completion of disbursements from the 2004 Escrow Fund to redeem and pay the Refunded 2004 Bonds on the 2004 Bond Redemption Date pursuant to Section 6(a) of this Agreement, all moneys (if any) remaining in the 2004 Escrow Fund shall be transferred to the Debt Service Fund established under the 2017 Indenture. Thereafter, the 2004 Escrow Fund shall close.

(b) Upon completion of disbursements from the 2007 Escrow Fund to redeem and pay the Refunded 2007 Bonds on the 2007 Bond Redemption Date pursuant to Section 6(c) of this Agreement, all moneys (if any) remaining in the 2007 Escrow Fund shall be transferred to the Debt Service Fund established under the 2017 Indenture. Thereafter, the 2007 Escrow Fund shall close.

(c) This Agreement shall terminate upon the closing of the 2007 Escrow Fund.

Section 20. Governing Law. This Agreement shall be governed by the law of the State of California.

Section 21. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Successor Agency, or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed, and construed to be severable from, the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 22. Successor Deemed Included in References to Predecessors. All the covenants, promises and agreements contained in this Agreement by, or on behalf of, the Successor Agency or the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 23. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers as of the date first written above.

**SUCCESSOR AGENCY TO THE WINTERS
COMMUNITY DEVELOPMENT AGENCY**

By: _____
Executive Director

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

By: _____
Authorized Officer

SCHEDULE A

REFUNDING REQUIREMENTS

I. Refunded 2004 Bonds:

Payment or Redemption Date	Principal	Interest	Redemption Premium	Disbursement
_____, 2017	\$ 4,650,000*	\$_____.00	--	\$_____

* Consists of the following Refunded 2004 Bonds to be paid or redeemed on the 2004 Redemption Date:

Maturity Date (September 1)	Principal	Interest Rate	Redemption Price
2017	\$ 175,000	3.800%	100%
2018	180,000	4.000	100
2019	190,000	4.500	100
2020	200,000	4.100	100
2025	1,130,000	4.500	100
2029	1,095,000	4.600	100
2034	1,680,000	4.630	100

II. Refunded 2007 Bonds:

Payment or Redemption Date	Principal	Interest	Redemption Premium	Disbursement
September 1, 2017	\$9,855,000 *	\$225,230.00	--	\$10,080,230.00

* Consists of the following Refunded 2007 Bonds to be paid or redeemed on the 2007 Redemption Date:

Maturity Date (September 1)	Principal	Interest Rate	Redemption Price
2017	\$100,000	3.875%	100% (maturity)
2018	125,000	4.000	100
2019	140,000	4.000	100
2020	155,000	4.000	100
2021	175,000	4.250	100
2022	195,000	4.250	100
2023	230,000	4.300	100
2024	250,000	4.375	100
2025	270,000	4.375	100
2026	300,000	4.400	100
2033	2,635,000	4.690	100
2038	4,950,000	4.670	100

SCHEDULE B

ESCROW SECURITIES

- I. 2004 Escrow Fund** – On the Closing Date, the Trustee shall use \$_____ of the moneys deposited to purchase the Escrow Securities identified below and hold the remaining \$_____ as cash. The expected receipt at maturity of such Escrow Securities, plus the uninvested cash, will be sufficient to satisfy the 2004 Refunding Requirement of \$_____.

<u>Securities Type</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Expected Receipt at Maturity (including principal and interest)</u>
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- II. 2007 Escrow Fund** – On the Closing Date, the Trustee shall use \$_____ of the moneys deposited to purchase the Escrow Securities identified below and hold the remaining \$_____ as cash. The expected receipt at maturity of such Escrow Securities, plus the uninvested cash, will be sufficient to satisfy the 2007 Refunding Requirement of \$_____.

<u>Securities Type</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Expected Receipt at Maturity (including principal and interest)</u>
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APPENDIX A

Form of
NOTICE OF REDEMPTION AND DEFEASANCE
with reference to
Winters Community Development Agency
City of Winters Community Development Project Area,
Tax Allocation Bonds
2004

(CUSIP Nos. 976087AP1, 976087AQ9, 976087AR7, 976087AS5, 976087AX4, 976087BB1 & 976087BG0)*

This Notice is being given by The Bank of New York Mellon Trust Company, N.A., as the successor trustee (the “**Trustee**”) under the Indenture (defined below), on behalf of the Successor Agent to the Winters Community Development Agency (the “**Successor Agency**”), to the owners of the above-captioned bonds (the “**2004 Bonds**”). The Successor Agency is the successor entity to the former Winters Community Development Agency (the “**Former Agency**”). The 2004 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 2004 (the “**Indenture**”), by and between the Former Agency and BNY Western Trust Company, as trustee, as supplemented and amended.

Pursuant to Section 10.01 of the Indenture, the lien under the Indenture with respect to the 2004 Bonds has been discharged through the irrevocable deposit of cash [and certain securities (consisting of non-callable United States Treasury Obligations)] in an escrow fund (the “**Escrow Fund**”) held pursuant to an Escrow Agreement, dated as of _____ 1, 2017 (the “**Escrow Agreement**”), by and between the Successor Agency and the Trustee. The deposit into the Escrow Fund has been calculated to provide sufficient moneys to pay interest on and principal on the 2004 Bonds to and including _____, 2017 (the “**Redemption Date**”).

All of the outstanding principal amount of the 2004 Bonds will be paid or redeemed on the Redemption Date. On the Redemption Date, the Trustee will disburse moneys from the Escrow Fund to pay to the registered owners of the 2004 Bonds a redemption price equal to 100 percent of the principal amount of the Bonds, plus unpaid accrued interest thereon, without premium, in accordance with the Indenture. Interest on the 2004 Bonds shall cease to accrue from and after the Redemption Date.

As a result of the deposit into the Escrow Fund, the 2004 Bonds are deemed to have been paid and defeased in accordance with the Indenture. Obligations of the Indenture to the owners of the defeased 2004 Bonds are hereafter limited to the application of moneys in the Escrow

** Neither the Authority nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness. It is included solely for convenience of the owners of the 2007 Bonds*

Fund for the principal and interest payment on the 2004 Bonds as the same become due and payable as described above.

On the Redemption Date, registered owners of the 2004 Bonds should be surrendered at the address indicated below. For 2004 Bonds surrendered by mail, the use of registered or certified mail is suggested.

By First Class/Registered/
Certified Mail:

The Bank of New York Mellon
Global Corporate Trust
P.O. Box 396
East Syracuse, New York 13057

Express Delivery Only:

The Bank of New York Mellon
Global Corporate Trust
111 Sanders Creek Parkway
East Syracuse, New York 13057

By Hand Only:

The Bank of New York Mellon
Global Corporate Trust
111 Sanders Creek Parkway
East Syracuse, New York 13057

***IMPORTANT NOTICE:** Federal law requires the Trustee, as the paying agent, to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for additional information on the tax forms and instructions.*

Dated: _____, 2017

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

APPENDIX B
Form of

NOTICE OF DEFEASANCE

with reference to

**Winters Community Development Agency
City of Winters Community Development Project Area,
Tax Allocation Bonds
2007**

*(CUSIP Nos[†]. 976087BS4, 976087BT2, 976087BU9, 976087BV7, 976087BW5, 976087BX3,
976087BY1, 976087BZ8, 976087CA2, 976087CB0, 976087CC8, 976087CD6 & 976087CE4)*

This Notice is being given by The Bank of New York Mellon Trust Company, N.A., as the successor trustee (the "Trustee") under the Indenture (defined below), on behalf of the Successor Agent to the Winters Community Development Agency (the "Successor Agency"), to the owners of the above-captioned bonds (the "2007 Bonds"). The Successor Agency is the successor entity to the former Winters Community Development Agency (the "Former Agency").

The 2007 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 2004 (the "Master Indenture"), by and between the Former Agency and BNY Western Trust Company, as trustee, as supplemented by a First Supplemental Indenture, dated as of June 1, 2007 (the "First Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), by and between the Former Agency and The Bank of New York Trust Company, N.A., as trustee. The Bank of New York Mellon Trust Company is the successor Trustee under the Indenture.

Pursuant to Section 10.01 of the Master Indenture, the lien under the Indenture with respect to the 2007 Bonds has been discharged through the irrevocable deposit of cash and certain securities (consisting of non-callable United States Treasury Obligations) in an escrow fund (the "Escrow Fund") held pursuant to an Escrow Agreement, dated as of _____ 1, 2017 (the "Escrow Agreement"), by and between the Successor Agency and the Trustee. The deposit into the Escrow Fund has been calculated to provide sufficient moneys to pay interest on and principal on the 2007 Bonds to and including **September 1, 2017 (the "Redemption Date")**.

All of the outstanding principal amount of the 2007 Bonds will be paid or redeemed the Redemption Date. On the Redemption Date, the Trustee will disburse moneys from the Escrow Fund to pay to the registered owners of the 2007 Bonds: (i) with respect to the 2007 Bonds maturing on September 1, 2017, the scheduled principal and interest payments, and (ii) with respect to the 2007 Bonds maturing on or after September 1, 2018, The deposit into the

[†] *Neither the Authority nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness. It is included solely for convenience of the owners of the 2007 Bonds*

Escrow Fund has been calculated to provide sufficient moneys to pay a redemption price equal to 100 percent of the principal amount of such 2007 Bonds, plus unpaid accrued interest thereon, without premium, in accordance with the Indenture. Interest on the 2007 Bonds shall cease to accrue from and after the Redemption Date.

As a result of the deposit into the Escrow Fund, the 2007 Bonds are deemed to have been paid and defeased in accordance with the Indenture. Obligations of the Successor Agency to the owners of the defeased 2007 Bonds are hereafter limited to the application of moneys in the Escrow Fund for the principal and interest payment on the 2007 Bonds as the same become due and payable as described above.

Dated: _____, 2017

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

NEW ISSUE – Book-Entry Only

Insured rating (Insured Bonds only): S&P: “___”
 Underlying, uninsured rating: S&P: “___”
 See “CONCLUDING INFORMATION – Ratings.”

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law: (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, 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, and (ii) interest on the Bonds is exempt from State of California personal income taxes. Interest on the Bonds may be subject to certain federal taxes imposed on certain corporations, including the corporate minimum tax on a portion of that interest. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds. For a more complete discussion of the tax aspects, see “CONCLUDING INFORMATION – Tax Matters.”

§ _____ *

**SUCCESSOR AGENCY TO THE WINTERS COMMUNITY DEVELOPMENT AGENCY
 TAX ALLOCATION REFUNDING BONDS
 SERIES 2017**

Dated: Date of Delivery

Due: September 1, as shown on inside cover

The Successor Agency to the Winters Community Development Agency (the “Successor Agency”) is issuing its Tax Allocation Refunding Bonds, Series 2017 (the “Bonds”), pursuant to an Indenture, dated as of _____ 1, 2017 (the “Indenture”), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Successor Agency is the successor entity to the former Winters Community Development Agency (the “Former Agency”). Proceeds from the sale of the Bonds will be applied to: (i) refund and defease outstanding bonds issued by the Former Agency in 2004 and 2007 (together, the “Prior Bonds”), (ii) make a deposit into a debt service reserve account (the “Reserve Account”) or purchase a debt service reserve insurance policy to be credited to such Reserve Account, and (iii) pay costs of issuance of the Bonds. The Bonds will be payable from and secured by a pledge of Tax Revenues (as defined in the Indenture) derived from the redevelopment project area (known as the City of Winters Community Development Project Area) and moneys in certain funds held under the Indenture, as further described in this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in integral multiples of \$5,000 principal amount. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid directly to DTC by the Trustee. Principal of the Bonds will be payable on the dates set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing September 1, 2017. Upon its receipt of payment of principal and interest, DTC in turn will be obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds.

The Bonds will be subject to optional redemption and mandatory sinking account redemption prior to their maturity as described in this Official Statement. *

The Successor Agency has applied for, and may obtain, municipal bond insurance with respect to the Bonds. If such insurance is obtained, the scheduled payment of principal of, and interest on, some or all of the Bonds when due, will be guaranteed under an insurance policy issued concurrently with the delivery of the Bonds. The Successor Agency’s decision regarding whether or not to purchase such insurance will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether the Successor Agency will purchase such insurance.

The Bonds will not be a debt, liability or obligation of the City of Winters (the “City”), the State of California (the “State”), or any of its political subdivisions other than the Successor Agency. None of the City, the State nor any of its political subdivisions, other than the Successor Agency, will be liable for the Bonds. None of the members of the governing bodies or officers of the Successor Agency, the City nor any person executing the Bonds or the Indenture will be liable personally with respect to the Bonds. The obligations of the Successor Agency with respect to the Bonds will be payable solely from Tax Revenues and the funds pledged pursuant to the Indenture. The Successor Agency has no taxing power.

This cover page contains certain information for general reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page have the meanings set forth in this Official Statement. For a discussion of some of the risks associated with a purchase of the Bonds, see “RISK FACTORS.”

STIFEL

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Richards, Watson and Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel. Richards, Watson & Gershon also

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the dated date of the Official Statement in its final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

serves as Disclosure Counsel to the Successor Agency in connection with the issuance of the Bonds. Certain legal matters will also be passed upon for the Successor Agency by its General Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Bonds will be available for delivery in book-entry form through the facilities of DTC on or about _____, 2017.

Dated: _____, 2017

\$ _____ *

**SUCCESSOR AGENCY TO THE WINTERS COMMUNITY DEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS
SERIES 2017**

MATURITY SCHEDULE

\$ _____ Serial Bonds

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

\$ _____ % Term Bond due September 1, 20 __, Yield _____ %; Price: _____; CUSIP[†]: _____
 \$ _____ % Term Bond due September 1, 20 __, Yield _____ %; Price: _____; CUSIP[†]: _____

* Preliminary; subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data in this Official Statement is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP © 2017 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. Neither the Successor Agency nor the Underwriter takes any responsibility for the accuracy of such numbers.

SUCCESSOR AGENCY TO THE WINTERS COMMUNITY DEVELOPMENT AGENCY
City of Winters, Yolo County, California

**SUCCESSOR AGENCY GOVERNING BOARD/
CITY COUNCIL**

Bill Biasi, *Chair/Mayor Pro-Tempore*
Wade Cowan, *Vice Chair/Mayor*
Harold Anderson, *Board Member/Council Member*
Jesse Loren, *Board Member/Council Member*
Pierre Neu, *Board Member/Council Member*

SUCCESSOR AGENCY/CITY STAFF

John W. Donlevy, Jr., *Executive Director/City Manager*
Shelly Gunby, *Finance Officer/Director of Financial Management*
Nanci Mills, *Agency Secretary/City Clerk*
Ethan Walsh (Best Best & Krieger LLP), *General Counsel/ City Attorney*

SPECIAL SERVICES

Trustee

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

Bond Counsel & Disclosure Counsel

Richards, Watson & Gershon,
A Professional Corporation
Los Angeles, California

Municipal Advisor

NHA Advisors, LLC
San Rafael, California

Fiscal Consultant and Dissemination Agent

Urban Futures, Inc.
Orange, California

Verification Agent

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. Certain statements included or incorporated by reference in this Official Statement and in any continuing disclosure by the Successor Agency, any press release and in any oral statement made by or with the approval of an authorized officer of the City, acting as the Successor Agency, or any other entity described or referenced in this Official Statement, constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "anticipate," "estimate," "budget," or other similar words and include, but are not limited to, statements under the captions "PROJECT AREA" and "TAX REVENUES AND DEBT SERVICE COVERAGE." The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the Successor Agency has undertaken to provide certain on-going financial and other data pursuant to a Continuing Disclosure Certificate (see "CONCLUDING INFORMATION – Continuing Disclosure"), the Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based change.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness of the information from such sources. Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

Information as of Dated Date of Official Statement. The information and expressions of opinions in this Official Statement are subject to change without notice. Neither delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or any other entity described or referenced in this Official Statement since the dated date shown on the front cover. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents 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 over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside front cover and said public offering prices may be changed from time to time by the Underwriter.

No Incorporation of Websites. References to internet websites in this Official Statement are shown for reference and convenience only, and none of their content (including, but not limited to, the content of the City's website and pages pertaining to the Successor Agency on the City's website) is incorporated by reference. The Successor Agency makes no representation regarding the accuracy or completeness of information presented on such websites.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAW OF ANY STATE.

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§ _____*

**SUCCESSOR AGENCY TO THE WINTERS COMMUNITY DEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS
SERIES 2017**

INTRODUCTION

This Introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the actual documents for more complete information with respect to matters concerning the Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used in this Official Statement and not defined herein shall have the meanings set forth in "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE."

General

This Official Statement, including the cover page, the inside front cover and appendices, is being provided in connection with the sale by the Successor Agency to the Winters Community Development Agency (the "Successor Agency") of its \$ _____* aggregate principal amount Tax Allocation Refunding Bonds, Series 2017 (the "Bonds"). The Successor Agency is the successor entity to the former Winters Community Development Agency (the "Former Agency"). The Bonds will be issued pursuant to an Indenture, dated as of _____ 1, 2017 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Proceeds from the sale of the Bonds will be applied to: (i) refund and defease outstanding bonds issued by the Former Agency in 2004 and 2007 (together, the "Prior Bonds"), (ii) make a deposit into a debt service reserve account (the "Reserve Account") established under the Indenture or purchase a debt service reserve insurance policy (the "Reserve Policy") to be credited to the Reserve Account, and (iii) pay costs of issuance of the Bonds.

The Former Agency was established pursuant to the Community Redevelopment Law (the "Redevelopment Law") of the State of California (the "State"), constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code. The Former Agency undertook a program to redevelop a project area known as the City of Winters Community Development Project Area (the "Project Area"), located in the City of Winters (the "City").

To finance redevelopment projects the Former Agency issued the Prior Bonds, which consist of:

- the Former Agency's City of Winters Community Development Project Area, Tax Allocation Bonds, Series 2004 (the "2004 Bonds"), in the original principal amount of \$7,820,000, and a currently outstanding principal amount of \$4,650,000; and
- the Former Agency's City of Winters Community Development Project Area, Tax Allocation Bonds, Series 2007 (the "2007 Bonds"), in the original principal amount of \$11,470,000, and a currently outstanding principal amount of \$9,855,000.

The Prior Bonds were issued pursuant to and are governed by the terms of an Indenture of Trust, dated as of March 1, 2004, as supplemented by a First Supplemental Indenture, dated as of June 1, 2007 (as so amended, the "Prior Bonds Indenture"), each by and between the Former Agency, as succeeded by the Successor Agency, and The Bank of New York Mellon Trust Company, N.A., the successor trustee (the "Prior Bonds Trustee").

* Preliminary; subject to change.

As further discussed below, the Former Agency was dissolved as of February 1, 2012, pursuant to legislation passed as part of the State's 2011 Budget Act. Before the Former Agency's dissolution, the City Council of the City adopted Resolution No. 2012-02 on January 17, 2012, and elected for the City to serve as the Successor Agency. As clarified by California Health and Safety Code Section 34173(g), the City and the Successor Agency are separate entities and are not merged as the result of the City's election to serve as the Successor Agency. The Successor Agency is authorized to issue bonds to refund debt of the Former Agency pursuant to Health and Safety Code Section 34177.5 and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law").

The Bonds will be payable from and secured by Tax Revenues (as defined in the Indenture; see below under "Security for Bonds" and "SECURITY AND SOURCES OF PAYMENT FOR BONDS") derived from the Project Area and moneys in certain funds pledged for the Bonds under the Indenture, as further described in this Official Statement.

At the time of the printing of the Preliminary Official Statement, the Successor Agency has applied for, and may obtain, municipal bond insurance with respect to the Bonds. If such insurance is obtained, the scheduled payment of principal of and interest on some or all of the Bonds when due will be guaranteed under an insurance policy issued concurrently with the delivery of the Bonds. The Successor Agency's decision regarding whether or not to purchase such insurance will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether the Successor Agency will purchase such insurance.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2017. The Bonds will be subject to optional redemption and mandatory sinking account redemption prior to maturity as described in this Official Statement.*

The Bonds, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as the depository for the Bonds and all payments due on the Bonds will be made to Cede & Co. Ownership interests in the Bonds may be purchased only in book-entry form. **So long as the Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the registered owners, or just "Owners," of the Bonds shall mean Cede & Co. or such other nominee of DTC, and shall not mean the beneficial owners of the Bonds.** See "BONDS – Book-Entry Only System" and "APPENDIX G – DTC'S BOOK-ENTRY ONLY SYSTEM."

City of Winters

The City is located in Yolo County (the "County"), and lies approximately 35 miles west of the City of Sacramento, the capital city of the State, and approximately 60 miles northeast of the City of San Francisco. Based on an estimate by the California Department of Finance, the City's population was 7,214, as of January 1, 2016. The City was incorporated February 9, 1898, and operates under the general laws of the State of California. It has a council-manager form of government. The five City Council members are elected at large for staggered four-year terms. The Mayor is selected as the candidate receiving the most votes in the election and serves two years as Mayor Pro Tem, then two years as Mayor. The City Council appoints the City Manager, who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. For further general information regarding the City, see "APPENDIX A – CITY OF WINTERS GENERAL INFORMATION."

* Preliminary; subject to change.

Dissolution of Former Agency; Establishment of Successor Agency

The Former Agency was established on July 17, 1990, by action of the City Council pursuant to the Redevelopment Law. The Former Agency was a separate public body and exercises governmental functions in planning and carrying out redevelopment projects.

In June 2011, as part of the State's 2011 Budget Act, the State Legislature enacted Assembly Bill No. 26 of the First Extraordinary Session ("AB X1 26"). The California Supreme Court, by its decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* 53 Cal. 4th 231 (2011) (the "CRA Lawsuit"), largely upheld AB X1 26, with modifications regarding certain deadlines that were delayed because of the CRA Lawsuit. The primary provisions of AB X1 26 are set forth in Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the "Dissolution Act"). The Dissolution Act has been amended and supplemented several times since its original enactment, including significant amendments that became effective in June 2012, pursuant to Assembly Bill No. 1484 ("AB 1484"), and in September 2015, pursuant to Senate Bill No. 107 ("SB 107").

The Dissolution Act provides for the establishment of a successor agency for each former redevelopment agency. As the result, the Successor Agency was constituted. The Successor Agency is tasked with winding down the Former Agency's affairs. Upon the Former Agency's dissolution, all of the Former Agency's assets, properties, contracts, leases, books and records were transferred to the control of the Successor Agency by operation of law. The Successor Agency is required to continue to make payments for enforceable obligations (as defined under the Dissolution Act). The Successor Agency does not have any legal authority to participate in redevelopment activities, except to complete work related to enforceable obligations.

Even though the City has elected to serve as the Successor Agency, the Dissolution Act expressly provides that the City and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the City by virtue of the City's election to serve as the Successor Agency. (Assets of the Former Agency were not transferred to the City by virtue of the City's election to serve as the Successor Agency. However, see discussion under "SUCCESSOR AGENCY – Transfers to Housing Successor" regarding the transfer of certain housing assets to the City, in the City's capacity as the housing successor pursuant to the Dissolution Act). The Bonds will not be a debt, liability or obligation of the City, the State or any of its political subdivisions other than the Successor Agency.

Pursuant to the Dissolution Act, a seven-member Oversight Board of the Successor Agency (the "Oversight Board") has been established, consisting of representatives from various local taxing agencies. Many of the Successor Agency's actions are subject to the direction of, or prior approval by, the Oversight Board. For example, the establishment of each Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule" or the "ROPS") described below must be approved by the Oversight Board. With limited exceptions, resolutions adopted by the Oversight Board are subject to review by the California State Department of Finance (the "State Department of Finance" or the "DOF") before becoming effective. Certain Successor Agency matters are also subject to review by the County Auditor-Controller and the State Controller. See "SUCCESSOR AGENCY."

Project Area; Redevelopment Plan

The Project Area encompasses approximately 669 acres, or approximately 42 percent of the land area of the City. Assessed valuation of taxable property within the Project Area (including secured and unsecured values) for fiscal year 2016-17 is approximately \$291 million. Parcels currently used for residential purposes account for approximately 85 percent of the 2016-17 secured assessed value of the Project Area.

The City Council adopted Ordinance No. 92-08 on July 20, 1992 (the "Original Plan Ordinance"), approving a redevelopment plan (the "Original Plan") for the Project Area. The Original Plan was amended twice: (i) on October 4, 1994, by Ordinance No. 94-11, and (ii) on January 15, 2008, by Ordinance No. 2008-01. The Original Plan, as amended, is referred to in this Official Statement as the "Redevelopment Plan."

See "PROJECT AREA."

Security for Bonds

Tax Increment Pledge Before Dissolution Act; Pledge under Prior Bonds Indenture

Before the enactment of AB X1 26, a redevelopment agency was authorized to pledge "tax increment" to repay indebtedness incurred to finance or refinance the redevelopment agency's projects. The Redevelopment Law provided a method for financing projects based upon an allocation of taxes collected within each redevelopment project area. Under this method, the taxable value of a redevelopment project area (or a later added component area of a redevelopment project area) last equalized before the adoption of the redevelopment plan (or, as applicable, the plan amendment adding such component area) became the base year value. Except for any period during which the taxable value dropped below the base year level, the taxing agencies received the taxes produced by applying the then current tax rates to the base year roll. The redevelopment agency received taxes collected upon any increase in taxable value over the base year roll (except for any portion generated by rates levied to pay voter-approved bonded indebtedness on or after January 1, 1989 for the acquisition or improvement of real property, commonly known as "overrides"). The portion of such property taxes allocated to the redevelopment agency was referred to as "tax increment."

Before dissolution, a redevelopment agency was generally required to establish a Low and Moderate Income Housing Fund (the "Housing Fund") and deposit not less than 20 percent of the tax increment allocated to such redevelopment agency (the "Housing Set-Aside") into the Housing Fund. The redevelopment agency was to use moneys deposited into the Housing Fund for authorized low and moderate income housing purposes. In this Official Statement, the portion of the tax increment received by the Former Agency that was not required to be deposited into the Housing Fund is referred to as the "80 Percent Portion."

Because portions of the proceeds of each of the 2004 Bonds and the 2007 Bonds were used to finance and refinance, low and moderate income housing projects, debt service on such Prior Bonds was secured by a pledge of a combination of the Housing Set-Aside and the 80 Percent Portion.

Administration of Property Taxes Allocable to Successor Agency Under Dissolution Act

Under the Dissolution Act, the flow of property tax revenues to the Successor Agency differs significantly from the flow of tax increment to the Former Agency. The Dissolution Act requires the County Auditor-Controller to establish a fund, known as the Redevelopment Property Tax Trust Fund

(the "RPTTF"), for the Successor Agency. Each fiscal year, the County Auditor-Controller must determine the amount of property taxes (formerly, tax increment) that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the Dissolution Act and deposit such amount into the RPTTF.

The Dissolution Act currently requires that, except in the case where the DOF has approved a Last and Final Recognized Obligation Payment Schedule (the "LFROPS"; see "SECURITY AND SOURCES OF PAYMENT FOR BONDS – RPTTF Flow of Funds – *Last and Final ROPS*"), the Successor Agency must prepare a ROPS once a year (to be submitted to the DOF no later than February 1), listing the payments for enforceable obligations that the Successor Agency expects to make for the upcoming two six-month fiscal periods (*i.e.*, the period from July through December and the period from January through June; each, a "ROPS Payment Period"). The Successor Agency is permitted, however, to hold a reserve when required by the relevant bond indenture or when the next property tax allocation will be insufficient to pay bond debt service for the next payment due in the following half of the calendar year. The Successor Agency is authorized to make payments only pursuant to an enforceable obligation listed on a ROPS approved by the DOF.

As discussed in further detail under "SECURITY AND SOURCES OF PAYMENT FOR BONDS – RPTTF Flow of Funds," the Dissolution Act establishes a specific flow of funds for moneys deposited in the RPTTF. Pursuant to this flow of funds, the Successor Agency receives disbursements from the RPTTF only twice each year on the following dates: (i) on each June 1 for the ROPS Payment Period from July 1 to December 31, and (ii) on each January 2 for the ROPS Payment Period from January 1 to June 30.

Pursuant to Health and Safety Code Section 34177.5(g), if an indenture for refunding bonds issued under the Dissolution Act provides that the refunding bonds are secured by a pledge of and lien on property tax revenues, then it means that such refunding bonds are secured by a pledge of and lien on (and shall be repaid from) moneys deposited from time to time in the RPTTF.

Elimination of Housing Set-Aside Under Dissolution Act

The Dissolution Act has eliminated the Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. Property tax revenues, consisting of the former 80 Percent Portion and the amounts that would have been the Housing Set-Aside, are now deposited into the RPTTF without distinction.

Pledge Under Indenture; Reserve Account

The Bonds, after their issuance, will be secured by a pledge of "Tax Revenues." Tax Revenues include all property taxes required to be deposited from time to time into the RPTTF, less (i) administrative costs of the County Auditor-Controller deducted as required by HSC Section 34183(a); (ii) pass-through payments to taxing entities, unless such payments have been subordinated to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Pass-Through Payments."

The Trustee will maintain a Reserve Account. Upon the issuance of the Bonds, the Reserve Requirement (defined below, see "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Reserve Account") will be \$_____. A portion of the proceeds from the sale of the Bonds will be used to either: (i) make a deposit into the Reserve Account in the amount equal to the initial Reserve Requirement, or (ii) purchase a Reserve Policy in the face amount equal to the initial Reserve Requirement to be credited to the Reserve Account. *The Successor Agency's decision regarding*

whether or not to purchase such Reserve Policy will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing.

The Successor Agency will covenant to include in each ROPS a request to the County Auditor-Controller to disburse from the RPTTF to the Successor Agency on each RPTTF Disbursement Date amounts for principal, interest and reserve replenishment with respect to the Bonds, as required by the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Tax Revenues; Creation of Funds."

The Bonds will not be a debt, liability or obligation of the City, the State, or any of its political subdivisions other than the Successor Agency as described in this Official Statement. None of the City, the State, nor any of its political subdivisions, other than the Successor Agency, will be liable for the Bonds. None of the members of the governing bodies or officers of the Successor Agency, the City, nor any person executing the Bonds or the Indenture will be liable personally with respect to the Bonds. The obligations of the Successor Agency with respect to the Bonds will be payable solely from Tax Revenues and the funds pledged pursuant to the Indenture. The Successor Agency has no taxing power.

Continuing Disclosure

In connection with the sale of the Bonds, the Successor Agency will execute and deliver a Continuing Disclosure Certificate, covenanting to prepare and file an annual report and certain other notices with the Municipal Securities Rulemaking Board. See "CONCLUDING INFORMATION – Continuing Disclosure" and "APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Other Information

There follows in this Official Statement brief descriptions of the Bonds, security for the Bonds, certain risk factors, the Indenture, the Successor Agency, the Project Area and certain other documents and information relevant to the issuance of the Bonds. All references to the Bonds, the Indenture, the Dissolution Act or other documents or law are qualified in their entirety by reference to such documents or law. Unless context clearly requires otherwise, capitalized terms used but not otherwise defined in this Official Statement have the meanings assigned to them in the Indenture. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE."

This Official Statement speaks only as of its date as set forth on the cover. The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made with respect to the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Successor Agency since the date of this Official Statement.

Unless otherwise expressly noted, references to internet websites in this Official Statement are shown for reference and convenience only, and none of their content (including, but not limited to, the content of the City's website and pages pertaining to the Successor Agency on the City's website) is incorporated by reference. The Successor Agency makes no representation regarding the accuracy or completeness of information presented on such websites.

PLAN OF REFUNDING

Refunding of Prior Loans and Prior Bonds

The Bonds are being issued to effect a refunding and defeasance of the Prior Bonds. The anticipated redemption dates of the Prior Bonds are set forth as follows:

<u>Prior Bonds</u>	<u>Redemption Date</u>
2004 Bonds	On or about 30 days after closing date (the "2004 Bonds Redemption Date")
2007 Bonds	September 1, 2017 (the "2007 Bonds Redemption Date"), which is the earliest date that the 2007 Bonds are subject to be optionally redeemed under the Prior Bonds Indenture

The Successor Agency and The Bank of New York Mellon Trust Company, N.A., as the Prior Bond Trustee, will enter into an Escrow Agreement, dated as of _____ 1, 2017 (the "Escrow Agreement"). Under the Escrow Agreement, the Prior Bond Trustee will establish two escrow funds (respectively, the "2004 Escrow Fund" and the "2007 Escrow Fund" and, together, the "Escrow Funds") in connection with the defeasance and redemption of the 2004 Bonds and the 2007 Bonds. Moneys in the each Escrow Fund will be held solely for the benefit of the holders of the related Prior Bonds and will not serve as security nor be available for payment on the Bonds.

A portion of the proceeds from the sale of Bonds, together with certain moneys to be released from the funds and accounts established under the Prior Bonds Indenture, will be deposited into the 2004 Escrow Fund. Pending disbursement, most of the moneys deposited into the 2004 Escrow Fund will be [invested in escrow securities (in the form of non-callable direct obligations of the United States of America), with the remaining amounts to be] held uninvested. The escrow securities will bear interest rates such that, upon their maturity, the principal and interest paid on the escrow securities, together with the uninvested cash in the 2004 Escrow Fund, will provide the Prior Bond Trustee sufficient funds to pay on the 2004 Bonds Redemption Date, the redemption price of the 2004 Bonds to be redeemed, plus unpaid accrued interest thereon.

A portion of the proceeds from the sale of Bonds, together with certain moneys to be released from the funds and accounts established under the Prior Bonds Indenture, will be deposited into the 2007 Escrow Fund. Pending disbursement, most of the moneys deposited into the 2007 Escrow Fund will be invested in escrow securities (in the form of non-callable direct obligations of the United States of America), with the remaining amounts to be held uninvested. The escrow securities will bear interest rates such that, upon their maturity, the principal and interest paid on the escrow securities, together with the uninvested cash in the 2007 Escrow Fund, will provide the Prior Bond Trustee sufficient funds to pay: (i) the scheduled payments of principal and interest with respect to the 2007 Bonds to (and including) the 2007 Bonds Redemption Date (*i.e.*, September 1, 2017), and (ii) on the 2007 Bonds Redemption Date, the redemption price of the 2007 Bonds to be redeemed, plus unpaid accrued interest thereon.

_____, _____, certified public accountants (the "Verification Agent"), will verify the mathematical accuracy of certain computations included in the schedules provided on behalf of the Successor Agency relating to the computation of forecasted receipts of principal and interest earnings (if any) on the moneys and escrow securities deposited in the Escrow Funds and the forecasted payments of principal and interest in connection with the defeasance of the refunded Prior Bonds. The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of computations contained in the schedules provided to the

Verification Agent and the Verification Agent has no obligation to update its report because of events occurring, or data or information coming to the Verification Agent's attention, subsequent to the date of its report.

Sources and Uses of Funds

The following is a summary of the anticipated sources and uses of funds relating to the Bonds:

Sources:

Principal amount	\$ _____ *
Plus (less): Net original issue premium (discount)	
Less: Underwriter's discount	
Plus: Moneys to be released from funds and accounts established under the Prior Bonds Indenture	
<hr/>	
Total Sources	

Uses:

Reserve Fund ⁽¹⁾	
Costs of issuance ⁽²⁾	
2004 Escrow Fund	
2007 Escrow Fund	
<hr/>	
Total Uses	

- (1) Preliminary; cash will be deposited into Reserve Fund, only if no reserve fund insurance policy is purchased.
- (2) To pay fees and expenses of Bond Counsel, Disclosure Counsel, Trustee, Municipal Advisor, [premium for bond insurance and debt service reserve insurance policy], rating fees, costs of posting and printing this Official Statement, and other costs of issuance relating to the Bonds.

BONDS

Description

The Bonds will be issued as fully registered bonds, and will bear interest at the rates, and mature on September 1 of the years and in the amounts all as set forth on the inside front cover of this Official Statement. The Bonds will be dated their date of delivery.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2017 (each, an "Interest Payment Date"), and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date immediately preceding the date of authentication of such Bond, unless: (i) it is authenticated during the period from the day after the Record Date (*i.e.*, the 15th calendar day of the month preceding an Interest Payment Date) to and including such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to August 15, 2017 (*i.e.*, the first Record Date), in which event it will bear interest from the issuance and delivery date of the Bonds; provided, however, that if, at the time of authentication of any Bond interest with respect to such Bond is in default, such Bond will bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Bond.

* Preliminary; subject to change.

The Bonds will be initially delivered as one fully registered certificate for each maturity (unless the Bonds of such maturity bear different interest rates, then one certificate for each interest rate among such maturity) and will be delivered by means of the book-entry system of DTC. While the Bonds are held in DTC's book-entry only system, all payments of principal of, interest and premium (if any) on the Bonds will be made to Cede & Co., as the registered owner of the Bonds. See "Book-Entry Only System" below and "APPENDIX G – DTC'S BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Bonds maturing on or before September 1, 20__ will not be subject to optional redemption prior to their maturity. The Bonds maturing on or after September 1, 20__ will be subject to redemption as a whole or in part from such maturities as designated by the Successor Agency, prior to their maturity at the option of the Successor Agency on any date on or after September 1, 20__, from funds derived by the Successor Agency from any source, at the following redemption price(s) expressed as a percentage of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, 20__ through August 31, 20__	
September 1, 20__ through August 31, 20__	
September 1, 20__ and thereafter	

*Mandatory Sinking Account Redemption.** The Bonds maturing on September 1, 20__ and September 1, 20__ (the "Term Bonds") will also be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account on September 1 of each year commencing September 1, 20__ and September 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Bonds maturing September 1, 20__

Redemption Date (September 1)	Sinking Account Installment
----------------------------------	--------------------------------

(maturity)

Bonds maturing September 1, 20__

Redemption Date (September 1)	Sinking Account Installment
----------------------------------	--------------------------------

(maturity)

* Preliminary; subject to change.

In lieu of redemption of any of the Term Bonds, upon the Successor Agency's written request, the Trustee may apply amounts on deposit in the Debt Service Fund or the Sinking Account at any time, for the purchase of such 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 Successor Agency may determine in its discretion, but not in excess of the principal amount thereof. No Bonds shall be so purchased by the Trustee with a settlement date more than 60 days prior to the redemption date. The principal amount of any Term Bonds so purchased by the Trustee in any 12 month period ending 30 days prior to any Principal Payment Date in any year will be credited towards and will reduce the principal amount of such Term Bonds required to be redeemed on such Principal Payment Date in such year.

Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds of a maturity are called for redemption at any one time, the Trustee will select the Bonds to be redeemed, from the Outstanding Bonds of such maturity not previously selected for redemption, by lot; provided, that if less than all of the Outstanding Term Bonds of any maturity are called for optional redemption, each future Sinking Account Installment with respect to such Term Bonds will be reduced on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, so that the total amount of Sinking Account Installment payments (with respect to such Term Bonds) to be made after the optional redemption will be reduced by an amount equal to the principal amount of the Term Bonds so redeemed, as will be designated by the Successor Agency to the Trustee in writing.

Notice of Redemption; Cancellation of Redemption. The Trustee, on behalf of the Successor Agency, will send notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the bond registration books of the Trustee, to the Securities Depository and the Municipal Securities Rulemaking Board (via the Electronic Municipal Market Access System), not more than 60 days and not less than 30 days prior to the date fixed for redemption; provided that neither the failure of any Owner to receive any redemption notice sent to such Owner nor any defect in the notice so sent will not affect the sufficiency of the proceedings for redemption.

The Successor Agency will have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Neither such cancellation nor lack of available funds will constitute an Event of Default under the Indenture. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

So long as DTC is the sole registered owner of the Bonds, notices of redemption (and notices of cancellation of redemption) will be sent to DTC and not to any beneficial owners. See "Book-Entry Only System."

Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption will have been duly given and funds available for the payment of such redemption price of the Bonds so called for redemption will have been duly provided, no interest will accrue on such Bonds from and after the redemption date specified in such notice. Such Bonds, or parts thereof redeemed, will cease to be entitled to any lien, benefit or security under the Indenture.

Book-Entry Only System

The Bonds will be issued as one fully registered bond without coupons for each maturity (unless the Bonds of such maturity bear different interest rates, then one certificate for each interest rate among

Bonds of such maturity) and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in integral multiples of \$5,000 principal amount. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described in this Official Statement. So long as DTC's book-entry system is in effect with respect to the Bonds, notices to Owners by the Successor Agency or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the Bonds, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. So long as the Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the registered owners or use of the capitalized term "Owners" mean Cede & Co. or such other nominee of DTC, and do not mean the beneficial owners of the Bonds. See "APPENDIX G – DTC'S BOOK-ENTRY ONLY SYSTEM."

In the event that such book-entry system is discontinued with respect to the Bonds, the Successor Agency will execute and deliver replacements in the form of registered certificates and, thereafter, the Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture. The following provisions would then apply: The principal of, and redemption premium, if any, on the Bonds will be payable on the surrender thereof at maturity or the redemption date, as applicable, at the corporate trust office of the Trustee in Los Angeles, California, or such other office as designated by the Trustee. The interest on the 2017 Bonds will be payable by check mailed or draft on each Interest Payment Date to the registered owners thereof as shown on the registration books of the Trustee as of the close of business on the Record Date (*i.e.*, the 15th calendar day of the month immediately preceding the Interest Payment Date); provided, that a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds may specify in writing prior to the Record Date that the interest payment payable on each succeeding Interest Payment Date be made by wire transfer.

Annual Debt Service Schedule

Annualized debt service on the Bonds, without regard to any optional redemption, is shown in the following table.

Bond Year Ending September 1	Principal	Interest	Total Annual Debt Service
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
Total			

AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT

Authorizing Statutes

The Successor Agency will be issuing the Bonds pursuant to the authority given to it under California Health and Safety Code Section 34177.5 and the Refunding Bond Law.

Approval by Oversight Board and Department of Finance

Before the issuance of refunding bonds under the Dissolution Act, the Successor Agency must obtain the approval of the Oversight Board, by resolution. Such Oversight Board resolution (as with most Oversight Board resolutions) does not become effective unless it has been approved, or deemed approved, by the State Department of Finance.

On November 1, 2016, the governing board of the Successor Agency adopted Resolution No. SA-2016-03 (the "SA Bond Resolution"), authorizing the issuance and sale of the Bonds. On November 7, 2016, the Oversight Board adopted Resolution No. OB-2016-04 (the "OB Bond Resolution"), approving

the issuance of the Bonds and the SA Bond Resolution. On December 22, 2016, the DOF issued its letter (the "DOF Letter") indicating the DOF's approval of the OB Bond Resolution.

Expiration of Challenge Period

The Dissolution Act provides that, notwithstanding any other State law, an action to challenge the issuance of bonds under the Dissolution Act must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving the issuance of the bonds. More than 30 days have expired between the adoption of the OB Bond Resolution and the date of this Official Statement. During this interim, the Successor Agency has received no notice of any action challenging the issuance of the Bonds.

Pursuant to Health and Safety Code Section 34177.5(f), once the DOF has given its approval to the OB Bond Resolution, the scheduled payments on the Bonds must be listed on the Successor Agency's ROPS (see "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Recognized Obligation Payment Schedules") and will not be subject to further review and approval by the DOF or the State Controller. Furthermore, pursuant to Health and Safety Code Section 34177.5(f), once the Bonds are issued with the Oversight Board's approval, the Oversight Board will not be permitted to unilaterally approve any amendments to or early termination of the Bonds (*i.e.*, unilaterally terminate the Indenture or the Bonds in contradiction to the terms by which the Bonds were sold).

SECURITY AND SOURCES OF PAYMENT FOR BONDS

Pledge of Tax Revenues

The Bonds will not be a debt, liability or obligation of the City, the State, or any of its political subdivisions other than the Successor Agency as described in this Official Statement. None of the City, the State nor any of its political subdivisions other than the Successor Agency, will be liable for the Bonds. None of the members of the governing bodies or officers of the Successor Agency, the City nor any person executing the Bonds or the Indenture will be liable personally with respect to the Bonds. The obligations of the Successor Agency with respect to the Bonds will be payable solely from Tax Revenues and the funds pledged pursuant to the Indenture. The Successor Agency has no taxing power. The Bonds will not constitute indebtedness in violation of any constitutional or statutory debt limit or restriction.

Under the Indenture, "Tax Revenues" has the following meaning:

- (A) All property taxes required to be deposited from time to time into the RPTTF (consisting of all property tax revenues that would have been allocated to the Former Agency pursuant to subdivision (b) of Section 16 of Article XVI of the Constitution of the State and that are deposited and administered in accordance with the provisions of the Dissolution Act), but excluding the following amounts: (i) administrative costs of the County Auditor-Controller deducted as required by HSC Section 34183(a); and (ii) amounts payable to affected taxing entities pursuant to the Redevelopment Law (including payments under California Health and Safety Code Sections 33676, 33607.5 or 33607.7 and the Pass-Through Agreements (defined below)), except to the extent such payment to a taxing entity has been subordinated to the Bonds (see "Pass-Through Payments" below); and
- (B) In the event that the provisions of the Dissolution Act are invalidated because of a final judicial decision or a change in law, such that property tax revenues described above are no longer deposited into the RPTTF, then Tax Revenues shall mean all revenues derived

from taxes levied on properties that would have been allocated to the Former Agency pursuant to Section 16(b) of Article XVI of the California Constitution, subject to the exclusions stated in paragraph (A) above, as such exclusions are then in effect pursuant to the law of such time.

Upon their issuance, the primary source of the Successor Agency's payment of debt service on the Bonds will be moneys received by the Successor Agency from the County Auditor-Controller from disbursements of property tax revenues from the RPTTF. See "INTRODUCTION – Security for Bonds – Administration of Property Taxes Allocable to Successor Agency Under Dissolution Act." Each fiscal year, the County Auditor-Controller must determine the amount of property taxes – formerly known as tax increment – that would have been allocated to the Former Agency had the Former Agency not been dissolved and deposit such amount into the RPTTF. See "Allocation of Property Taxes (Determination of RPTTF Deposits)" below.

Under the Indenture, the Successor Agency will covenant to include in each ROPS a request for the County Auditor-Controller to distribute from the RPTTF to the Successor Agency on each RPTTF Disbursement Date, the following amounts:

- (i) for any ROPS Payment Period which covers payments from January through June of a calendar year: (A) the interest payment coming due with respect to the Outstanding Bonds and Parity Obligations (if any) on March 1 of such ROPS Payment Period; (B) at least one-half (but, at the discretion of the Successor Agency, may be up to all) of the principal amount (including maturing principal and any Sinking Account Installment) coming due with respect to the Bonds and Parity Obligations (if any) on September 1 of such calendar year (the "Principal Reserve"), and (C) at the discretion of the Successor Agency, an amount up to the full interest payment coming due with respect to the Outstanding Bonds and Parity Obligations (if any) on the upcoming September 1 Interest Payment Date (the "Interest Reserve"),
- (ii) for any ROPS Payment Period which covers payments from July through December of a calendar year: (A) an amount equal to the interest payment coming due with respect to the Outstanding Bonds and Parity Obligations (if any) on the September 1 of such ROPS Payment Period, less any Interest Reserve already received in connection with the immediately prior ROPS Payment Period and deposited with the Trustee; and (B) an amount equal to the principal amount (including maturing principal and any Sinking Account Installment) coming due with respect to the Bonds and Parity Obligations (if any) on September 1 of such calendar year, less the Principal Reserve already received in connection with the immediately prior ROPS Payment Period and deposited with the Trustee, and
- (iii) amounts, if any, required to replenish the Reserve Account and to replenish Parity Reserve Accounts (if any).

The Successor Agency will also covenant to include on the periodic ROPS, to the extent necessary and permitted under the Dissolution Act, the amounts to be held as a reserve until the next ROPS Payment Period, if the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture during that next ROPS Payment Period. To that end, whenever the Successor Agency is preparing a ROPS, the Successor Agency will, based on information obtained from the County Auditor-Controller, review the amount of dollars deposited in the RPTTF on the two immediately prior RPTTF Disbursement Dates. For this purpose, the Successor Agency will assume that the property tax revenue collection (and thus, the dollar amount to be deposited in the RPTTF) will be

consistent with the pattern shown during the last two ROPS Payment Periods but without any assumed increase to the assessed value of the taxable properties in the Project Area.

The Successor Agency will establish a Special Fund pursuant to the Indenture. Upon the receipt of Tax Revenues on each RPTTF Disbursement Date, the Successor Agency will apply the Tax Revenues pursuant to the ROPS (as approved by the DOF) and further deposit the Tax Revenues received for the payment of debt service of the Bonds and Parity Obligations (if any) and any replenishment of the Reserve Account and Parity Reserve Accounts (if any) into the Special Fund. During each Bond Year, the Successor Agency will deposit such moneys in the Special Fund until such time as the amount so deposited in the Special Fund will be at least equal the sum of: (i) the aggregate amount required to be transferred to the Trustee for debt service and reserve replenishment for the Bonds pursuant to the Indenture for such Bond Year, and (ii) the aggregate amount required by the governing documents of the Parity Obligations (if any) to be transferred for the debt service payment and replenishment of the Parity Reserves (if any).

See “Application of Tax Revenues Under Indenture” below regarding the requirement for the Successor Agency to transfer moneys from the Special Fund to the Trustee on or before 30 days before each Interest Payment Date, and the Trustee’s allocation of such moneys among the funds and accounts maintained under the Indenture.

Allocation of Property Taxes (Determination of RPTTF Deposits)

Agency (RPTTF) Portion Generally

Each fiscal year, the County Auditor-Controller deposits into the RPTTF the amount of property taxes, formerly known as tax increment, that would have been allocated to the Former Agency had the Former Agency not been dissolved, based on assessed values of the property in the Project Area on the last equalized roll as of August 20 in excess of the base year values. Such allocation of taxes is determined pursuant to Article 6 of Chapter 6 of the Redevelopment Law (commencing with Section 33670 of the California Health and Safety Code), Section 16 of Article XVI of the California State Constitution and the Redevelopment Plan (see “INTRODUCTION – Project Area” and “– Security for Bonds”).

Pursuant to the Redevelopment Law, the State Constitution and the Redevelopment Plan, taxes levied upon taxable property in the Project Area by or for the benefit of the State, the County, the City, any district or other public corporation (collectively, “taxing agencies” or “taxing entities”) for each fiscal year commencing after the effective date (the “Effective Date”) of the Original Plan Ordinance (see “INTRODUCTION – Project Area”), are divided as follows:

1. *To taxing agencies:* That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area, as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency, last equalized prior to the Effective Date, are allocated to and when collected paid to the respective taxing agencies as taxes by or for such taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency or taxing agencies which did not include such territory on the Effective Date but to which such territory has been annexed or otherwise included after such Effective Date, the assessment roll of the County last equalized on the Effective Date is used in determining the assessed valuation of the taxable property in such territory on the Effective Date); and

2. *To Former Agency/Successor Agency (i.e., deposit into RPTTF under the Dissolution Act):* That portion of such levied taxes each year in excess of the amount provided in paragraph (1) above, are allocated to and, when collected, paid into a special fund of the Former Agency (or, now, to the RPTTF of the Successor Agency) to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Former Agency (and the Successor Agency) to finance or refinance, in whole or in part, redevelopment of the Project Area; but excluding from the foregoing, the taxes which are attributable to a tax rate levy by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, or an increase in tax rate imposed for the benefit of a taxing agency the levy of which occurs after the tax year in which the ordinance approving the Project Area became effective but only to the extent the taxing agency has elected in the manner required by law to receive such allocation, which is allocated to, and when collected, paid to such taxing agency (provided, the Dissolution Act contains provisions to the effect that certain overrides are now allocated to the levying entity, even if pursuant the levy was pursuant to voter approval made before January 1, 1989, unless such overrides were pledged to the Former Agency's bonds).

Before the Former Agency's dissolution, the portion of property taxes described in paragraph numbered (2) constituted tax increment allocable to the Former Agency of which the Former Agency was authorized to make pledges to repay indebtedness incurred in carrying out the Redevelopment Plan, subject to the limitations set forth in the Redevelopment Plan. After the Former Agency's dissolution, pursuant to the Dissolution Act, such property tax revenues are now deposited into the RPTTF. California Health and Safety Code Section 34172 clarifies that, for purposes of Section 16 of Article XVI of the State Constitution, the RPTTF is deemed to be a special fund of the Former Agency for payment of debt service on indebtedness of the Former Agency incurred to finance or refinance the redevelopment projects.

Elimination of Housing Set-Aside

As discussed under "INTRODUCTION – Security for 2017 Bonds – *Elimination of Housing Set-Aside Under Dissolution Act*," the Dissolution Act has eliminated the Housing Fund. None of the property tax revenues deposited in the RPTTF is designated as the Housing Set-Aside. The RPTTF flow of funds under the Dissolution Act makes no distinction between obligations that were, in whole or in part, payable from the Housing Set-Aside and those that were payable solely from the 80 Percent Portion. The 2017 Bonds, upon their issuance, will be secured by a pledge all of the Tax Revenues deposited in the RPTTF pursuant to the Indenture.

Pass-Through Payments

Pursuant to the Indenture, Tax Revenues pledged to the Bonds will not include amounts payable to affected taxing entities, commonly known as "pass-through payments," except to the extent a taxing entity has agreed to subordinate such payment to the Bonds. Before the Former Agency's dissolution, the Former Agency was responsible for making the pass-through payments to the taxing agencies from the tax increment disbursed by the County Auditor-Controller. After the Former Agency's dissolution, the County Auditor-Controller makes these pass-through payments to the taxing agencies directly on each January 2 and June 1 from funds available in the RPTTF, before making disbursements from the RPTTF to the Successor Agency. As described below, a taxing entity may agree to subordinate its pass-through payment to the debt service on the Bonds. If the Successor Agency reports to the County Auditor-Controller, by no later than December 1 or May 1, as applicable, that an upcoming RPTTF disbursement

is expected to be insufficient to cover bond debt service during the relevant ROPS Payment Period, and if the County Auditor-Controller concurs with the existence of such insufficiency, then the Successor Agency's administrative costs allowance will be deducted first to cover such insufficiency. If such deduction to the administrative costs allowance is not still enough, deductions will be made from pass-through payments, but only to the extent that a taxing entity had previously agreed to such subordination. See "RPTTF Flow of Funds." Also see "TAX REVENUES AND DEBT SERVICE COVERAGE."

Negotiated Pass-Through Agreements. In connection with Original Area, the Former Agency entered into four pass-through agreements (together, the "Pass-Through Agreements"): (i) an agreement with the County, dated August 25, 1992 (the "County Agreement"); (ii) an agreement with Winters Cemetery District (the "Cemetery District"), dated June 9, 1993 (the "Cemetery District Agreement"); (iii) an agreement with the Sacramento-Yolo Mosquito Abatement and Vector Control District (the "Abatement District"), dated July 22, 1993 (the "Abatement District Agreement"); and (iv) an agreement with the Solano County Community College District (the "College District"), dated December 1, 1992 (the "College District Agreement").

Under each Pass-Through Agreement, the taxing entity (*i.e.*, the County, the Cemetery District, the Abatement District and the College District, respectively) has agreed to subordinate the payments it receives under the Pass-Through Agreement (the "Negotiated Pass-Through Payments") to the bonds of the Former Agency (and now the Successor Agency), if the taxing entity receives evidence that is reasonably satisfactory to the taxing entity which demonstrate that projected property tax revenues with respect to the Project Area will be sufficient to cover the full payment of the Negotiated Pass-Through Payments and such bond debt service.

The Successor Agency sent written notification in _____, 2017 to each of the County, the Cemetery District, the Abatement District and the College District to confirm the subordination of the related Negotiated Pass-Through Payments to the Bonds. The Successor Agency stated its intention to issue the Bonds, and provided tables showing the estimated coverage between (i) the expected annual deposit into the RPTTF on the one hand and (ii) the sum of the estimated debt service on the Bonds and the pass-through payments to the taxing entities on the other. [The _____ and _____ have expressly acknowledged the subordination of the Successor Agency's payment obligations under their respective Pass-Through Agreements to the Bonds.] The projected Tax Revenues shown in Tables 7 and 8 under "TAX REVENUES AND DEBT SERVICE COVERAGE" reflect the subordination of the Negotiated Pass-Through Payments to the Bonds.

See "APPENDIX B – FISCAL CONSULTANT REPORT – Pass-Through Agreements" for a summary of the Negotiated Pass-Through Payments under each Pass-Through Agreement.

AB 1290 Payments (Senior to Bonds). California Health and Safety Code Section 33607.5 and Section 33607.7 (the "Tax Sharing Statutes") were added to the Redevelopment Law by Assembly Bill 1290 ("AB 1290"), enacted by the State Legislature in 1994. Section 33607.7 was further amended by SB 211, Chapter 741, Statutes of 2001. The Tax Sharing Statutes, together, require that each affected taxing entity that did not have an existing pass-through agreement receive an additional portion of tax increment revenues otherwise payable to the redevelopment agency (the "AB 1290 Payments"), if such taxing entities were affected by: (i) the adoption on or after January 1, 1994, of a new redevelopment plan for a project area or an amendment to an existing redevelopment plan that added territory to a project area, or (ii) the adoption on or after January 1, 1994 of an amendment (to an existing redevelopment plan) which extends the time limit on incurring debt with respect to the project area, extends the time limits for the duration and effectiveness of the redevelopment plan or the time limit for establishing indebtedness, or increases the dollar cap on the amount of tax increment revenues allocable to the redevelopment agency for the project area (unless a taxing entity already receives pass-throughs under an existing

agreement). AB 1290 prohibited redevelopment agencies from entering into any new pass-through agreements.

The Redevelopment Plan was amended in January 2008, to eliminate the time limit on the incurrence of debt payable from tax increment of the Project Area and extending by one year the time limits on the receipt of tax increment to repay debt and the effectiveness of the Redevelopment Plan. See "PROJECT AREA – General Description; Redevelopment Plan." This amendment triggered AB 1290 Payments, payable starting with the first fiscal year that the assessed value of the Project Area exceeded the value of the 2012-13 base year (*i.e.*, the year during which the time limit on the incurrence of debt would have expired in the absence of the amendment). Pursuant to the Dissolution Act, the County Auditor-Controller (and not the Successor Agency) makes the AB 1290 Payments directly to the taxing agencies from the RPTTF in each January and June. See "APPENDIX B – FISCAL CONSULTANT REPORT" for a description of the formula pursuant to which AB 1290 Payments are calculated and projected dollar amounts of the AB 1290 Payments.

In late 2016, the Successor Agency discovered that the County Auditor-Controller had not made the AB 1290 Payments for each of fiscal years 2013-14, 2014-15 and 2015-16. The Successor Agency informed the County Auditor-Controller of this discovery. After determining that there were sufficient funds in the RPTTF to do so, the County Auditor-Controller made a one-time adjustment from the January 2017 RPTTF disbursement to pay the taxing entities all of the past-due AB 1290 Payments. See Table 6 under "TAX REVENUES AND DEBT SERVICE COVERAGE – Historical RPTTF Allocations."

The Dissolution Act provides a procedure under which a successor agency may request taxing agencies to subordinate their AB 1290 Payments and Section 33676 Tax Sharing Payments (defined below) to refunding bonds issued by the Successor Agency under Health and Safety Code Section 34177.5, before the issuance of such refunding bonds. With respect to the Bonds, the Successor Agency has determined to not undertake any such subordination procedures in light of the sufficiency of the projected Tax Revenues for debt service coverage. See "TAX REVENUES AND DEBT SERVICE COVERAGE" and "APPENDIX B – FISCAL CONSULTANT REPORT."

Section 33676 Tax Sharing Payments (Senior to Bonds). For redevelopment project areas established before January 1, 1994, California Health and Safety Code Section 33676 allows taxing entities to receive additional property taxes in a redevelopment project area above the base year revenue amount (the "Section 33676 Payments"). The Project Area was established in 1990. The Section 33676 Payments are based on annual increases in the real property portion of the base year value up to the inflation limit of two percent. Four taxing entities (Woodland Joint Unified School District, Yolo County Flood Control & Water Conservation District, Yolo County Office of Education and the City of Winters) receive Section 33676 Payments with respect to the Project Area. The Section 33676 Payments are not subordinated to the 2017 Bonds.

RPTTF Flow of Funds

The Dissolution Act establishes a specific flow of funds for the County Auditor-Controller's administration of the RPTTF. Under Health and Safety Code Section 34183, the County Auditor-Controller, after deducting certain administrative costs due to the County, allocates moneys in the RPTTF as follows:

- (i) No later than each January 2 and June 1, subject to certain adjustment for subordinated pass-throughs as permitted under the Dissolution Act, the County Auditor-Controller remits to each local agency and school entity, to the extent applicable, amounts required

for pass-through payments that such taxing agency would have received under the relevant provisions of the Redevelopment Law, as those sections read on January 1, 2011, or pursuant to any pass-through agreement between a redevelopment agency and a taxing entity that was entered into prior to January 1, 1994 (see "Pass-Through Payments" above). The pass-through payments are computed as though the requirement to set aside funds for the Housing Fund was still in effect.

- (ii) On each January 2 and June 1, the County Auditor-Controller disburses to the Successor Agency the amount approved by the DOF (see "Recognized Obligation Payment Schedules" below) for payments listed on the Successor Agency's ROPS for the applicable ROPS Payment Period (*i.e.*, the six month fiscal period commencing on January 1 or July 1), with debt service payments scheduled to be made for tax allocation bonds having the highest priority. The Successor Agency is permitted, however, to hold a reserve when required by the relevant bond indenture or when the next property tax allocation will be insufficient to pay bond debt service for the next payment due in the following half of the calendar year.
- (iii) On each January 2 and June 1, the County Auditor-Controller also disburses the administrative cost allowance (as defined in the Dissolution Act) to the Successor Agency.
- (iv) On each January 2 and June 1, any moneys remaining in the RPTTF (the "RPTTF Residual") after the payments and transfers described in subparagraphs (i) through (iii), inclusive, are distributed to local agencies and school entities in accordance with the provisions of the Dissolution Act.

The Dissolution Act requires the County Auditor-Controller to provide to the Successor Agency estimates of the amount of property tax revenues to be allocated to the RPTTF in the upcoming six-month ROPS Payment Period no later than October 1 and April 1, respectively. If the Successor Agency determines that the amount to be allocated to the RPTTF and the other moneys available from funds previously transferred from the Former Agency and through asset sale or other operations are insufficient to fund the payments required by subparagraphs (i) through (iii) above, then the Successor Agency may make a report (a "RPTTF Shortfall Report") to the County Auditor-Controller, who will in turn notify the DOF and the State Controller. Upon verification and concurrence from the State Controller that there are insufficient funds to pay the required debt service, the County Auditor-Controller will make an adjustment to the upcoming disbursement from the RPTTF as follows:

- (a) First, the amount of the deficiency will be deducted from the RPTTF Residual described in subparagraph (iv) above,
- (b) Second, if the RPTTF Residual is exhausted, deductions will be made from amounts available for distribution as the Successor Agency's administrative cost allowance described in subparagraph (iii) above,
- (c) Third, if a taxing agency had subordinated its pass-through payments under a pass-through agreement or pursuant to the provisions of the Redevelopment Law or the Dissolution Act to debt service payments required for enforceable obligations, funds for servicing such bond debt will be deducted from such pass-through payments. (See "Pass-through Payments" above regarding the affected taxing entities' subordination of the pass-through payments to the Bonds.)

On one occasion, for the June 2013 RPTTF disbursement (covering the ROPS Payment Period from July 2013 through December 2013), the County Auditor-Controller made an adjustment in accordance to these provisions of the Dissolution Act. Affected by the Great Recession, the assessed value of the Project Area declined by approximately 16 percent between fiscal years 2008-09 and 2011-12. See Table 1 under "PROJECT AREA – Assessed Value." In large part due to this decrease, for the June 2013 RPTTF disbursement, there was a deficit between the available RPTTF funds on the one hand, and the pass-through payments and the DOF-approved enforceable obligations for the ROPS Payment Period from July 2013 through December 2013 on the other. The County Auditor-Controller made an adjustment, in the amount of \$128,900, from the subordinated pass-through payment otherwise payable to the County pursuant to the County's Pass-Through Agreement. This adjustment allowed the Successor Agency to receive sufficient moneys to pay its enforceable obligations. Subsequently, the Successor Agency listed \$128,900 as an amount owing to the County on the ROPS. The assessed value of the Project Area has been increasing every year since fiscal year 2012-13. The County was repaid in full by December 2014. As shown in Table 1, the fiscal year 2016-17 assessed value of the Project Area (\$291,295,492) exceeds the fiscal year 2008-09 assessed value (\$275,772,380) by over five percent. As shown on the projections shown in Tables 7 and 8 under "TAX REVENUES AND DEBT SERVICE COVERAGE," the Successor Agency does not anticipate the necessity of any RPTTF Shortfall Report while the Bonds are outstanding.

Recognized Obligation Payment Schedules

Listing of Enforceable Obligations and Sources of Funds. Starting with the ROPS which covers the period commencing July 1, 2016 until such time as an LFROPS has been approved by the DOF (see "Last and Final ROPS" below"), the Successor Agency must prepare a ROPS once a year, listing the payments for enforceable obligations that the Successor Agency is expected to make for the upcoming two ROPS Payment Periods (*i.e.*, the six-month fiscal period commencing July 1 and January 1, respectively).

The Dissolution Act contains a specific definition for "enforceable obligations." As defined in the Dissolution Act, "enforceable obligations" include, among other types of obligations, tax allocation bonds (including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds) of the Former Agency or the Successor Agency.

The Dissolution Act provides that the ROPS must identify one of the following sources of funds for the payment of each listed enforceable obligation:

- (a) the Housing Fund (but see discussions under "SUCCESSOR AGENCY – Transfers to Housing Successor" and "– Due Diligence Reviews," moneys that were on deposit in the Housing Fund, except for bond proceeds, have either been transferred to the housing successor or remitted to the County Auditor-Controller as the result of the due diligence review required by the Dissolution Act),
- (b) bond proceeds,
- (c) reserve balances (but see "SUCCESSOR AGENCY – Due Diligence Reviews"; regarding unobligated cash that was on deposit in the Former Agency's accounts which would have been available for cash reserve but was, for the most part, remitted to the County Auditor-Controller as the result of the due diligence reviews),
- (d) Successor Agency's administrative cost allowance (as defined in the Dissolution Act),

- (e) RPTTF (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or
- (f) other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Former Agency, as approved by the Oversight Board.

Pursuant to the Dissolution Act, the Successor Agency may only make those payments listed in the ROPS, as approved by the DOF. Generally, the Successor Agency may only make payments from the source of funds identified in the ROPS. However, the Successor Agency may make payments for enforceable obligations from sources other than those listed in the ROPS, if the Successor Agency obtains the Oversight Board's prior approval (and, consequently, the DOF's approval because such Oversight Board actions are subject to the DOF's review).

Timing for ROPS Submission and Approval. The Successor Agency must submit the ROPS to the Oversight Board for approval. No later than each February 1, the Successor Agency must submit the Oversight Board-approved annual ROPS to the County Auditor-Controller, the DOF and the State Controller. For each annual ROPS, the Dissolution Act requires the DOF to make a determination on the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than April 15. Within five business days of the DOF's determination, the Successor Agency may request additional review and an opportunity to meet and confer with the DOF on the disputed items. The DOF must notify the Successor Agency and the County Auditor-Controller regarding the outcome of its review at least 15 days before the upcoming June 1 RPTTF disbursement date (*i.e.*, May 15).

No later than October 1 of each year, the Successor Agency may submit one amendment to the annual ROPS previously approved by the DOF for the then current fiscal year. Such amendment may pertain only to a modification of the amount requested for an enforceable obligation for the second ROPS Payment Period of such ROPS (*i.e.*, the ROPS Payment Period from January 1 to June 30). The ROPS amendment must be approved by the Oversight Board. The DOF must notify the Successor Agency and the County Auditor-Controller regarding the outcome of the DOF's review at least 15 days before the upcoming January 2 RPTTF disbursement date (*i.e.*, December 18).

The Dissolution Act permits the County Auditor-Controller to review each submitted ROPS and object to the inclusion of any item that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The County Auditor-Controller must provide notice of any such objection to the Successor Agency, the Oversight Board, and the DOF at least 60 days before the next RPTTF disbursement date (*i.e.*, November 2 and April 2, respectively). If the Oversight Board disputes the finding of the County Auditor-Controller, it may refer the matter to the DOF for a determination.

Penalties for Failure to Submit on a Timely Basis. The Dissolution Act imposes penalties for the Successor Agency's failure to submit a ROPS on a timely basis. If the Successor Agency fails to submit a ROPS by the prescribed deadlines, the City (as the entity that created the Former Agency) will be subject to a civil penalty equal to \$10,000 per day for every day the ROPS is not submitted to the DOF. Furthermore, the DOF, any affected taxing entity and any creditor of the Successor Agency will have standing to file and may request a writ of mandate to require the Successor Agency to immediately perform this duty; provided that any such filing should be made in the County of Sacramento, California. Additionally, the Successor Agency's maximum administrative cost will be reduced by 25 percent if the Successor Agency does not submit a ROPS within ten days of the deadline for the ROPS submission.

If the Successor Agency fails to submit to the DOF an Oversight Board-approved ROPS that complies with the requirements of the Dissolution Act within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the County Auditor-Controller for payments of enforceable obligations from distribution to taxing entities, pending approval of the ROPS. Upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations, the County Auditor-Controller will distribute the portion that represents the RPTTF Residual (see "RPTTF Flow of Funds" above) to the affected taxing entities. The County Auditor-Controller will distribute the withheld funds to the Successor Agency only in accordance with a ROPS approved by the DOF. The Dissolution Act states that the County Auditor-Controller lacks the authority to withhold any other amounts from the allocations provided for under the provisions of the Dissolution Act governing the disbursements of funds from the RPTTF.

To date, the Successor Agency has submitted all ROPS filings on a timely basis to the DOF.

Last and Final ROPS. The Dissolution Act permits the Successor Agency to submit a Last and Final ROPS (or "LFROPS") at any time on or after January 1, 2016, to the Oversight Board and the DOF for approval. Pursuant to the template provided by the DOF, the Successor Agency must list on the LFROPS the enforceable obligations, the amounts of the payments and the source of payments for each six month ROPS Payment Period up to the date of the last payment by the Successor Agency. Before filing an LFROPS, the Successor Agency must meet the following conditions:

- (i) the remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules,
- (ii) all remaining obligations have been previously listed on a ROPS and approved by the DOF, and
- (iii) the Successor Agency is not a party to any outstanding or unresolved litigation.

The DOF will have 100 days to review an LFROPS submitted for approval. If the DOF approves the LFROPS, the LFROPS will establish the maximum amount of RPTTF to be distributed to the Successor Agency for each remaining fiscal year until the approved obligations have been fully paid.

After the DOF approves an LFROPS, the LFROPS will become effective on the first day of the immediately next ROPS Payment Period (*i.e.*, the following January 1 or July 1, as applicable); provided that if LFROPS is approved less than 15 days before the date next RPTTF Disbursement Date (*i.e.*, the following January 2 or June 1), then the LFROPS will not become effective until the subsequent ROPS Payment Period. Upon the LFROPS taking effect, the Successor Agency will no longer have to submit any further annual ROPS. The County Auditor-Controller will make distributions from the RPTTF to the Successor Agency pursuant to the LFROPS until the aggregate amount of property tax allocated to the

Successor Agency equals the total outstanding obligation approved in the LFROPS. Any revenues, interest and earnings of the Successor Agency not authorized for use pursuant to the DOF-approved LFROPS and all proceeds from the disposition of real property subsequent to the approval of the LFROPS will be remitted to the County Auditor-Controller for distribution to the affected taxing entities.

After the DOF's approval of the LFROPS, the Successor Agency may submit no more than two requests to amend the LFROPS. Each amendment request must be approved by the Oversight Board before submission to the DOF. The DOF will then have 100 days to approve or deny the request.

After the effective date of a DOF-approved LFROPS, resolutions adopted by the Oversight Board will become effective without additional submission and approval by the DOF, with the exception of resolutions relating to refunding bonds, long range property management plans, amendments to LFROPS or dissolution of the Successor Agency.

The Successor Agency currently does not have any plan to file an LFROPS. The Successor Agency will evaluate its outstanding obligations from time to time, to determine whether it would file an LFROPS.

Application of Tax Revenues Under the Indenture

Under the Indenture, the Trustee will establish and hold a Debt Service Fund, and within the Debt Service Fund, the following accounts: the Interest Account, the Principal Account, the Sinking Account and the Reserve Account. On or before the fifth Business Day before each Interest Payment Date, the Successor Agency will be required to withdraw from the Special Fund (see "Pledge of Tax Revenues" above) and deposit with the Trustee the amounts necessary for the Trustee to make the following deposits into the accounts of the Debt Service Fund in the following order of priority:

- (a) Deposit into the Interest Account on or before each Interest Payment Date – (i) an amount of money which, together with any money in the Interest Account, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date, and (ii) the Interest Reserve, if any, for the upcoming September 1 Interest Payment Date transferred by the Successor Agency (see "Pledge of Tax Revenues");
- (b) Deposits into the Principal Account – (i) on or before each March 1, one-half of the principal coming due on the Outstanding Serial Bonds, if any, on September 1 of the same calendar year; provided, that if the Successor Agency has transferred to the Trustee a different amount based on the Successor Agency's receipt of the Principal Reserve (see "Pledge of Tax Revenues"), then the Trustee will deposit such different amount into the Principal Account; and (ii) on or before each Principal Payment Date, an amount of money which, together with any money already contained in the Principal Account, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on such Principal Payment Date;
- (c) Deposits into the Sinking Account – (i) on or before each March 1, one-half of the Sinking Account Installment coming due on September 1 of the same calendar year; provided, that if the Successor Agency has transferred to the Trustee a different amount based on the Successor Agency's receipt of the Principal Reserve (see "Pledge of Tax Revenues"), then the Trustee will deposit such different amount into the Principal Account; and (ii) on or before each Principal Payment Date, an amount of money which,

together with any money already contained in the Principal Account, is equal to the Sinking Account Installment, if any, coming due on such Principal Payment Date.

After the above deposits have been made and, upon notice from the Trustee, the Successor Agency must withdraw from the Special Fund and deposit with the Trustee the amount necessary to restore the balance in the Reserve Account to an amount equal to the Reserve Requirement for the Outstanding Bonds (see "Reserve Account" below). No deposit need be made in the Reserve Account so long as the amount in the Reserve Account is equal to the Reserve Requirement for the Outstanding Bonds.

See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Tax Revenues; Creation of Funds – *Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund.*"

Reserve Account

The Trustee will maintain a Reserve Account within the Debt Service Fund. The Reserve Account will be held for the equal benefit of the Owners of all of the Outstanding Bonds. As defined in the Indenture, the "Reserve Requirement" will be, as of any calculation date, an amount equal to the least of: (i) ten percent of the sum of the sale proceeds (with Section 148 of the Internal Revenue Code) of the Bonds at issuance, (ii) 125 percent of Average Annual Debt Service, or (iii) Maximum Annual Debt Service. Upon the issuance of the Bonds, the Reserve Requirement will be \$_____. Amounts on deposit in or credited to the Reserve Account upon the issuance of the Bonds will be sufficient to satisfy such initial Reserve Requirement.

Amounts in (or credited to) the Reserve Account will be used and withdrawn by the Trustee for the purpose of making transfers to the Interest Account, the Principal Account and Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts. So long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be transferred to the Debt Service Fund, or upon the written request of the Successor Agency, released to the Successor Agency for any lawful purpose.

The Indenture provides that the Reserve Requirement may be satisfied at any time, in whole or in part, by a "Qualified Reserve Account Credit Instrument" that meets the criteria set forth in the Indenture. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument, the Trustee will release moneys then on hand in the Reserve Account to the Successor Agency, to be used for any lawful purpose, in an amount equal to the face amount of the Qualified Reserve Account Credit Instrument.

See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Tax Revenues; Creation of Funds – *Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund – Reserve Account.*"

Limitation on Additional Bonds

The Successor Agency will covenant to not issue bonds or incur other debt ("Obligations") that will be payable, either as to principal or interest, from the Tax Revenues that will have any lien upon the Tax Revenues that will be superior to the lien for the Bonds under the Indenture.

The Successor Agency may incur Obligations that will be payable from, and secured by a lien on and pledge of, Tax Revenues on a parity with the Bonds (the "Parity Obligations") to refund then outstanding Bonds (or Parity Obligations issued after the issuance date of the Bonds), but only if: (i) the

aggregate debt service on such proposed Parity Obligations will be lower than the aggregate debt service on the Bonds (or Parity Obligations) being refunded, (ii) the scheduled final maturity date of any such proposed Parity Obligations will be no later than the scheduled final maturity date of the Bonds or other Parity Obligations being refunded; and (iii) the issuance of such Parity Obligations must be in compliance with Health and Safety Code Section 34177.5 (but only to the extent that such provision of the Dissolution Act is applicable and then in effect).

The Successor Agency may incur Obligations which will have a lien on Tax Revenues junior to the Bonds, or issue and sell or other obligations that will be payable in whole or in part from sources other than the Tax Revenues pledged under the Indenture.

SUCCESSOR AGENCY

Former Agency

The City Council of the City activated the Former Agency on July 17, 1990, with the adoption of Ordinance No. 90-06, pursuant to the Redevelopment Law. Members of the City Council were acted as members of the governing board of the Former Agency. The City Manager served as the Former Agency's Executive Director, and many other staff members of the City also functioned as staff members of the Former Agency. However, the Former Agency was a separate public body from the City.

Establishment of Successor Agency

As described under "INTRODUCTION – Dissolution of Former Agency; Establishment of Successor Agency," pursuant to AB X1 26 (which was enacted as part of the State's 2011 Budget Act) and the California Supreme Court's decision in the CRA Lawsuit, the Former Agency was dissolved as of February 1, 2012, and the Successor Agency was constituted. Upon the Former Agency's dissolution, all of the Former Agency's assets, properties, contracts, leases, books and records were transferred to the control of the Successor Agency by operation of law.

The Successor Agency is tasked with winding down the affairs of the Former Agency. Many of the Successor Agency's actions are subject to the prior approval, or the direction of the Oversight Board. See "Oversight Board" below. The Successor Agency is required to continue to make payments for enforceable obligations (as defined under the Dissolution Act) and to prepare ROPS at the times prescribed by the Dissolution Act, listing the payments for enforceable obligations that the Successor Agency is expected to make for each six-month ROPS Payment Period. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Recognized Obligation Payment Schedules." California Health and Safety Code Section 34173(e) states that that the liability of the Successor Agency, acting pursuant to the powers granted under the Dissolution Act, is limited to the extent of the total sum of property tax revenues it receives pursuant to the Dissolution Act and the value of assets transferred to it as the Successor Agency of the Former Agency.

The Successor Agency will continue to exist until all enforceable obligations have been paid. The Dissolution Act provides that the Successor Agency will submit to the Oversight Board a request to formally dissolve the Successor Agency after all of the enforceable obligations have been retired or paid, all real property has been disposed, and all outstanding litigation has been resolved. The Oversight Board must approve such request within 30 days. After the Oversight Board's approval, the request must be submitted to the DOF. The DOF will have 30 days to approve or deny such request. When the DOF has approved the request, the Successor Agency must take the final steps pursuant to the Dissolution Act within 100 days of the DOF notification to dissolve the Successor Agency. Such final steps include the

disposition of any remaining assets and the transfer of all such disposition proceeds to the County Auditor-Controller for disbursement to the taxing entities.

Administration and Personnel

Pursuant to the Dissolution Act, the City Council of the City adopted 2012-02 on January 17, 2012, and elected for the City to serve as the Successor Agency. Members of the City Council serve as members of the Governing Board of the Successor Agency, with the City's Mayor Pro Tempore serving as the Chair of the Governing Board and the Mayor serving as the Vice Chair. As clarified by California Health and Safety Code Section 34173(g), the City and the Successor Agency are separate entities and are not merged as a result of the City's election to serve as the Successor Agency. Neither the assets nor the liabilities of the Former Agency are transferred to the City by virtue of the City's election to serve as the Successor Agency.

The members of the Governing Board of the Successor Agency and their terms of office are shown below:

<u>Board Member</u>	<u>Term Expires</u>
Bill Biasi, <i>Chair</i>	November 2020
Wade Cowan, <i>Vice Chair</i>	November 2018
Harold Anderson	November 2018
Jesse Loren	November 2020
Pierre Neu	November 2018

The City Manager and the Director of Financial Management of the City serve as the Executive Director and the Finance Officer, respectively, of the Successor Agency. The City Clerk is the Agency Secretary. The City Attorney serves as the Successor Agency's General Counsel.

Oversight Board

Pursuant to the Dissolution Act, a seven-member Oversight Board has been established. The Oversight Board has fiduciary responsibilities to the taxing agencies that benefit from distributions of the RPTTF Residual under the Dissolution Act (see "SECURITY AND SOURCES OF PAYMENT FOR BONDS – RPTTF Flow of Funds) and, at the same time, holders of enforceable obligations.

Members of the Oversight Board include one member appointed by the largest special district by property tax share within the territorial jurisdiction of the Former Agency, one member appointed by the County Superintendent of Schools, one member appointed by the Chancellor of the California Community Colleges to represent the local community college districts, two members (with one being a member of the public) appointed by the County Board of Supervisors, one member appointed by the Mayor of the City and one member representing employees of the Former Agency. The Dissolution Act provides that, starting July 1, 2018, the current Oversight Board will be replaced, such that there will be only one oversight board for all of the successor agencies in the County.

The Dissolution Act specifies that certain Successor Agency actions must first be approved by the Oversight Board, including among others:

- (i) The establishment of new repayment terms for outstanding loans where the terms have not been previously specified (subject to restrictions set forth in the Dissolution Act

regarding the re-establishment of loan agreements between the Successor Agency and the City);

- (ii) The issuance of bonds or other indebtedness or the pledge or agreement for the pledge of property tax revenues (formerly tax increment) pursuant to California Health and Safety Code Section 34177.5(a) (see "AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT");
- (iii) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding bonds; and
- (iv) Establishment of the ROPS (see "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Recognized Obligation Payment Schedules").

The Dissolution Act also specifies that the Oversight Board must direct the Successor Agency to take certain actions which, among others, include:

- (a) Dispose of all assets and properties of the Former Agency (see, however, "Disposition of Real Properties; Long Range Property Management Plan" below);
- (b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations;
- (c) Determine whether any contracts, agreements, or other arrangements between the Former Agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the Oversight Board for its approval, upon which the Oversight Board may approve any amendments to or early termination of those agreements, if it finds that amendments or early termination would be in the best interests of the taxing entities (but see "AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT – Expiration of Challenge Period" regarding the prohibition on certain unilateral actions by the Oversight Board relating to the Bonds after the issuance of the Bonds).

All actions taken by the Oversight Board must be adopted by resolution. With limited exceptions, an Oversight Board resolution is not effective unless it has been approved, or deemed approved, by the DOF in accordance with the provisions of the Dissolution Act.

Transfers to Housing Successor

Pursuant to the Dissolution Act, the City Council adopted Resolution No. 2012-03, on January 17, 2012, electing for the City to become the "housing successor" and assumed the housing function of the Former Agency. Subsequently, the Successor Agency transferred to the City, as the housing successor, the assets identified in a Housing Asset List (which was submitted to, and modified by the DOF). Outstanding obligations which were payable from the Housing Set-Aside, as approved by the Oversight Board and the DOF pursuant to the ROPS, remain to be enforceable obligations of the Successor Agency payable from the RPTTF.

Due Diligence Reviews

Pursuant to the Dissolution Act, the Successor Agency was required to retain independent accountants to conduct two reviews, known as due diligence reviews (each, a “DDR”) – one for the Housing Fund and the other for all of the other funds and accounts (the “Other Funds”) – to determine the unobligated balance (the “Unobligated Balance”), if any, of the Housing Fund and the Other Funds, as of June 30, 2012. Legally restricted funds (including bond proceeds), value of assets that are not cash or cash equivalents (such as land and equipment) and amounts that are needed to satisfy obligations listed in an approved ROPS were excluded from the Unobligated Balance.

Pursuant to the DDRs, as reviewed and modified by the DOF, the Successor Agency remitted the determined Unobligated Balance to the County Auditor-Controller for distribution to the taxing agencies. Because the Successor Agency has made such remittance as required by the DOF, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a “Finding of Completion” to the Successor Agency on June 12, 2013. Upon receipt of such Finding of Completion, the Successor Agency is authorized to proceed with actions permitted under certain provisions of the Dissolution Act, such as the submission of a Long Range Property Management Plan (see below).

Real Property Disposition; Long Range Property Management Plan

Generally under Health and Safety Code Sections 34177(e) and 34181(a) of the Dissolution Act, the Successor Agency is required, at the direction of the Oversight Board, to dispose of the assets and properties of the Former Agency expeditiously and in a manner aimed at maximizing value (except that the Oversight Board may give other directions regarding the transfer of certain government use properties to a public jurisdiction as permitted by the Dissolution Act and regarding the transfer of properties that is required by enforceable obligations). Proceeds from asset sales that are no longer needed for approved development projects or to otherwise wind down the affairs of the Former Agency, each as determined by the Oversight Board, are to be transferred to the County Auditor-Controller for distribution to taxing agencies.

However, the requirements for such expeditious asset disposition were suspended and are superseded if the DOF approved a Long Range Property Management Plan for the Successor Agency before January 1, 2017. The Long Range Property Management Plan contains an inventory of the real property interests of the Former Agency and addresses the proposed use or disposition of each property interest under one of four categories: (i) retention for governmental use, (ii) retention for future development, (iii) disposition by sale, and (iv) fulfillment of an enforceable obligation. The Successor Agency’s Long Range Property Management Plan was approved by the DOF per a letter dated December 20, 2013 (which was supplemented by a clarification letter dated December 2, 2014).

Audited Financial Statements

Before the enactment of the Dissolution Act, the Former Agency retained independent auditors to prepare a report of the Former Agency’s audited financial statements for each fiscal year ended June 30, separate and apart from the report of City’s audited financial statements.

The Dissolution Act provides that a post-audit of the financial transactions and records of the Successor Agency must be made at least annually by a certified public accountant. Starting with the reporting related to fiscal year 2012-13, no separate component unit financial statements were prepared for the Successor Agency. Instead, the financial transactions for the Successor Agency were reported as part of the City’s audited financial statements. The accounting firm of Van Lant & Frankhanel, LLP (the “Auditors”) prepared the City’s audited financial statements for fiscal year ended 2015-16 (the “FY 2015-

16 City Audited Financials”). The FY 2015-16 City Audit Financials were incorporated in, and made a part of, the City’s Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016, a copy of which is attached as Appendix C to this Official Statement. The Successor Agency has not requested nor obtained permission from the Auditors to include the FY 2015-16 City Audit Financials as part of Appendix C to this Official Statement. The Auditors have not performed any post-audit review of the financial condition or operations of the City or the Successor Agency for the purposes of this Official Statement.

The inclusion of the Successor Agency’s financial transactions in the FY 2015-16 City Audited Financials is solely for convenience. As previously discussed in this Official Statement, the Dissolution expressly clarifies that the Successor Agency is a separate legal entity from the City. The assets and the liabilities of the Former Agency have been transferred to the Successor Agency. The assets and liabilities of the Successor Agency are not assets and liabilities of the City.

PROJECT AREA

General Description; Redevelopment Plan

The Project Area was the sole redevelopment project of the Former Agency. The Project Area is located entirely within the City and includes approximately 669 acres, or approximately 41.6 percent of the total land area of the City. Generally, the Project Area includes most of the City south of Grant Avenue (State Highway 128) and portions of the City north of Grant Avenue. The oldest sections of the City and most of the City’s businesses are located downtown within the Project Area. Over 60 percent of the land by area in the Project Area is zoned residential and these areas are mostly built out.

The City Council adopted Ordinance No. 92-08 on July 20, 1992, approving the Original Plan for the Project Area. The Original Plan was amended on October 4, 1994, by Ordinance No. 94-11, adopted by the City Council, to conform to the requirements legislation enacted in 1994. A second amendment was adopted on January 15, 2006, by Ordinance No. 2008-01, to: (i) eliminate the time limit relating to the incurrence of debt, and (ii) extend, by one year, each of the time limit on the effectiveness of the Redevelopment Plan and the receipt of tax increment to repay debt.

Pursuant to prior law, the Redevelopment Plan contained certain limits (the “Plan Limits”) with respect to the Project Area including: the duration of the Redevelopment Plan effectiveness, the last date on which the Former Agency may receive tax increment to repay debt, the maximum dollar of bonded debt that may be outstanding at any one time, and the maximum aggregate tax increment which the Former Agency may receive. Amendments to the Dissolution Act, which were enacted in September 2015, provide that, for the purpose of payment of enforceable obligations, such as the Bonds, the Successor Agency is not subject to the Plan Limits. See “APPENDIX B – FISCAL CONSULTANT REPORT” for additional information regarding the Redevelopment Plan.

Assessed Value

The table below sets forth the assessed values for the Project Area for the fiscal years shown.

Table 1
WINTERS REDEVELOPMENT PROJECT
Historic Assessed Valuation
Fiscal Years 2007-08 through 2016-17

Fiscal Year	Secured	Unsecured	Assessed Value ⁽¹⁾	Percentage Change from Prior FY
2007-08	\$254,823,707	\$16,028,418	\$270,852,125	6.19%
2008-09	257,233,691	18,538,689	275,772,380	1.82
2009-10	254,061,920	16,658,322	270,720,242	-1.83
2010-11	225,373,882	15,692,194	241,066,076	-10.95
2011-12	217,303,685	14,726,066	232,029,751	-3.75
2012-13	221,613,542	14,420,507	236,034,049	1.73
2013-14	224,430,185	19,614,992	244,045,177	3.39
2014-15	241,609,417	18,602,931	260,212,348	6.62
2015-16	259,133,414	16,360,713	275,494,127	5.87
2016-17	276,546,579	14,748,913	291,295,492	5.74

(1) Equals the sum of "Secured Value" and "Unsecured Value."

Source: Urban Futures, Inc., based on information from the Yolo County Auditor-Controller Office.

Land Use

Set forth below is a summary of the land uses in the Project Area based on the fiscal year 2016-17 County secured property tax roll.

Table 2
WINTERS REDEVELOPMENT PROJECT
Land Uses

Land Use	Number of Parcels	FY 2016-17 Secured Assessed Value	Percent of Secured Assessed Value
Single family residential	1,006	\$195,638,725	70.74%
Multifamily residential	42	38,673,613	13.98
Commercial	66	23,460,085	8.48
Industrial	16	8,682,271	3.14
Vacant residential	82	7,136,127	2.58
Vacant commercial	12	741,102	0.27
Vacant industrial	6	486,154	0.18
Agricultural	1	390,116	0.14
Governmental/Institutional/Other	5	1,144,902	0.41
Recreational	1	193,485	0.07
Total:	1,237	\$276,546,579	100.00%

Source: Urban Futures, Inc., based on information from the Yolo County 2016-17 secured property tax roll.

Top Ten Property Owners (by Secured Assessed Value)

The table below shows the top ten property owners of the Project Area, based on the aggregate secured assessed value of the property or properties owned.

Table 3
WINTERS REDEVELOPMENT PROJECT
Top Ten Property Owners
(Based on Secured Assessed Value)

<u>Property Owner</u>	<u>Land Use</u>	<u>FY 2016-17 Secured Assessed Value</u>	<u>Percent of Secured Assessed Value⁽¹⁾</u>
1 Mariani Nut Company	commercial	\$7,229,732	2.61%
2 Ogando Joseph E & Karen M Trust	commercial	2,199,956	0.80
3 Lorenzo Family Trust	commercial	1,886,458	0.68
4 Evilsizor Kenneth A Jr & John L & Mary A	multi-family residential	1,871,331	0.68
5 Cross Development Winters LLC	commercial	1,524,015	0.55
6 Conway Family Trust	industrial	1,510,127	0.55
7 Gateway Investors Club LLC Total	commercial	1,500,000	0.54
8 Schuhart Thuel V & Vive L Total	multi-family residential	1,469,355	0.53
9 Thiara Family Trust Total	vacant land	1,269,062	0.46
10 Siracusa John Total	industrial	1,139,928	0.41
Total:		\$21,599,964	7.81%

(1) Based on fiscal year 2016-17 secured assessed valuation of \$276,546,579 (adjusted for negative value tax rate areas).

Source: Urban Futures, Inc., based on information from County fiscal year 2016-17 secured property tax roll.

Recent Development in Project Area

As of January 2017, a number of developments are expected to increase the assessed value of the Project Area, assuming their successful completion. These include developments on land which were acquired by the Former Agency that have been disposed as part of the dissolution process. See "SUCCESSOR AGENCY – Real Property Disposition; Long Range Property Management Plan." Recent developments, among others, include: (i) a new Yolo Federal Credit Union facility for which construction has been completed, (ii) a 72-unit residential subdivision which is under construction, (iii) a 72-room hotel for which a building permit is anticipated to be issued by mid-2017, (iv) a new medical office which is expected to begin construction within the next five years.

TAX REVENUES AND DEBT SERVICE COVERAGE

The following section presents a summary of the historical and projected assessed valuation and property tax revenues with respect to the Project Area, based on information provided by Urban Futures, Inc. ("UFI"), as Fiscal Consultant. The Successor Agency believes the assumptions upon which the projections are based are reasonable. However, some assumptions may not materialize and unanticipated events and circumstances may occur. See "RISK FACTORS." The projections do not include an allowance for property tax appeals and related refunds or delinquencies by taxpayers. The actual amount of Tax Revenues available for debt service during the forecast period may vary from the projections and the variations may be material.

Historical Assessed Valuation and Property Tax Revenues

The Dissolution Act eliminated the term "tax increment" when referring to the portion of property tax revenues allocated and deposited into the RPTTF. However, at the same time, the Dissolution Act provides that the amount of deposit into the RPTTF each fiscal year is the amount of property taxes that would have been allocated to the Former Agency – *i.e.*, formerly, tax increment. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Allocation of Property Taxes (Determination RPTTF Deposits)." For convenience, the tables below continue to use the term "tax increment" when referring to the portion of property tax revenues derived from the Project Area that is allocable to the RPTTF.

Generally, the amount of tax increment generated each year is based on the increase in the total assessed value of a redevelopment project area above its base year value. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Allocation of Property Taxes (Determination of RPTTF Deposits) – Agency (RPTTF) Portion Generally." Set forth below is a summary the assessed values and tax increment for fiscal years 2012-13 through 2016-17 for the entire Project Area.

Table 4
WINTERS REDEVELOPMENT PROJECT
Historical Assessed Values and Tax Increment⁽¹⁾
Fiscal Years 2012-13 to 2016-17

	2012-13	2013-14	2014-15	2015-16	2016-17
Total assessed value ⁽¹⁾	\$236,034,049	\$244,045,177	\$260,212,348	\$275,494,127	\$291,295,492
Less: Base year value	(61,618,724)	(61,618,724)	(61,618,724)	(61,618,724)	(61,618,724)
Incremental value	\$174,415,325	\$182,426,453	\$198,593,624	\$213,875,403	\$229,676,768
Gross Tax Increment⁽²⁾	\$1,647,023	\$1,669,834	\$1,830,401	\$2,187,972	\$2,296,768
Less:					
County administrative fee ⁽²⁾⁽³⁾	(27,364)	(27,987)	(32,081)	(32,142)	(32,155)
Section 33676 payments ⁽²⁾⁽⁴⁾	(79,721)	(82,642)	(83,797)	(90,701)	(94,565)
AB 1290 Payments ⁽⁵⁾		(12,232)	(32,720)	(51,980)	(71,886)
Tax Revenues (pledged under Indenture)	\$1,539,938	\$1,546,973	\$1,681,803	\$2,013,149	\$2,098,162
Negotiated Pass-Throughs (subordinated to Bonds) ⁽²⁾⁽⁶⁾	(374,027)	(370,070)	(585,951)	(771,649)	(862,234)
Net Tax Increment	\$1,165,911	\$1,176,903	\$1,095,852	\$1,241,500	\$1,235,928

(1) See Table 1.

(2) Reflects actual amounts reported by County Auditor-Controller for fiscal years 2012-13 through 2015-16. For fiscal year 2016-17, estimated gross tax increment, County administrative fee and various pass-through payments based on gross tax increment equal to one percent of incremental value.

(3) Payable to the County pursuant to California Revenue and Taxation Code Section 95.3 and California Health and Safety Code Sections 34182 and 34183(a). See "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedure.

(4) See discussion under "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Pass-Through Payments – Section 33676 Tax Sharing Payments."

(5) AB 1290 Payments triggered as result of amendment to Redevelopment Plan adopted in January 2008. Shows estimated AB 1290 Payments that would have been paid to the taxing entities if the County Auditor-Controller had made such payments on a timely basis during each such year. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Pass-Through Payments – AB 1290 Payments."

(6) See discussion under "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Pass-Through Payments – Negotiated Pass-Through Agreements."

Source: Urban Futures, Inc., based on information provided by Yolo County Audit-Controller.

Assessed Value Appeals and Proposition 8 Adjustments

General. Pursuant to State law, property owners may apply for a reduction of their property tax assessment by filing a written appeal. After the applicant and the assessor have presented their arguments, the applicable local appeals board makes a final decision on the proper assessed value. The appeals board may rule in the assessor's favor, rule in the applicant's favor, or set its 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.

Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date. A base year assessment appeal has significant future revenue impacts because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the two percent inflation factor, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Section 51 of the Revenue and Taxation Code also permits a reduction (a “Proposition 8 Adjustment”) in the assessed value if the full cash value of the property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. During the Great Recession (which began around 2007), the County Assessor’s Office initiated proactive reviews of the assessed value of properties, which resulted in Proposition 8 Adjustments for many properties in the Project Area and the County.

After a roll reduction is granted under Section 51, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

The taxable value of unitary property may be contested by utility companies and railroads to the State Board of Equalization. Generally, the impact of utility appeals is on the statewide value of a utility determined by the State Board of Equalization. As a result, the successful appeal of a utility may not impact the taxable value of a project area but could impact a project area’s allocation of unitary property tax revenues.

Any assessment appeal that is pending or which may be filed in the future, if successful, will result in a reduction of the assessed value of the subject property. A reduction of assessed valuation due to appeals, if significant, and the resulting property tax refunds could adversely impact the amount of Tax Revenues available to pay debt.

Impact on Project Area Based on Appeals.

In connection with the delivery of its report regarding projected Tax Revenues (a copy of which is attached to this Official Statement as Appendix B), UFI researched the status of outstanding assessment appeals filed in the Project Area. The table below summarizes UFI’s findings based on its review of assessment appeals from the period between January 1, 2012 to October 31, 2016, from information obtained from the County Appeals Board:

Table 5
WINTERS REDEVELOPMENT PROJECT
Historical Assessment Appeals Reviewed from January 1, 2012 to October 31, 2016

No. of Appeals Filed	No. of Successful Appeals	Assessed Value of Property	Owner's Opinion of Value	Total Reduction Requested	Reduction Allowed	Allowed Reduction as Percentage ⁽¹⁾
5	0	\$3,351,105	\$2,690,000	\$661,105	\$0	0.00%

(1) Equals "Reduction Allowed" divided by "Total Reduction Requested."

Source: Urban Futures, Inc. based on information from Yolo County.

Tables 7 and 8 below showing projected Tax Revenues and debt service coverage do not take into account any potential reduction of assessed value based on pending or any other potential future appeals. See the discussion under the heading "RISK FACTORS—Reduction in Taxable Value" and "– Effect of Assessment Appeals," as well as the UFI's report in Appendix B, for information regarding assessment appeals and reductions in taxable assessment valuation.

Teeter Plan

The County has implemented the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), which allows each entity levying property taxes in the County to draw on the amount of secured property taxes levied rather than the amount actually collected. As the result, for each fiscal year, the allocation of tax increment to the Former Agency before dissolution reflected, and the total deposit into the RPTTF after the Former Agency's dissolution, reflected the total amount levied on the secured tax roll rather than actual collections. There is no assurance that the County will not terminate the Teeter Plan or change its practices thereunder at any time in the future. See "RISK FACTORS – Property Tax Delinquencies; Teeter Plan." Regardless of the Teeter Plan, The County does adjust secured tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments. See "Assessed Value Appeals and Proposition 8 Adjustments" below. Tax increment generated from the application of the one percent tax rate to the unsecured incremental value of the Project area is based on the actual collections of unsecured revenues on a county-wide basis.

Historical RPTTF Allocations

Table 6 summarizes the dollar amount of property tax revenues from the Project Area that the County Auditor-Controller allocated to the RPTTF during the ROPS Payment Periods starting January 1, 2015 through June 30, 2017. The amount available for disbursement to the Successor Agency for enforceable obligations listed on any DOF-approved ROPS is based on the total dollar amount of tax increment deposited into the RPTTF less the County administrative expenses and pass-through payments. However, actual amount received by Successor Agency is based on the ROPS, as approved by the DOF.

As discussed under "SECURITY AND SOURCES OF PAYMENT OF BONDS – Pass-Through Payments – AB 1290 Payments," the County Auditor-Controller did not make AB 1290 Payments for fiscal years 2013-14 through 2015-16, and then made a one-time adjustment for the January 2017 disbursement for the past-due AB 1290 Payments. The right column in Table 6 shows dollar amounts that are adjusted, as if the AB 1290 Payments were made on a timely basis and no adjustment was necessary for the January 2017 RPTTF disbursement.

Table 6
WINTERS REDEVELOPMENT PROJECT
RPTTF Allocation
For ROPS Payment Periods Starting January 2015 Through June 2017

RPTTF Disbursement Date and ROPS Payment Period	(Adjusted) Available RPTTF for Enforceable Obligations ⁽¹⁾
January 2015 disbursement for ROPS Period from January 2015 through June 2015	\$641,921
June 2015 disbursement for ROPS Period from July 2015 through December 2015	390,896
January 2016 disbursement for ROPS Period from January 2016 through June 2016	654,303
June 2016 disbursement for ROPS Period from July 2016 through December 2016	550,196
January 2017 disbursement for ROPS Period from January 2017 through June 2017	[696,727]

(1) Adjusted by: (i) a deduction to each of the disbursements in January 2015 (\$16,360), June 2015 (\$16,360), January 2016 (\$25,990) and June 2016 (\$25,990), based on the AB 1290 Payments that should have been made per the County Auditor-Controller's calculation, and (ii) an addition to the January 2017 disbursement equal to the one-time adjustment made by the County Auditor-Controller, in the amount of \$96,932, paid to the taxing entities for the prior missed AB 1290 Payments. See discussion above Table 6.

Source: City of Winters, based on information provided by Yolo County Audit-Controller Office.

Projected Tax Revenues; Coverage Projections

Table 7 shows the projected taxable valuation (assessed values) for the Project Area and the projected Tax Revenues from fiscal years 2016-17 to 2025-26, as provided by UFI. For Table 7 only, UFI has assumed assessed value in the Project Area will increase by two percent each fiscal year, compounded annually. The projections do not take into account any potential reduction based on future appeals. See "Assessed Value Appeals and Proposition 8 Adjustments – *Impact on Project Area Based on Appeals*" above.

Table 8 shows the projected coverage between the Tax Revenues and total debt service for the Outstanding Bonds, assuming no growth in assessed value after fiscal year 2016-17, and no reduction based on any future appeals.

While the Successor Agency believes that the assumptions used for the projected Tax Revenues and debt service coverage below are reasonable, the assessed values, and the Tax Revenues during the forecast period may vary from the projections and the variations may be material. Property value in the Project Area will be subject to the fluctuation of the real estate market throughout the term of the Bonds. There is no guarantee that the assessed value of the Project Area will continue to increase, or that it will never decrease below the fiscal year 2016-17 level while the Bonds are outstanding. See "RISK FACTORS."

Table 7
WINTERS REDEVELOPMENT PROJECT
Projected Tax Revenues
(Based on Assumed Two Percent Assessed Value Growth)
Fiscal Years 2016-17 to 2025-26

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Fiscal Year	Gross Tax Increment Revenues ⁽¹⁾	County Administration Charges ⁽²⁾	Section 33676 Payments ⁽³⁾	AB 1290 Payments ⁽⁴⁾	Tax Revenues ⁽⁵⁾ (Column B minus Columns C, D, and E)	Bonds Debt Service*
2016-17	\$2,296,768	\$32,155	\$ 94,565	\$ 71,886	\$2,098,162	(6)
2017-18	2,355,027	32,970	101,318	79,235	2,141,503	
2018-19	2,414,451	33,802	107,001	86,731	2,186,917	
2019-20	2,475,064	34,651	112,797	94,377	2,233,239	
2020-21	2,536,889	35,516	118,710	102,175	2,280,487	
2021-22	2,599,950	36,399	124,741	110,130	2,328,681	
2022-23	2,664,273	37,300	130,892	118,244	2,377,838	
2023-24	2,729,882	38,218	137,166	130,524	2,423,974	
2024-25	2,796,804	39,155	143,566	143,050	2,471,032	
2025-26	2,865,064	40,111	150,094	155,827	2,519,032	

* Preliminary; subject to change.

- (1) Based on fiscal year 2016-17 actual assessed value (see Table 4), with assumed two percent annual assessed value growth thereafter. Assumed to be one percent of incremental valuation, which is equal to assessed value minus base year valuation of \$61,618,724. Does not take into account the potential result of any future assessed valuation appeal or adjustment. See "Assessed Value Appeals and Proposition 8 Adjustments" above.
- (2) Assumed to be 1.4 percent of Gross Tax Increment Revenues, based on amount charged by the County historically. Payable to the County pursuant to California Revenue and Taxation Code Section 95.3 and California Health and Safety Code Sections 34182 and 34183(a). See "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedure."
- (3) See discussion under "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Pass-Through Payments – Section 33676 Tax Sharing Payments."
- (4) See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Pass-Through Payments – AB 1290 Payments." AB 1290 Payments triggered as result of amendment to Redevelopment Plan adopted in January 2008.
- (5) Equals Tax Revenues pledged under the Indenture for the Bonds.
- (6) Includes the dollar amount paid for March 1, 2017 interest payment for the Refunded Bonds, because a portion of the Tax Revenues for the 2016-17 fiscal year was used to make such March 2017 interest payment.

Source: Urban Futures, Inc., based on information from Yolo County Auditor-Controller; "Bonds Debt Service" from Stifel, Nicolaus & Company, Incorporated.

Table 8
WINTERS REDEVELOPMENT PROJECT
Estimated Debt Service Coverage – Assuming No Assessed Value Growth
(Comparing Tax Revenues and Scheduled Bonds Debt Service)

Year ⁽¹⁾	Tax Revenues ⁽²⁾	Bond Debt Service*	Debt Service Coverage ^{*(3)}
2017	\$2,098,162	(4)	
2018	2,098,162		
2019	2,098,162		
2020	2,098,162		
2021	2,098,162		
2022	2,098,162		
2023	2,098,162		
2024	2,098,162		
2025	2,098,162		
2026	2,098,162		
2027	2,098,162		
2028	2,098,162		
2029	2,098,162		
2030	2,098,162		
2031	2,098,162		
2032	2,098,162		
2033	2,098,162		
2034	2,098,162		
2035	2,098,162		
2036	2,098,162		
2037	2,098,162		
2038	2,098,162		
2039	2,098,162		

* Preliminary; subject to change.

(1) Tax Revenues presented on a fiscal year (July 1 to June 30) basis. Debt Service presented based on corresponding Bond Year (September 2 to September 1), assuming no optional redemption prior to maturity.

(2) Calculated based on estimated fiscal year 2016-17 pledged Tax Revenues (see Table 7), with no further assessed value growth assumed.

(3) Equals "Tax Revenues" divided by "Bonds Debt Service."

(4) Includes the dollar amount paid for March 1, 2017 interest payment for the Refunded Bonds, because a portion of the Tax Revenues for the 2016-17 fiscal year was used to make such March 2017 interest payment.

Source: "Tax Revenues" from Urban Futures, Inc.; "Bond Debt Service" and "Debt Service Coverage" from Stifel, Nicolaus & Company, Incorporated.

RISK FACTORS

Investment in the Bonds involves elements of risk. The following section describes certain specific risk factors affecting the payment and security of the Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors not discussed under this caption will not become material in the future.

Reduction in Taxable Value

The projected Tax Revenues shown in this Official Statement are based on certain assumptions. See "TAX REVENUES AND DEBT SERVICE COVERAGE – Projected Tax Revenues; Coverage Projections." No assurances can be given that the assessed value of properties in the Project Area will never fall below the values estimated for the projections shown in Tables 7 and 8 and UFI's report attached in Appendix B.

Property values, and correspondingly, assessed values are impacted by many factors which are beyond the Successor Agency's control. The residential property markets in many areas of the State have experienced significant boom, downturn and recovery during the last two decades. See Tables 1 and 2 under "PROJECT AREA" regarding the recent assessed value of the Project Area during the past ten fiscal years and the land use of the properties in the Project Area. With respect to industrial and commercial properties, periodic improvement and reinvestment are generally required to maintain their value. The willingness of an owner to upgrade and maintain such property depends on many factors, including vacancy rate (for rental properties) and the financial health of the businesses operated on such property. The Successor Agency has not undertaken to assess the financial conditions of the current owners or occupants of the properties within the Project Area or make inquiries into the means by which such owners financed their properties. Property value and development growth in the Project Area will be subject to the fluctuation of the real estate market throughout the term of the Bonds.

In addition to the general real estate market fluctuation, a relocation out of the Project Area by one or more major property owners, the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances" below) or the complete or partial destruction of property caused by, among other possibilities, an earthquake, flood or other natural disaster (see "Natural Disasters" below or any other event which would permit a reassessment of property at lower values), could cause a reduction in the assessed value of properties in the Project Area. Future initiatives or legislation may be approved by the electorate or the legislature which would further limit the increase of assessed value of a property or reduce the tax rate applicable to the property, and could cause a reduction in the Tax Revenues. See "PROPERTY TAXATION IN CALIFORNIA." Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. The projections set forth in Tables 7 and 8 and in the Report in Appendix B do not include any potential reduction based on appeals. See "TAX REVENUES AND DEBT SERVICE COVERAGE – Assessed Value Appeals and Proposition 8 Adjustments." A reduction of assessed valuation that causes a decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Successor Agency's ability to make timely repayments on the Bonds.

Natural Disasters

The value of the property in the Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on the property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides, fire storms and floods and climatic conditions such as droughts. If one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and property value in the Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties could affect the ability or willingness of the property owners to pay the property taxes.

The areas in and surrounding the Project Area, like most communities in California, may be subject to unpredictable seismic activity, and therefore, are subject to potentially destructive earthquakes. As noted in the Health and Safety element of the City's General Plan, the City requires new development to be constructed according to the requirements of the Uniform Building Code to ensure that new structures are able to withstand seismic activity, including liquefaction. However, many of the existing commercial buildings and residences were constructed long before the requirement relating to such development went into effect.

In addition, based on FEMA Special Flood Hazard Areas located in the Project Area and the FEMA Flood Insurance Rate Map for Winters (Community Panel Number 06113C0563G, map revised June 2010), the Agency estimates that no more than 15 percent of the Project Area (mostly in the northern part of the Project Area) contains Special Flood Hazard Areas. Furthermore, of the Project Area acreage impacted by the Special Flood Hazard Areas, the Agency estimates that at least 70 percent of the acreage is vacant. For further information, see the applicable elements of the City's General Plan on file in the office of the City Clerk of the City.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition at the property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Property Tax Delinquencies; Teeter Plan

The Successor Agency does not have any independent power to levy and collect property taxes. As discussed under "TAX REVENUES AND DEBT SERVICE COVERAGE – Teeter Plan," the County has implemented a Teeter Plan which allows each entity levying property taxes in the County to draw on the amount of secured property taxes levied rather than the amount actually collected. So long as the Teeter Plan is in effect, the amount of the property tax revenues to be deposited into the RPTTF will not be affected by taxpayers' delinquency in payment secured property taxes. However, the County is entitled at any time, and could be required under certain circumstances, to terminate its Teeter Plan with respect to all or part of the local agencies. If the Teeter Plan is terminated, then the amount of the

property tax revenues to be deposited into the RPTTF will reflect actual collections, without protection from the Teeter Plan.

The payment of the property taxes and the ability of the County to foreclose on the lien of delinquent unpaid property tax may be limited or delayed by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. Although bankruptcy proceedings would not cause the lien of the property tax to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. The federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings, thereby delaying such proceedings perhaps for an extended period. Further, should remedies be exercised under the federal bankruptcy laws, payment of the property tax may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the property tax in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding. If the Teeter Plan is terminated in the future, the property tax revenues to be deposited into the RPTTF may be impacted, if the County's ability to collect property tax revenues is affected by such bankruptcy, insolvency or other proceedings generally affecting creditors' rights or judicial foreclosure proceedings.

Successor Agency Powers and Resources Limited

The Successor Agency is created pursuant to the Dissolution Act to wind down the affairs of the Former Agency. Its powers are limited to those granted under the Dissolution Act. It does not have any legal authority to participate in redevelopment activities, except to complete work related to enforceable obligations, as defined in the Dissolution Act. Many Successor Agency actions are subject to the review or the direction of the Oversight Board and the DOF, and in some cases, the County Auditor-Controller and the State Controller. California Health and Safety Code Section 34173(e) states that the liability of the Successor Agency, acting pursuant to the powers granted under the Dissolution Act, is limited to the extent of the total sum of property tax revenues it receives pursuant to the Dissolution Act and the value of assets transferred to it as a Successor Agency for the Former Agency. See "SUCCESSOR AGENCY."

Prior to dissolution, the Former Agency retained funds on hand, accumulated from prior years, that were available for use if short-term cash flow issues arose. In the event of a delay in the receipt of tax increment in any given year, the Former Agency could (though it was not obligated to) use such other available funds to make payments on the bonds when due. Under the Dissolution Act, the Successor Agency is required to seek prior approval from the Oversight Board (and, therefore, the DOF because most Oversight Board actions are subject to DOF's review) in order to pay an enforceable obligation from a source of funds that is different from the one identified on the ROPS. As the result of procedures already completed under the Dissolution Act, such as the due diligence reviews (see "SUCCESSOR AGENCY – Due Diligence Reviews"), the Successor Agency virtually has no alternative resources available to make payment on enforceable obligations, if there is a significant delay with respect to scheduled RPTTF disbursements or if the amount from RPTTF disbursements is not sufficient for the required payment on the enforceable obligations.

Even though the City has elected to serve as the Successor Agency, the Dissolution Act expressly clarifies that the City and the Successor Agency are separate public entities. The liabilities of the Former Agency are not transferred to the City by virtue of the City's election to serve as the Successor Agency. The liabilities of the Successor Agency are not the liabilities of the City.

In any event, the pledge for the Bonds is limited to the property tax revenues of the Project Area allocated to the Successor Agency's RPTTF and certain funds created under the Indenture, as provided in

the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS." No other funds are liable for the Bonds.

Recognized Obligation Payment Schedules

As discussed under "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Recognized Obligation Payment Schedules," the Successor Agency is required to prepare and submit the ROPS at the prescribed times to the Oversight Sight Board and the DOF for review. The County Auditor-Controller is authorized to only distribute moneys to the Successor Agency from the RPTTF in accordance with a ROPS approved by the DOF. The Successor Agency is authorized to use funds only pursuant to an enforceable obligation listed on a ROPS approved by the Oversight Board and the DOF. See "AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT" regarding limitations pursuant Health and Safety Code Section 34177.5(f) with respect to the DOF's review of scheduled payments for the Bonds included in future ROPS.

The Dissolution Act provides the ROPS must be submitted to the DOF at the times prescribed by the Dissolution Act. If the Successor Agency fails to submit to the DOF an Oversight Board-approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, the DOF may determine if the County Auditor-Controller should withhold any RPTTF amount for payments for enforceable obligations from distribution to taxing entities, pending DOF's approval of the ROPS. If the Successor Agency indeed fails to submit to the DOF an Oversight Board-approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, and the DOF does not provide notice to the County Auditor-Controller to withhold funds, it is unclear whether the County Auditor-Controller will disburse all of the funds then in the RPTTF to the taxing agencies pursuant to the Dissolution Act provisions relating to RPTTF Residual. The Dissolution Act provides very limited authority to the County Auditor-Controller to withhold RPTTF funds from disbursements to taxing agencies.

The Successor Agency has covenanted in the Indenture to include debt service for the Outstanding Bonds on the appropriate ROPS, so as to enable the County Auditor-Controller to include, as part of the RPTTF disbursements to the Successor Agency, the amount of Tax Revenues necessary to pay debt service for the Outstanding Bonds.

Future Implementation of Dissolution Act

The Successor Agency's timely receipt of RPTTF disbursements to pay enforceable obligations, including the Bonds, is dependent upon the coordination with, and the implementation of, the Dissolution Act procedures by the DOF and the County Auditor-Controller. While each of the Successor Agency, the DOF, the County Auditor-Controller, and other affected parties coordinate to implement and fulfill the requirements of the Dissolution Act, the Successor Agency cannot give any assurances that future interpretation of specific provisions of the Dissolution Act or their implementation will not affect the timing and amount of RPTTF disbursements to the Successor Agency.

Numerous lawsuits have been filed pertaining to the DOF's implementation of various provisions of the Dissolution Act. Some are still pending. A lawsuit (the "Syncora Lawsuit") was filed by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") on August 12, 2012, with the Superior Court of California in the County of Sacramento, *Case No. 34-2012-80001215*. Syncora is the municipal bond insurer for a number of bond insurance policies for outstanding bonds issued by former California redevelopment agencies. Syncora alleged that the Dissolution Act, and specifically the "Redistribution Provisions" (including California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California

Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because such provisions unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation. The Syncora Lawsuit was brought as a petition for writ of mandate and complaint for declaratory relief, inverse condemnation and injunctive relief. On May 29, 2013, the Court entered a ruling. The Court (1) denied Syncora any form of relief requested in the Complaint and Petition on its impairment of contracts claims, on the ground that those claims were premature, as no evidence was submitted by Syncora that any redevelopment agency bonds it insures are in default or that any redevelopment agency bonds are in default at all; and (2) held that Syncora's takings claims are not necessarily premature, that an evidentiary hearing should be conducted to address such claims, and that the parties should file status reports with the Court addressing certain issues in connection with such evidentiary hearing. On August 16, 2013, the parties filed with the Court a proposed stipulated judgment which dismisses Syncora's impairment of contract claims and takings claims without prejudice on grounds of prematurity. The stipulated judgment, as proposed by the parties, was entered on October 3, 2013.

The Successor Agency cannot predict the outcome of any pending or future lawsuit with respect to the interpretation, the implementation or the validity of any provision of the Dissolution Act, including the provisions under which the Bonds are issued. The Successor Agency believes that the federal and State Constitutions clauses regarding contract impairments and takings provide protection to the bondholders of the Bonds in the event of any lawsuit concerning provisions affecting the validity and payment on bonds issued under the Dissolution Act. However, the outcome of any such lawsuit is beyond the Successor Agency's control.

State Budget

Two of the key bills that comprise the Dissolution Act, AB X1 26 and AB 1484, were enacted by the State Legislature and signed by the Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively, with the intention to transfer cash assets held by redevelopment agencies to cities, counties, and special districts to fund core public services and with assets transferred to schools offsetting State general fund costs. Most of the provisions of SB 107 (containing the most recent significant amendments to the Dissolution Act) were also initially presented as part of AB 113, a trailer bill to the fiscal year 2015-16 State Budget, even though SB 107 was eventually enacted in September 2015, several months after the adoption of the State Budget. There can be no assurance that legislation affecting successor agencies or Tax Revenues will not be enacted to implement provisions in connection with the State budget needs or other reasons in the future.

The Successor Agency expects, but cannot guarantee, that the processes for the funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Tax Revenues in accordance with the Indenture and will effectively result in adequate Tax Revenues for the timely payment of principal of and interest on the Bonds when due.

Information about the State budget and State spending is available at various State maintained websites. Text of the enacted State Budget for fiscal year 2016-17 and the Governor's proposed State Budget for fiscal year 2017-18 and other documents related to the State budget may be found at the websites maintained by the State Department of Finance, www.dof.ca.gov and <http://www.ebudget.ca.gov/>. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a

summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

The full text of each State Assembly bill cited above and other bills pending before the State Senate or State Assembly may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: <http://leginfo.legislature.ca.gov/faces/billSearchClient.xhtml>.

None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Successor Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Stipulation Agreement

On January 3, 1994, the Yolo County Superior Court entered a final judgment incorporating an Agreement for Entry of Judgment Pursuant to Stipulated Settlement (the "Stipulation Agreement") among the plaintiffs, the City, the Agency, and the members of the City Council in their official capacities as the City Council and Directors of the Agency, in connection with litigation filed over the adoption of the Redevelopment Plan for the Project Area (*Miguel Michel v. City of Winters.*, Case No. 70141; *Miguel Michel v. All Persons Interested, etc.*, Case No. 70296). The Stipulation Agreement imposes on the City certain requirements relating to low and moderate income housing. Under the Stipulation Agreement, the City is required, among other things, to adopt a policy that at least 15 percent of all new housing units built in the City be affordable to very low, low or moderate income households (the "15 Percent Requirement"). The City must satisfy the 15 Percent Requirement over a succession of four-year periods, beginning January 1, 1994. The Stipulation Agreement provides that, if the City fails to comply with the 15 Percent Requirement, available remedies will include a residential development moratorium, and possibly a commercial development moratorium. Even though the City has expressly retained its right to argue the appropriateness of any such remedy, in the event of the City's non-compliance with the terms of the Stipulation Agreement, there is a risk that a moratorium on residential or commercial development could be imposed. Such a moratorium, if imposed, may negatively impact the value of existing properties in the City and the Project Area. See "Reduction in Taxable Value." The City has complied with the terms of the Stipulation Agreement in all material respects since the final judgment was entered.

Bankruptcy Risks; Enforceability of Remedies

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases. The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles 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 federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the 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.

The provisions of AB 454 apply to all State-assessed property, except railroads and non-unitary properties, the valuation of which will continue to be allocated to individual tax rate areas. AB 454 allows, generally, valuation growth or decline of State-assessed unitary property to be shared by all jurisdictions within a county.

Effective January 1, 2007, ABX 2670 changed the method of assessing unitary railroad property. Before ABX 2670, the assessed value of unitary railroad property was allocated to individual tax rate areas within a county where the property is located. ABX 2670 has converted this method of assessment for railroad property to the countywide system. The new method involves establishing a single countywide tax rate area within each county to which the assessed value of specified unitary property of a regulated railroad company would be allocated. Revenues derived from the tax on this value are allocated among local entities in the county pursuant to a specified formula. ABX 2670 also requires, with respect to a "qualified facility" as defined in Revenue and Taxation Code Section 100.11, that 80 percent of the value of the facility and the revenues derived from taxing this value be allocated on a countywide basis, while the remaining 20 percent of this value and resulting revenues be allocated exclusively to the local tax rate areas in the county in which the property is located.

Article XIII A of California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the "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." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other 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. In addition, an amendment to Article XIII A was adopted in October 1986 by initiative which exempts from the one percent limitation any taxes levied to pay bonded indebtedness approved by two-thirds (55 percent in certain instances) of the votes cast by voters for the acquisition or improvement of real property.

On September 22, 1978, the California Supreme Court upheld Proposition 13 over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases.

In subsequent elections, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, does not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment has reduced local property tax revenues. Other amendments permitted the Legislature to authorize the transfer of a property's assessed value to a replacement property under certain conditions, such as for residences of persons over 55 years old, for residences of severely disabled homeowners and for contaminated property. Other amendments have excluded certain improvements from the definition of "new construction," such as seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies.

Challenges to Article XIII A. California trial and appellate courts have upheld the constitutionality of Article XIII A's assessment rules in three significant cases. The United States Supreme Court, in an appeal to one of these cases, upheld the constitutionality of Article XIII A's tax assessment system. The Successor Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Successor Agency's receipt of Tax Revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation. Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100 percent of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100 percent of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, two percent annual value growth) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility and railroad property assessed by the State Board of Equalization, which is allocated by a different method than the one discussed in this Official Statement.

Article XIII B of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution which has been subsequently amended several times. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State 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 appropriation limit is fiscal year 1986-87 and the limit is to be adjusted annually to reflect changes in population, cost of living 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, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Health and Safety Code, which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness, will not be deemed the receipt by the redevelopment agency of proceeds of taxes levied by or on behalf of the redevelopment agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency of the City of Santa Ana*, which cases were not accepted for review by the California Supreme Court.

Proposition 87

Under prior State law, if a taxing entity increased its tax rate to obtain revenues to repay voter approved general obligation bonds, any redevelopment project area which included property affected by the tax rate increase would realize a proportionate increase in tax increment.

Proposition 87, approved by the voters of the State on November 8, 1988, requires that all revenues produced by a tax rate increase (approved by the voters on or after January 1, 1989) go directly to the taxing entity which increases the tax rate to repay the general obligation bonded indebtedness. As a result, with respect to tax rate increases approved on or after January 1, 1989, to repay voter approved general obligation debt, redevelopment agencies no longer receive an increase in tax increment.

Articles XIIC and XIID of California Constitution

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 XIIC and XIID to the State Constitution, imposing certain voter requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIIC of the California Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the California Constitution. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

Article XIII A, Article XIII B, Article XIIC and Article XIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting Tax Revenues available for allocation to the RPTTF and to the Successor Agency for payment on the Bonds.

CONCLUDING INFORMATION

Underwriting

The Successor Agency and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) have entered into a bond purchase contract (the “Purchase Contract”). Under the Purchase Contract, the Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a purchase price of \$_____ (which is equal to the principal amount of the Bonds, [plus/less] net original issue [premium/discount] of \$_____, and less an underwriter’s discount of \$_____). The Purchase Contract provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract. The Underwriter intends to offer the Bonds to the public initially at the prices set forth on the inside cover of this Official Statement, which prices may subsequently change without any requirement of prior notice.

Ratings

Standard & Poor's Global ("S&P") has assigned an underlying rating of "___" to the Bonds [without giving effect to the Bond Insurance Policy. In addition, S&P is expected to assign a rating of "___" to the Bonds conditioned on the issuance by the Bond Insurer of the Bond Insurance Policy at the time of delivery of the Bonds. See "BOND INSURANCE."] S&P's ratings reflect only the views of S&P and any explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward, suspended or withdrawn entirely, if in S&P's judgment, circumstances so warrant. Other than as described in the Continuing Disclosure Certificate, the Successor Agency takes no responsibility regarding either to bring to the attention of the Owners of the Bonds any revision, suspension or withdrawal of such ratings or to oppose any such revision or withdrawal. Any such downward, suspension, revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Absence of Litigation

There is no litigation pending and notice of which has been received by the Successor Agency or, to the Successor Agency's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indenture, the Escrow Agreement or any proceedings of the Successor Agency with respect thereto. To the knowledge of the Successor Agency, there are no lawsuits or claims pending against the Successor Agency which will materially impair the Successor Agency's ability to pay principal of and interest on the Bonds when due.

Municipal Advisor

The Successor Agency has retained NHA Advisors, LLC, San Rafael, California, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the 2017 Bonds. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other securities public or otherwise.

Certain Legal Matters

All of the legal proceedings in connection with the authorization and issuance of the Bonds are subject to the approval of Richards, Watson and Gershon, A Professional Corporation, Bond Counsel. Bond Counsel's final approving opinion with respect to the Bonds will be substantially in the form set forth in Appendix E of this Official Statement. Richards, Watson & Gershon also serves as Disclosure Counsel in connection with the preparation of this Official Statement. Certain legal matters will also be passed upon for the Successor Agency by the City Attorney of the City, acting as General Counsel to the Successor Agency. Certain legal matters will also be passed upon for the Underwriter, by Norton Rose Fulbright US LLP, as Underwriter's Counsel. [Payment of the fee of Underwriter's Counsel is contingent upon issuance of the Bonds.]

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issue. These requirements include, but are not limited to, provisions which limit how the proceeds of the Bonds may be spent and invested, and generally require that certain investment earnings be rebated on a periodic basis to the United States of America. The Successor Agency has made certifications and representations and has covenanted to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law and assuming the accuracy of such certifications and representations by the Successor Agency and compliance with such covenants, (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and (ii) the Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, interest on the Bonds is not a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from State of California personal income taxes. Bond counsel expresses no opinion as to any other tax consequences regarding the Bonds.

Under the Code, a portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. The exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals eligible for the earned income tax credit. Bond Counsel will express no opinion regarding these and other such consequences.

Bond Counsel has not undertaken to advise in the future whether any circumstances or events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds, will not contain provisions which could eliminate, or directly or indirectly reduce the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes, or have an adverse effect on the market value or marketability of the Bonds.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Bonds may be adversely affected and the ability of holders to sell their

Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Certain requirements and procedures contained or referred to in relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Richards, Watson & Gershon, A Professional Corporation.

If the issue price of a Bond (the first price at which a substantial amount of the bonds of a maturity are to be sold to the public) is less than the stated redemption price at maturity of such Bond, the difference constitutes original issue discount, the accrual of which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant yield method over the term of each such Bond and the basis of each Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Purchasers who acquire Bonds with original issue discount are advised that they should consult with their own independent tax advisors with respect to the state and local tax consequences of owning such Bonds.

If the issue price of a Bond is greater than the stated redemption price at maturity of such Bond, the difference constitutes original issue premium, the amortization of which is not deductible from gross income for federal income tax purposes. Original issue premium is amortized over the period to maturity of such Bond based on the yield to maturity of that Bond (or, in the case of a Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Bond), compounded semiannually. For purposes of determining gain or loss on the sale or other disposition of such Bond, the purchaser is required to decrease such purchaser's adjusted basis in such Bond by the amount of premium that has amortized to the date of such sale or other disposition. As a result, a purchaser may realize taxable gain for federal income tax purposes from the sale or other disposition of such Bond for an amount equal to or less than the amount paid by the purchaser for that Bond. A purchaser of that Bond in the initial public offering at the issue price for that Bond who holds it to maturity (or, in the case of a callable Bond, to its earlier call date that results in the lowest yield on that Bond) will realize no gain or loss upon its retirement.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a Bond is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Prospective purchasers of the Bonds should consult their own independent tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside front cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Successor Agency or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Successor Agency as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

A copy of the proposed form of Bond Counsel's final approving opinion with respect to the Bonds is attached hereto as Appendix E.

Continuing Disclosure

The Successor Agency has undertaken for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the Successor Agency and other data relating to the Project Area not later than nine months after the close of each fiscal year (which currently would be by March 31 each year based upon the June 30 end of fiscal year), commencing with the report for the 2015-16 fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices will be filed by the Successor Agency or its Dissemination Agent on behalf of the Successor Agency, with the Municipal Securities Rulemaking Board ("MSRB"). The specific nature of the information to be contained in the Annual Report or the notices of events is set forth in "APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE." This undertaking has been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

A failure by the Successor Agency to comply with the provisions of the Continuing Disclosure Certificate is not an event of default under the Indenture (although the holders and beneficial owners of the Bonds do have remedies at law and in equity). However, a failure to comply with the provisions of the Continuing Disclosure Certificate must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds. Therefore, a failure by the Successor Agency to comply with the provisions of the Continuing Disclosure Certificate may adversely affect the marketability of the Bonds on the secondary market.

Before the printing of this Official Statement, the Successor Agency requested Urban Futures, Inc. to conduct an examination (the "Examination") of the continuing disclosure filings by the Former Agency and the Successor Agency (as the successor to the Former Agency) during the five-year period ending _____, 2016. Pursuant to the continuing disclosure certificates executed in connection with the Prior Bonds, the Former Agency agreed to file notices of the occurrence of enumerated events, annual audited financial statements, and yearly reports containing specified tables and certain other information (the "Annual Update Reports"). Based on the Examination, it was found that: *[to come]*.

The Successor Agency has taken steps to ensure future compliance with its continuing disclosure obligations in a timely manner. The Successor Agency has engaged Urban Futures, Inc., to act as Dissemination Agent under the Continuing Disclosure Certificate relating to the Bonds. The City has adopted of a set of continuing disclosure procedures, which has been applicable to the Successor Agency.

Miscellaneous

All summaries of the Dissolution Act, the Redevelopment Law, Indenture, the Redevelopment Plan and other applicable legislation, agreements and other documents 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. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement have been duly authorized by the Successor Agency.

**SUCCESSOR AGENCY TO THE
WINTERS COMMUNITY DEVELOPMENT
AGENCY**

By: _____
Executive Director

APPENDIX A

CITY OF WINTERS GENERAL INFORMATION

The following information concerning the City of Winters (the "City") and surrounding areas is included for informational purposes only. The information set forth in this Appendix has been obtained from sources that the City believes is reliable, but does not guarantee as to the accuracy or completeness. The Bonds are special obligations of the Successor Agency payable from Tax Revenues pursuant to the Indenture. The Bonds are not a debt of the City, the State of California or any of its political subdivisions (other than the Successor Agency).

Geography

The City is located in the southwestern corner of Yolo County (the "County") immediately north of the Solano County line and just east of the Vaca Mountain Range. The City lies approximately 35 miles west of the City of Sacramento, the capital of the State.

The County is located in northern California, north of Sacramento and Solano Counties, and east of Napa County. Agriculture is the County's primary industry. The eastern two-thirds of the County consists of nearly level alluvial fans, flat plans and basins, while the western third is largely composed of rolling terraces and steep uplands used for dry-farmed grain and range. The elevation ranges from slightly below sea level near the Sacramento River around Clarksburg to 3,000 feet along the ride of the western mountains.

Municipal Government

The City was incorporated February 9, 1898, and operates as a general law city. It has a council-manager form of government. The five City Council members are elected at large for staggered four-year terms, with one of the five serving as Mayor. The City Manager is appointed by the City Council and is responsible for the administration of the City under the policy direction of the City Council. The City Clerk and the Treasurer are elected for four-year terms.

Population

The following table shows the estimated population growth for the City, the County and the State of California for the years shown.

**City of Winters
City, County and State Population Growth⁽¹⁾
Calendar Years 2012-2016**

Calendar Year	City of Winters	% Change from Prior Period	Yolo County	% Change from Prior Period	State of California	% Change from Prior Period
2012	6,942	3.97%	204,578	0.86%	37,881,357	0.92%
2013	7,074	1.90	207,380	1.37	38,239,207	0.94
2014	7,134	0.85	208,961	0.76	38,567,459	0.86
2015	7,200	0.93	211,813	1.36	38,907,642	0.88
2016	7,214	0.19	214,555	1.29	39,255,883	0.90

(1) As of January 1 of each year, with 2010 census benchmark.

Source: State of California Department of Finance.

City's Taxable Valuation

The following is a table showing the City's taxable valuation for the fiscal years shown. These figures are presented for historical comparison, with reference only to the time frame of the years shown.

**City of Winters
Assessed Values of All Taxable Property⁽¹⁾
Fiscal Years 2011-12 through 2015-16**

<u>Fiscal Year</u>	<u>Secured Value</u>	<u>Unsecured Value</u>	<u>Utility</u>	<u>Total</u>	<u>Percent Change</u>
2011-12	\$406,526,853	\$18,426,144	\$4,200	\$424,957,197	-23.63%
2012-13	403,843,567	17,251,258	4,200	421,099,025	-0.91
2013-14	414,205,225	21,915,461	3,500	436,124,186	3.57
2014-15	442,387,653	20,006,520	3,500	462,397,673	6.02
2015-16	468,618,685	18,048,997	3,500	486,671,182	5.25

(1) Without any deduction for homeowner exemption.

Source: City of Winters, based on information provided by the Yolo County.

Construction Activity

The following table shows the number of construction permits issued in the City and the related values during the years shown below.

**City of Winters
Construction Permits
Calendar Years 2012 through 2016**

<u>Calendar Year</u>	<u>Permits Issued</u>	<u>Total Valuation</u>
2012	188	\$ 9,096,612
2013	260	13,356,450
2014	291	12,634,620
2015 ⁽¹⁾	463	29,469,614
2016 ⁽¹⁾	461	51,345,342

(1) Include approximately \$45,000,000 for a Pacific Gas and Electric Company, incorporated, gas operations technical training center.

Source: City of Winters.

Employment

According to the State of California Employment Development Department, the November 2016 preliminary, estimated unemployment rates for the City, the County and the State were 4.6 percent, 4.9 percent and 5.0 percent, respectively. The following table shows certain employment statistics for the City and the County for calendar years 2011 through 2015.

City of Winters City, County and State Employment Statistics Calendar Years 2011 through 2015⁽¹⁾

Year	City		Unemployment Rate	County	State
	Labor Force	Employed		Unemployment Rate	Unemployment Rate
2011	3,700	3,300	10.6%	11.8%	11.7%
2012	3,700	3,400	9.5	10.6	10.4
2013	3,700	3,400	8.1	9.0	8.9
2014	3,700	3,500	6.7	7.5	7.5
2015	3,800	3,600	5.7	6.4	6.2

(1) Not seasonally adjusted. March 2015 benchmark.

Source: State of California, Employment Development Department.

The following table summarizes the civilian labor force in the County for the years shown. This table shows County-wide statistics and may not accurately reflect employment trends in the City.

Yolo County Annual Average Employment by Industry⁽¹⁾ Calendar Years 2011 through 2015

Industry	2011	2012	2013	2014	2015
Private, non-farm					
<i>Goods producing:</i>					
Natural Resources, mining, construction	3,500	3,200	3,200	3,200	3,700
Manufacturing – durable goods	2,400	2,600	3,000	3,600	3,900
Manufacturing – non-durable goods	2,300	2,400	2,500	2,500	2,600
<i>Service Providing:</i>					
Trade, transportation and utilities	18,400	18,200	18,800	19,200	19,600
Information	1,000	1,000	1,100	1,000	1,000
Financial activities	2,900	2,900	2,800	2,500	2,500
Professional and business services	7,200	7,700	7,800	8,000	8,300
Educational and health services	8,400	8,600	9,000	9,300	9,700
Leisure and hospitality	6,300	6,700	6,800	7,100	7,600
Other services	2,000	2,100	2,200	2,300	2,300
Subtotal⁽³⁾	54,300	55,400	57,000	58,700	61,200
Government	36,100	36,100	36,500	37,300	38,600
Farm	5,100	5,300	5,400	5,700	5,700
Total⁽³⁾	95,400	96,900	98,900	101,700	105,600

(1) Employment reported by place of work; does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Based on March 2015 benchmark. Not seasonally adjusted.

(2) Subtotals and totals may not add due to independent rounding.

Source: State of California, Employment Development Department.

The top employers (by number of employees) located within the City are shown in the following table:

**City of Winters
Largest Employers
As of June 2016**

Name of Employer	Activity	No. of Employees
Mariani Nut Company	Almond and walnut grower and supplier	350
Winters Joint Unified School District	Education	230
Buckhorn Restaurant	Restaurant	120
Double M. Trucking	Truck company	75
City of Winters	Local government	51
Pavestone	Modular concrete landscape system manufacturer and distributor	35
Town and Country	[?] Grocery market	14
Vintage Paving	Paving contractor	11
AM/PM	Gas and service station, convenience store	8

Median Household Income

The following table shows the median household income for the City, the County, the State and the United States for the years shown.

**City of Winters, Yolo County, California and the United States
Median Household Income
Calendar Years 2011 through 2015**

Year	City	County	State	U.S.
2011	\$59,559	\$57,920	\$61,632	\$52,762
2012	63,912	57,260	61,400	53,046
2013	55,887	55,918	61,094	53,046
2014	59,856	55,508	61,489	53,482
2015	66,959	54,989	61,818	53,889

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates (in 2015 Inflation-Adjusted Dollars).

Commercial Activity

The following table summarizes the annual volume of taxable transactions within the City for calendar years shown.

City of Winters Taxable Transactions Calendar Years 2011 through 2015

Year	Retail and Food Services		Total Outlets	
	Permits	Taxable Transaction	Permits	Taxable Transactions
2011	98	\$30,795,000	140	\$34,694,000
2012	97	33,946,000	140	37,792,000
2013	89	41,291,000	129	44,310,000
2014	90	44,257,000	131	48,321,000
2015	N/A	43,730,000	N/A	47,199,000

Source: Compiled from data published by State of California Board of Equalization

APPENDIX B
FISCAL CONSULTANT REPORT

APPENDIX C

**CITY OF WINTERS AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF INDENTURE

APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon issuance and delivery of the Bonds, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX G

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency does not take any responsibility for the accuracy thereof. The Successor Agency gives no assurances that (i) DTC, the Direct and Indirect Participants or others will distribute payments of principal, premium (if any) or interest with respect to the Bonds paid to DTC or its nominee as the registered owner, to the Beneficial Owners, (ii) such entities will distribute redemption notices or other notices, to the Beneficial Owners, or (iii) an error or delay relating thereto will not occur.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered in accordance with the provisions of the Indenture.

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate"), dated _____, 2017, is executed and delivered by the Successor Agency to the Winters Community Development Agency (the "Successor Agency") in connection with the Successor Agency's issuance of its \$_____ aggregate principal amount Tax Allocation Refunding Bonds, Series 2017 (the "2017 Bonds"). The 2017 Bonds will be issued under the terms of an Indenture, dated as of _____ 1, 2017 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the 2017 Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below).

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" shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean initially Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency and the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system located at <http://www.emma.msrb.org>, as the centralized on-line repository for municipal disclosure documents to be filed with the MSRB pursuant to the Rule, or such other successor repository site as prescribed by the MSRB.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board or any successor thereto.

"Official Statement" shall mean the final Official Statement relating to the 2017 Bonds.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, as the original underwriter of the 2017 Bonds required to comply with the Rule in connection with offering of the 2017 Bonds.

"Rule" shall mean Rule 15c2 12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

Section 3. Provisions of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, no later than nine months after the close of the Successor Agency's fiscal year (which currently will be March 31 of each year based on a June 30 end of fiscal year), commencing with the report for the 2016-17 fiscal year, provide to the MSRB, via EMMA, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Successor Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 15 business days prior to the date specified in subsection (a) above for providing the Annual Report to the MSRB, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the first sentence of this subsection (b). If requested by the Dissemination Agent, the Successor Agency 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 it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Successor Agency and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall in a timely manner send a notice to the MSRB, in such form as prescribed or acceptable to MSRB.

(d) The Dissemination Agent (if other than the Successor Agency) shall, if and to the extent, the Successor Agency has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the Successor Agency certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements prepared for the Successor Agency or, if none are prepared, the audited financial statements of the City of Scotts Valley which contains the reporting of the financial transactions for the Successor Agency, for the most recently completed fiscal year. Such audited financial statements shall be 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, as may be further modified by applicable state law. If such 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 audited financial statements customarily used by the Successor Agency (or the City, as applicable), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding subsection (a) by the date required by Section 3 hereof:

- (i) the then currently outstanding principal amount of the 2017 Bonds;
- (ii) assessed valuation of properties within the Project Area for the five most recently completed fiscal years, substantially in the form of Table 1 of the Official Statement;
- (iii) to the extent that the County makes such information available, updated information regarding top ten property owners (by secured assessed value) in the Project Area in the form of Table 3 of the Official Statement;
- (iv) assessed value, incremental value, gross tax increment and net tax increment (after deduction of County administrative fee and pass-through payments), in a form similar to Table 4, for the most recently completed fiscal year for which information is available;
- (v) if, as of the end of most recently completed fiscal year, there were pending appeals in the Project Area challenging 5 percent or more of the aggregate assessed value in the Project Area, information regarding such appeals including the number of pending appeals, the aggregate assessed value of the subject properties and the aggregate requested reduction based on the appeals; provided, such information shall be included only to the extent available from the County; and
- (vi) At such time as the Successor Agency no longer participates in the County's Teeter Plan (or another similar program) and to the extent the County is willing to provide such information to the Successor Agency, a description of the total tax levy, total receipts and collection rate for the most recently completed fiscal year for which such information is available.

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

Any or all of the items listed above for inclusion in the Annual Report may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which have been available to the public on EMMA or filed with the SEC. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2017 Bonds, which notice shall be given in a timely manner, not in excess of ten business days after the occurrence of such Listed Event:

- (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 2017 Bonds;
- (7) Modifications to rights of Bond owners, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the 2017 Bonds, if material
- (11) Rating changes (underlying and insured, if any of the Outstanding Bonds are then insured);
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency;
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or the sale of all or substantially all of the assets of the Successor Agency, 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; and

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one business day after obtaining knowledge of the occurrence of any of the events listed in Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), inform the Successor Agency of the occurrence of such event. In any case, as soon as reasonably practicable after obtaining knowledge of the occurrence of such event, the Successor Agency shall, or shall cause the Dissemination Agent to, file in a timely manner, not in excess of ten business days after the occurrence of any such event, a notice of such occurrence with the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall, within one business day after obtaining knowledge of the occurrence of any of the events listed in Section 5(a) (2), (7), (8), (10), (13) or (14), inform the Successor Agency of the occurrence of such event and request that the Successor Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d).

(d) Whenever the Successor Agency obtains knowledge of the occurrence of any event specified in Section 5(a) (2), (7), (8), (10), (13) or (14), the Successor Agency shall as soon as possible, in order to meet the ten business day deadline to file notices required under the Rule and pursuant to the following sentence, determine if such event would be material under applicable Federal securities law. If the Successor Agency determines that knowledge of the occurrence of such event would be material under applicable Federal securities law, the Successor Agency shall, or shall cause the Dissemination Agent to, file in a timely manner, not in excess of ten business days after the occurrence of any such event, a notice of such occurrence with the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2017 Bonds. If such termination occurs prior to the final maturity of such Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 7. Dissemination Agent. The initial Dissemination Agent shall be Urban Futures, Incorporated. From time to time, the Successor Agency may appoint a different Dissemination Agent to assist it in carrying out its obligations (or designate itself as the Dissemination Agent) under this Disclosure Certificate. The Dissemination Agent may resign by providing 30 days written notice to the Successor Agency and the Trustee. The Successor Agency may replace the Dissemination Agent with or without cause. The Dissemination Agent (if different from the Successor Agency) shall be paid compensation by the Successor Agency for services provided hereunder in accordance with its schedule of fees as amended from time to time.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency 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 the Successor Agency, 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 2017 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 affecting the 2017 Bonds either (i) is approved by holders of the affected Bonds in the manner provided in the related Indenture for amendments to such 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 such 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. For purposes of this paragraph, "impact" has the meaning as that word is used in the letter from the staff of the Securities and Exchange Commission to the National Association of Bond Lawyers dated June 23, 1995.

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 Successor Agency 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 MSRB in the same manner as for a Listed Event under Section 5(b).

No amendment to this Agreement which modifies the duties or rights of the Dissemination Agent shall be made without the prior written consent of the Dissemination Agent.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency 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 Successor Agency 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 Successor Agency 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 Successor Agency or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any holder or beneficial owner of the 2017 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency or the Dissemination Agent, as the case may be, 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 Successor Agency or the Dissemination Agent 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 no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Owners, or any other party. The Successor Agency 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 the disclosure of information pursuant to this Disclosure Certificate or arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent (acting in such capacity and not as Trustee or any other role) shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2017 Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2017 Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Successor Agency has caused its duly authorized officer to execute and deliver this Certificate on the date first written above.

SUCCESSOR AGENCY OF THE WINTERS
COMMUNITY DEVELOPMENT AGENCY

By: _____
Executive Director

The undersigned hereby agrees to act as
Dissemination Agent pursuant to the
foregoing Continuing Disclosure Certificate

URBAN FUTURES, INC.

By: _____

Title: _____