



Joint Meeting of the Winters City Council and the Board of Directors  
on the Winters Public Finance Authority  
City Council Chambers  
318 First Street  
Tuesday, August 21, 2018  
6:30 p.m.  
**AGENDA**

*Members of the City Council and  
Board of Directors on the Winters  
Public Finance Authority*

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

*John W. Donlevy, Jr., City Manager  
Ethan Walsh, City Attorney  
Tracy S. Jensen, City Clerk*

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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 - City Council

Roll Call - Public Finance Authority Board

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, August 7, 2018 (pp. 5-11)
- B. Sacramento Yolo Mosquito Vector Control District Appointment (pp. 12)
- C. American Tower Lease Extension (pp. 13-45)
- D. Volunteer Fire Assistance (VFA) 50/50 Grant (pp. 46-61)
- E. Wastewater Treatment Facility Monitoring Services with Luhdorff & Scalmanini (pp. 62-66)
- F. Carter Ranch Pump Station- Control Panel Upgrades (pp. 67-68)
- G. Approval of Amplified Sound Permit Application for the Carnitas Festival de la Comunidad (pp. 69-71)
- H. Waste Water Treatment Facility (WWTF) South Spray Field Repairs (pp. 72-73)
- I. Resolution 2018-47, a Resolution of the City Council of the City of Winters Approving Agreement Extensions with HBT of Winters Highlands LLC for the Winters Highlands Phase 1 Subdivision (pp. 74-77)
- J. Street Closure Request and Amplified Sound Permit for the Porchfest Winters Music Stroll (pp. 78-86)

### PRESENTATIONS

Police Department Presentation

### DISCUSSION ITEMS

- 1. Public Hearing and Consideration of the Amended Tentative Subdivision Map for the 40-Lot Creekside Estates Subdivision (pp. 87-107)

2. Public Hearing and Adoption of Resolution 2018-50, a Resolution of the City Council of the City of Winters Adopting Water & Sewer Rates (pp. 108-114)
3. Resolution 2018-49, a Resolution of the City Council of the City of Winters Approving a Monitoring and Reporting Contract with Wallace Kuhl & Associates (WKA) in the Amount not to Exceed \$82,300, and a Budget Adjustment for FY 2018-2019 (pp. 115-125)
4. Resolution 2018-51 A Resolution of the City Council of the City of Winters Authorizing the issuance, Sale and Delivery of Water Revenue Refunding Bonds and Sewer Revenue Refunding Bonds, the Execution and Delivery of Indentures and Other Documents in Connection with Such Bonds and Authorizing Related Actions; and
5. Resolution 2018-52 A Resolution of the Board of Directors of the Winters Public Finance Authority Approving the Refunding of 2007 Water Revenue Bonds and 2007 Sewer Revenue Bonds and Authorizing Related Actions (pp. 126-396)

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

1. None

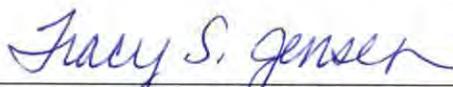
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CITY MANAGER REPORT

INFORMATION ONLY

ADJOURNMENT

I declare under penalty of perjury that the foregoing agenda for the August 21, 2018 regular meeting of the Winters City Council was posted on the City of Winters website at [www.cityofwinters.org](http://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 August 16, 2018, and made available to the public during normal business hours.



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Tracy S. Jensen, City Clerk

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*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 Council agenda packets are available for review or copying at the following locations:*

*Winters Library – 708 Railroad Avenue*

*City Hall – Finance Office - 318 First Street*

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

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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 August 7, 2018

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Mayor Bill Biasi called the meeting to order at 6:30 p.m.

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

Absent: None

Staff: City Manager John W. Donlevy, Jr., City Attorney Ethan Walsh, Director of Financial Management Shelly Gunby, Public Works Superintendent Eric Lucero, Environmental Services Manager Carol Scianna, Intern Aaron Ryan and City Clerk Tracy Jensen.

Lisa Gaynes led the Pledge of Allegiance.

Approval of Agenda: City Manager Donlevy said there were no changes to the agenda. Motion by Council Member Neu, second by Council Member Loren to approve the agenda with no changes. Motion carried with the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

COUNCIL/STAFF COMMENTS

PUBLIC COMMENTS: Kate Laddish, 400 Morgan St., thanked City staff for a great summer swim season. Although swim lessons have concluded and the recreation swim hours have been reduced, Adult Lap Swim has continued on weekday evenings and weekend mornings, hopefully through October.

CONSENT CALENDAR

- A. Minutes of the Regular Meeting of the Winters City Council Held on Tuesday, July 17, 2018
- B. Approval of Amplified Sound Permit Application
- C. Resolution 2018-42, a Resolution of the City Council of the City of Winters Confirming Delinquent Utility Bills
- D. Resolution 2018-43, a Resolution of the City Council of the City of Winters Confirming Delinquent Solid Waste Bills
- E. Resolution 2018-44, a Resolution of the City Council of the City of Winters for Claim of Transportation Development Act Funding
- F. Resolution 2018-45, a Resolution of the City Council of the City of Winters Approving the Designation of Applicant's Agent Resolution for Non-State Agencies
- G. Resolution 2018-46, a Resolution of the City Council of the City of Winters Amending the 2017-2018 Salary Schedule
- H. Final Acceptance of SB1 Paving Improvements for Vintage Paving Company
- I. Response to Grand Jury Report - "The Looming Crisis of Yolo County City Pension and Retirement Medical Costs" **(MOVED TO DISCUSSION ITEM #4)**
- J. Resolution 2018-47, a Resolution of the City Council of the City of Winters Granting Extensions for the Agreements with Homes By Town of Winters Highlands LLC

City Manager Donlevy gave an overview. Council Member Anderson recused himself for Consent Item B due to a possible conflict of interest. He also requested that Consent Item I be moved to Discussion Item #4.

Motion by Council Member Cowan, second by Council Member Neu to approve Consent Items A, C-H, and J. Motion carried with the following vote:

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

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

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

## PRESENTATIONS

Public Works Superintendent Eric Lucero gave a power point presentation and said the SB1 17-18 Street Rehab Project provides \$40,000 annually to repair streets throughout the City. Staff looked for the streets that were in the most need of repair and contracted with Vintage Paving to complete the work. Although the entire operating budget is \$80,000, the project was actually completed for \$74,000. The City Council thanked Eric for doing a good job with the money we had.

## DISCUSSION ITEMS

### 1. City of Winters Unfunded Liabilities

Director of Financial Management Shelly Gunby gave an overview and said the City currently has three unfunded liabilities: accrued leave balances, postemployment benefits, and net pension liability. The City of Winters currently has 38 full time employees and 6 pension plans. Staff will be exploring opportunities to do some extra funding to various plans to pay off the three lowest plans. As houses and hotels are built, one approach is to make additional payments as part of the normal budgeting process to pay the unfunded liability down faster.

Council Member Neu said he admired Shelly's research and hard work and asked if other jurisdictions are taking the same measures. Shelly reported that the City of Woodland made an extra payment of \$2 million dollars toward unfunded liability. Staff is currently working from last year's valuation and should receive a current valuation soon. City Manager Donlevy said the City will "pay off the low hanging fruit first" by making policy, setting expenses and paying off the lowest three plans every year. Shelly said unfunded liability will never be zero as it is based on payroll, contributions by the employer, and how CalPERS invests the funds. It becomes a more manageable number each year due to the City's normal budgeting procedure. City Manager Donlevy said staff can bring this item back in the form of a policy.

Shelly then explained the differences in the CalPERS classic plans and PEPRA plans and how new employees and those employees re-entering the work force are classified. Council Member Loren said she appreciated the presentation and asked that when a policy is brought back to Council that it includes a triggering mechanism.

City Manager Donlevy said in the event of a windfall, the City can make payments toward unfunded liability, which would lower the cost for an extended period of time. Council Member Anderson asked if the Police and Fire Departments would be able to take on retired persons. Shelly said yes, but staff

would report the hours worked, limiting them to 960 hours per year with no contributions. Council Member Neu said staff has done a good job bring Council and the public along and how important it is to inform the public. Mayor Biasi agreed, saying the City is in a lot better shape than other cities and likes that the City is setting money aside to pay towards unfunded liability. City Manager Donlevy said this will be articulated to the public.

As per Council wishes, Shelly said she would bring a policy back to Council and will provide the latest valuation report upon receipt. Mayor Biasi requested that the options offered will include 15, 20 and 30 year amortizations.

## 2. Animal Shelter and Possible Animal Services JPA

City Manager Donlevy, who currently serves on a working group with other City Managers and Council Members, gave an overview. In 2013, LAFCO (Sacramento Local Agency Formation Commission) commissioned studies to look at two components: animal services and sheltering. The current Yolo County Shelter doesn't meet standards. Rescue organizations, community outreach and education are critical elements, as are the ability to fund raise and create foundations. The biggest investment is the creation of a new shelter, but a different governance structure is needed. Staff is bringing a recommendation forward to join in the exploration of a JPA (Joint Powers Authority).

Lisa Gaynes, 25928 Venada Drive, thanked the people in the room for participating in animal care outside the purview of Animal Control. A JPA is being put together to make sure we receive services that are needed. Poll the community to find out our needs. If we move forward and West Sacramento isn't at the table, they will receive a bill. #1, there has been no conversation and we're not getting what we need. We need services. #2, being at the table is important. Bring in experts who have done this before to make sure we're doing it right. Phase the project and as we move forward, we can create more services. Lisa implored the Council to support this idea. We are already having meetings and discussions and looking for stakeholders as the money needed won't come from the cities.

City Manager said meetings are currently held in the afternoons, but with a surge of interest, the time and frequency could change. Council Member Anderson said communities have different needs and there are only so many resources - how do you serve multiple cities? Lisa Gaynes said the current problem is that Animal Control is incapable of getting to places that need services. One option is having sworn officers trained in animal care and control providing services. We need to talk about the needs of the other cities, follow templates, and discuss how the money should be spent. We need more experts at the table, engage everyone, and start a conversation.

Council Member Loren said this entity is similar to the Sustainable Groundwater Agency, who was paying higher costs and receiving fewer services. Having stakeholders makes sense in order to improve services, stabilize costs, and address the needs of the community. She supports the JPA.

Linda from 3R Rescue said services are not being delivered and warned that bigger is not better. Consider the location and provide better education, licensing, and preventative measures (spay & neuter.) A big building might not be the best suggestion.

Lisa Stevens from the Yolo County SPCA said it is vital that they participate, provide representation, and think outside the old shelter models. The requirements for each city would be to educate people and look at what services are needed.

Mayor Biasi said people are willing to donate locally and forming a JPA to look into it is a great idea. He suggested moving forward and exploring the possibility. City Attorney Walsh said any discussion should be limited to two council members as the JPA has not been formed yet. City Manager Donlevy said this item will come back to Council to appoint two City Council members for this designation.

Motion by Council Member Neu, second by Council Member Loren to approve the interest in forming a JPA. Motion carried with the following vote:

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

### 3. General Plan Overview and Status Report

City Manager Donlevy gave an overview and reviewed the elements within the Winters General Plan. The housing element must be approved the State of California and the most recent housing plan was adopted in 2013 and is good for eight years. Transportation and circulation is the root of the environment. The City's circulation element was revised in 2017. Once traffic capacity is determined, the correct infrastructure can be provided. The City of Winters is the only city in Yolo County to have a Complete Streets Plan in place. The City also has a Bike and Pedestrian Master Plan and Grant Corridor study. The checked boxes in the diagram are not adopted as they are not mandatory. The City's goal is absolute transparency. The general plan always exists and never goes away, and the challenge is keeping up with the environmental requirements in the State of California. The status of the City's master plan is kosher as far as state requirements go. Major modifications are not needed. People are interested in

the north area, but that does not change the general plan we have until those things come forward. The City may receive a grant from SACOG for a general plan refresh, which would give the City the ability to bring in someone to take what we have and move it forward. Staff is looking to add a new element, sustainability, to the general plan. This element is critical and will look at the environment, air quality, greenhouse gases, recycling, re-use, transportation, climate change plans, housing and homelessness.

Kate Laddish, 400 Morgan Street, said she appreciated the work staff took to prepare this General Plan overview. This is usually re-done every twenty years and she is delighted there is a conversation. A full re-do is not needed as population is not what was forecasted in 1992 and asked what would be the trigger? Kate asked is the City still owed money for the 1992 general plan and whether the City borrowed from itself. If so, why hasn't the money been repaid? Why isn't the City saving for an inevitable general plan re-do? Waiting for developers fees would skew the plan. Master plans are great, but they are not the same as a general plan. Grants require modern general plans and staff should make sure what we have met those requirements. The health and safety element, or climate, is different now than it was in 1992. This needs to be fully addressed. We are now prone to extreme events and now is the time to be proactive. How are we going to deal with the heat, which is absorbed by dark surfaces? Storm water run-off is either feast or famine. Community design and housing element - what kind of community do we want to be? The transportation and air quality elements in the general plan did not take into account telecommuting. Kate said she would be glad to have a discussion about the vision for Winters and make sure the general plan matches the modern reality of Winters. Kate said she appreciated the work that was put into the staff report.

City Manager Donlevy said he would address Kate's points in his Friday Update. Council Member Neu thanked Kate for her comments, and Mayor Biasi thanked Council Member Neu for keeping this topic on the front burner. He also thanked City Manager Donlevy for putting the staff report together. Council Member Cowan thanked City Manager Donlevy and Council Member Neu for the SACOG grant that the City hopes to receive. Council Member Neu confirmed that it is a \$100K grant. Council Member Loren said this has been an incredibly amount of work and that the general plan should frame development and that development shouldn't frame the general plan.

4. Response to Grand Jury Report - "The Looming Crisis of Yolo County City Pension and Retirement Medical Costs" (**MOVED FROM CONSENT ITEM I**)

City Manager Donlevy said staff has put together a letter and that a single response should suffice. Council Member Anderson said the copies received from the Grand Jury were individual copies and thought individual letters might

be required. City Attorney Ethan Walsh requested that the City Manager respond on behalf of the Council with one letter collectively that all Council members can sign it.

Motion by Council Member Cowan, second by Council Member Loren to approve a single responding letter containing signatures of the entire City Council. Motion carried with the following vote:

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

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

1. None

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CITY MANAGER REPORT: The County is having a joint meeting on August 16<sup>th</sup> to discuss both the County fire and the Road 88 fire to work collectively on issues regarding wildfires. Evacuations and notifications are a couple of issues that will be brought up. A second Winters crew drove up to the Carr fire and changed out the crew.

INFORMATION ONLY

1. May 2018 Investment Report
2. May 2018 Treasurer Report

ADJOURNMENT: Mayor Biasi adjourned the meeting at 9:18 p.m.

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Bill Biasi, MAYOR

ATTEST:

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Tracy S. Jensen, City Clerk



**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Councilmembers  
**DATE:** August 21, 2018  
**THROUGH:** John W. Donlevy, Jr., City Manager   
**FROM:** Tracy Jensen, Records & Info Manager and City Clerk  
**SUBJECT:** Sacramento-Yolo Mosquito Vector Control District Appointment

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**RECOMMENDATION:**

Staff recommends that City Council approve the interim appointment of Carol Scianna to complete the current term of appointment for Trustee Greg Lanzaro to represent the City of Winters as a member of the Board of Trustees of the Sacramento-Yolo Mosquito Vector Control District. This term of appointment is scheduled to expire on December 31, 2019.

**BACKGROUND:**

On June 18, 1946, the Sacramento County-Yolo County Mosquito Abatement District was formed by joint resolution of the Board of Supervisors for Sacramento and Yolo Counties. The motivating force for the formation of the District was the desire of the people for protection against mosquito-borne diseases and relief from serious pest nuisance. In July of 1990, the District Board voted by resolution to change the name of the District to the Sacramento-Yolo Mosquito and Vector Control District to better reflect the expanded services and responsibilities the District assumed regarding ticks, yellowjackets, and other vectors. Within the District boundaries are 2,013 square miles, encompassing both Sacramento and Yolo Counties.

The Board of Trustees consists of twelve members from Yolo and Sacramento Counties, and the cities of Woodland, Sacramento, Galt, Folsom, Isleton, West Sacramento, Elk Grove, Davis, Citrus Heights and Winters.

**FISCAL IMPACT:** None by this action.



**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Councilmembers  
**DATE:** August 21, 2018  
**THROUGH:** John W. Donlevy, Jr., City Manager  
**FROM:** Elliot Landes, Associate  
**SUBJECT:** American Tower Lease Extension

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**RECOMMENDATION:**

Staff recommends that City Council approve American Tower Corporation's request to extend the lease for the cell phone tower site at 200 East Street for six additional five year options.

**BACKGROUND:**

The City has leased the site for Verizon Wireless since June 1996. In September, 2006, the City signed a lease with American Tower (serving Verizon Wireless) that extends with renewal terms to May 31, 2034. This proposed lease amendment would extend this lease by six additional five year terms. The terms automatically renew, unless the tenant chooses not to renew by giving 60 days notice. The City can terminate if the tenant defaults on the terms of the lease. Rent escalations will continue as per the current lease.

**FISCAL IMPACT:** None

## THE FIRST AMENDMENT TO ANNEX PARCEL LEASE AGREEMENT

This First Amendment to Annex Parcel Lease Agreement (this "**Amendment**") is made effective as of the latter signature date hereof (the "**Effective Date**") by and between **The City of Winters**, a municipal corporation, ("**Landlord**") and **American Tower Delaware Corporation**, a Delaware corporation ("**Tenant**") (Landlord and Tenant being collectively referred to herein as the "**Parties**").

### RECITALS

**WHEREAS**, Landlord owns the real property described on Exhibit A attached hereto and by this reference made a part hereof (the "**Parent Parcel**"); and

**WHEREAS**, Landlord (or its predecessor-in-interest) and Tenant (or its predecessor-in-interest) entered into that certain Annex Parcel Lease Agreement dated September 8, 2006 (as the same may have been amended from time to time, collectively, the "**Lease**"), pursuant to which the Tenant leases a portion of the Parent Parcel and is the beneficiary of certain easements for access and public utilities, all as more particularly described in the Lease (such portion of the Parent Parcel so leased along with such portion of the Parent Parcel so affected, collectively, the "**Leased Premises**"), which Leased Premises are also described on Exhibit A; and

**WHEREAS**, Landlord and Tenant desire to amend the terms of the Lease to extend the term thereof and to otherwise modify the Lease as expressly provided herein.

**NOW THEREFORE**, in consideration of the foregoing recitals and the mutual covenants set forth herein and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Lease Term Extended.** Notwithstanding anything to the contrary contained in the Lease or this Amendment, the Parties agree the Lease originally commenced on September 8, 2006 and, without giving effect to the terms of this Amendment but assuming the exercise by Tenant of all remaining renewal options contained in the Lease (each an "**Existing Renewal Term**" and, collectively, the "**Existing Renewal Terms**"), the Lease is otherwise scheduled to expire on May 31, 2034. In addition to any Existing Renewal Term(s), the Lease is hereby amended to provide Tenant with the option to extend the Lease for each of six (6) additional five (5) year renewal terms (each a "**New Renewal Term**" and, collectively, the "**New Renewal Terms**"). Notwithstanding anything to the contrary contained in the Lease, (a) all Existing Renewal Terms and New Renewal Terms shall automatically renew unless Tenant notifies Landlord that Tenant elects not to renew the Lease at least sixty (60) days prior to the commencement of the next Renewal Term (as defined below) and (b) Landlord shall be able to terminate this Lease only in the event of a material default by Tenant, which default is not cured within sixty (60) days of Tenant's receipt of written notice thereof, provided, however, in the event that Tenant has diligently commenced to cure a material default within sixty (60) days of Tenant's actual receipt of notice thereof and reasonably requires additional time beyond the sixty (60) day cure period described herein to effect such cure, Tenant shall have such additional time as is necessary (beyond the sixty [60] day cure period) to effect the cure. References in this Amendment to "**Renewal Term**" shall refer, collectively, to the Existing Renewal Term(s) and the New Renewal Term(s). The Landlord hereby agrees to execute and return to Tenant an original Memorandum of Lease in the form and of the substance attached hereto as Exhibit B and by this reference made a part hereof (the "**Memorandum**") executed by Landlord, together with any applicable forms needed to record the Memorandum, which forms shall be supplied by Tenant to Landlord.
2. **Rent and Escalation.** The Parties hereby acknowledge and agree that all applicable increases and escalations to the rental payments under the Lease (the "**Rent**") shall continue in full force and effect through the New Renewal Term(s). In the event of any overpayment of Rent prior to or after the

Effective Date, Tenant shall have the right to deduct from any future Rent payments an amount equal to the overpayment amount. Notwithstanding anything to the contrary contained in the Lease, all Rent and any other payments expressly required to be paid by Tenant to Landlord under the Lease and this Amendment shall be paid to **City of Winters, CA**.

3. **Landlord and Tenant Acknowledgments.** Except as modified herein, the Lease and all provisions contained therein remain in full force and effect and are hereby ratified and affirmed. The Parties hereby agree that no defaults exist under the Lease. To the extent Tenant needed consent and/or approval from Landlord for any of Tenant's activities at and uses of the site prior to the Effective Date, Landlord's execution of this Amendment is and shall be considered consent to and approval of all such activities and uses. Landlord hereby acknowledges and agrees that Tenant shall not need consent or approval from, or to provide notice to, Landlord for any future activities at or uses of the Leased Premises, including, without limitation, subleasing and licensing to additional customers, installing, modifying, repairing, or replacing improvements within the Leased Premises, and/or assigning all or any portion of Tenant's interest in this Lease, as modified by this Amendment. Tenant and Tenant's sublessees and customers shall have vehicular (specifically including truck) and pedestrian access to the Leased Premises from a public right of way on a 24 hours per day, 7 days per week basis, together with utilities services to the Leased Premises from a public right of way. Upon request by Tenant and at Tenant's sole cost and expense but without additional consideration owed to Landlord, Landlord hereby agrees to promptly execute and return to Tenant building permits, zoning applications and other forms and documents, including a memorandum of lease, as required for the use of the Leased Premises by Tenant and/or Tenant's customers, licensees, and sublessees. Landlord hereby appoints Tenant as Landlord's attorney-in-fact coupled with an interest to prepare, execute and deliver land use and zoning and building permit applications that concern the Leased Premises, on behalf of Landlord with federal, state and local governmental authorities, provided that such applications shall be limited strictly to the use of the Leased Premises as a wireless telecommunications facility and that such attorney-in-fact shall not allow Tenant to re-zone or otherwise reclassify the Leased Premises or the Parent Parcel. The terms, provisions, and conditions of this Section shall survive the execution and delivery of this Amendment.
4. **Non-Compete.** During the original term, any Existing Renewal Terms, and/or any New Renewal Terms of this Lease, Landlord shall not sell, transfer, grant, convey, lease, and/or license by deed, easement, lease, license or other legal instrument, an interest in and to, or the right to use or occupy any portion of the Parent Parcel or Landlord's contiguous, adjacent, adjoining or surrounding property to any person or entity directly or indirectly engaged in the business of owning, acquiring, operating, managing, investing in or leasing wireless telecommunications infrastructure (any such person or entity, a "**Third Party Competitor**") without the prior written consent of Tenant, which may be withheld, conditioned, and/or delayed in Tenant's sole, reasonable discretion.
5. **Limited Right of First Refusal.** Notwithstanding anything to the contrary contained herein, this paragraph shall not apply to any fee simple sale of the Parent Parcel from Landlord to any prospective purchaser that is not a Third Party Competitor. If Landlord receives an offer or desires to offer to: (i) sell or convey any interest (including, but not limited to, leaseholds or easements) in any real property of which the Leased Premises is a part to a Third Party Competitor or (ii) assign all or any portion of Landlord's interest in the Lease to a Third Party Competitor (any such offer, the "**Offer**"), Tenant shall have the right of first refusal to purchase the real property or other interest being offered by Landlord in connection with the Offer on the same terms and conditions. If Tenant elects, in its sole and absolute discretion, to exercise its right of first refusal as provided herein, Tenant must provide Landlord with notice of its election not later than forty-five (45) days after Tenant receives written notice from Landlord of the Offer. If Tenant elects not to exercise Tenant's right of first refusal with respect to an Offer as provided herein, Landlord may complete the transaction contemplated in the Offer with the Third Party Competitor on the stated

terms and price but with the express condition that such sale is made subject to the terms of the Lease, as modified by this Amendment. Landlord hereby acknowledges and agrees that any sale or conveyance by Landlord in violation of this Section is and shall be deemed to be null and void and of no force and effect. The terms, provisions, and conditions of this Section shall survive the execution and delivery of this Amendment.

6. **Landlord Statements.** Landlord hereby represents and warrants to Tenant that: (i) to the extent applicable, Landlord is duly organized, validly existing, and in good standing in the jurisdiction in which Landlord was organized, formed, or incorporated, as applicable, and is otherwise in good standing and authorized to transact business in each other jurisdiction in which such qualifications are required; (ii) Landlord has the full power and authority to enter into and perform its obligations under this Amendment, and, to the extent applicable, the person(s) executing this Amendment on behalf of Landlord, have the authority to enter into and deliver this Amendment on behalf of Landlord; (iii) no consent, authorization, order, or approval of, or filing or registration with, any governmental authority or other person or entity is required for the execution and delivery by Landlord of this Amendment; (iv) Landlord is the sole owner of the Leased Premises and all other portions of the Parent Parcel; (v) to the best of Landlord's knowledge, there are no agreements, liens, encumbrances, claims, claims of lien, proceedings, or other matters (whether filed or recorded in the applicable public records or not) related to, encumbering, asserted against, threatened against, and/or pending with respect to the Leased Premises or any other portion of the Parent Parcel which do or could (now or any time in the future) adversely impact, limit, and/or impair Tenant's rights under the Lease, as amended and modified by this Amendment; and (vi) the square footage of the Leased Premises is the greater of Tenant's existing improvements on the Parent Parcel or the land area conveyed to Tenant under the Lease. The representations and warranties of Landlord made in this Section shall survive the execution and delivery of this Amendment. Landlord hereby does and agrees to indemnify Tenant for any damages, losses, costs, fees, expenses, or charges of any kind sustained or incurred by Tenant as a result of the breach of the representations and warranties made herein or if any of the representations and warranties made herein prove to be untrue. The aforementioned indemnification shall survive the execution and delivery of this Amendment.
7. **Confidentiality.** Notwithstanding anything to the contrary contained in the Lease or in this Amendment, Landlord agrees and acknowledges that all the terms of this Amendment and the Lease and any information furnished to Landlord by Tenant in connection therewith shall be and remain confidential. Except with Landlord's family, attorney, accountant, broker, lender, a prospective fee simple purchaser of the Parent Parcel, or if otherwise required by law, Landlord shall not disclose any such terms or information without the prior written consent of Tenant. The terms and provisions of this Section shall survive the execution and delivery of this Amendment.
8. **Notices.** All notices must be in writing and shall be valid upon receipt when delivered by hand, by nationally recognized courier service, or by First Class United States Mail, certified, return receipt requested to the addresses set forth herein: to Landlord at: 318 First Street, Winters, CA 95694; to Tenant at: Attn.: Land Management 10 Presidential Way, Woburn, MA 01801, with copy to: Attn.: Legal Dept., 116 Huntington Avenue, Boston, MA 02116. Any of the Parties, by thirty (30) days prior written notice to the others in the manner provided herein, may designate one or more different notice addresses from those set forth above. Refusal to accept delivery of any notice or the inability to deliver any notice because of a changed address for which no notice was given as required herein, shall be deemed to be receipt of any such notice.
9. **Counterparts.** This Amendment may be executed in several counterparts, each of which when so executed and delivered, shall be deemed an original and all of which, when taken together, shall

constitute one and the same instrument, even though all Parties are not signatories to the original or the same counterpart. Furthermore, the Parties may execute and deliver this Amendment by electronic means such as .pdf or similar format. Each of the Parties agrees that the delivery of the Amendment by electronic means will have the same force and effect as delivery of original signatures and that each of the Parties may use such electronic signatures as evidence of the execution and delivery of the Amendment by all Parties to the same extent as an original signature.

10. **Governing Law.** Notwithstanding anything to the contrary contained in the Lease and in this Amendment, the Lease and this Amendment shall be governed by and construed in all respects in accordance with the laws of the State or Commonwealth in which the Leased Premises is situated, without regard to the conflicts of laws provisions of such State or Commonwealth.
11. **Waiver.** Notwithstanding anything to the contrary contained herein, in no event shall Landlord or Tenant be liable to the other for, and Landlord and Tenant hereby waive, to the fullest extent permitted under applicable law, the right to recover incidental, consequential (including, without limitation, lost profits, loss of use or loss of business opportunity), punitive, exemplary and similar damages.
12. **Tenant's Securitization Rights; Estoppel.** Landlord hereby consents to the granting by Tenant of one or more leasehold mortgages, collateral assignments, liens, and/or other security interests (collectively, a "**Security Interest**") in Tenant's interest in this Lease, as amended, and all of Tenant's property and fixtures attached to and lying within the Leased Premises and further consents to the exercise by Tenant's mortgagee ("**Tenant's Mortgagee**") of its rights to exercise its remedies, including without limitation foreclosure, with respect to any such Security Interest. Landlord shall recognize the holder of any such Security Interest of which Landlord is given prior written notice (any such holder, a "**Holder**") as "Tenant" hereunder in the event a Holder succeeds to the interest of Tenant hereunder by the exercise of such remedies. Landlord further agrees to execute a written estoppel certificate within thirty (30) days of written request of the same by Tenant or Holder.
13. **Taxes.** During the term of the Lease, Landlord shall pay when due all real property, personal property, and other taxes, fees and assessments attributable to the Parent Parcel, including the Leased Premises. Tenant hereby agrees to reimburse Landlord for any personal property taxes in addition to any increase in real property taxes levied against the Parent Parcel, to the extent both are directly attributable to Tenant's improvements on the Leased Premises (but not, however, taxes or other assessments attributable to periods prior to the Effective Date), provided, however, that Landlord must furnish written documentation (the substance and form of which shall be reasonably satisfactory to Tenant) of such personal property taxes or real property tax increase to Tenant along with proof of payment of same by Landlord. Anything to the contrary notwithstanding, Tenant shall not be obligated to reimburse Landlord for any applicable taxes unless Landlord requests such reimbursement within one (1) year after the date such taxes became due. Landlord shall submit requests for reimbursement in writing to: *American Tower Corporation, Attn: Landlord Relations, 10 Presidential Way, Woburn, MA 01801* unless otherwise directed by Tenant from time to time. Subject to the requirements set forth in this Section, Tenant shall make such reimbursement payment within forty-five (45) days of receipt of a written reimbursement request from Landlord. Tenant shall pay applicable personal property taxes directly to the local taxing authority to the extent such taxes are billed and sent directly by the taxing authority to Tenant. If Landlord fails to pay when due any taxes affecting the Parent Parcel as required herein, Tenant shall have the right, but not the obligation, to pay such taxes on Landlord's behalf and: (i) deduct the full amount of any such taxes paid by Tenant on Landlord's behalf from any future payments required to be made by Tenant to Landlord hereunder; (ii) demand reimbursement from Landlord, which reimbursement payment Landlord shall make within thirty (30) days of such demand by Tenant; and/or

(iii) collect from Landlord any such tax payments made by Tenant on Landlord's behalf by any lawful means.

*[SIGNATURES COMMENCE ON FOLLOWING PAGE]*

**LANDLORD:**

**The City of Winters,  
a municipal corporation,**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*[SIGNATURES CONTINUE ON FOLLOWING PAGE]*

**TENANT:**

**American Tower Delaware Corporation,**  
a Delaware corporation

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**

*This Exhibit A may be replaced at Tenant's option as described below.*

**PARENT PARCEL**

*Tenant shall have the right to replace this description with a description obtained from Landlord's deed (or deeds) that include the land area encompassed by the Lease and Tenant's improvements thereon.*

The Parent Parcel consists of the entire legal taxable lot owned by Landlord as described in a deed (or deeds) to Landlord of which the Leased Premises is a part thereof with such Parent Parcel being described below:

**PARENT PARCEL LEGAL DESCRIPTION  
AS PROVIDED:**

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THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

**PARCEL ONE:**

COMMENCING AT A POINT ON THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF THE S.P. RR. SUBDIVISION OF BLOCK 4 OF THE TOWN OF WINTERS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN THE OFFICE OF THE RECORDER OF YOLO COUNTY, CALIFORNIA, ON MARCH 26, 1903, IN BOOK 1 OF MAPS, AT PAGE 4, DISTANT THEREON 150 FEET SOUTHERLY FROM THE SOUTHWEST CORNER OF SAID BLOCK 4; THENCE EASTERLY PARALLEL WITH THE SOUTHERLY LINE OF SAID BLOCK 4, A DISTANCE OF 200 FEET TO A POINT; THENCE NORTHEASTERLY 223.8 FEET, MORE OR LESS TO A POINT ON THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID BLOCK 4, DISTANT THEREON SOUTHERLY 50 FEET FROM THE SOUTHEAST CORNER OF SAID BLOCK 4; THENCE SOUTHERLY ALONG THE SOUTHERLY PROLONGATION OF SAID EASTERLY LINE OF BLOCK 4, TO THE CENTER OF PUTAH CREEK; THENCE FOLLOWING THE MEANDERINGS OF THE WESTERLY LINE OF SAID BLOCK 4; THENCE NORTHERLY ALONG SAID SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID BLOCK 4 TO THE POINT OF COMMENCEMENT.

**PARCEL TWO:**

LOTS 7, 8, 9, AND LOTS 13 THROUGH 24, INCLUSIVE, AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 54, YOLO COUNTY RECORDS.

EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF LOTS 24, OF SUBDIVISION, THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 24 TO THE NORTHEASTERLY CORNER THEREOF, THENCE AT RIGHT ANGLES SOUTHERLY ALONG THE BOUNDARY LINE BETWEEN LOTS 23 AND 24, 38.00 FEET THENCE AT RIGHT ANGLES AND PARALLEL WITH THE NORTH LINE OF SAID LOT 24, 100.00 FEET TO THE WEST LINE OF SAID LOT 24, THENCE NORTHERLY ALONG THE WEST LINE OF SAID LOT 24, 38.00 FEET TO THE POINT OF BEGINNING.

APN: 003-222-001  
003-222-015

## LEASED PREMISES

*Tenant shall have the right to replace this description with a description obtained from the Lease or from a description obtained from an as-built survey conducted by Tenant.*

The Leased Premises consists of that portion of the Parent Parcel as defined in the Lease which shall include access and utilities easements. The square footage of the Leased Premises shall be the greater of: (i) the land area conveyed to Tenant in the Lease; (ii) Tenant's (and Tenant's customers) existing improvements on the Parent Parcel; or (iii) the legal description or depiction below (if any).

### ANNEX LEASE AREA

#### LEGAL DESCRIPTION AS SURVEYED :

THE LAND REFERRED TO IN THIS DESCRIPTION IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF LOT 13 , AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 5A, YOLO COUNTY RECORDS, THENCE SOUTH 56°45'00" EAST, 119.01 FEET; THENCE SOUTH 33°15'00" WEST, 52.75 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 65°08'38" WEST, 23.20 FEET; THENCE NORTH 24°51'22" WEST, 16.10 FEET; THENCE NORTH 65°08'38" EAST, 23.20 FEET; THENCE SOUTH 24°51'22" EAST, 16.10 FEET TO THE POINT OF BEGINNING.

### ACCESS AND UTILITIES

The access and utility easements include all easements of record as well that portion of the Parent Parcel currently utilized by Tenant (and Tenant's customers) for ingress, egress and utility purposes from the Leased Premises to and from a public right of way including but not limited to:

### ACCESS EASEMENT

#### LEGAL DESCRIPTION AS SURVEYED :

THE LAND REFERRED TO IN THIS DESCRIPTION IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

A 10 FOOT WIDE ACCESS EASEMENT THAT EXTENDS 5.00 FEET PERPENDICULARLY FROM EACH SIDE OF THE CENTERLINE OF SAID EASEMENT AS DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHWESTERLY CORNER OF LOT 8 , AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 5A, YOLO COUNTY RECORDS, THENCE NORTH 65°00'00" EAST, 5.00 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 25°00'00" EAST, 197.16 FEET TO A POINT ON THE 25.00 FOOT RADIUS TANGENT CURVE; THENCE ALONG SAID CURVE TO THE LEFT AN INCLUDED ANGLE OF 90°07'22", AN ARC DISTANCE OF 39.32 FEET; THENCE NORTH 64°52'38" EAST, 112.11 FEET TO A POINT ON A 25 FOOT RADIUS TANGENT CURVE; THENCE ALONG SAID CURVE THROUGH AN INCLUDED ANGLE OF 90°16'01", AN ARC DISTANCE OF 39.39 FEET; THENCE SOUTH 24°51'22" WEST, 78.05 FEET TO THE POINT OF TERMINATION.

**EXHIBIT B**

**FORM OF MEMORANDUM OF LEASE**

**Prepared by and Return to:**

American Tower  
10 Presidential Way  
Woburn, MA 01801  
Attn: Land Management/Caleb Gaddes, Esq.  
ATC Site No: 82655  
ATC Site Name: WINTERS  
Assessor's Parcel No(s): 003-222-001-000

---

**MEMORANDUM OF LEASE**

This Memorandum of Lease (the "**Memorandum**") is entered into on the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_ by and between **The City of Winters**, a municipal corporation, ("**Landlord**") and **American Tower Delaware Corporation**, a Delaware corporation ("**Tenant**").

**NOTICE** is hereby given of the Lease (as defined and described below) for the purpose of recording and giving notice of the existence of said Lease. To the extent that notice of such Lease has previously been recorded, then this Memorandum shall constitute an amendment of any such prior recorded notice(s).

1. **Parent Parcel and Lease.** Landlord is the owner of certain real property being described in **Exhibit A** attached hereto and by this reference made a part hereof (the "**Parent Parcel**"). Landlord (or its predecessor-in-interest) and Tenant (or its predecessor-in-interest) entered into that certain Annex Parcel Lease Agreement dated September 8, 2006 (as the same may have been amended from time to time, collectively, the "**Lease**"), pursuant to which the Tenant leases a portion of the Parent Parcel and is the beneficiary of certain easements for access and public utilities, all as more particularly described in the Lease (such portion of the Parent Parcel so leased along with such portion of the Parent Parcel so affected, collectively, the "**Leased Premises**"), which Leased Premises is also described on **Exhibit A**.
2. **Expiration Date.** Subject to the terms, provisions, and conditions of the Lease, and assuming the exercise by Tenant of all renewal options contained in the Lease, the final expiration date of the Lease would be May 31, 2064. Notwithstanding the foregoing, in no event shall Tenant be required to exercise any option to renew the term of the Lease.
3. **Leased Premises Description.** Tenant shall have the right, exercisable by Tenant at any time during the original or renewal terms of the Lease, to cause an as-built survey of the Leased Premises to be prepared and, thereafter, to replace, in whole or in part, the description(s) of the Leased Premises set forth on **Exhibit A** with a legal description or legal descriptions based upon such as-built survey. Upon Tenant's request, Landlord shall execute and deliver any documents reasonably necessary to effectuate such replacement, including, without limitation, amendments to this Memorandum and to the Lease.
4. **Right of First Refusal.** There is a right of first refusal in the Lease.

Site No: 82655  
Site Name: WINTERS

5. **Effect/Miscellaneous.** This Memorandum is not a complete summary of the terms, provisions and conditions contained in the Lease. In the event of a conflict between this Memorandum and the Lease, the Lease shall control. Landlord hereby grants the right to Tenant to complete and execute on behalf of Landlord any government or transfer tax forms necessary for the recording of this Memorandum. This right shall terminate upon recording of this Memorandum.
6. **Notices.** All notices must be in writing and shall be valid upon receipt when delivered by hand, by nationally recognized courier service, or by First Class United States Mail, certified, return receipt requested to the addresses set forth herein: to Landlord at: 318 First Street, Winters, CA 95694; to Tenant at: Attn.: Land Management 10 Presidential Way, Woburn, MA 01801, with copy to: Attn.: Legal Dept., 116 Huntington Avenue, Boston, MA 02116. Any of the parties hereto, by thirty (30) days prior written notice to the other in the manner provided herein, may designate one or more different notice addresses from those set forth above. Refusal to accept delivery of any notice or the inability to deliver any notice because of a changed address for which no notice was given as required herein, shall be deemed to be receipt of any such notice.
7. **Counterparts.** This Memorandum may be executed in multiple counterparts, each of which when so executed and delivered, shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.
8. **Governing Law.** This Memorandum shall be governed by and construed in all respects in accordance with the laws of the State or Commonwealth in which the Leased Premises is situated, without regard to the conflicts of laws provisions of such State or Commonwealth.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have each executed this Memorandum as of the day and year set forth below.

**LANDLORD**

**2 WITNESSES**

**The City of Winters,**  
a municipal corporation,

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
  
Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

**ALL CAPACITY ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_

On \_\_\_\_\_, before me, \_\_\_\_\_, personally  
*(print name of notary)*

appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of officer

[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]



**TENANT**

**WITNESS**

**American Tower Delaware Corporation,**  
a Delaware corporation

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
  
Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

**WITNESS AND ACKNOWLEDGEMENT**

Commonwealth of Massachusetts

County of Middlesex

On this \_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, before me, \_\_\_\_\_  
the undersigned Notary Public, personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s) is/are subscribed  
to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s) or the entity  
upon which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

[SEAL]

## EXHIBIT A

*This Exhibit A may be replaced at Tenant's option as described below.*

### PARENT PARCEL

*Tenant shall have the right to replace this description with a description obtained from Landlord's deed (or deeds) that include the land area encompassed by the Lease and Tenant's improvements thereon.*

The Parent Parcel consists of the entire legal taxable lot owned by Landlord as described in a deed (or deeds) to Landlord of which the Leased Premises is a part thereof with such Parent Parcel being described below:

### PARENT PARCEL LEGAL DESCRIPTION AS PROVIDED:

THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

#### PARCEL ONE:

COMMENCING AT A POINT ON THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF THE S.P. RR. SUBDIVISION OF BLOCK 4 OF THE TOWN OF WINTERS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN THE OFFICE OF THE RECORDER OF YOLO COUNTY, CALIFORNIA, ON MARCH 26, 1903, IN BOOK 1 OF MAPS, AT PAGE 4, DISTANT THEREON 150 FEET SOUTHERLY FROM THE SOUTHWEST CORNER OF SAID BLOCK 4; THENCE EASTERLY PARALLEL WITH THE SOUTHERLY LINE OF SAID BLOCK 4, A DISTANCE OF 200 FEET TO A POINT; THENCE NORTHEASTERLY 223.6 FEET, MORE OR LESS TO A POINT ON THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID BLOCK 4, DISTANT THEREON SOUTHERLY 50 FEET FROM THE SOUTHEAST CORNER OF SAID BLOCK 4; THENCE SOUTHERLY ALONG THE SOUTHERLY PROLONGATION OF SAID EASTERLY LINE OF BLOCK 4, TO THE CENTER OF PUTAH CREEK; THENCE FOLLOWING THE MEANDERINGS OF THE WESTERLY LINE OF SAID BLOCK 4; THENCE NORTHERLY ALONG SAID SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID BLOCK 4 TO THE POINT OF COMMENCEMENT.

#### PARCEL TWO:

LOTS 7, 8, 9, AND LOTS 13 THROUGH 24, INCLUSIVE, AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 5A, YOLO COUNTY RECORDS.

EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF LOTS 24, OF SUBDIVISION, THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 24 TO THE NORTHEASTERLY CORNER THEREOF, THENCE AT RIGHT ANGLES SOUTHERLY ALONG THE BOUNDARY LINE BETWEEN LOTS 23 AND 24, 38.00 FEET THENCE AT RIGHT ANGLES AND PARALLEL WITH THE NORTH LINE OF SAID LOT 24, 100.00 FEET TO THE WEST LINE OF SAID LOT 24, THENCE NORTHERLY ALONG THE WEST LINE OF SAID LOT 24, 38.00 FEET TO THE POINT OF BEGINNING.

APN: 003-222-001  
003-222-015

## LEASED PREMISES

*Tenant shall have the right to replace this description with a description obtained from the Lease or from a description obtained from an as-built survey conducted by Tenant.*

The Leased Premises consists of that portion of the Parent Parcel as defined in the Lease which shall include access and utilities easements. The square footage of the Leased Premises shall be the greater of: (i) the land area conveyed to Tenant in the Lease; (ii) Tenant's (and Tenant's customers) existing improvements on the Parent Parcel; or (iii) the legal description or depiction below (if any).

### ANNEX LEASE AREA

#### LEGAL DESCRIPTION AS SURVEYED :

THE LAND REFERRED TO IN THIS DESCRIPTION IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF LOT 13, AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 5A, YOLO COUNTY RECORDS, THENCE SOUTH 58°45'00" EAST, 119.01 FEET; THENCE SOUTH 33°18'00" WEST, 52.75 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 65°08'38" WEST, 23.20 FEET; THENCE NORTH 24°51'22" WEST, 16.10 FEET; THENCE NORTH 65°08'38" EAST, 23.20 FEET; THENCE SOUTH 24°51'22" EAST, 16.10 FEET TO THE POINT OF BEGINNING.

### ACCESS AND UTILITIES

The access and utility easements include all easements of record as well that portion of the Parent Parcel currently utilized by Tenant (and Tenant's customers) for ingress, egress and utility purposes from the Leased Premises to and from a public right of way including but not limited to:

### ACCESS EASEMENT

#### LEGAL DESCRIPTION AS SURVEYED :

THE LAND REFERRED TO IN THIS DESCRIPTION IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

A 10 FOOT WIDE ACCESS EASEMENT THAT EXTENDS 5.00 FEET PERPENDICULARLY FROM EACH SIDE OF THE CENTERLINE OF SAID EASEMENT AS DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHWESTERLY CORNER OF LOT 8, AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 5A, YOLO COUNTY RECORDS, THENCE NORTH 65°00'00" EAST, 5.00 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 25°00'00" EAST, 197.16 FEET TO A POINT ON THE 25.00 FOOT RADIUS TANGENT CURVE; THENCE ALONG SAID CURVE TO THE LEFT AN INCLUDED ANGLE OF 90°07'22", AN ARC DISTANCE OF 39.32 FEET; THENCE NORTH 64°52'38" EAST, 112.11 FEET TO A POINT ON A 25 FOOT RADIUS TANGENT CURVE; THENCE ALONG SAID CURVE THROUGH AN INCLUDED ANGLE OF 90°16'01", AN ARC DISTANCE OF 39.39 FEET; THENCE SOUTH 24°51'22" WEST, 78.05 FEET TO THE POINT OF TERMINATION.

## THE SECOND AMENDMENT TO LEASE AGREEMENT

This Second Amendment to Ground Lease Agreement (this "**Amendment**") is made effective as of the latter signature date hereof (the "**Effective Date**") by and between The City of Winters, a municipal corporation ("**Landlord**") and Sacramento-Valley Limited Partnership d/b/a Verizon Wireless ("**Tenant**") (Landlord and Tenant being collectively referred to herein as the "**Parties**").

### RECITALS

**WHEREAS**, Landlord owns the real property described on Exhibit A attached hereto and by this reference made a part hereof (the "**Parent Parcel**"); and

**WHEREAS**, Landlord (or its predecessor-in-interest) and Tenant (or its predecessor-in-interest) entered into that certain Ground Lease Agreement dated June 27, 1994 (as the same may have been amended, collectively, the "**Lease**"), pursuant to which the Tenant leases a portion of the Parent Parcel and is the beneficiary of certain easements for access and public utilities, all as more particularly described in the Lease (such portion of the Parent Parcel so leased along with such portion of the Parent Parcel so affected, collectively, the "**Leased Premises**"), which Leased Premises are also described on Exhibit A; and

**WHEREAS**, Tenant and/or its parent, affiliates, subsidiaries and other parties identified therein, entered into a sublease agreement with **American Tower Delaware Corporation**, a Delaware corporation and/or its parents, affiliates and subsidiaries ("**American Tower**"), pursuant to which American Tower subleases, manages, operates and maintains, as applicable, the Leased Premises, all as more particularly described therein; and

**WHEREAS**, Tenant has granted American Tower a limited power of attorney (the "**POA**") to, among other things, prepare, negotiate, execute, deliver, record and/or file certain documents on behalf of Tenant, all as more particularly set forth in the POA; and

**WHEREAS**, Landlord and Tenant desire to amend the terms of the Lease to extend the term thereof and to otherwise modify the Lease as expressly provided herein.

**NOW THEREFORE**, in consideration of the foregoing recitals and the mutual covenants set forth herein and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **One-Time Payment.** American Tower, on behalf of Tenant, shall pay to Landlord a one-time payment in the amount of **Twenty Five Thousand and No/100 Dollars (\$25,000.00)** (the "**One-Time Payment**"), payable within thirty (30) days of the Effective Date and subject to the following conditions precedent: (a) Tenant's receipt of this Amendment executed by Landlord, on or before June 15, 2018; (b) Tenant's confirmation that Landlord's statements as further set forth in this Amendment are true, accurate, and complete, including verification of Landlord's ownership; (c) Tenant's receipt of any documents and other items reasonably requested by Tenant in order to effectuate the transaction and payment contemplated herein; and (d) receipt by Tenant of an original Memorandum (as defined herein) executed by Landlord.
2. **Lease Term Extended.** Notwithstanding anything to the contrary contained in the Lease or this Amendment, the Parties agree the Lease originally commenced on June 1, 1994 and, without giving effect to the terms of this Amendment but assuming the exercise by Tenant of all remaining renewal options contained in the Lease (each an "**Existing Renewal Term**" and, collectively, the "**Existing Renewal Terms**"), the Lease is otherwise scheduled to expire on May 31, 2034. In addition to any Existing Renewal Term(s), the Lease is hereby amended to provide Tenant with the option to extend the Lease for each of six (6) additional five (5) year renewal terms (each a "**New Renewal Term**" and, collectively, the "**New Renewal Terms**"). Notwithstanding anything to the contrary contained in the

Lease, (a) all Existing Renewal Terms and New Renewal Terms shall automatically renew unless Tenant notifies Landlord that Tenant elects not to renew the Lease at least sixty (60) days prior to the commencement of the next Renewal Term (as defined below) and (b) Landlord shall be able to terminate this Lease only in the event of a material default by Tenant, which default is not cured within sixty (60) days of Tenant's receipt of written notice thereof, provided, however, in the event that Tenant has diligently commenced to cure a material default within sixty (60) days of Tenant's actual receipt of notice thereof and reasonably requires additional time beyond the sixty (60) day cure period described herein to effect such cure, Tenant shall have such additional time as is necessary (beyond the sixty [60] day cure period) to effect the cure. References in this Amendment to "**Renewal Term**" shall refer, collectively, to the Existing Renewal Term(s) and the New Renewal Term(s). The Landlord hereby agrees to execute and return to Tenant an original Memorandum of Lease in the form and of the substance attached hereto as **Exhibit B** and by this reference made a part hereof (the "**Memorandum**") executed by Landlord, together with any applicable forms needed to record the Memorandum, which forms shall be supplied by Tenant to Landlord.

3. **Rent and Escalation.** As of the Effective Date, the Parties hereby acknowledge and agree that the rent payable from Tenant to Landlord under the Lease is equal to **Two Thousand One Hundred Sixty Two and 00/100 Dollars (\$2,162.00)** per month (the "**Rent**"). Commencing on June 1, 2019 and on each successive annual anniversary thereof, Rent due under the Lease shall increase by an amount equal to **three percent (3%)** of the then current Rent. Notwithstanding anything to the contrary contained in the Lease, all Rent and any other payments expressly required to be paid by Tenant to Landlord under the Lease and this Amendment shall be paid to **City of Winters CA**. The Landlord hereby agrees the Rent and the One-Time Payment described in this Amendment is the only consideration owed to Landlord from Tenant and/or American Tower pursuant to the Lease, as amended, or any other agreements between Landlord and Tenant, or Landlord and American Tower, as the case may be. In the event of any overpayment of Rent prior to or after the Effective Date, Tenant shall have the right to deduct from any future Rent payments an amount equal to the overpayment amount.
4. **Landlord and Tenant Acknowledgments.** Except as modified herein, the Lease and all provisions contained therein remain in full force and effect and are hereby ratified and affirmed. The Parties hereby agree that no defaults exist under the Lease. To the extent Tenant needed consent and/or approval from Landlord for any of Tenant's activities at and uses of the site prior to the Effective Date, including subleasing to American Tower, Landlord's execution of this Amendment is and shall be considered consent to and approval of all such activities and uses and confirmation that no additional consideration is owed to Landlord for such activities and uses. Landlord hereby acknowledges and agrees that Tenant shall not need consent or approval from, or to provide notice to, Landlord for any future activities at or uses of the Leased Premises, including, without limitation, subleasing and licensing to additional customers, installing, modifying, repairing, or replacing improvements within the Leased Premises, and/or assigning all or any portion of Tenant's interest in this Lease, as modified by this Amendment. Tenant and Tenant's sublessees and customers shall have vehicular (specifically including truck) and pedestrian access to the Leased Premises from a public right of way on a 24 hours per day, 7 days per week basis, together with utilities services to the Leased Premises from a public right of way. Upon request by Tenant and at Tenant's sole cost and expense but without additional consideration owed to Landlord, Landlord hereby agrees to promptly execute and return to Tenant building permits, zoning applications and other forms and documents, including a memorandum of lease, as required for the use of the Leased Premises by Tenant and/or Tenant's customers, licensees, and sublessees. Landlord hereby appoints Tenant as Landlord's attorney-in-fact coupled with an interest to prepare, execute and deliver land use and zoning and building permit applications that concern the Leased Premises, on behalf of Landlord with federal, state and local governmental authorities, provided that such applications shall be limited strictly to the use of the Leased Premises as a wireless telecommunications facility and that

such attorney-in-fact shall not allow Tenant to re-zone or otherwise reclassify the Leased Premises or the Parent Parcel. The terms, provisions, and conditions of this Section shall survive the execution and delivery of this Amendment.

5. **Non-Compete.** During the original term, any Existing Renewal Terms, and/or any New Renewal Terms of this Lease, Landlord shall not sell, transfer, grant, convey, lease, and/or license by deed, easement, lease, license or other legal instrument, an interest in and to, or the right to use or occupy any portion of the Parent Parcel or Landlord's contiguous, adjacent, adjoining or surrounding property to any person or entity directly or indirectly engaged in the business of owning, acquiring, operating, managing, investing in or leasing wireless telecommunications infrastructure (any such person or entity, a "***Third Party Competitor***") without the prior written consent of Tenant, which may be withheld, conditioned, and/or delayed in Tenant's sole, reasonable discretion.
  
6. **Limited Right of First Refusal.** Notwithstanding anything to the contrary contained herein, this paragraph shall not apply to any fee simple sale of the Parent Parcel from Landlord to any prospective purchaser that is not a Third Party Competitor or to American Tower. If Landlord receives an offer or desires to offer to: (i) sell or convey any interest (including, but not limited to, leaseholds or easements) in any real property of which the Leased Premises is a part a Third Party Competitor or (ii) assign all or any portion of Landlord's interest in the Lease to a Third Party Competitor (any such offer, the "***Offer***"), Tenant shall have the right of first refusal to purchase the real property or other interest being offered by Landlord in connection with the Offer on the same terms and conditions. If Tenant elects, in its sole and absolute discretion, to exercise its right of first refusal as provided herein, Tenant must provide Landlord with notice of its election not later than forty-five (45) days after Tenant receives written notice from Landlord of the Offer. If Tenant elects not to exercise Tenant's right of first refusal with respect to an Offer as provided herein, Landlord may complete the transaction contemplated in the Offer with the Third Party Competitor on the stated terms and price but with the express condition that such sale is made subject to the terms of the Lease, as modified by this Amendment. Landlord hereby acknowledges and agrees that any sale or conveyance by Landlord in violation of this Section is and shall be deemed to be null and void and of no force and effect. The terms, provisions, and conditions of this Section shall survive the execution and delivery of this Amendment. For the avoidance of doubt, American Tower, its affiliates and subsidiaries, shall not be considered a Third Party Competitor and this provision shall not apply to future transactions with American Tower, its affiliates and subsidiaries.
  
7. **Landlord Statements.** Landlord hereby represents and warrants to Tenant that: (i) to the extent applicable, Landlord is duly organized, validly existing, and in good standing in the jurisdiction in which Landlord was organized, formed, or incorporated, as applicable, and is otherwise in good standing and authorized to transact business in each other jurisdiction in which such qualifications are required; (ii) Landlord has the full power and authority to enter into and perform its obligations under this Amendment, and, to the extent applicable, the person(s) executing this Amendment on behalf of Landlord, have the authority to enter into and deliver this Amendment on behalf of Landlord; (iii) no consent, authorization, order, or approval of, or filing or registration with, any governmental authority or other person or entity is required for the execution and delivery by Landlord of this Amendment; (iv) Landlord is the sole owner of the Leased Premises and all other portions of the Parent Parcel; (v) to the best of Landlord's knowledge, there are no agreements, liens, encumbrances, claims, claims of lien, proceedings, or other matters (whether filed or recorded in the applicable public records or not) related to, encumbering, asserted against, threatened against, and/or pending with respect to the Leased Premises or any other portion of the Parent Parcel which do or could (now or any time in the future) adversely impact, limit, and/or impair Tenant's rights under the Lease, as amended and modified by this Amendment; and (vi) the square footage of the Leased Premises is the greater of Tenant's existing improvements on the Parent Parcel or the land area conveyed to Tenant under the Lease. The

representations and warranties of Landlord made in this Section shall survive the execution and delivery of this Amendment. Landlord hereby does and agrees to indemnify Tenant for any damages, losses, costs, fees, expenses, or charges of any kind sustained or incurred by Tenant as a result of the breach of the representations and warranties made herein or if any of the representations and warranties made herein prove to be untrue. The aforementioned indemnification shall survive the execution and delivery of this Amendment.

8. **Confidentiality.** Notwithstanding anything to the contrary contained in the Lease or in this Amendment, Landlord agrees and acknowledges that all the terms of this Amendment and the Lease and any information furnished to Landlord by Tenant or American Tower in connection therewith shall be and remain confidential. Except with Landlord's family, attorney, accountant, broker, lender, a prospective fee simple purchaser of the Parent Parcel, or if otherwise required by law, Landlord shall not disclose any such terms or information without the prior written consent of Tenant. The terms and provisions of this Section shall survive the execution and delivery of this Amendment.
9. **Notices.** All notices must be in writing and shall be valid upon receipt when delivered by hand, by nationally recognized courier service, or by First Class United States Mail, certified, return receipt requested to the addresses set forth herein: to Landlord at: 318 First Street, Winters, CA 95694; to Tenant at: Verizon Wireless, Attn.: Network Real Estate, 180 Washington Valley Road, Bedminster, NJ 07921; with copy to: American Tower, Attn.: Land Management, 10 Presidential Way, Woburn, MA 01801; and also with copy to: Attn.: Legal Dept. 116 Huntington Avenue, Boston, MA 02116. Any of the Parties, by thirty (30) days prior written notice to the others in the manner provided herein, may designate one or more different notice addresses from those set forth above. Refusal to accept delivery of any notice or the inability to deliver any notice because of a changed address for which no notice was given as required herein, shall be deemed to be receipt of any such notice.
10. **Counterparts.** This Amendment may be executed in several counterparts, each of which when so executed and delivered, shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument, even though all Parties are not signatories to the original or the same counterpart. Furthermore, the Parties may execute and deliver this Amendment by electronic means such as .pdf or similar format. Each of the Parties agrees that the delivery of the Amendment by electronic means will have the same force and effect as delivery of original signatures and that each of the Parties may use such electronic signatures as evidence of the execution and delivery of the Amendment by all Parties to the same extent as an original signature.
11. **Governing Law.** Notwithstanding anything to the contrary contained in the Lease and in this Amendment, the Lease and this Amendment shall be governed by and construed in all respects in accordance with the laws of the State or Commonwealth in which the Leased Premises is situated, without regard to the conflicts of laws provisions of such State or Commonwealth.
12. **Waiver.** Notwithstanding anything to the contrary contained herein, in no event shall Landlord or Tenant be liable to the other for, and Landlord and Tenant hereby waive, to the fullest extent permitted under applicable law, the right to recover incidental, consequential (including, without limitation, lost profits, loss of use or loss of business opportunity), punitive, exemplary and similar damages.
13. **Tenant's Securitization Rights; Estoppel.** Landlord hereby consents to the granting by Tenant and/or American Tower of one or more leasehold mortgages, collateral assignments, liens, and/or other security interests (collectively, a "**Security Interest**") in Tenant's (or American Tower's) interest in this Lease, as amended, and all of Tenant's (or American Tower's) property and fixtures attached to and lying within the Leased Premises and further consents to the exercise by Tenant's (or American Tower's) mortgagee

("Tenant's Mortgage") of its rights to exercise its remedies, including without limitation foreclosure, with respect to any such Security Interest. Landlord shall recognize the holder of any such Security Interest of which Landlord is given prior written notice (any such holder, a "Holder") as "Tenant" hereunder in the event a Holder succeeds to the interest of Tenant and/or American Tower hereunder by the exercise of such remedies. Landlord further agrees to execute a written estoppel certificate within thirty (30) days of written request of the same by Tenant, American Tower or Holder.

14. **Taxes.** During the term of the Lease, Landlord shall pay when due all real property, personal property, and other taxes, fees and assessments attributable to the Parent Parcel, including the Leased Premises. Tenant hereby agrees to reimburse Landlord for any personal property taxes in addition to any increase in real property taxes levied against the Parent Parcel, to the extent both are directly attributable to Tenant's improvements on the Leased Premises (but not, however, taxes or other assessments attributable to periods prior to the Effective Date), provided, however, that Landlord must furnish written documentation (the substance and form of which shall be reasonably satisfactory to Tenant) of such personal property taxes or real property tax increase to Tenant along with proof of payment of same by Landlord. Anything to the contrary notwithstanding, Tenant shall not be obligated to reimburse Landlord for any applicable taxes unless Landlord requests such reimbursement within one (1) year after the date such taxes became due. Landlord shall submit requests for reimbursement in writing to: *American Tower Corporation, Attn: Landlord Relations, 10 Presidential Way, Woburn, MA 01801* unless otherwise directed by Tenant from time to time. Subject to the requirements set forth in this Section, Tenant shall make such reimbursement payment within forty-five (45) days of receipt of a written reimbursement request from Landlord. Tenant shall pay applicable personal property taxes directly to the local taxing authority to the extent such taxes are billed and sent directly by the taxing authority to Tenant. If Landlord fails to pay when due any taxes affecting the Parent Parcel as required herein, Tenant shall have the right, but not the obligation, to pay such taxes on Landlord's behalf and: (i) deduct the full amount of any such taxes paid by Tenant on Landlord's behalf from any future payments required to be made by Tenant to Landlord hereunder; (ii) demand reimbursement from Landlord, which reimbursement payment Landlord shall make within thirty (30) days of such demand by Tenant; and/or (iii) collect from Landlord any such tax payments made by Tenant on Landlord's behalf by any lawful means.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

**LANDLORD:**

**The City of Winters,**  
a municipal corporation,

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*[SIGNATURES CONTINUE ON FOLLOWING PAGE]*

**TENANT:**

**Sacramento-Valley Limited Partnership  
d/b/a Verizon Wireless**

By: **American Tower Delaware Corporation**, a Delaware corporation  
Title: Attorney-in-Fact

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Joinder and Acknowledgement**

The undersigned, by its signature below, does hereby acknowledge and agree to pay to Landlord the "One-Time Payment" described in Section 1 above, provided all requirements in this Amendment have been satisfied. The undersigned additionally acknowledges and agrees that adequate consideration has been received for such payment(s).

**American Tower Delaware Corporation,**  
a Delaware corporation

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT A**

*This Exhibit A may be replaced at Tenant's option as described below.*

**PARENT PARCEL**

*Tenant shall have the right to replace this description with a description obtained from Landlord's deed (or deeds) that include the land area encompassed by the Lease and Tenant's improvements thereon.*

The Parent Parcel consists of the entire legal taxable lot owned by Landlord as described in a deed (or deeds) to Landlord of which the Leased Premises is a part thereof with such Parent Parcel being described below:

**PARENT PARCEL LEGAL DESCRIPTION  
AS PROVIDED:**

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THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

**PARCEL ONE:**

COMMENCING AT A POINT ON THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF THE S.P. RR. SUBDIVISION OF BLOCK 4 OF THE TOWN OF WINTERS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN THE OFFICE OF THE RECORDER OF YOLO COUNTY, CALIFORNIA, ON MARCH 26, 1903, IN BOOK 1 OF MAPS, AT PAGE 4, DISTANT THEREON 150 FEET SOUTHERLY FROM THE SOUTHWEST CORNER OF SAID BLOCK 4; THENCE EASTERLY PARALLEL WITH THE SOUTHERLY LINE OF SAID BLOCK 4, A DISTANCE OF 200 FEET TO A POINT; THENCE NORTHEASTERLY 223.8 FEET, MORE OR LESS TO A POINT ON THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID BLOCK 4, DISTANT THEREON SOUTHERLY 50 FEET FROM THE SOUTHEAST CORNER OF SAID BLOCK 4; THENCE SOUTHERLY ALONG THE SOUTHERLY PROLONGATION OF SAID EASTERLY LINE OF BLOCK 4, TO THE CENTER OF PUTAH CREEK; THENCE FOLLOWING THE MEANDERINGS OF THE WESTERLY LINE OF SAID BLOCK 4; THENCE NORTHERLY ALONG SAID SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID BLOCK 4 TO THE POINT OF COMMENCEMENT.

**PARCEL TWO:**

LOTS 7, 8, 9, AND LOTS 13 THROUGH 24, INCLUSIVE, AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 5A, YOLO COUNTY RECORDS.

**EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:**

BEGINNING AT THE NORTHWESTERLY CORNER OF LOTS 24, OF SUBDIVISION, THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 24 TO THE NORTHEASTERLY CORNER THEREOF, THENCE AT RIGHT ANGLES SOUTHERLY ALONG THE BOUNDARY LINE BETWEEN LOTS 23 AND 24, 38.00 FEET THENCE AT RIGHT ANGLES AND PARALLEL WITH THE NORTH LINE OF SAID LOT 24, 100.00 FEET TO THE WEST LINE OF SAID LOT 24, THENCE NORTHERLY ALONG THE WEST LINE OF SAID LOT 24, 38.00 FEET TO THE POINT OF BEGINNING.

APN: 003-222-001  
003-222-015

## LEASED PREMISES

*Tenant shall have the right to replace this description with a description obtained from the Lease or from a description obtained from an as-built survey conducted by Tenant.*

The Leased Premises consists of that portion of the Parent Parcel as defined in the Lease which shall include access and utilities easements. The square footage of the Leased Premises shall be the greater of: (i) the land area conveyed to Tenant in the Lease; (ii) Tenant's (and Tenant's customers) existing improvements on the Parent Parcel; or (iii) the legal description or depiction below (if any).

THE LAND REFERRED TO IN THIS DESCRIPTION IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF LOT 13, AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 5A, YOLO COUNTY RECORDS, THENCE SOUTH 58°45'00" EAST, 119.01 FEET; THENCE SOUTH 33°15'00" WEST, 52.75 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 24°51'22" EAST, 40.20 FEET; THENCE SOUTH 65°08'38" WEST, 48.00 FEET; THENCE NORTH 24°51'22" WEST, 40.20 FEET; THENCE NORTH 65°08'38" EAST, 48.00 FEET TO THE POINT OF BEGINNING.

## ACCESS AND UTILITIES

The access and utility easements include all easements of record as well that portion of the Parent Parcel currently utilized by Tenant (and Tenant's customers) for ingress, egress and utility purposes from the Leased Premises to and from a public right of way including but not limited to:

### ACCESS EASEMENT

#### LEGAL DESCRIPTION AS SURVEYED :

THE LAND REFERRED TO IN THIS DESCRIPTION IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

A 10 FOOT WIDE ACCESS EASEMENT THAT EXTENDS 5.00 FEET PERPENDICULARLY FROM EACH SIDE OF THE CENTERLINE OF SAID EASEMENT AS DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHWESTERLY CORNER OF LOT 8, AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 5A, YOLO COUNTY RECORDS, THENCE NORTH 65°00'00" EAST, 5.00 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 25°00'00" EAST, 197.16 FEET TO A POINT ON THE 25.00 FOOT RADIUS TANGENT CURVE; THENCE ALONG SAID CURVE TO THE LEFT AN INCLUDED ANGLE OF 90°07'22", AN ARC DISTANCE OF 39.32 FEET; THENCE NORTH 64°52'38" EAST, 112.11 FEET TO A POINT ON A 25 FOOT RADIUS TANGENT CURVE; THENCE ALONG SAID CURVE THROUGH AN INCLUDED ANGLE OF 90°6'01", AN ARC DISTANCE OF 39.39 FEET; THENCE SOUTH 24°51'22" WEST, 78.05 FEET TO THE POINT OF TERMINATION.

**EXHIBIT B**

**FORM OF MEMORANDUM OF LEASE**

**Prepared by and Return to:**

American Tower  
10 Presidential Way  
Woburn, MA 01801  
Attn: Land Management/Caleb Gaddes, Esq.  
ATC Site No: 82655  
ATC Site Name: WINTERS  
Assessor's Parcel No(s): 003-222-001-000

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**MEMORANDUM OF LEASE**

This Memorandum of Lease (the "**Memorandum**") is entered into on the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_ by and between **The City of Winters**, a municipal corporation ("**Landlord**") and **Sacramento-Valley Limited Partnership d/b/a Verizon Wireless** ("**Tenant**").

**NOTICE** is hereby given of the Lease (as defined and described below) for the purpose of recording and giving notice of the existence of said Lease. To the extent that notice of such Lease has previously been recorded, then this Memorandum shall constitute an amendment of any such prior recorded notice(s).

1. **Parent Parcel and Lease.** Landlord is the owner of certain real property being described in **Exhibit A** attached hereto and by this reference made a part hereof (the "**Parent Parcel**"). Landlord (or its predecessor-in-interest) and Tenant (or its predecessor-in-interest) entered into that certain Ground Lease Agreement dated June 27, 1994 (as the same may have been amended from time to time, collectively, the "**Lease**"), pursuant to which the Tenant leases a portion of the Parent Parcel and is the beneficiary of certain easements for access and public utilities, all as more particularly described in the Lease (such portion of the Parent Parcel so leased along with such portion of the Parent Parcel so affected, collectively, the "**Leased Premises**"), which Leased Premises is also described on **Exhibit A**.
2. **American Tower.** Tenant and/or its parent, affiliates, subsidiaries and other parties identified therein, entered into a sublease agreement with **American Tower Delaware Corporation**, a Delaware corporation and/or its parents, affiliates and subsidiaries ("**American Tower**"), pursuant to which American Tower subleases, manages, operates and maintains, as applicable, the Leased Premises, all as more particularly described therein. In connection with these responsibilities, Tenant has also granted American Tower a limited power of attorney (the "**POA**") to, among other things, prepare, negotiate, execute, deliver, record and/or file certain documents on behalf of Tenant, all as more particularly set forth in the POA.
3. **Expiration Date.** Subject to the terms, provisions, and conditions of the Lease, and assuming the exercise by Tenant of all renewal options contained in the Lease, the final expiration date of the Lease would be May 31, 2064. Notwithstanding the foregoing, in no event shall Tenant be required to exercise any option to renew the term of the Lease.

ATC Site No: 82655  
PV Code 1098 / VzW Contract No: 35793  
Site Name: WINTERS

4. **Leased Premises Description.** Tenant shall have the right, exercisable by Tenant at any time during the original or renewal terms of the Lease, to cause an as-built survey of the Leased Premises to be prepared and, thereafter, to replace, in whole or in part, the description(s) of the Leased Premises set forth on **Exhibit A** with a legal description or legal descriptions based upon such as-built survey. Upon Tenant's request, Landlord shall execute and deliver any documents reasonably necessary to effectuate such replacement, including, without limitation, amendments to this Memorandum and to the Lease.
5. **Right of First Refusal.** There is a right of first refusal in the Lease.
6. **Effect/Miscellaneous.** This Memorandum is not a complete summary of the terms, provisions and conditions contained in the Lease. In the event of a conflict between this Memorandum and the Lease, the Lease shall control. Landlord hereby grants the right to Tenant to complete and execute on behalf of Landlord any government or transfer tax forms necessary for the recording of this Memorandum. This right shall terminate upon recording of this Memorandum.
7. **Notices.** All notices must be in writing and shall be valid upon receipt when delivered by hand, by nationally recognized courier service, or by First Class United States Mail, certified, return receipt requested to the addresses set forth herein: to Landlord at: 318 First Street, Winters, CA 95694; to Tenant at: Verizon Wireless, Attn.: Network Real Estate, 180 Washington Valley Road, Bedminster, NJ 07921; with copy to: American Tower, Attn.: Land Management, 10 Presidential Way, Woburn, MA 01801, and also with copy to: Attn.: Legal Dept. 116 Huntington Avenue, Boston, MA 02116. Any of the parties hereto, by thirty (30) days prior written notice to the other in the manner provided herein, may designate one or more different notice addresses from those set forth above. Refusal to accept delivery of any notice or the inability to deliver any notice because of a changed address for which no notice was given as required herein, shall be deemed to be receipt of any such notice.
8. **Counterparts.** This Memorandum may be executed in multiple counterparts, each of which when so executed and delivered, shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.
9. **Governing Law.** This Memorandum shall be governed by and construed in all respects in accordance with the laws of the State or Commonwealth in which the Leased Premises is situated, without regard to the conflicts of laws provisions of such State or Commonwealth.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have each executed this Memorandum as of the day and year set forth below.

**LANDLORD**

**2 WITNESSES**

**The City of Winters,**  
a municipal corporation,

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
  
Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

**ALL CAPACITY ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_

On \_\_\_\_\_, before me, \_\_\_\_\_, personally  
*(print name of notary)*

appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of officer

[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]



**TENANT**

**WITNESS**

**Sacramento-Valley Limited Partnership d/b/a  
Verizon Wireless**

By: **American Tower Delaware Corporation,**  
a Delaware corporation  
Title: Attorney-in-Fact

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

**WITNESS AND ACKNOWLEDGEMENT**

Commonwealth of Massachusetts

County of Middlesex

On this \_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, before me, \_\_\_\_\_  
the undersigned Notary Public, personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s) is/are subscribed  
to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s) or the entity  
upon which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

[SEAL]

**EXHIBIT A**

*This Exhibit A may be replaced at Tenant's option as described below.*

**PARENT PARCEL**

*Tenant shall have the right to replace this description with a description obtained from Landlord's deed (or deeds) that include the land area encompassed by the Lease and Tenant's improvements thereon.*

The Parent Parcel consists of the entire legal taxable lot owned by Landlord as described in a deed (or deeds) to Landlord of which the Leased Premises is a part thereof with such Parent Parcel being described below:

**PARENT PARCEL LEGAL DESCRIPTION  
AS PROVIDED:**

---

THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

**PARCEL ONE:**

COMMENCING AT A POINT ON THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF THE S.P. RR. SUBDIVISION OF BLOCK 4 OF THE TOWN OF WINTERS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN THE OFFICE OF THE RECORDER OF YOLO COUNTY, CALIFORNIA, ON MARCH 26, 1903, IN BOOK 1 OF MAPS, AT PAGE 4, DISTANT THEREON 150 FEET SOUTHERLY FROM THE SOUTHWEST CORNER OF SAID BLOCK 4; THENCE EASTERLY PARALLEL WITH THE SOUTHERLY LINE OF SAID BLOCK 4, A DISTANCE OF 200 FEET TO A POINT; THENCE NORTHEASTERLY 223.8 FEET, MORE OR LESS TO A POINT ON THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID BLOCK 4, DISTANT THEREON SOUTHERLY 50 FEET FROM THE SOUTHEAST CORNER OF SAID BLOCK 4; THENCE SOUTHERLY ALONG THE SOUTHERLY PROLONGATION OF SAID EASTERLY LINE OF BLOCK 4, TO THE CENTER OF PUTAH CREEK; THENCE FOLLOWING THE MEANDERINGS OF THE WESTERLY LINE OF SAID BLOCK 4; THENCE NORTHERLY ALONG SAID SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID BLOCK 4 TO THE POINT OF COMMENCEMENT.

**PARCEL TWO:**

LOTS 7, 8, 9, AND LOTS 13 THROUGH 24, INCLUSIVE, AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 5A, YOLO COUNTY RECORDS.

EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF LOTS 24, OF SUBDIVISION, THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 24 TO THE NORTHEASTERLY CORNER THEREOF, THENCE AT RIGHT ANGLES SOUTHERLY ALONG THE BOUNDARY LINE BETWEEN LOTS 23 AND 24, 38.00 FEET THENCE AT RIGHT ANGLES AND PARALLEL WITH THE NORTH LINE OF SAID LOT 24, 100.00 FEET TO THE WEST LINE OF SAID LOT 24, THENCE NORTHERLY ALONG THE WEST LINE OF SAID LOT 24, 38.00 FEET TO THE POINT OF BEGINNING.

APN: 003-222-001  
003-222-015

## LEASED PREMISES

*Tenant shall have the right to replace this description with a description obtained from the Lease or from a description obtained from an as-built survey conducted by Tenant.*

The Leased Premises consists of that portion of the Parent Parcel as defined in the Lease which shall include access and utilities easements. The square footage of the Leased Premises shall be the greater of: (i) the land area conveyed to Tenant in the Lease; (ii) Tenant's (and Tenant's customers) existing improvements on the Parent Parcel; or (iii) the legal description or depiction below (if any).

THE LAND REFERRED TO IN THIS DESCRIPTION IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF LOT 13, AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 3A, YOLO COUNTY RECORDS, THENCE SOUTH 58°45'00" EAST, 119.01 FEET; THENCE SOUTH 33°15'00" WEST, 52.75 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 24°51'22" EAST, 40.20 FEET; THENCE SOUTH 65°08'38" WEST, 48.00 FEET; THENCE NORTH 24°51'22" WEST, 40.20 FEET; THENCE NORTH 85°08'38" EAST, 48.00 FEET TO THE POINT OF BEGINNING.

## ACCESS AND UTILITIES

The access and utility easements include all easements of record as well that portion of the Parent Parcel currently utilized by Tenant (and Tenant's customers) for ingress, egress and utility purposes from the Leased Premises to and from a public right of way including but not limited to:

### ACCESS EASEMENT

#### LEGAL DESCRIPTION AS SURVEYED :

THE LAND REFERRED TO IN THIS DESCRIPTION IS SITUATED IN THE COUNTY OF YOLO, CITY OF WINTERS, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

A 10 FOOT WIDE ACCESS EASEMENT THAT EXTENDS 5.00 FEET PERPENDICULARLY FROM EACH SIDE OF THE CENTERLINE OF SAID EASEMENT AS DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHWESTERLY CORNER OF LOT 8, AS SHOWN ON THE MAP OF M.O. WYATT'S ADDITION TO WINTERS, AS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY IN BOOK 2 OF MAPS, PAGE 3A, YOLO COUNTY RECORDS, THENCE NORTH 65°00'00" EAST, 5.00 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 25°00'00" EAST, 197.16 FEET TO A POINT ON THE 25.00 FOOT RADIUS TANGENT CURVE; THENCE ALONG SAID CURVE TO THE LEFT AN INCLUDED ANGLE OF 90°07'22", AN ARC DISTANCE OF 39.32 FEET; THENCE NORTH 64°52'38" EAST, 112.11 FEET TO A POINT ON A 25 FOOT RADIUS TANGENT CURVE; THENCE ALONG SAID CURVE THROUGH AN INCLUDED ANGLE OF 90°06'01", AN ARC DISTANCE OF 39.39 FEET; THENCE SOUTH 24°51'22" WEST, 78.05 FEET TO THE POINT OF TERMINATION.



**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Councilmembers  
**DATE:** August 21, 2018  
**THROUGH:** John W. Donlevy, Jr., City Manager   
**FROM:** Matthew Schechla, Fire Chief  
**SUBJECT:** Volunteer Fire Assistance Grant

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**RECOMMENDATION:**

Adopt Resolution 2018-48 accepting the \$5,569.50 Cal Fire Volunteer Fire Assistance (VFA) 50/50 Grant.

**BACKGROUND:**

The Cal Fire Volunteer Fire Assistance (VFA) Grant has provided an opportunity to provide funding (50/50 matching funds) for wildland personal protective equipment. The total cost of the project is \$11,139.

The VFA grant is available all wildland fire response employees (full-time, part-time, or volunteer). The goal is to assure that Firefighters are fully equipped with appropriate wildland fire response personal protective equipment that meets NFPA 1977, *Standard on Protective Clothing and Equipment for Wildland Fire Fighting*.

Recognizing the constant need to replace outdated, damaged and worn-out equipment, the fire department had chosen to apply to for the 2018 VFA grant. The grant awarded funds to replace the following items:

Wildland Web gear	Wildland Boots
Wildland Gloves	Helmet Lights
Wildland Clamps	Fire Shelters
Wildland Helmets / Shrouds	Wildland Goggles

**FISCAL IMPACT:**

Total project cost - \$11,139

The Fire Department is required to provide 50% share of the project funds totaling \$5,569.50, which will come out of the operating budget.

**ATTACHMENTS:**

Resolution 2018-48  
Cal Fire Award Letter  
Cal Fire Application for Funding  
Volunteer Fire Assistance Program Agreement

Resolution No. 2018-48

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINTERS ACCEPTING A VOLUNTEER FIRE ASSISTANCE GRANT FROM CAL FIRE IN THE AMOUNT OF \$5,569.50 WITH MATCHING FUNDS IN THE AMOUNT OF \$5,569.50 FOR A TOTAL COST OF \$11,139 FOR WILDLAND PERSONAL PROTECTIVE EQUIPMENT.

WHEREAS, the City of Winters Fire Department applied for a Cal Fire Volunteer Fire Assistance Grant(S) Grant to fund the purchase of Wildland Fire Personal Protective equipment and

WHEREAS , the goal of the program is to provide funds to local fire agencies, with State Responsibility Areas (SRA), for fire prevention programs, education, planning and fuel reduction to reduce the risk of fire ignition and spread in and adjacent to communities; and

WHEREAS, the Fire Department has identified the need to replace outdated, worn-out and damaged Wildland Personal Protective equipment.

WHEREAS, the Fire Department submitted an application for funds and was recently selected for an award of \$5,569.50; and

WHEREAS, the City of Winters will allocate funds in the amount of \$5,569.50 for a total cost of \$11,139; and

WHEREAS, estimated fund allocations will be as follows;

- a) \$2,450 Wildland Web gear
- b) \$2,150 Wildland Boots
- c) \$390 Wildland Gloves
- d) \$760 Helmet Lights
- e) \$519 Wildland Clamps
- f) \$3700 Fire Shelter
- g) \$570 Wildland Helmet
- h) \$260 Wildland Shrouds
- i) \$340 Wildland Goggles

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Winters, that

1. The City Manager is authorized to accept the grant from Cal Fire on behalf of the City.
2. The City Manager authorizes the Director of Financial Management the authority to sign Grant related documents.

3. The City's matching funds of \$5,569.50 was budgeted and will be taken from account 101-52915-310 - Safety Equipment.

DULY AND REGULARLY ADOPTED this 21<sup>st</sup> day of August, 2018, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

CITY OF WINTERS

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Bill Biasi, MAYOR

ATTEST:

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Tracy Jensen, City Clerk

**DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

P.O. Box 944246  
SACRAMENTO, CA 94244-2460  
Website: [www.fire.ca.gov](http://www.fire.ca.gov)  
(916) 653-7772



July 23, 2018

City of Winters Fire Department  
700 Main Street  
Winters CA, 95694  
ATTN: Brad L. Lopez

Dear Fire Captain Brad L. Lopez,

Congratulations! City of Winters Fire Department's 2018 Volunteer Fire Assistance (VFA) application has been selected for funding in the amount of \$5,569.50. Please be aware that due to the number of applications CAL FIRE received this year, we may have reduced your funding so that we could use the federal funds to the fullest.

Enclosed is your VFA Agreement 7FG18025 package to be completed and returned to me no later than December 1, 2018 or the award will be forfeited. The package includes Instructions/Checklist, your department's VFA Agreement to be completed, your approved VFA award application, a copy of the CAL FIRE Board of Resolution template (if needed), the STD. 204 form with sample, and the AD 1048 form with sample. It is important that you read and follow the instructions carefully.

**DO NOT** purchase any items and or do any work until you receive a fully executed agreement signed by CAL FIRE with a letter advising you that you may purchase the items and /or begin work. Any items purchased and/or work done prior to the *last* CAL FIRE signature date will not be reimbursable.

If your governing body chooses not to accept the award, or your department cannot use any portion of the award, please notify me as soon as possible. This will enable us to reallocate the funds to another fire department.

**Utilize the 2018 VFA Procedural Guide for important dates and instructions.**

If you have any questions you may call me at (916) 653-3649 or email at [Megan.Esfandiary@fire.ca.gov](mailto:Megan.Esfandiary@fire.ca.gov).

Sincerely,

Megan Esfandiary  
Grant Analyst  
Grants Management Unit



**CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION**  
**APPLICATION FOR FUNDING**  
**COOPERATIVE FORESTRY ASSISTANCE ACT OF 1978**  
**VOLUNTEER FIRE ASSISTANCE (VFA) PROGRAM**  
 Agreement #7FG 18025



**A. DEPARTMENT/ORGANIZATION:**

Organization Name:

Contact's First Name:  Contact's Last Name:

Street Address:

Mailing Address:

City:  County:  Zip Code:

State:  CAL FIRE Unit:

Phone Number:  Email Address:

DUNS Number:  To check to see what your DUNS number is, or to apply for one, please go to:  
<https://iupdate.dnb.com/iUpdate/companylookup.htm>

**B. AREA TO BE SERVED BY AWARD (Include areas covered by contract or written mutual aid agreements).**

Number of Communities:  Area:  sq. miles Congressional District #:

Population:  Annual Budget:

Latitude N  °  '  " Longitude W  °  '  "

*Latitude must be between 32 and 42 degrees. Longitude must be between 114 and 125 degrees. Latitude and Longitude minutes and seconds must be between 0 and 60. Use a central point in the Applicant's service area for the general area covered by the project.*

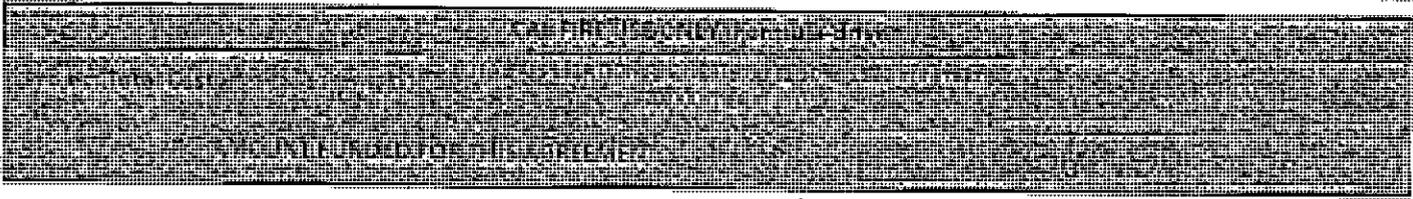
*All projects must have a project area.*

**C. ACTIVITY : Annual number of emergency incidents.**

Fire:  + EMS:  + Other:  = TOTAL: 722

**D. INDIAN TRIBAL COMMUNITY (If project includes an Indian Tribal Community, please provide) :**

Population:  Size (acres):  # of structures:  Distance to nearest fire station (miles):



Organization Name: City of Winters Fire Department

**E. Proposed Project (List Individual Items for funding. Please put in funding priority order) :**

	Type	Item	Quantity	Unit Cost	Item Total
1.	Equipment - Wildland	Wildland Web Gear	10	\$245.00	\$2,450.00 ✓
2.	Safety - Wildland	Wildland Boots	10	\$215.00	\$2,150.00 ✓
3.	Safety - Wildland	Wildland Gloves	10	\$39.00	\$390.00 ✓
4.	Equipment - Wildland	Helmet Lights	10	\$76.00	\$760.00 ✓
5.	Equipment - Wildland	Wildland Clamp	3	\$173.00	\$519.00 ✓
6.	Safety - Wildland	Fire Shelter	5	\$345.00	\$1,725.00 ✓
7.	Safety - Wildland	Larger Fire Shelter	5	\$395.00	\$1,975.00 ✓
8.	Safety - Wildland	Wildland Helmets	10	\$57.00	\$570.00 ✓
9.	Safety - Wildland	Wildland Shrouds	10	\$26.00	\$260.00 ✓
10.	Safety - Wildland	Wildland Goggles	10	\$34.00	\$340.00 ✓
11.	<del>Equipment - Wildland</del>	<del>Wildland Backpack Pump</del>	<del>3</del>	<del>\$155.00</del>	<del>\$465.00</del>
12.	<del>Equipment - Wildland</del>	<del>McLeod Tool</del>	<del>2</del>	<del>\$69.00</del>	<del>\$138.00</del>
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					
22.					

FIRE DEPARTMENT USE ONLY (Formula Driven) PROJECT TOTAL COST: \$3,174.20

**G. ADDITIONAL INFORMATION 1. Briefly describe the area to be served: fire protection system, water system, equipment, facilities, staffing, hazards, etc. and purpose of proposed project. 2. How will the request(s) maintain or bring your organization into compliance with NFPA 1977 : Limited to space below.**

The Winters Fire Department (WFD) has conducted a risk analysis and determined a need to purchase new safety equipment to provide for a full complement of Wildland PPE. The WFD recently hired 13 new volunteers and we are not able to issue a full complement of Wildland PPE to our new hires. Additionally, we have wildland hand tools and Wildland Backpack pumps to replace broken equipment on our front line apparatus. The Winters Fire Department currently has one station that serves both the city and district with 3 Paid Staff and 50 Volunteers. The Winters Fire District covers 86 square miles of open range land where vegetation fires occur each year. The Winters Fire Department provides mutual aid to Solano, Yolo and Napa Counties, Strike Team Requests through the Master Mutual Aid System, and to CAL Fire SRA 's in the surrounding Yolo County. In fact, in the past four years, WFD has had several large wildland fires throughout the SR128 corridor of Yolo County, necessitating the deployment of Type 1 Incident Management Teams. The WFD has a community called Golden Bear Estates that is identified as a high risk area for wildland fires and firefighting. Because of the high density community and lack of access/egress issues; it presents a challenge for firefighting personnel to protect structures in a safe manner. The WFD provides mutual aid to Yolo, Solano and Napa counties, strike team requests through the Master Mutual Aid System, and to CAL Fire in the Winters area and surrounding Yolo County. The purpose of this grant is to provide personnel with essential equipment that meets current NFPA 1977 standards in order to provide safer conditions in which firefighters work under. The safety equipment purchased will directly benefit the Career and Volunteer firefighters of the WFD both in the city, district and our mutual aid partners. The Winters Fire Department with the purchase of this equipment will be able to replace old, out dated equipment and provide new equipment that meets the current standards of safety for its newly hired Volunteers and improve tools and equipment on front line apparatus.

In addition to the original request(s), Applicants may list alternative projects for excess or unused funds, which the State will review during the initial application process. The State will determine which of the Applicant's projects are eligible for funding if excess or unused funds become available. Upon advanced written approval by the State, the applicant may use additional/excess funding up to the contract maximum amount to purchase State approved items in listed order of priority on their application.

Deviations from the original application are considered an amendment and require prior approval before the amended expenditures can be made.

The funds will be only for those projects accomplished and/or items purchased between Agreement Approval Date and June 30, 2019. The Recipient agrees to provide CAL FIRE with itemized documentation of the Agreement project expenditures and bill CAL FIRE as soon as the project is complete, but no later than September 1, 2019.

The Recipient gives CAL FIRE or any authorized representative access to examine all records, books, papers, or documents relating to the Agreement. The Recipient shall hold harmless CAL FIRE and its employees for any liability or injury suffered through the use of property or equipment acquired under this Agreement. The applicant certifies that to the best of applicant's knowledge and belief, the data in this application is true.

I certify that the above and attached information is true and correct:



Original Signature Required: Grantee's Authorized Representative

May 8<sup>th</sup>, 2018  
Date Signed

Printed Name

Title

Executed on:   
Date

at   
City

Organization Name : City of Winters Fire Department

**Grant Assurances  
for  
Cooperative Forestry Assistance Act of 1978  
Volunteer Fire Assistance (VFA)**

Organization Name : City of Winters Fire Department

Contact's First Name : Brad

Contact's Last Name : Lopez

Street Address : 700 Main Street

Mailing Address : Same

City : Winters

County : Yolo

Zip Code : 95694

State : California

CAL FIRE Unit : LNU - Sonoma- Lake-Napa Unit

Phone Number : 5307954131

Email Address : brad.lopez@wintersfire.org

DUNS Number : 807194907

To check to see what your DUNS number is, or to apply for one, please go to:  
<https://iupdate.dnb.com/iUpdate/companylookup.htm>

As the duly authorized representative of the applicant, I certify that the applicant named above:

1. Has the legal authority to apply for the Volunteer Fire Assistance grant, of the Cooperative Forestry Assistance Act of 1978 and has the Institutional, managerial and financial capability to ensure proper planning, management and completion of the grant.
2. Will assure that grant funds are used only for items requested and approved in the application.
3. Assures that all wildland fire response employees (full-time, part-time or volunteer) are fully equipped with appropriate wildland fire response personal protective equipment that meets NFPA 1977, *Standard on Protective Clothing and Equipment for Wildland Fire Fighting*, and are trained to a proficient level in the use of the personal protective equipment. Wildland fire suppression safety clothing and equipment includes:
  - Safety helmet
  - Goggles
  - Ear Protection
  - Fire-resistant (i.e. Nomex) hood, shroud, or equivalent face and neck protection
  - Fire-resistant (i.e. Nomex) shirt and pants
  - Gloves
  - Safety work boots
  - Wildland fire shelter
  - Communications Equipment
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain for themselves or others, particularly those with whom they have a family, business or other ties.
6. Will comply with all applicable requirements of all other Federal laws, Executive orders, regulations, Program and Administrative requirements, policies and other requirements governing this program.
7. Will comply with USDA Forest Service Civil Rights requirements. See Forest Service Civil Rights literature [here](#).
8. Understands that failure to comply with any of the above assurances may result in suspension, termination or reduction of grant funds.

Organization Name : City of Winters Fire Department

In compliance with NFPA 1977 and trained in the use of Wildland PPE.

Not in compliance with NFPA 1977 but applying for grant funding to purchase Wildland PPE and/or provide required training.

The undersigned represents that he/she is authorized by the above named applicant to enter into this agreement for and on behalf of the said applicant.

Printed Name of Authorized Agent:

Signature of Authorized Agent: 

Title of Authorized Agent:

Date:

Submit this completed application electronically to: [CALFIRE.Grants@fire.ca.gov](mailto:CALFIRE.Grants@fire.ca.gov) In addition, print this application, sign and date and mail

to:

CAL FIRE

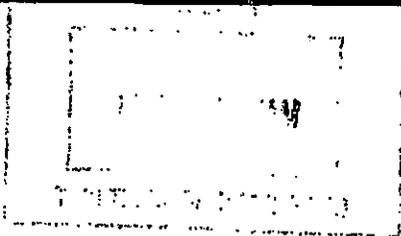
ATTN: Megan Esfandary, Grants Management Unit

P.O. Box 944246

Sacramento, CA 94244-2460

**Hard copy must be postmarked by May 11, 2018.**

**Electronic copy must be submitted by May 11, 2018 at 11:59pm.**



**VOLUNTEER FIRE ASSISTANCE PROGRAM  
AGREEMENT  
PAGE 1 OF 6**

DEPARTMENT OF FORESTRY AND FIRE PROTECTION

STATE OF CALIFORNIA  
Natural Resources Agency

Agreement for the Volunteer Fire Assistance Program of the  
Cooperative Forestry Assistance Act of 1978

THIS AGREEMENT, made and entered into **ON THE LAST SIGNATORY DATE ON PAGE 6**, by and between the STATE of California, acting through the Director of the Department of Forestry and Fire Protection hereinafter called "STATE", and \_\_\_\_\_

\_\_\_\_\_ hereinafter called "LOCAL AGENCY", covenants as follows:

RECITALS:

1. STATE has been approved as an agent of the United States Department of Agriculture, (USDA), Forest Service for the purpose of administering the Cooperative Forestry Assistance Act (CFAA) of 1978 (PL 95-313, United States Code, Title 16, Chapter 41, Section 2010 et seq., Volunteer Fire Assistance Program), hereinafter referred to as "VFA", and
2. The VFA has made funds available to STATE for redistribution, under certain terms and conditions, to LOCAL AGENCY to assist LOCAL AGENCY to upgrade its fire protection capability, and
3. LOCAL AGENCY desires to participate in said VFA.

NOW THEREFORE, it is mutually agreed between the parties as follows:

4. **APPROVAL:** This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. LOCAL AGENCY may not commence performance until such approval has been obtained.
5. **TIMELINESS:** Time is of the essence in this Agreement.
6. **FORFEITURE OF AWARD:** LOCAL AGENCY must return this Agreement and required resolution properly signed and executed to STATE at the address specified in paragraph 11, with a postmark no later than December 1, 2018 or LOCAL AGENCY will forfeit the funds.
7. **GRANT AND BUDGET CONTINGENCY CLAUSE:** It is mutually understood between the parties that this Agreement may have been written for the mutual benefit of both parties before ascertaining the availability of congressional appropriation of funds, to avoid program and fiscal delays that would occur if the Agreement were executed after that determination was made.

**VOLUNTEER FIRE ASSISTANCE PROGRAM  
AGREEMENT  
PAGE 2 OF 6**

This **Agreement** is valid and enforceable only if sufficient funds are made available to the STATE by the United States Government for the State Fiscal Year 2018 for the purpose of this program. In addition, this **Agreement** is subject to any additional restrictions, limitations, or conditions enacted by the Congress or to any statute enacted by the Congress that may affect the provisions, terms, or funding of this **Agreement** in any manner.

The parties mutually agree that if the Congress does not appropriate sufficient funds for the program, this **Agreement** shall be amended to reflect any reduction in funds.

The STATE has the option to invalidate the **Agreement** under the 30-day cancellation clause or to amend the **Agreement** to reflect any reduction in funds.

8. **REIMBURSEMENT:** STATE will reimburse LOCAL AGENCY, from funds made available to STATE by the Federal Government, an amount not to exceed **\$5,569.50** on a 50/50 matching funds basis, for the performance of specific projects and/or purchase of specific items identified in Proposed Project, Application for Funding, attached hereto. **Reimbursement will be only for those projects accomplished and/or items purchased between THE LAST SIGNATORY DATE ON PAGE 6 and JUNE 30, 2019.** This sum is the sole and maximum payment that STATE will make pursuant to this Agreement. **LOCAL AGENCY must bill STATE at the address specified in paragraph 11, with a postmark no later than September 1, 2019 in order to receive the funds.** The bill submitted by LOCAL AGENCY must clearly delineate the projects performed and/or items purchased. A vendor's invoice or proof of payment to vendor(s) must be included for items purchased.
9. **LIMITATIONS:** Expenditure of the funds distributed by STATE herein is subject to the same limitations as placed by the VFA, upon expenditure of United States Government Funds. Pursuant to Title 7 of the Code of Federal Regulations, Section 3016.32 subject to the obligations and conditions set forth in that section; title to any equipment and supplies acquired under this **Agreement** vests with the LOCAL AGENCY. For any equipment items over \$5,000, the federal government may retain a vested interest in accordance with paragraph 16 below.
10. **MATCHING FUNDS:** Any and all funds paid to LOCAL AGENCY under the terms of this **Agreement**, hereinafter referred to as "VFA Funds", shall be matched by LOCAL AGENCY on a dollar-for-dollar basis, for each project listed on attachment(s) hereto identified as "Proposed Project". No amount of unpaid "contributed" or "volunteer" labor or services shall be used or consigned in calculating the matching amount "actually spent" by LOCAL AGENCY. LOCAL AGENCY shall not use VFA Funds as matching funds for other federal grants, including Department of Interior (USDI) Rural Fire Assistance grants, nor use funds from other federal grants, including USDI Rural Fire Assistance grants, as matching funds for VFA Funds.
11. **ADDRESSES:** The mailing addresses of the parties hereto, for all notices, billings, payments, repayments, or any other activity under the terms of the Agreement, are:

VOLUNTEER FIRE ASSISTANCE PROGRAM  
AGREEMENT  
PAGE 3 OF 6

LOCAL AGENCY: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Telephone Number(s): \_\_\_\_\_  
FAX Number: \_\_\_\_\_  
E-mail \_\_\_\_\_

STATE: Department of Forestry and Fire Protection  
Grants Management Unit, Attn: Megan Esfandiary  
P. O. Box 944246  
Sacramento, California 94244-2460  
PHONE: (916) 653-3649

- 12. **PURPOSE:** Any project to be funded hereunder must be intended to specifically assist LOCAL AGENCY to organize, train, and/or equip local firefighting forces in the aforementioned rural area and community to prevent or suppress fires which threaten life, resources, and/or improvements within the area of operation of LOCAL AGENCY.
- 13. **COMBINING:** In the event funds are paid for two or more separate, but closely related projects, the 50/50 cost-sharing formula will be applied to the total cost of such combined projects.
- 14. **OVERRUNS:** In the event that the total cost of a funded project exceeds the estimate of costs upon which this Agreement is made, LOCAL AGENCY may request additional funds to cover the Agreement share of the amount exceeded. However, there is no assurance that any such funds are, or may be, available for reimbursement. Any increase in funding will require an amendment.
- 15. **UNDERRUNS:** In the event that the total cost of a funded project is less than the estimate of costs upon which this Agreement is made, LOCAL AGENCY may request that additional eligible projects/items be approved by STATE for Agreement funding. However, there is no assurance that any such approval will be funded. Approval of additional projects/items, not listed on the Proposed Project application, made by STATE, will be in writing and will require an amendment.
- 16. **FEDERAL INTEREST IN EQUIPMENT:** The Federal Government has a vested interest in any item purchased with VFA funding in excess of \$5,000 regardless of the length of this Agreement, until such time as the fair market value is less than \$5,000. The VFA percentage used to purchase the equipment will be applied to the sale price and recovered for the Government during the sale. This percentage will remain the same even following depreciation. The Federal Government may not have to be reimbursed if the disposal sale amounts to a fair market value of less than \$5,000. LOCAL AGENCY will notify STATE of the disposal of such items.

**VOLUNTEER FIRE ASSISTANCE PROGRAM  
AGREEMENT  
PAGE 4 OF 6**

17. **EQUIPMENT INVENTORY**: Any single item purchased in excess of \$5,000 will be assigned a VFA Property Number by the STATE. LOCAL AGENCY shall forward a copy of the purchase documents listing the item, brand, model, serial number, any LOCAL AGENCY property number assigned, and a LOCAL AGENCY contact and return address to STATE at the address specified in paragraph 11. The STATE will advise the LOCAL AGENCY contact of the VFA Property Number assigned.
18. **AUDIT**: LOCAL AGENCY agrees that the STATE, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. LOCAL AGENCY agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. LOCAL AGENCY agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, LOCAL AGENCY agrees to include a similar right of the State of California to audit records and interview staff in any subcontract related to performance of this Agreement. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).
19. **DISPUTES**: In the event of any dispute over qualifying matching expenditures of LOCAL AGENCY, the dispute will be decided by STATE and its decision shall be final and binding.
20. **INDEMNIFICATION**: LOCAL AGENCY agrees to indemnify, defend, and save harmless, the STATE, its officers, agents, and employees, from any and all claims and losses, accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by LOCAL AGENCY in the performance of this Agreement.
21. **DRUG-FREE WORKPLACE REQUIREMENTS**: LOCAL AGENCY will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:
- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
  - b. Establish a Drug-Free Awareness Program to inform employees about:
    - 1) the dangers of drug abuse in the workplace;
    - 2) the person's or organization's policy of maintaining a drug-free workplace;

**VOLUNTEER FIRE ASSISTANCE PROGRAM  
AGREEMENT  
PAGE 5 OF 6**

- 3) any available counseling, rehabilitation and employee assistance programs; and,
  - 4) penalties that may be imposed upon employees for drug abuse violations.
- c. Every employee who works on the proposed **Agreement** will:
- 1) receive a copy of the company's drug-free workplace policy statement; and,
  - 2) agree to abide by the terms of the company's statement as a condition of employment on the **Agreement**.

Failure to comply with these requirements may result in suspension of payments under the **Agreement** or termination of the **Agreement** or both and LOCAL AGENCY may be ineligible for funding of any future State **Agreement** if the department determines that any of the following has occurred: (1) the LOCAL AGENCY has made false certification, or violated the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

- 22. **TERM:** The term of the **Agreement** SHALL COMMENCE ON THE LAST SIGNATORY DATE ON PAGE 6 and continue through June 30, 2019.
- 23. **TERMINATION:** This **Agreement** may be terminated by either party giving 30 days written notice to the other party or provisions herein amended upon mutual consent of the parties hereto.
- 24. **AMENDMENTS:** No amendment or variation of the terms of this **Agreement** shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or **Agreement** not incorporated in the **Agreement** is binding on any of the parties.
- 25. **INDEPENDENT CONTRACTOR:** LOCAL AGENCY, and the agents and employees of LOCAL AGENCY, in the performance of this **Agreement**, shall act in an independent capacity and not as officers or employees or agents of the STATE or the Federal Government.

**VOLUNTEER FIRE ASSISTANCE PROGRAM  
AGREEMENT  
PAGE 6 OF 6**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the last signatory date below.

STATE OF CALIFORNIA  
DEPARTMENT OF FORESTRY  
AND FIRE PROTECTION

LOCAL AGENCY

By: \_\_\_\_\_  
Signature

By: \_\_\_\_\_  
\*Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title  
Cooperative Fire Programs

\_\_\_\_\_  
\*\*Title

\_\_\_\_\_  
Last Signatory Date

\_\_\_\_\_  
\*\*\*Date

- \*Ensure that the officer signing here for LOCAL AGENCY IS THE SAME Officer authorized in the Resolution to execute this Agreement.
- \*\*Ensure that the title entered here IS THE SAME title used in the Resolution for the Officer who is executing this Agreement.
- \*\*\*Ensure that the date LOCAL AGENCY signs IS THE SAME DATE as the Resolution date OR LATER.

**FOR STATE USE ONLY**

AMOUNT ENCUMBERED BY THIS DOCUMENT  <b>\$5,569.50</b>	PROGRAM/CATEGORY (CODE AND TITLE) Support			FUND TITLE Federal	
	(OPTIONAL USE) Vendor #				
PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT <b>\$0</b>	ITEM	CHAPTER	STATUTE	FISCAL YEAR	
	3540-001-0001	29	2018	18/19	
TOTAL AMOUNT ENCUMBERED TO DATE <b>\$5,569.50</b>	OBJECT OF EXPENDITURE (CODE AND TITLE) 18-9214-418.99-				
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.			T.B.A. NO.	B.R. NO.	
SIGNATURE OF CDF ACCOUNTING OFFICER <b>X</b>			DATE		

*Department of General Services  
Use Only*

DGS APPROVAL NOT  
REQUIRED PER SAM 1215

- CONTRACTOR     
  STATE AGENCY     
  DEPT. OF GEN. SER.     
  CONTROLLER



CITY COUNCIL  
STAFF REPORT

**TO:** Honorable Mayor and Councilmembers  
**DATE:** August 21, 2017  
**THROUGH:** John W. Donlevy, Jr., City Manager   
**FROM:** Carol Scianna, Environmental Services Manager   
**SUBJECT:** Wastewater Treatment Facility Monitoring Services with Luhdorff & Scalmanini

**RECOMMENDATION:** Staff recommends Council authorize City Manager to execute service agreement with Luhdorff & Scalmanini (L&S) for continued Wastewater Treatment Facility Monitoring Services in the amount not to exceed \$30,120

**BACKGROUND:** The City initiated a contract with L&S in October 2006 to provide the required groundwater monitoring at the Wastewater Treatment Facility. They have continued to provide reliable and efficient results and have stayed under budget for their services. In 2008 the City was required to add additional monitoring wells, which L & S assisted the City in completing the installation of the new wells and the subsequent necessary reporting. Two years later L&S petitioned the Regional Water Quality Board to install Hydrosleeves this technique enabled us to streamline the monitoring procedure, L & S were also successful in their request on behalf of the City for reduced monitoring from quarterly to semi-annual in 2012, which has further reduced costs to the City. Last year L & S expended only 75% of what was budgeted in their contract.

**FISCAL IMPACT:** Not to exceed \$30,120

August 6, 2018  
File No. 17-1-077

Ms. Carol Scianna  
Winters City Hall  
318 First Street  
Winters, CA 95694

**SUBJECT: SCOPE OF WORK AND BUDGET FOR HYDROGEOLOGIC SERVICES  
(FISCAL YEAR 2018/19) CITY OF WINTERS WASTEWATER TREATMENT FACILITY YOLO  
COUNTY, CA**

Ms. Scianna:

Per your request, Luhdorff and Scalmanini, Consulting Engineers (LSCE) has prepared this scope of work and budget for hydrogeologic services related to the City's Wastewater Treatment Facility (WWTF) for the fiscal year 2018/19 (July 1, 2018 to June 30, 2019).

The City presently operates the WWTF under the California Regional Water Quality Control Board's (RWQCB) Waste Discharge Requirements (WDRs) Order No. R5-2002-0136, adopted July 19, 2002, the revised Monitoring and Reporting Program (MRP REV 2) Order No. R5-2002-0136, adopted July 8, 2011 and effective July 1, 2011, and Cease and Desist Order No. R5-2007-0002 (CDO), adopted January 25, 2007.

The following scope of work is comprised of four tasks:

1. Project Administration
2. Groundwater Sampling
3. Semi-Annual Reporting
4. Contingency Fund

Task 2 includes four groundwater monitoring events in compliance with the WDRs and the revised MRP (REV 2). Quarterly monitoring events are planned for August and November 2018, and February and May 2019. Quarterly monitoring is planned for water level monitoring (in August, November, February, and May) and semi-annual monitoring is planned for groundwater quality monitoring (August and February).

Ms. CAROL SCIANNA  
JUNE 6, 2018  
2

Task 3 includes the preparation of two semi-annual monitoring reports (due August 1, 2018 and February 1, 2019) to be prepared in compliance with the WDRs and the revised MRP (REV 2).

Task 4 includes staff time to provide support services, on an as-needed basis, such as to avoid cumbersome budget amendment requests.

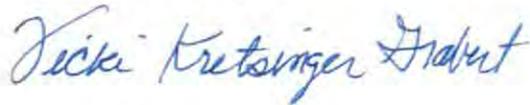
We propose to complete the work as scoped on a time and materials basis in accordance with LSCE's Schedule of Fees for Engineering and Field Services (2018), a copy of which is attached. The tasks are detailed in the attached Project Cost Estimate.

Should the cost of services exceed our estimate, we will report the status of completed and completable work and further estimate additional requirements, including explanation of the need for further work, before proceeding.

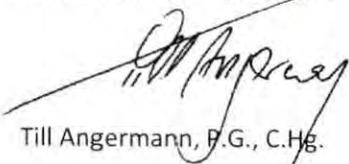
We appreciate the opportunity to prepare this scope and budget to respond to your request

Sincerely,

LUHDORFF & SCALMANINI  
CONSULTING ENGINEERS



Vicki Kretsinger  
Senior Principal Hydrologist



Till Angermann, P.G., C.Hg.  
Principal Hydrogeologist



Barbara Dalgish, P.G.  
Senior Hydrogeologist

BD/tea/vk

**Enclosures:**

Project Cost Estimate  
LSCE 2018 Schedule of Fees - Engineering and Field Services

**PROJECT COST ESTIMATE**

Client: City of Winters; Attn.: Ms. Carol Scianna  
 Project: City of Winters WWTF WDRs/MRP Compliance - Fiscal Year 2018/19 (July 1, 2018 - June 30, 2019)  
 File No: 17-1-077  
 Estimate: BD/TEA/VK  
 Date: August 6, 2018

Task	Billing Level Billing Rate (\$/hr)	Estimated Labor Hours					Labor Cost	Direct Cost <sup>1</sup>
		Senior Principal \$205	Principal \$202	Senior \$182	Staff \$130	Clerical \$72		
1. Project Administration		2	2	10	0	0	\$2,230.00	\$100.00
2. Groundwater Sampling (Four Events) <sup>2</sup>		0	1	6	50	0	\$7,592.00	\$300.00
3. Semi-Annual Reporting (Two Reports) <sup>3</sup>		4	4	30	8	4	\$7,608.00	\$250.00
4. Contingency Fund		0	0	0	0	0	\$0.00	\$2,000.00
							<b>Total LSCE Cost</b>	<b>\$20,080.00</b>

**Outside Services**

**Admin. @ 15%**

Laboratory Analysis <sup>4</sup>	\$8,730.00	\$10,039.50
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**Total Project Estimate      \$30,119.50**

1. Direct costs account for mileage, copies, postage, miscellaneous supplies, and incidentals.
2. Quarterly groundwater level monitoring and semi-annual groundwater quality sampling of nine wells per requirements set forth in the Revised MRP (July 8, 2011 REV 2); groundwater quality sampling planned to occur in Aug-2018 and Feb-2019.
3. Semi-annual reports due August 1, 2018 and February 1, 2019.
4. Analyses per requirements set forth in the Revised MRP (9 annual samples @ \$ 610.00 each; 9 semi-annual samples at \$360.00 each).  
 The estimated laboratory analytical cost is based on recent experience and not on an actual bid.



**Luhdorff & Scalmanini**  
**Consulting Engineers**

500 FIRST STREET WOODLAND, CALIFORNIA 95695

*SCHEDULE OF FEES - ENGINEERING AND FIELD SERVICES*  
 2018

**Professional:\***

<i>Senior Principal</i>	<i>\$205 hr.</i>
<i>Principal Professional</i>	<i>\$202 hr.</i>
<i>Project Manager</i>	<i>\$190 hr.</i>
<i>Senior Professional</i>	<i>\$182 hr.</i>
<i>Project Professional</i>	<i>\$142 to 170 hr.</i>
<i>Staff Professional</i>	<i>\$120 to 130 hr.</i>

**Technical:**

<i>Engineering Inspector</i>	<i>\$120 to 130 hr.</i>
<i>ACAD Drafting GIS</i>	<i>\$125 to 130 hr.</i>
<i>Engineering Assistant</i>	<i>\$100 hr.</i>
<i>Technician</i>	<i>\$100 hr.</i>

**Clerical Support:**

<i>Word Processing, Clerical</i>	<i>\$72 hr.</i>
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<i>Vehicle Use</i>	<i>\$0.55 mi.</i>
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<i>Subsistence</i>	<i>Cost Plus 15%</i>
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<i>Groundwater Sampling Equipment (Includes Operator)</i>	<i>\$170.00 hr.</i>
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<i>Copies</i>	<i>.20 ea.</i>
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<i>Professional or Technical Testimony</i>	<i>200% of Regular Rates</i>
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<i>Requested Technical Overtime</i>	<i>150% of Regular Rates</i>
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<i>Outside Services Rentals</i>	<i>Cost Plus 15%</i>
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<i>Services by Associate Firms</i>	<i>Cost Plus 15%</i>
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\* Engineer, Geologist, Hydrogeologist, and Hydrologist



**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Council Members  
**DATE:** August 21, 2018  
**THROUGH:** John W. Donlevy, Jr., City Manager *JWD*  
**FROM:** Carol Scianna, Environmental Services Manager *CS*  
**SUBJECT:** Carter Ranch Pump Station- Control Panel Upgrades

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**RECOMMENDATION:** Staff recommends Council approve funding for Carter Ranch Pump Station Control Panel Upgrades in the amount not to exceed \$12,170.00, not including sales tax and freight (Listed as item C on attached quote, see highlights)

**BACKGROUND:** Proposed work will allow the Carter Ranch to add three floats switches and operate float level controls independently in the event that the PLC/Level Sensor control and SCADA are not functioning. These changes will also enable Call Outs to staff upon loss of power or loss of communication between the control panel and the central SCADA system. These improvements will ensure that the Lift Station will continue to operate upon failure of the PLC and or analog level sensor, providing redundancy in the lift station operations. The contractor has recently completed similar work at East St. Pump Station and staff has determined that the work at Walnut and El Rio Lift stations that was proposed is not necessary.

**ATTACHMENTS:** Quote from Contractor dated July 6, 2018.

9. Install a Power Failure Relay which will provide a signal to the PLC and SCADA upon loss of station power. SCADA will immediately generate a call out as PLC power and radio telemetry power will be quite short while on UPS power.
10. Incorporate logic within SCADA to annunciate a loss of communication with the PLC. This will also generate a call out.
11. Revise HMI programming to show alarms.
12. Test the system to confirm changes are operable and demonstrate the revised control wiring to the City's representative.
13. **LS-2 Cost**..... \$7,116.00

### C. LS-3 Carter Ranch

14. Revise control panel wiring to make float control independent of current level sensor and PLC control
  - a. Install (3) float switches to provide low level, high level and high high alarm level. Provide intrinsically safe relays to accommodate the Class 1, Div 2 environment in the sump. This proposal assumes that an existing raceway is available to install the new float switches. If an existing raceway is not available, then a new raceway can be installed for additional compensation.
  - b. The HMI and PLC will be programed to annunciate Panel in Float Mode and a Reset PB will be added to the HMI to allow operations to return the lift station to analog sensor level control.
15. Revise PLC and SCADA to annunciate when Panel is in Float Control Mode.
16. Install a Power Failure Relay which will provide a signal to the PLC and SCADA upon loss of station power. SCADA will immediately generate a call out as PLC power and radio telemetry power will be quite short while on UPS power.
17. Incorporate logic within SCADA to annunciate a loss of communication with the PLC. This will also generate a call out.
18. Test the system to confirm changes are operable and demonstrate the revised control wiring to the City's representative.
19. **LS-3 Cost**..... \$12,170.00

### D. LS-4 El Rio Villa

20. Install a Power Failure Relay which will provide a signal to the PLC and SCADA upon loss of station power. SCADA will immediately generate a call out as PLC power and radio telemetry power will be quite short while on UPS power.
21. Test the system to confirm changes are operable and demonstrate the revised control wiring to the City's representative.
22. **LS-4 Cost**..... \$3,083.00

### E. LS-5 PG&E Station

23. Revise control panel wiring to make float control independent of current level sensor and PLC control
  - a. The HMI and PLC will be programed to annunciate Panel in Float Mode and a Reset PB will be added to the HMI to allow operations to return the lift station to analog sensor level control.
24. Revise PLC and SCADA to annunciate when Panel is in Float Control Mode.
25. Install a Power Failure Relay which will provide a signal to the PLC and SCADA upon loss of station power. SCADA will immediately generate a call out as PLC power and radio telemetry power will be quite short while on UPS power.



**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Councilmembers  
**DATE:** August 21, 2018  
**THROUGH:** John W. Donlevy, Jr., City Manager   
**FROM:** Dagoberto Fierros, Management Analyst  
**SUBJECT:** Approval of Amplified Sound Permit Application for the Carnitas Festival de la Comunidad

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**RECOMMENDATION:**

Approve the Amplified Sound Permit Application for the Carnitas Festival de la Comunidad.

**BACKGROUND:**

September 29, 2018 marks the 11<sup>th</sup> Anniversary of the Carnitas Festival de la Comunidad. This is a family event with lots of great entertainment, activities for the public, great food, crafts and information.

The City of Winters and the Hispanic Advisory Committee work to foster communication, outreach and understanding between the Latino Community and the entire Community of Winters. Events like the Carnitas Festival de la Comunidad are important because a sense of unity and celebration is created between the entire community.

The Hispanic Advisory Committee of Winters is requesting the approval of the attached Amplified Sound Permit for Saturday, September 29, 2018.

**FISCAL IMPACT:**

None

**ATTACHMENTS:**

Amplified Sound Permit Application

Date of Application: 8-13-2018 To City Council: \_\_\_\_\_

Name of Person(s)/ Organization: Hispanic Advisory Committee Contact: Leticia Quirarte

Business Address: 318 ~~1st~~ First Street Telephone: 530 383-1000

Telephone: 530-554-8087

Type of Event: Festival de la Comunidad  
Carnitas & Cultural Festival

Purpose of Event: (ie; fundraiser, parade, festival, etc.):

Date/Time of Event: Sept 29, 4-11pm From: 4:00pm To: 11:00pm

Location/Address of Event: Rotary Park, Community Center & East Main

Rated Output of Amplifier in Watts: \_\_\_\_\_ Number of Speakers: 6

I have provided a list of and contacted all property owners adjacent to and within 300 feet of the event. Their approval of this event is indicated by their signature on the attached petition. Complaints about the sound will result in a warning and a request to reduce the volume. Additional complaints will result in the cessation of amplified sound. All amplified sound must be extinguished no later 10:00 p.m. pursuant to Winters Municipal Code Title VI; Chapter 7-Noise Control. Signing below certifies that all information contained within this application is correct. In the event that any of this information is found to be fraudulent, it may result in an automatic denial of this application.

Natasha Montgomery

Signature: [Signature] [Signature]

For City Use Only

Proof of Insurance:  N/A (Not City Property)  Yes  No

Rental Fee Paid:  N/A (Not City Property)  Yes  No

Police Department:  Approved  Denied

Date: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

City Council:  Approved  Denied

Date: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

**RECEIVED**

AUG 13 2018

**CITY OF WINTERS**





**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Council Members  
**DATE:** August 21, 2018  
**THROUGH:** John W. Donlevy, Jr., City Manager   
**FROM:** Carol Scianna, Environmental Services Manager   
**SUBJECT:** Waste Water Treatment Facility (WWTF) South Spray Field Repairs

---

**RECOMMENDATION:** Staff recommends Council approve funding for WWTF South Spray Fields Repair in the amount not to exceed \$6221.

**BACKGROUND:** Currently the south spray equipment is not fully functional. Public Crews have had to borrow from other spray field equipment in order to operate the South Spray fields on a limited basis. Purchasing the equipment from Quote No. 383196 will allow staff to make the needed repairs and have the south spray field be 100% fully functional allowing operations and staff to be more efficient.

**FISCAL IMPACT:** \$6221 - Sewer Operations and Maintenance Budget

**ATTACHMENTS:** Quote No. 383196

AlSCO-Geyer Irrigation, Inc.  
 700 5TH Street \* PO Box 111  
 Arbuckle, CA 95912  
 530/476-2253 Fax: 476-2256

**QUOTATION**

Order #	0383196
Order Date	08/09/18

Customer:	03-1706 CITY OF WINTERS ATT: JIM KEATING 201 E STREET WINTERS, CA 95694	Ship To:	VALVE OPENERS, 4" PIPE AND SPRINKLERS
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Cust P.O.#	Terms	Salesperson	Ship Via	Ship Date	PC
ALUMINUM	NET 10TH	ANDY GEYER		08/23/18	

Line	Order	Ship	B/D	Item Number & Description	Whse Location	Price	Extended Price	
010	3	_____	_____	Non-Stock 4 X 4 X 4 VALVE OPENING TEES		135.71	407.13	
020	20	_____	_____	Non-Stock 4" X 30' ALUMINUM PIPE, HOOK-LATCH		165.00	3300.00	
030	20	_____	_____	Non-Stock 1 X 3/4 X 18" RISERS		6.40	128.00	
040	70	_____	_____	Non-Stock RAINBIRD 30WH SPRINKLERS		22.00	1540.00	
050	70	_____	_____	Non-Stock NOZZLES		1.43	100.10	
060								
070				FREIGHT			350.00	
Total Materials:							5475.23	
Total Labor:							350.00	
Sales Tax:							396.95	
Total							0	
<b>Grand Total:</b>							<b>6222.1</b>	<b>8</b>



**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Council Members  
**DATE:** August 21, 2018  
**THROUGH:** John W. Donlevy, Jr., City Manager  
**FROM:** Alan Mitchell, City Engineer  
**SUBJECT:** Winters Highlands Phase 1 Subdivision – Agreements

---

**RECOMMENDATION:** Staff recommends the City Council:

1. Adopt Resolution No. 2018-47 approving the following:
  - a. Grant a 250-day extension for completion of the Public Improvements for the Public Improvement and Maintenance Agreement with HBT of Winters Highlands LLC ; and
  - b. Grant a 150-day extension for completion of the Public Improvements for the Subdivision Improvement and Maintenance Agreement with HBT of Winters Highlands LLC; and

**BACKGROUND:** The Winters Highlands Ph 1 Subdivision project consists of approximately 74 lots on 20 acres, located at the north end of the current Main Street dead-end. In April 2006, the City approved the Winters Highlands Development Agreement, and an Amended and Restated Development Agreement was recorded on April 20, 2015.

On May 16, 2017, City Council approved a Public Improvement and Maintenance Agreement and a Subdivision Improvement and Maintenance Agreement with HBT (Agreements), for construction of certain public infrastructure, including Sewer Pump Station, Storm Drain Pump Station and Pond Modifications, a Sewer Force Main, as well as roads, curb, gutter, and sidewalk, water, sewer, and storm drains, landscaping, and other public utilities.

In June, 2017, the construction began on the improvements.

**DISCUSSION:** The executed Agreements, specifically Section 6 – Schedule for Construction, stipulated that construction of the public improvements be completed within 365 calendar days after the execution date, which was June 8, 2017. To-date, the construction is not complete, although the contractor has been working diligently across the limits of the project.

Based on current contractor progress and resources; the City Engineer estimates completion of improvements as follows:

**Public Improvement and Maintenance Agreement**

February 15, 2019	Sewer Pump Station
December 30, 2018	Storm Drain Pump Station and Pond Modifications
August 30, 2018	Sewer Force Main

**Subdivision Improvement and Maintenance Agreement**

November 30, 2018	Subdivision Improvements
-------------------	--------------------------

Staff believes it is in the best interest of the City to allow the Developer to complete the improvements and to grant a 250-day extension for completion of the Public Improvements for the Public Improvement and Maintenance Agreement with HBT of Winters Highlands LLC; and grant a 150-day extension for completion of the Public Improvements for the Subdivision Improvement and Maintenance Agreement with HBT of Winters Highlands LLC.

**ALTERNATIVES:** None recommended by staff.

**FISCAL IMPACT:** None with requested action.

Attachment: Resolution No. 2018-\_\_

**RESOLUTION NO. 2018 - 47**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINTERS TO GRANT A 250-DAY EXTENSION FOR COMPLETION OF THE PUBLIC IMPROVEMENTS FOR THE PUBLIC IMPROVEMENT AND MAINTENANCE AGREEMENT WITH HBT OF WINTERS HIGHLANDS LLC; AND GRANT A 150-DAY EXTENSION FOR COMPLETION OF THE PUBLIC IMPROVEMENTS FOR THE SUBDIVISION IMPROVEMENT AND MAINTENANCE AGREEMENT WITH HBT OF WINTERS HIGHLANDS LLC**

**WHEREAS**, the Winters Highlands Ph. 1 Subdivision project consists of approximately 74 lots on 20 acres, located at the north end of the current Main Street dead-end; and

**WHEREAS**, in April 2006, the City approved the Winters Highlands Development Agreement, and an Amended and Restated Development Agreement was recorded on April 20, 2015; and

**WHEREAS**, On May 16, 2017, City Council approved a Public Improvement and Maintenance Agreement and a Subdivision Improvement and Maintenance Agreement with HBT (Agreements), for construction of certain public infrastructure, including Sewer Pump Station, Storm Drain Pump Station and Pond Modifications, a Sewer Force Main, as well as Subdivision Improvements ; and

**WHEREAS**, the executed Agreements, specifically Section 6 – Schedule for Construction, stipulated that construction of the public improvements be completed within 365 calendar days after the execution date, which was June 8, 2017; and

**WHEREAS**, the construction is not complete, although the contractor has been working diligently across the limits of the project area; and

**WHEREAS**, Developer has requested an extension, and staff believes it is in the best interest of the City to allow the Developer to complete the improvements and to grant extensions.

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

1. Grant a 250-day extension for completion of the Public Improvements for the Public Improvement and Maintenance Agreement with HBT of Winters Highlands LLC; and
2. Grant a 150-day extension for completion of the Public Improvements for the Subdivision Improvement and Maintenance Agreement with HBT of Winters Highlands LLC.

**PASSED AND ADOPTED** by the City Council of the City of Winters, on this 21<sup>st</sup> day of August, 2018, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

---

Bill Biasi, MAYOR

**ATTEST:**

---

Tracy Jensen, City Clerk



**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Councilmembers  
**DATE :** August 21, 2018  
**THROUGH:** John W. Donlevy, Jr., City Manager   
**FROM:** Tracy Jensen, Records & Info. Manager/City Clerk  
**SUBJECT:** Street Closure Request and Amplified Sound Permit for the PorchFest Winters Music Stroll

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**RECOMMENDATION:**

Staff recommends the approval of the Street Closure Request and Amplified Sound Permit for the PorchFest Winters Music Stroll, sponsored by Hapa Haole Productions, with funds to benefit the Winters Music Boosters.

**BACKGROUND:**

The PorchFest Winters Music Stroll is a non-profit music event to benefit the Winters Music Boosters and is being held on Sunday, September 23<sup>rd</sup> from 12pm - 6pm.

Homeowners act as hosts for small bands on various porches and lawns, where the bands will rotate with different genres represented. City Park will host a children's stage, food trucks, art vendors, and a Winters Music Boosters bake sale.

The streets that have been requested for closure include the following: Main Street from 1<sup>st</sup> to 4<sup>th</sup> Streets, and 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Streets between Main and Russell Streets.

**FISCAL IMPACT:** TBD (signage, barricade placement)

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CITY OF WINTERS



**City of Winters Request for Street Closure**

This application is for citizens or groups that have occasion to request that streets be temporarily closed for such things as bicycle races, running contests, block parties and other such events requiring the re-routing of traffic. For a parade or amplified sound an additional permit is required.

A request to close streets shall be filed with the Police and Public Works Departments at least ten (10) business days prior to the date the street would be closed.

There shall be no closure of the following streets without Council approval:

1. Main Street
2. Railroad Street
3. Grant Avenue
4. Valley Oak Drive
5. Abbey Street

Request to close these streets shall be processed in much the same manner except that the request shall be submitted to the City Council by the Police Department. Requests to close the streets herein listed shall be submitted at least thirty (30) business days prior to the street closure.

Requests for street closures that are not submitted by the minimum time lines may be granted only by the Winters City Council.

Name: <u>Sarah Madsen</u>	Organization: <u>HHP Productions</u> <u>Winters MusicBoasters</u>
Address: <u>1007 Village Circle</u>	Mailing Address: <u>same</u>
Telephone: <u>(530)505 1065</u>	Today's Date: <u>7/10/18</u>
Streets Requested: <u>MAIN ST, <del>RUSSETT ST</del>, 2nd st, 3rd st, 4th st.</u>	
Date of Street Closure: <u>9/23/18</u>	Time of Street Closure: <u>9am - 8pm</u>
Description of Activity: <u>Porchfest Music Stroll. Residents host bands on porches or yards, food trucks, art vendors.</u>	
Services Requested of City: <u>street closure signs</u>	
APPROVED: _____ Police Department _____ Public Works Department	

City of Winters Request for Street Closure

\*MAIN Street

Please provide a listing of the names and signatures of people living on the street (s) to be closed and acknowledging that they know why the closure is requested and that they agree to the closure. Attach additional sheets if necessary.

226 2nd	<i>[Signature]</i>	USA Jordan
204 Main St.	<i>[Signature]</i>	Pierre Neu
206 Main St.	<i>[Signature]</i>	Christina Cogdel
209 Main St.	<i>[Signature]</i>	Marco
208 Main St.	<i>[Signature]</i>	Tamontana
210 Main St.	<i>[Signature]</i>	Vallecillo
212 Main St.	<i>[Signature]</i>	Smith
213 Main St.	<i>[Signature]</i>	Novalang
301 Main St.	<i>[Signature]</i>	Ogando
300 Main St.	<i>[Signature]</i>	Quintana
302 Main St.	<i>[Signature]</i>	Petersen
306 Main St.	<i>[Signature]</i>	<del>Rick</del> Rick Henez
308 Main St.	<i>[Signature]</i>	C. Gonzalez
311 Main St.	<i>[Signature]</i>	A. Kompos
309 Main St.	<i>[Signature]</i>	Andy Thompson
307 Main St.	<i>[Signature]</i>	<del>setubert</del> Kling
304 Main St.	<i>[Signature]</i>	Graf
305 Main St.	<i>[Signature]</i>	Vickery
303 Main St.	<i>[Signature]</i>	Perry
205 Main St.	<i>[Signature]</i>	Reetz

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JUL 13 2018

CITY OF WINTERS

City of Winters Request for Street Closure

\*Russell Street

Please provide a listing of the names and signatures of people living on the street (s) to be closed and acknowledging that they know why the closure is requested and that they agree to the closure. Attach additional sheets if necessary.

201 4th St: ERIC JEFFRIES

316 Russell: Peggy Prof *Prof*

311 Russell: Nancy McLaughlin Nancy McLaughlin

307 Russell: STEPHANIE Myers Stephanie Myers

\* 305 Russell: Ragan K. Boardman

312 Russell: Vince Rodriguez

303 Russell: Angela Gramer Angela Gramer

301 Russell: Chris Rose

\* 211 Russell: Gina Monderen

210 Russell: Jose Luis Sanchez Sanchez

209 Russell: (vacant rental)

204 Russell: Gaylene Anderson Gaylene Anderson

202 Russell: Emma C. Valbuena Emma C. Valbuena

206 Russell: Elan Or

4th ~~3rd~~ St → 200 ~~Third~~ Fourth No. Cor. *Cor.*

201 Fourth

208 Fourth WPNS not in session Sunday  
*at Mail Karen Neil*

4th ~~3rd~~ St →  
3rd St

310 Main St WTHF Irene Pineda  
WPNS

Date of Application: 7/10/18

To City Council: \_\_\_\_\_

Name of Person(s)/

Organization: HapaHole Productions Presents

Contact: Sarah Madsen

Business Address: 1007 Village Circle

Telephone: \*707-631-7278  
530-505-1065

WINTERS, CA 95694

Telephone: (707) 631-7278 / (530) 505-1065

Type of Event:

Porchfest Winters Music Stroll

Fundraise for Music Boosters

Purpose of Event:

(ie; fundraiser, parade, festival, etc.):

MUSIC Festival Fundraiser

Date/Time of Event:

Sunday 9/23/18

From:

12pm

To:

6pm

Location/Address of

Event:

Main Street from 1st-4th street

Russell Street from 1st-4th street

Rated Output of Amplifier in Watts:

100 (guitar Amps)

Number of Speakers:

12 spread out

I have provided a list of and contacted all property owners adjacent to and within 300 feet of the event. Their approval of this event is indicated by their signature on the attached petition. Complaints about the sound will result in a warning and a request to reduce the volume. Additional complaints will result in the cessation of amplified sound. All amplified sound must be extinguished no later 10:00 p.m. pursuant to Winters Municipal Code Title VI; Chapter 7-Noise Control. Signing below certifies that all information contained within this application is correct. In the event that any of this information is found to be fraudulent, it may result in an automatic denial of this application.

Signature:

For City Use Only

Proof of Insurance:

N/A (Not City Property)  Yes  No

Rental Fee Paid:

N/A (Not City Property)  Yes  No

Police Department:

Approved  Denied

Date:

CITY OF WINTERS

Authorized Signature: \_\_\_\_\_

City Council:

Approved  Denied

Date: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

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JUL 13 2018

Address	Owner's Last Name	Object	Approve/Sign	NH*
<i>sure</i> 204 Main St	Neu		<i>Neu</i>	
206 Main St	Cogdell		<i>Cogdell</i>	
208 Main St	TRAMONETAHAWK		<i>Tramonetahawk</i>	
210 Main St	Valleullo			X X
212 Main St.	Smith		<i>Smith</i>	
213 Main St	<i>Almy</i>		<i>Nora Cary</i>	
209 Main St	Carrasco		<i>Carrasco</i>	
205 Main St	Perez		<i>Perez</i>	
300 Main St	Quintana			X X
301 Main St.	Ogando		<i>Ogando</i>	
302 Main St	Petersen		<i>Petersen</i>	
303 Main St	Perry		<i>Perry</i>	
304 Main St	Graf		<i>Graf</i>	
306 Main St	Heines		<i>Heines</i>	
308 Main St	Gonzalez		<i>Gonzalez</i>	
309 Main St	Thompson		<i>Thompson</i>	
305 Main St	Vickroy		<i>Vickroy</i>	X X
311 Main St	Kormosi		<i>Kormosi</i>	
311 Russell St.	McLaughlin		<i>McLaughlin</i>	X X
307 Russell St	Mjers		<i>Mjers</i>	
305 Russell St	Gordon		<i>Gordon</i>	
303 Russell St	Cramer		<i>Cramer</i>	X X
301 Russell St	Rose		<i>Rose</i>	
211 Russell St	Monderien		<i>Monderien</i>	
202 Russell St	Vangelio		<i>Vangelio</i>	X X
204 Russell St	Anderson		<i>Anderson</i>	
210 Russell St	Sanchoz		<i>Sanchoz</i>	
312 Russell St	Rodriguez		<i>Rodriguez</i>	
316 Russell St	Graf		<i>Graf</i>	

\* NH-Attempted to contact but noone was home.

307 Main St Kling  
 206 Russell St Giracusa

*Kling*  
*Giracusa*

209 Russell St  
 210 Main St

*209 Russell St*  
*210 Main St*

RECEIVED

JUL 10 2018

CITY OF WINTERS



Special Event Application

DESCRIPTION

Event Title: Porchfest Winters

Description :

This is a music event (non-profit) to benefit Music Boosters in Winters. Homeowners act as hosts for small bands on various porches/lawns. There is band rotation/shifts with different genres represented. City Park will host a childrens stage. Food trucks, Art vendors, Boosters bake sale. No Alcohol sold.

Will you charge admission? If so, what amount? :

No

Anticipated Attendance: 500

DATE/TIME

Setup Date: 9/23/18 Time: 9am Day of Week: Sunday

Event Starts: Date: 9/23/18 Time: 12pm Day of Week: Sunday

Event Ends: Date: 9/23/18 Time: 6pm Day of Week: Sunday

Dismantle: Date: 9/23/18 Time: 8pm Day of Week: Sunday

LOCATION

Location Description:

Starting @ Anytime Fitness parking lot on Main St - the hub patrons will pick up a map/schedule, stroll down Main St on foot or bikes - listening to music. They can bring a blanket or chairs, visit food trucks, etc. Third st. will cut through for possible spill over to Russell st. if enough interest from bands/host.

Host Organization: HHP Presents & Winters Music Boosters

Host Organization Primary Contact & Phone: (707) 631-7278 / (530) 505-1065

**SITE PLAN**

Please submit a detailed site plan identifying Street Names, parking spaces to be closed, location of barriers/barricades, location of all vendor booths/shade canopies, beer gardens or wine tasting areas, and locations of generators and food preparation equipment.

**ENTERTAINMENT AND RELATED ACTIVITIES**

Performer/Band Name & Type of Music:

Multiple, please see attached

Will amplified sound be used? Yes

Provide rated output of amplifier in watts: 100 (guitar amps - no P.A.)

Number of speakers: 8 host sites

**ALCOHOL**

Does your event involve the use of alcohol? No

Circle One:    Free/Host Alcohol    Alcohol Sales    Host & Sale Alcohol    Beer  
                  Beer & Wine                    Beer, Wine & Spirits

Please describe your plan to ensure the safe sale or distribution of alcohol at your event.

N/A

**FOOD & GOODS VENDORS**

Does your event include food concession and/or preparation areas?

Yes. Food trucks w/individual prep areas & permits

How do you intend to cook food in the event area?

\_\_\_\_\_

Will items or services be sold at your event? Independent Art Vendors

If yes please attach a complete list of vendors and include a description of the types of goods/food/services that the vendor provides.

**COMMUNITY OUTREACH**

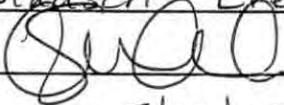
Please attach a copy of your community outreach notice and signature sheet that you provided to the businesses/residents in your event vicinity.

**INSURANCE**

Please attach Commercial General Liability Insurance and a separate additional Insured Endorsement for the Host Organization and all vendors. If your event features alcohol, Liquor Liability Insurance is also required.

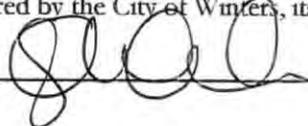
**CERTIFICATION**

I certify that the information contained in the foregoing application is true and correct to the best of my knowledge and belief that I have read, understand and agree to abide by the rules and regulations governing the proposed Special Event. Applicant agrees to comply with all other requirements of the City, County, State, Federal Government, and any other applicable entity which may pertain to the use of the Event venue and the conduct of the Event. I agree to abide by these rules, and further certify that I, on behalf of the Host Organization, am also authorized to commit that organization, and therefore agree to be financially responsible for any costs and fees that may be incurred by or on behalf of the Event to the City of Winters.

Name of Host Organization: Hapa Hoole Productions / Winters Music Boosters  
Title: Sarah Madsen - Event Manager  
Signature:   
Date: 7/10/18

**INDEMNIFICATION**

The undersigned agrees by their signature that they are an authorized agent/representative for the requesting agency, and further agrees the rules and regulations will be complied with in full. I further agree that I am responsible to the City of Winters for the use and care of City property. I further agree that the nature of the activity will conform to that stated in this application. I agree to indemnify and hold harmless the City of Winters, its officers, agents, and employees against any and all loss, damage and/or liability that may be suffered or incurred by the City of Winters, its officers, agents, and employees.

Signature:  Date: 7/10/18

**FEES**

- Encroachment of Public Right-of-Way \$54.00 per Event
- Business License Fees (per vendor) \$86.00 annual or \$10.00 one-day

*non-profit*



**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Councilmembers  
**DATE:** August 21, 2018  
**FROM:** David Dowswell, Contract Planner, Community Development Department  
**THROUGH:** John W. Donlevy, Jr., City Manager  
**SUBJECT:** Public Hearing and consideration of the Amended Tentative Subdivision Map for the forty (40) lot Creekside Estates Subdivision

---

**RECOMMENDATION:**

That the City Council:

1. Receive the Staff Report on a proposed Amended Tentative Subdivision Map, and
2. Conduct the Public Hearing to consider comments on the Amended Tentative Subdivision Map, and
3. Find per Section 15061(b)(3) of the CEQA Guidelines that the proposed amendment to the Tentative Map is not subject to CEQA due to the lack of direct or reasonably foreseeable indirect physical change to the environment which would result from the adoption of the proposed amendment to Tentative Map; and
4. Approve Resolution No. 2018-41, Resolution of the City Council of the City of Winters Approving the Amended Tentative Subdivision Map for the Creekside Estates Subdivision.

**BACKGROUND:**

In April 2005, the City approved the Creekside Estates Subdivision and Development

Agreement (DA). In December 2012 the First Amendment approved a number of changes including extending the term of the agreement until December 20, 2018, amending the language regarding the approval of an agreement with the Winters Unified School District and how the cost of infrastructure improvements needed to develop the subdivision would be determined.

In 2015 the City met with representatives of Watt Communities, who at the time was looking to buy Creekside Estates from the Roman Catholic Church, to discuss possible amendments to the DA. The amendments to the Creekside Estates DA were essentially to “modernize” it to recognize capital improvements made during the interim, needs of the City and the Developer, and also to acknowledge the new fiscal realities of residential development.

On June 13, 2017 the Planning Commission recommended the City Council approve the amendments to the DA in the Amended and Restated Development Agreement. On July 18, 2017 the City Council approved the Amended and Restated Development Agreement.

On July 24, 2018 the Planning Commission considered the Amended Tentative Subdivision Map (Map) (Attachment A) at a public hearing. At the hearing a few residents living in the homes on Dry Creek Lane abutting Lot 38 spoke about acquiring all or a portion of Lot 38 with the idea of incorporating it into their properties. The Commission advised the property owners to discuss their request with the owners of the Creekside development. At the conclusion of the hearing the Commission recommended the City Council adopt the resolution approving the Amended Tentative Map.

### **DISCUSSION:**

The applicant believes the current subdivision layout (Attachment B) would create a number of lots which are unbuildable or very difficult to build on due to the required setbacks and shape of the lots, especially those lots backing onto Dry Creek. For example, lots 12 and 14 of the current Tentative Map are very shallow, which would only allow for a somewhat irregular shaped house. The same is somewhat true for lots 34 and 35, which back up to Dry Creek. Lot 13 is also unusual because it fronts on three streets, creating a situation where there would be very little useable yard area and essentially no back yard.

The Amended Tentative Map (Attachment A) layout results in more traditional shaped lots with larger buildable areas and eliminates having a lot that fronts on three streets. The lots abutting Dry Creek are still able to comply with the 50 foot creek setback from top of bank while providing more buildable area.

Staff supports the changes to the lot layout in the Amended Tentative Map in that it creates lots which will be easier to develop than the current plan. It should be noted

even with the amendment to the Tentative Map there may still be a need to apply to amend the Planned Development Overlay Zone (PD) in order to develop some of the lots which back onto Dry Creek due to the requirement for a 50 foot creek setback. The determination to amend the PD will not be made until actual houses are proposed for these lots.

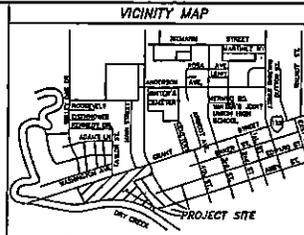
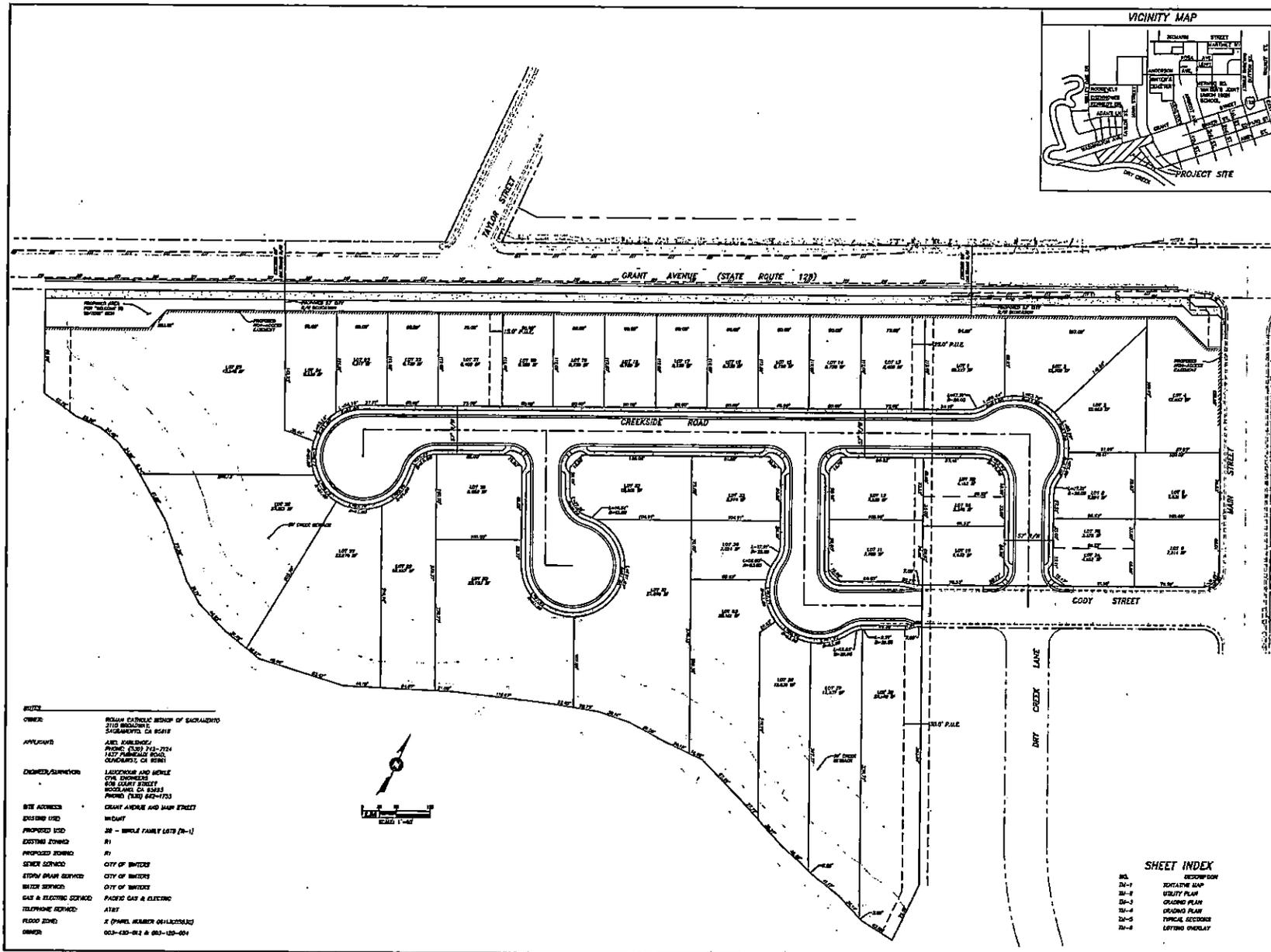
The City Engineer reviewed the Conditions of Approval for the approved Tentative Map applying to Engineering. A number of the conditions, shown using strikeout, are no longer applicable and are being deleted. For example, Condition No. 79d is no longer applicable because the traffic signal has been installed. The developer will be required to reimburse their proportional cost of the signal. Condition No. 80c is no longer applicable for the same reason. Condition 107 is no longer applicable because the new well is being built as part of the Stone's Throw and Callahan Estates Subdivisions. Again the developer will be required to reimburse their proportional cost of the well. A number of new conditions, highlighted in yellow, are also being added. Condition No. 84 is being added to address the creation of a new cul-de-sac and redesign of the existing one. Condition No. 79g is being added requiring the addition of LED lights along the outer edge of the bike lane along Grant Avenue, subject to the City and Caltrans approval (Attachment C).

### **ENVIRONMENTAL ASSESSMENT**

Per Section 15061(b)(3) of the CEQA Guidelines, the proposed Amended Tentative Map is not subject to CEQA due to the lack of direct or reasonably foreseeable indirect physical change to the environment which would result from the adoption of the proposed Amended Tentative Map.

### **ATTACHMENTS:**

- A. Amended Tentative Map
- B. Original Tentative Map
- C. Amended Engineering Conditions of Approval
- D. Resolution 2018-41



**NOTES:**

**OWNER:** HOLM CATHOLIC BISHOP OF SACRAMENTO  
2715 BRIDGEMONT  
SACRAMENTO, CA 95818

**APPLICANT:** ARL SWANSON  
PHONE: (916) 712-7274  
1257 PARKDALE ROAD  
CHICAGO, IL 60641

**ENGINEER/SURVEYOR:** LAUGENDOR AND MEKLE  
CIVIL ENGINEERS  
676 COURT STREET  
MCKINLEY, CA 95651  
PHONE: (530) 822-1773

**SITE ADDRESS:** GRANT AVENUE AND MARY STREET

**EXISTING USE:** W/CHMT

**PROPOSED USE:** 28 - SINGLE FAMILY LOTS (R-1)

**EXISTING ZONING:** R1

**PROPOSED ZONING:** R1

**SHEET SERVICE:** CITY OF WINDYBROOK

**STORM DRAIN SERVICE:** CITY OF WINDYBROOK

**WATER SERVICE:** CITY OF WINDYBROOK

**GAS & ELECTRIC SERVICE:** PACIFIC GAS & ELECTRIC

**TELEPHONE SERVICE:** AT&T

**FLOOD ZONE:** X (PANEL NUMBER 0811225512)

**DIMERS:** 003-430-812 & 003-125-004



**SHEET INDEX**

NO.	DESCRIPTION
28-1	TENTATIVE MAP
28-2	UTILITY PLAN
28-3	GRADING PLAN
28-4	TYPICAL SECTIONS
28-5	LIFTING OVERLAY

**TENTATIVE MAP**  
TOPOGRAPHIC SURVEY FOR AMENDED MAP  
SUBDIVISION NO. 46345 CREEKSIDE ESTATES  
CITY OF WINDYBROOK, CALIFORNIA

**APPROVED BY:** [Signature]

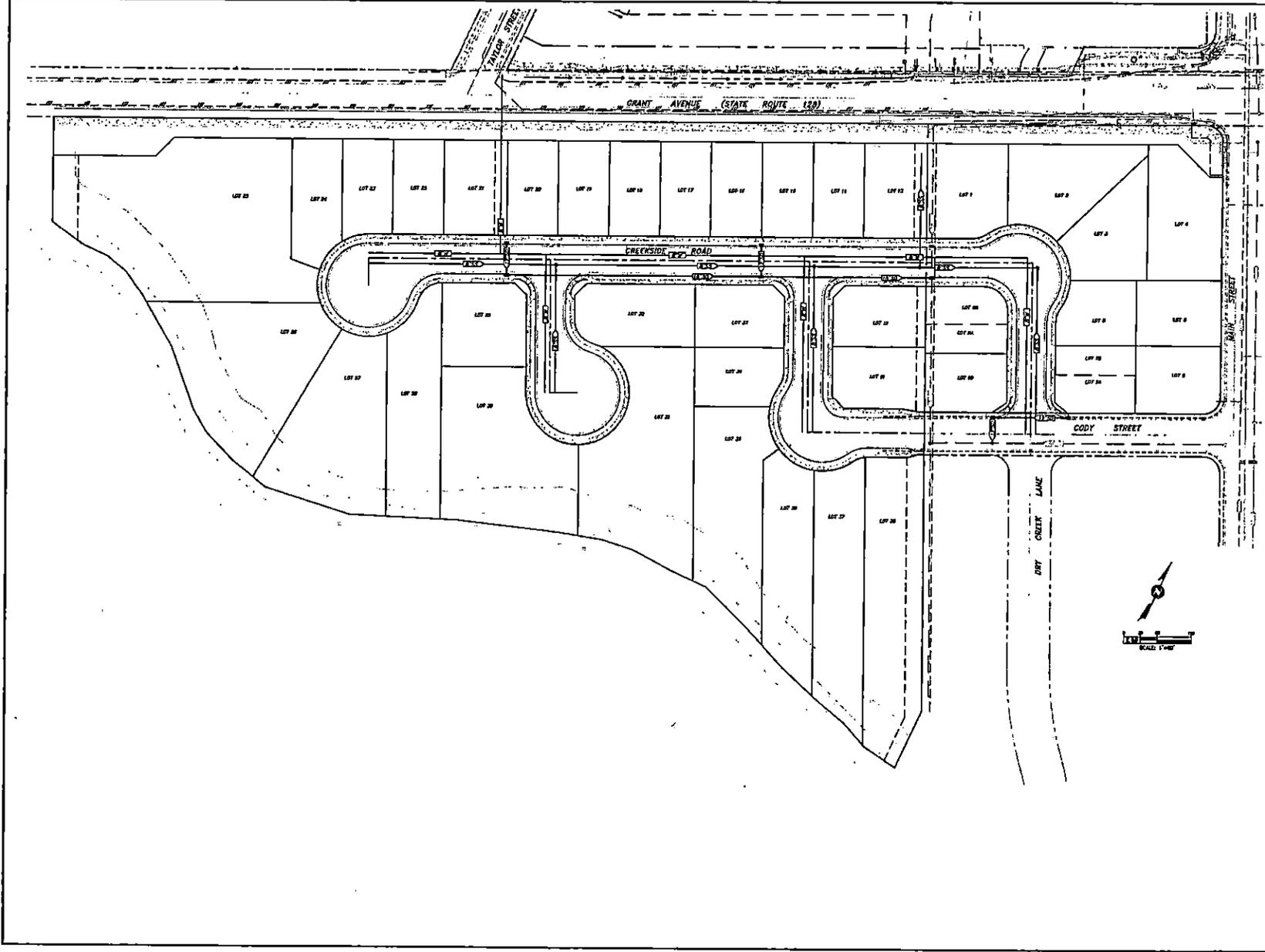
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**SCALE:** 1"=80'

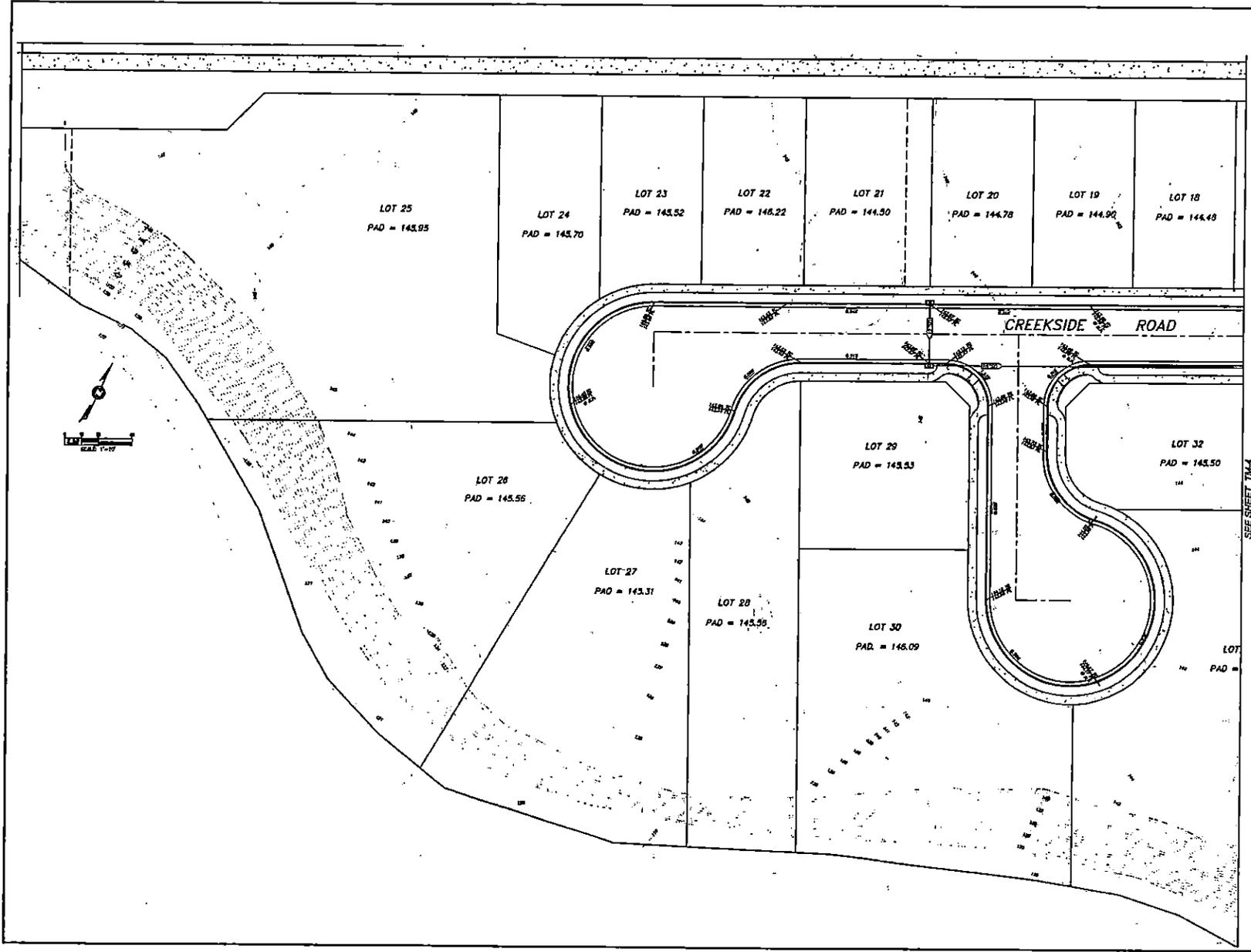
**TM-1**

SHEET 1 OF 6

ATTACHMENT A



<b>PRELIMINARY UTILITY PLAN</b> TOPOGRAPHIC SURVEY FOR AMENDED MAP SUBDIVISION NO. 4645 CREKESIDE ESTATES CITY OF WOODLAND	
DESIGNED BY DRAWN BY FILED BY CHECKED BY DATE SCALE	2130-2 JML JML JML 06-13-2018 1"=40'
L.M. LAUGELOUR AND MEIKLE CIVIL ENGINEERS 1000 W. WOODLAND AVENUE, SUITE 100 WOODLAND, CALIFORNIA 95694 DATE: 06-13-2018 P.L. 2018	
CITY OF WOODLAND APPROVED BY: (Signature) DATE:	
SHEET 2 OF 6	



SEE SHEET TM-4

<b>PRELIMINARY GRADING PLAN</b> TOPOGRAPHIC SURVEY FOR AMENDED MAP SUBDIVISION NO. 4645 CREEKSIDE ESTATES CITY OF WOODLAND	
JOB NO. 8110-2 DESIGNED BY DRAWN BY FILE # 210-2-TM-3 CHECKED BY DATE 08-28-2012 SCALE 1"=40'	CITY OF WOODLAND APPROVED BY: DATE: PER:
<b>LAUGENOUR AND MEKLE</b> CIVIL ENGINEERS 10100 WOODLAND AVENUE, SUITE 100 WOODLAND, CALIFORNIA 95694 DATE: _____ BY: P.E. LEM	
<b>TM-3</b> SHEET 3 OF 6	





BUILDABLE AREA		
LOT #	OLD SIZE (SQ. FT.)	PROPOSED SIZE (SQ. FT.)
1	4,099	5,458
2	4,967	6,558
3	4,613	4,872
4	5,705	7,213
5	3,798	3,798
6	3,900	3,300
7A	1,696	1,788
7B	1,696	1,788
8	3,186	3,734
9A	1,696	1,546
9B	1,395	1,404
10	2,242	2,303
11	3,086	3,092
12	3,254	3,095
13	3,080	3,960
14	2,754	3,240
15	2,924	3,240
16	3,602	3,240
17	3,300	3,240
18	3,900	3,240
19	3,300	3,240
20	3,900	3,240
21	3,300	3,960
22	4,500	3,240
23	3,825	3,283
24	3,373	4,500
25	7,688	16,839
26	4,373	5,487
27	4,217	7,701
28	9,513	6,490
29	8,157	4,500
30	10,049	5,557
31	9,929	7,719
32	3,015	4,780
33	4,972	3,222
34	3,444	3,259
35	2,632	5,081
36	3,447	3,569
37	7,030	6,384
38	14,366	8,544
TOTAL	179,623	180,704

**LEGEND:**

- ORIGINAL TENTATIVE MAP STREET AREA
- ORIGINAL TENTATIVE MAP PROPERTY LINE
- ORIGINAL TENTATIVE MAP BUILDABLE AREA
- ORIGINAL TENTATIVE MAP ROW
- ORIGINAL TENTATIVE MAP CENTERLINE
- AMENDED TENTATIVE MAP PROPERTY LINE
- AMENDED TENTATIVE MAP BUILDABLE AREA
- AMENDED TENTATIVE MAP ROW
- AMENDED TENTATIVE MAP CENTERLINE



**LOTTING OVERLAY**  
 TOPOGRAPHIC SURVEY FOR AMENDED MAP  
 SUBDIVISION NO. 4645 CRENSIDE ESTATES

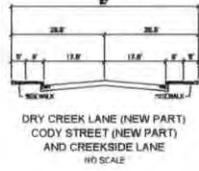
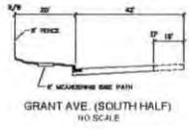
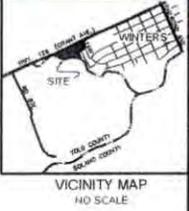
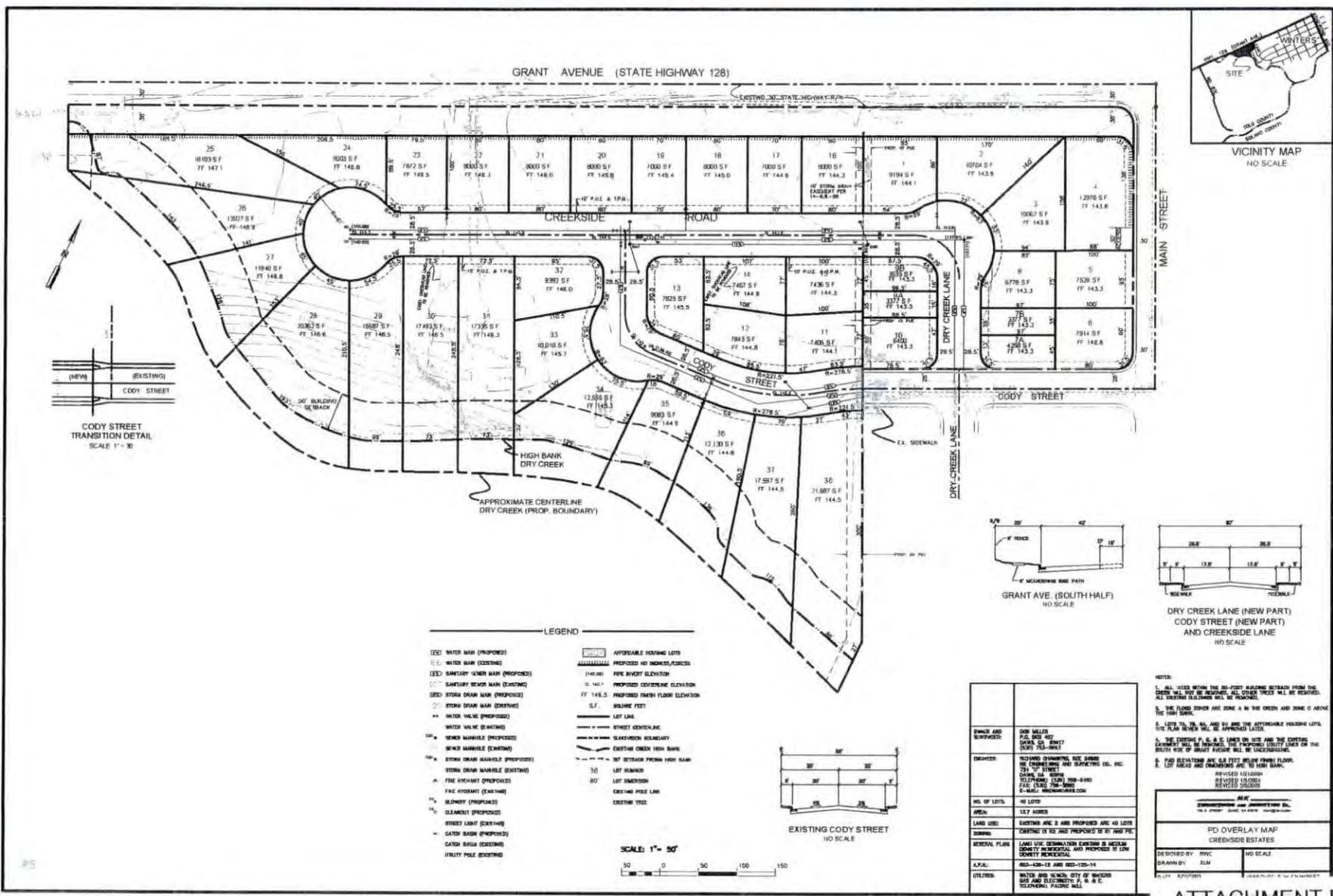
**LAUGENOUR AND MEIKLE**  
 CIVIL ENGINEERS  
 1000 S. GARDEN ST., SUITE 100  
 ANAHEIM, CALIFORNIA 92805  
 P. C. MEIKLE

**CITY OF WOODLAND**  
 APPROVED BY \_\_\_\_\_  
 DEPUTY CLERK  
 FOR PUBLIC WORKS/COMMUNITY DEV.

**TM-6**  
 SHEET 6 OF 6

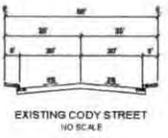
DATE	DATE	DATE	DATE
DESIGNED	CHECKED	DATE	SCALE
DRAWN	FILED	BY	BY
DATE	DATE	DATE	DATE
SCALE	SCALE	SCALE	SCALE

TENTATIVE SUBDIVISION MAP



**LEGEND**

(---) WATER MAIN (PROPOSED)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) WATER MAIN (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) SANITARY SEWER MAIN (PROPOSED)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) SANITARY SEWER MAIN (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) STORM DRAIN MAIN (PROPOSED)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) STORM DRAIN MAIN (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) WATER VALVE (PROPOSED)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) WATER VALVE (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) POWER MANHOLE (PROPOSED)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) POWER MANHOLE (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) STORM DRAIN MANHOLE (PROPOSED)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) STORM DRAIN MANHOLE (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) FIRE HYDRANT (PROPOSED)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) FIRE HYDRANT (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) BLINDTAP (PROPOSED)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) BLINDTAP (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) STREET LIGHT (PROPOSED)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) STREET LIGHT (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) CATCH BASIN (PROPOSED)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) CATCH BASIN (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)
(---) UTILITY POLE (EXISTING)	(---) APPROXIMATE CENTERLINE DRY CREEK (PROP. BOUNDARY)



OWNER AND DEVELOPER:	DAVE BELLO P.O. BOX 407 DANES, CA 95017 CODY 753-0001
ENGINEER:	TECHNICAL ENGINEERING AND ARCHITECTURE INC. P.C. 1201 N. STREET DANES, CA 95018 TELEPHONE: (415) 708-8180 FAX: (415) 708-8180 E-MAIL: INFO@TECHENR.COM
NO. OF LOTS:	40 LOTS
AREA:	13.7 ACRES
LAND USE:	EXISTING AND 2 ARE PROPOSED ARE 40 LOTS ZONING IS TO BE PROPOSED TO BE HOV-2FC
GENERAL PLAN:	LAND USE DESIGNATION EXISTING IS MEDIUM DENSITY RESIDENTIAL AND PROPOSED IS LOW DENSITY RESIDENTIAL
AJAL:	065-008-12 AND 002-120-14
UTILITIES:	WATER AND SEWER, CITY OF DANES GAS AND ELECTRICITY, P. & G. E. TELEPHONE, PACIFIC BELL

**NOTES:**

- ALL LOTS WITHIN THE 20-FOOT REARSETT FROM THE STREET WILL NOT BE REPAVED. ALL OTHER TRUCKS WILL BE REPAVED. ALL EXISTING UTILITIES WILL BE REPAVED.
- THE FLOOD ZONES ARE ZONE A IN THE GREEN AND ZONE C ABOVE THE 100 YEAR.
- LOTS 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

Lot #	Lot SF
1	9,194
2	10,904
3	10,067
4	12,976
5	7,528
6	7,914
7a	4,258
7b	3,377
8	6,778
9a	3,535
9b	3,377
10	6,400
11	7,406
12	7,843
13	7,825
14	7,467
15	7,436
16	8,000
17	7,000
18	8,000
19	7,000
20	8,000
21	8,000
22	8,000
23	7,872
24	9,003
25	18,103
26	13,027
27	11,940
28	20,362
29	15,587
30	17,493
31	17,335
32	8,392
33	10,010
34	12,555
35	9,083
36	12,130
37	17,597
38	21,687

**ENGINEERING PROPOSED CONDITIONS OF APPROVAL CREEKSIDE ESTATES SUBDIVISION  
(August 21, 2018)**

**Engineering**

73. The City of Winters Plan Review Fee applies and is due upon submittal of the maps and plans for review.
74. All proposed roads within the subdivision shall comply with the City's Public Works Improvement Standards and Construction Specifications, dated **December 2015 or as amended.**
75. **Proposed improvements, including but not limited to, grading, streets, utilities, and landscape have not been reviewed in detail and are not approved at this time. The City Engineer shall review the improvement plans for conformance with applicable codes, standards, and these Conditions of Approval. The Applicant shall revise and resubmit the improvement plans based upon comments provided by the City Engineer.**
76. **Joint trench/utility/composite plans shall be submitted to the City Engineer for review, prior to approval of improvement plans. Applicant shall provide design and construction for conduit and boxes suitable for broadband internet service within the joint trench. The conduit shall be coordinated with all other utilities and shown on the joint trench composite plans. The conduit and boxes are to be constructed with the joint trench and completed before certificate of occupancy is issued.**
77. **All existing and proposed utilities (Electric, phone/data, and cable) within 100 feet of the project boundary shall be installed underground per the subdivision ordinance and shall meet the policies, ordinances, and programs of the City of Winters and the utility providers. If relocation of existing facilities is deemed necessary, the Applicant shall perform the relocation, at the Applicant's expense unless otherwise provided for through a reimbursement agreement. All public utility standards for public easements shall apply.**
78. **Applicant shall enter into a Public Improvement and Maintenance Agreement with the City, prior to recordation of the Final Map or work within public right of way, whichever occurs first..**
79. Grant Avenue:
  - a) **An encroachment permit from Caltrans is required for all work performed in the State right-of-way along Grant Avenue (Hwy. 128).**
  - b) South half improvements shall be constructed from the western terminus of the tentative map to the eastern terminus of this Tentative Map with the first final map on the project. Applicant shall acquire the necessary right of way to construct full frontage improvements on the south half of Grant Ave. per the City of Winters Public Works Improvement Standards.
  - c) The south half improvements shall include all necessary right-of-way and improvements to include a 12-foot eastbound travel lane, 8-foot shoulder, and a 33-foot landscape corridor that will include a 10-foot Class 1 concrete pedestrian/bike path. The ped/bike path shall be within city right of way.
  - ~~d) The improvement plans shall include the design of a complete traffic signal that includes the conduit, pull boxes, signal poles and signal foundations, street lighting and cabinets. The project proponent shall install all traffic signal improvements necessary for installation of a future new signal at the Grant Avenue and West Main intersection. This is a reimbursable expense.~~
- ~~e-d~~ Applicant shall be responsible for construction of a privacy wall along entire Grant Avenue frontage in conjunction with the landscaping corridor. Prior approval of wall design is required, and a building permit will be required.

~~80~~ No driveways shall be allowed to front load onto Highway 128 (known as Grant Avenue).

~~81~~ A non-access restriction shall be shown on the final map along Grant Ave. frontage.

~~82~~ Decorative LED lights shall be installed along the frontage of Grant Avenue between the Class 1 path and the street, with the approval of the City and Caltrans.

80. Main Street:

a. No driveways shall be allowed to front load onto Main Street within 140-feet of the tangent of the face of curb on Grant Ave.

b. A non-access restriction shall be shown on the final map along Main Street frontage.

~~c. A northbound left turn lane shall be required on West Main Street at Grant Avenue.~~

81. Intersection Enhancement Details: Crosswalks shall be constructed of colored brick pavers, stamped concrete or other enhanced feature as approved by the City.

82. Local Streets: Local streets shall provide for ADA compliant sidewalk turnouts where sidewalk widths do not meet ADA.

~~83. Tentative Map Street Cross Sections. Sheet 1 of 1, dated February 8, 2005. Conditions and changes shall be made as follows:~~

~~a) Street cross section details, including all intersection geometric design, complying with the conditions of approval, shall be revised on the tentative map submitted to the City and approved by the City Engineer prior to submitting a final map and improvement plans.~~

~~b) A signing, striping and stop plan is required and shall be approved by the City Engineer. All signing and striping shall be in accordance with the City of Winters Public Improvements and Construction Standards.~~

~~c) Street light types shall be historic types as approved by the City. If necessary, the applicant shall fund the analysis for designing standards and details for spacing historic lights. This is a reimbursable expense. Improvement plans shall be designed to those standards once approved.~~

~~84-83~~ A signing and striping, and stop plan is required and shall be approved by the City Engineer. All signing and striping shall be in accordance with the City of Winters Public Improvements Standards and Construction Standards.

~~85-84~~ Each residence in the cul-de-sac must be able to accommodate parking for 3 vehicles: either (3) on-site parking spaces or two (2) on site spaces and (1) on-street space. The on street space shall be along the frontage of the subject property with no more than a 10-foot overlap across the frontage of adjacent parcels.

**Storm Drainage and Site Grading**

~~86-85~~ Pursuant to General Plan Policy VI.A.6, grading shall be carried out during dry months, when possible. Areas not graded shall be disturbed as little as possible. Construction and grading areas, as well as soil stockpiles, should be covered or temporarily revegetated when left for long periods. Revegetation of slopes shall be carried out immediately upon completion of grading. Temporary drainage structures and sedimentation basins must be installed to prevent sediment from entering and thereby degrading the quality of downstream surface waters, particularly Putah Creek. The full cost of any necessary mitigation measures shall be borne by the project creating the potential impacts. Pursuant to General Plan Policy VII.B.3, should the City allow any grading to occur during the rainy season, conditions shall be implemented to ensure that silt is not conveyed to the storm drainage system.

- ~~47-36~~ The applicant agrees to adhere to the terms of the of the ordinance (Ordinance No. 96-02) adopted by the City Council to address impact fees to be paid for development of property within the Rancho Arroyo Drainage District, to offset costs associated with drainage improvements.
- ~~38-37~~ A comprehensive storm drainage plan shall be prepared by a registered civil engineer for project watershed(s), including the plan area. The plan shall identify specific storm drainage design features to control increased runoff from the project site. The drainage plan shall demonstrate the effectiveness of the proposed storm drainage system to prevent negative impacts to existing downstream facilities and to prevent additional flooding at off-site downstream locations. All necessary calculations and assumptions and design details shall be submitted to the City Engineer for review and approval. The design features proposed by the applicant shall be consistent with the most recent version of the City's Storm Drainage Master Plan criteria and Public Improvement Standards. The plan shall incorporate secondary flood routing analysis and shall include final sizing and location of on-site and off-site storm conduit channels, structures and (detention basins if required). The Storm Drainage Plan shall be submitted for approval prior to submittal of the first final map and/or construction drawings for checking. The applicant shall pay the cost associated with all improvements required by the plan.
- ~~35-38~~ A topographic survey of the (~~excluding Dry Creek to its high bank~~) entire site and a comprehensive grading and drainage plan prepared by a registered civil engineer, shall be required for the development. The plan shall include topographic information on adjacent parcels. In addition to grading information, the grading plan shall indicate all existing trees, and trees to be removed as a result of the proposed development, if any. A statement shall appear on the site grading and drainage plan, which shall be signed by a registered civil engineer or land surveyor and shall read, "I hereby state that all improvements have been substantially constructed as presented on these plans". Reference the City of Winters Public Improvements Standards and Construction Standards for additional requirements.
- ~~30-39~~ The Tentative Map Grading and Drainage plan showing grading and drainage information including topographic information, drainage routing, pipe slopes and sizing and locations and overland drainage routing are preliminary only and do not constitute approval in any way. Final approval for the grading and Drainage Plan shall occur with the final improvements based on the requirements set forth in these conditions of approval.
- ~~Construction materials for storm drainpipes within the water table shall be pre-cast rubber-gasket reinforced concrete pipe (RGRCP).~~
- ~~42-40~~ Applicant shall be required to coordinate with FEMA through the City's Floodplain Administrator to determine if a CLOMR or LOMR is needed for the project as a result of possible impacts to Dry Creek or Putah Creek Flood Plain. Applicant shall obtain all necessary permits and CLOMRs/LOMRs as required prior to First Final Map approval.
- ~~43-41~~ The differential in elevation between rear and side abutting lot lines shall not exceed twelve inches (12") without construction of concrete or masonry block retaining walls.
- ~~44-42~~ Drainage fees shall be paid prior to issuance of a building permit.
- ~~45-43~~ All perimeter parcels and lots shall be protected against surface runoff from adjacent properties in a manner acceptable to the City Engineer.
- ~~46-44~~ If disposal and sharing of the excavated soil from the construction of the Development occurs, prior to approval of the first Final Map, Applicant shall prepare a written agreement with the other participating property owners and submit to the City.
- ~~47-45~~ A SWPPP shall be included with the improvement plans, to be approved by the City Engineer. The project shall require a National Pollution Discharge Elimination System (NPDES) construction permit. Post construction Best Management Practices (BMPs) shall be identified on improvement plans.

- ~~98-96~~ An erosion and sedimentation control plan shall be included as part of the improvement plan package. The plan shall be prepared by the applicant's civil engineer and approved by the City Engineer. The plan shall include but not be limited to interim protection measures such as benching, sedimentation basins, storm water retention basins, energy dissipation structures, and check dams. The erosion control plan shall also include all necessary permanent erosion control measures, and shall include scheduling of work to coordinate closely with grading operations. Replanting of graded areas and cut and fill slopes is required and shall be indicated accordingly on plans, for approval by City Engineer.
- ~~99~~ ~~Landscaped slopes along street shall not exceed 5:1. Level areas having a minimum width of two (2) feet shall be required at the toe and top of said slopes. Excavations shall require approval of the City Engineer.~~
- ~~100-97~~ All inactive portions of the construction site, which have been graded will be seeded and watered until vegetation is grown.
- ~~104-98~~ Grading shall not occur when wind speeds exceeds 20 MPH over a one hour period.
- ~~102-99~~ Construction vehicle speed on unpaved roads shall not exceed 15 MPH.
- ~~103-100~~ Construction equipment and engines shall be properly maintained.
- ~~104-101~~ If air quality standards are exceeded in May through October, the construction schedule will be arranged to minimize the number of vehicles and equipment operating at the same time.
- ~~105-102~~ Construction practices will minimize vehicle idling.
- ~~106-103~~ Potentially windblown materials will be watered or covered.
- ~~107-104~~ Construction areas and streets will be wet swept.

#### **Wastewater and Sewer Collection System**

- ~~108~~ ~~The applicant shall obtain a no-cost Wastewater Discharge Permit from the Public Works Department prior to the issuance of a Building Permit.~~
- ~~103-105~~ Applicant shall pay fair share costs for the benefiting use of the W. Main Sewer Pump Station and force main, which were constructed by Winters Highlands (Stone's Throw Ph 1). The cost-allocation shall be in accordance with the West Winters Sewer Benefit District.
- ~~109-106~~ Applicant shall design and construct a sewer system to redirect existing and project sewer flows from Grant Avenue into the Carter Ranch Lift Station. A preliminary analysis and conceptual design was provided in a Tech Memo, (Wood Rodgers, April 17, 2017).
- ~~110-107~~ The property shall be connected to the City of Winters sewer system, with a separate sewer lateral required for each parcel, in accordance with City of Winters Public Improvement standards and Construction Standards.
- ~~111-108~~ A comprehensive Sewer Collection System Plan shall be submitted for approval by the City Engineer prior to submittal of the final map and/or construction drawings for checking. A registered civil engineer for project shall prepare the sewer collection system plan. The plan shall include final sizing and location of conveyance facilities, structures, and engineering calculations. The applicant shall pay the cost associated with all improvements required by the plan. Reference the City of Winters Public Improvements Standards and Construction Standards for additional requirements.

~~112-109~~ The Tentative Map Sewer Plan showing sewer routing, pipe slopes and sizing and locations, are preliminary only and do not constitute approval in any way. Final approval for the Sewer Plan shall occur with the final improvements based on the requirements set forth in these conditions of approval.

~~113. Construction of sewer mains deeper than 16 feet at the bottom of the pipe shall be connected to laterals by a parallel mains and connection at manholes.~~

### **Water and Fire Infrastructure**

~~114-110~~ All materials and installation of the water system shall be at the applicant's expense per City of Winters Public Improvement Standards and Construction Standards.

~~115. If required, per the Subdivision Map Act, project applicant shall obtain a Water Verification (WV) prior to approval of the final map that addresses the following:~~

~~a) Actual water service to the subdivision will be predicated upon satisfaction of terms and conditions set by the water supplier.~~

~~b) The WV is non-transferable, and can only be used for the specific tentative map for which it was issued.~~

~~c) The WV shall expire along with the tentative subdivision map if a final map is not recorded within time allowed under the law.~~

~~d) Until such time as actual service connections are approved for the subdivision the water agency may withhold water service due to a water shortage declared by the water agency.~~

~~116. Based on City water modeling a new well is needed to serve the first phase of development. Developer shall advance funds for the construction of the new water well and required water system conveyance pipelines with the project per Mitigation #17. In addition, the applicant shall acquire the parcel for the new well prior to approval of the first final map subject to the fee credits and/or reimbursements.~~

~~117-111~~ The Tentative Map Water Plan showing water routing, sizing and locations, are preliminary only and do not constitute approval in any way. Final approval for the Water Plan shall occur with the final improvements based on the requirements set forth in these conditions of approval. Applicant shall comply with making changes to water system distribution pipe sizes and alignments based on the results of the specific water modeling performed for the development. Applicant shall pay for all required water modeling for identifying water infrastructure needs to serve its development and shall construct offsite water improvements to connect to the City water distribution system.

~~118-112~~ At the time the Building Permit is issued, the applicant will be required to pay the appropriate City connection Fees. All domestic water services will be metered. Water meters shall be installed on all water services to the satisfaction of the City Engineer.

113. Per City of Winters Cross Connection Control Program, all fire protection and landscape irrigation services are required to maintain an approved backflow prevention assembly, at the applicant's expense. Service size and flow-rate for the backflow prevention assembly must be submitted. Location of the backflow prevention assembly shall be per the City of Winters Public Improvements Standards and Construction Standards. Prior to the installation of any backflow prevention assembly between the public water system and the owner's facility, the owner or contractor shall make application and receive approval from the Public Works Department.

~~119-114~~ The City of Winters Plan Review Fee applies and is due upon submittal of the maps and plans for review. Moved see Condition No. 73.

~~120-115~~ FINAL PLANS, PERIODIC TESTS FOR FIRE HYDRANTS: All final plans for fire hydrant systems and private water mains supplying a fire hydrant system shall be submitted to the City of Winters Fire Department for approval prior to construction of the system. All fire protection systems

and appurtenances thereto shall be subject to such periodic tests as required by the City of Winters Fire Department.

- | ~~124-116~~ 116 WATER PRESSURE: All water lines and fire hydrant systems must be approved by the Fire Chief and operating prior to any construction taking place on the site. Prior to issuance of building permits, water flow must be measured and certified for adequacy by the Winters Fire District.
- | ~~125-117~~ 117 REFLECTORS FOR FIRE HYDRANTS: Any fire hydrant installed will require, in addition to the blue reflector noted in Standard Drawings, an additional blue reflector and glue kit that is to be supplied to the City of Woodland Fire Department for replacement purposes.
- | ~~123-118~~ 118 All construction, new or remodeling, shall conform to the most current Uniform Fire Codes, the Winters Fire Prevention Code, and section of the National Fire Codes that the Winters Fire Chief or his/her agent may find necessary to apply.
- | ~~124-119~~ 119 Prior to approval of the first final map, a comprehensive water system plan shall be prepared by a registered civil engineer for project, and shall be submitted to the City Engineer for review and approval. The master plan shall include final sizing and location of conveyance facilities, structures, and engineering calculations. Said plan shall also include provisions for cost sharing among affected adjacent development for facilities sized to accommodate the plan area. The applicant shall pay the cost associated with all improvements required by the plan, and an appropriate reimbursement agreement shall be drafted to reimburse the applicant for oversize improvements on a pro rata basis per the Project level Development Agreement. Reference the City of Winters Public Improvements Standards and Construction Standards for additional requirements.
- | ~~125-120~~ 120 Applicant shall be required to loop water system from Grant Avenue to Cody Street.
- | ~~126-121~~ 121 Forty-eight hour notice shall be given to the Winters Fire District prior to any site inspections.
- | ~~127-122~~ 122 A hydrant use permit shall be obtained from the Public Works Department, for water used in the course of construction.
- | ~~128-123~~ 123 When the fire protection facilities are in the City of Winters, the developer shall contact the Winters Fire District Chief or his/or agent prior to construction for a pre-construction meeting.
- | ~~129-124~~ 124 All required fire accesses that are to be locked, shall be locked with a system that is approved by the Fire Chief or his/her agent.

~~130. Submit three sets of plans for each fire suppression sprinkler system to the Fire Department for review and approval prior to issuance of each building permit.~~

~~131-125 All residences shall have fire suppression sprinkler systems meeting or exceeding NFPA 13-D. Water laterals shall be appropriately sized to accommodate sufficient water flows for fire suppression sprinkler systems. In no instance shall a water lateral be less than 1.5 inches in size.~~

### **General Public Works and Engineering Conditions**

- | ~~132-126~~ 126 The conditions as set forth in this document are not all inclusive. Applicant shall thoroughly review all City, state, and federal planning documents associated with this tentative map and comply with all regulations, mitigations and conditions set forth.
- | ~~133-127~~ 127 The applicant agrees to adhere to the terms of the ordinance (Ordinance No. 96-02) adopted by the City Council to address impact fees to be paid for the development of property within the Rancho Arroyo Drainage District, to offset costs associated with drainage improvements.

- ~~134~~ 128 Conform to County Health regulations and requirements for the abandonment of a septic tanks and water wells.
- ~~135~~ 129 Closure calculations shall be provided at the time of initial map check submittal. All calculated points within the map shall be based upon one common set of coordinates. All information shown on the map shall be directly verifiable by information shown on the closure calculation print out. The point(s) of beginning shall be clearly defined and all lot acreage shall be shown and verifiable from information shown on the closure calculation print out. Additionally, the square footage of each lot shall be shown on the subdivision map. Reference the City of Winters Public Improvements Standards and Construction Standards for additional requirements.
- ~~136~~ 130 A Final Map shall be processed and shall be recorded prior to issuance of a Building Permit. The Developer shall provide, to the City Engineer, one recorded Mylar copy and four print copies of the final map from the County, prior to issuance of the first building permit.
- ~~137~~ 131 U.S. Post Office mailbox locations shall be shown on the improvement plans subject to approval by the City Engineer and Postmaster.
- ~~138~~ 132 A registered landscape architect shall design landscape and privacy wall improvements and improvements shall be per City Standards, as applicable. Combined with Condition No. 146.
- ~~139~~ Joint trench/utility/composite plans shall be submitted to the City Engineer for review prior to approval of the final map improvements plans.
- ~~140~~ 133 All existing and proposed utilities (electric, phone/data and cable) within 100 feet of the project boundary shall be installed underground per the undergrounding ordinance and shall meet the policies, ordinances and programs of the City of Winters and the utility providers.
- ~~141~~ Street lighting location plan shall be submitted and approved by the City Engineer prior to approval of improvement plans and recordation of the final map.
- ~~142~~ 134 Roads must be constructed and paved prior to issuance of any building permit. Under specific circumstances, temporary roads may be allowed, but must be approved by the City of Winters City Engineer and Fire Department
- ~~143~~ 135 Occupancy of residential units shall not occur until on-site and off-site improvements have been accepted by the City Council and the City has approved as-built drawings. Applicants, and/or owners shall be responsible to so inform prospective buyers, lessees, or renters of this condition.
- ~~144~~ 136 If relocation of existing facilities is deemed necessary, the applicant shall perform the relocation, at the applicant's expense unless otherwise provided for through a reimbursement agreement. All public utility standards for public easements shall apply.
- ~~145~~ A Subdivision Improvement Agreement shall be entered into and recorded prior to construction of improvements, issuance of any building permits, or recordation of a final map.
- ~~146~~ 137 At the time of making the survey for the final map, the engineer or surveyor shall set sufficient durable monuments to conform to the standards described in Section 8771 of the Business and Professions Code. All monuments necessary to establish the exterior boundaries of the subdivision shall be set or referenced prior to recordation of the final map.
- ~~147~~ 138 Existing public and private facilities damaged during the course of construction shall be repaired by the subdivider, at his sole expense, to the satisfaction of the City Engineer.
- ~~148~~ 139 The area of each lot, in square feet, shall be calculated and shown on the Final Map.

### **Easements and Right of Way**

- | ~~140-140.~~ Appropriate easements shall be required for City maintained facilities located outside of City owned property or the public right-of-way.
- | ~~150-141.~~ The applicant shall facilitate, with City cooperation, the abandonment of all City easements and dedications currently held but no longer necessary as determined by the Public Works Department.
- | ~~151-142.~~ A ten (10) foot public utility easement back of sidewalk, adjacent to all public streets within the development shall be dedicated to the City and may be required elsewhere as requested by the utility companies and approved by the City.
- | ~~152-143.~~ Per the project level Development Agreement, prior to approval of first set of improvement plans and final map. Applicant shall acquire all rights of way and easements necessary to construct off-site and on-site improvements associated with the tentative map.

### **Reimbursements for Applicant Install Improvements**

- | ~~153-144~~ Applicant shall pay appropriate reimbursements for benefiting improvements installed by others, in the amount and at the time specified by existing reimbursement agreements. Where the City has deemed appropriate for reimbursement the applicant will receive reimbursement from other parties for improvements that benefit both parties.

### **Landscaping and Lighting**

- | ~~154-145~~ Landscaping and irrigation plans shall be prepared by a licensed landscape architect, and included as part of the improvement plans and/or site plans. These plans shall be subject to review and approval by the City. The improvement plans shall include landscaping and automatic irrigation for the project frontage along Grant Avenue and the sound wall. The landscape architect shall review and revise the landscaping plans, subject to City review and approval, to ensure full compliance with the State Landscape Model Water efficiency Ordinance, the Governor's executive orders, and recent emergency regulations related to water conservation.
- | ~~155-146~~ Project proponents shall enter into the City wide Landscape and Lighting Maintenance District, in order to maintain and provide for the future needs of parks, open space, street lighting, landscaping, sound walls, and other related aspects of development. The project proponent is responsible for all costs associated with this condition. The project proponent shall fulfill this condition prior to the sale of any buildable lots or parcels within the project area.
- | ~~156-147~~ Prepare improvement plans for any work within the public right-of-way and submit them to the Public Works department for review and approval. The improvement plan sheets shall include the title block as outlined in the City of Winters Public Improvements Standards and Construction Standards. This submittal is separate from the building permit submittal. The Developer shall provide, to the City Engineer, one Mylar original and four sets of the improvement plans and electronic media (AutoCAD .DWG or DXF on Zip Disk or Compact Disk), for approval of plans by the City Engineer.
- | ~~157-148.~~ Street light types shall be decorative, as approved by the City. Applicant shall fund the analysis for designing standards and details for spacing decorative lights. Improvement plans shall be designed to those standards once approved.
- | ~~158-149.~~ All utility poles that are to be relocated in conjunction with this project shall be identified on the improvement plans, with existing and proposed locations indicated.
- | ~~159-150.~~ All public landscape areas shall include water laterals with meters, approved automatic controllers with PG&E power service point.

| ~~460.151.~~ Landscaped slopes along streets shall not exceed 5:1; exceptions shall require approval of the City Engineer. Level areas having a minimum width of two (2) feet shall be required at the toe and top of said slopes.

**RESOLUTION NO. 2018-41**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINTERS  
APPROVING AN AMENDED TENTATIVE SUBDIVISION MAP FOR THE  
CREEKSIDE ESTATES SUBDIVISION**

**WHEREAS**, on July 24, 2018 the Planning Commission of the City of Winters recommended to the City Council approval of Amended Tentative Subdivision Map No. 4645 for the Creekside Estates Subdivision (the "Amended Tentative Map"); and

**WHEREAS**, the Amended Tentative Map is in the form attached hereto as **Exhibit A**,

**WHEREAS**, the City Council finds and determines that it can be seen with certainty that adoption of this Resolution approving an Amended Tentative Map will not have a significant effect on the environment. Thus, the adoption of this Resolution is exempt from the requirements of CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WINTERS  
RESOLVES AS FOLLOWS:**

SECTION 1. Based on the entire record before the City Council, all written and oral evidence presented to the City Council, the City Council hereby approves Amended Tentative Map as depicted in **Exhibit A**.

SECTION 2. Except as specifically amended herein, the Amended Tentative Map, all Findings of Fact and Conditions of Approval approved by the City Council therewith, and all other approvals and conditions approved by the City pursuant to Resolution No 2018-41 remain in full force and effect.

SECTION 3. This Resolution shall become effective upon its adoption.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the City Council of the City of Winters at a regular meeting held on the 21st day of August, 2018, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

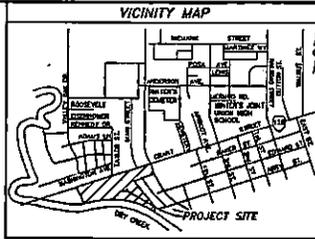
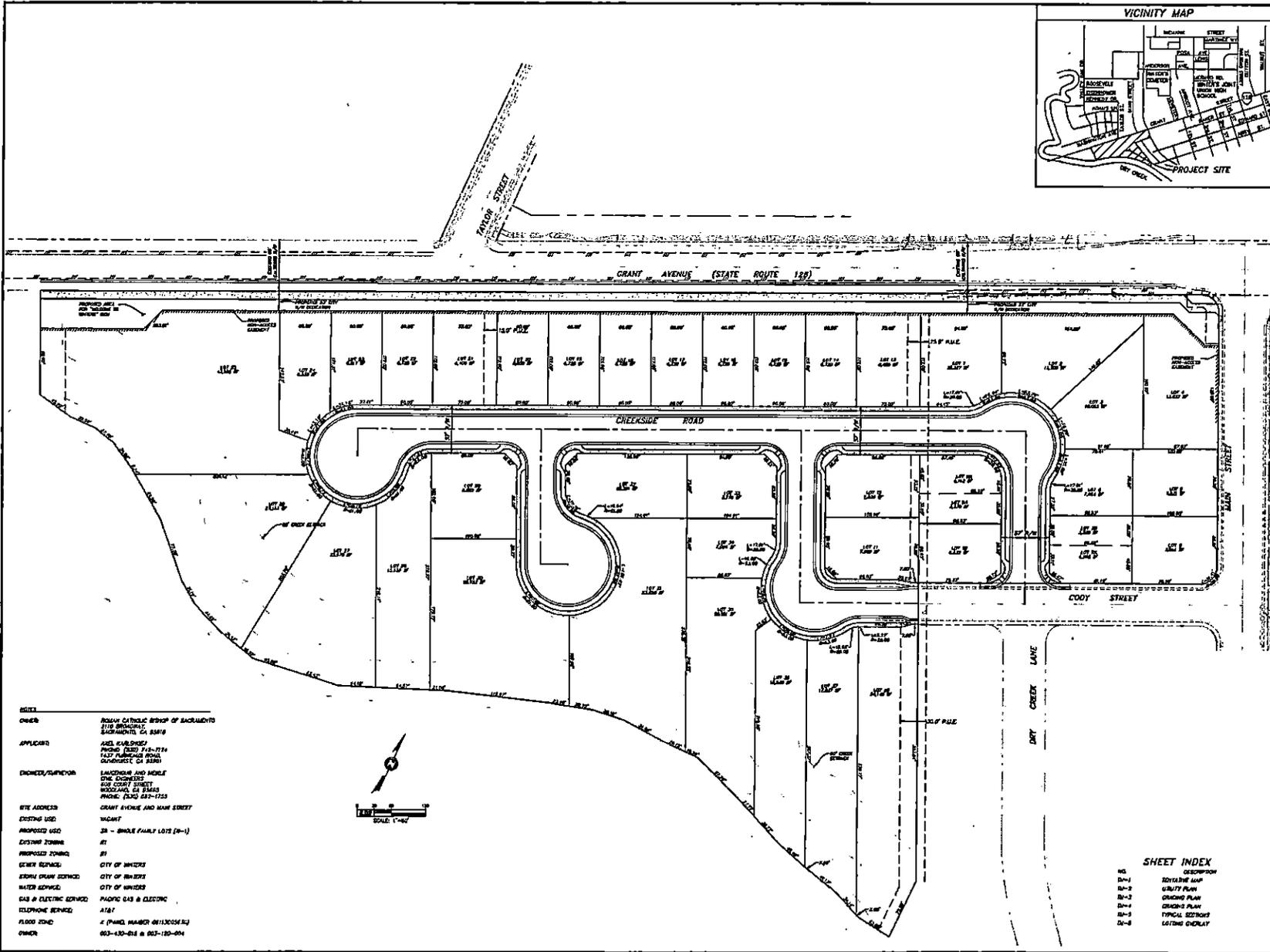
ATTEST:

\_\_\_\_\_  
Wade Cowan, Mayor  
City of Winters

\_\_\_\_\_  
Tracy Jensen, City Clerk  
City of Winters

**ATTACHMENT D**

EXHIBIT A



REV.	DATE	DESCRIPTION



**LM** AUGENOUR AND ASSOCIATES  
 SURVEYORS  
 1115 BRIDGECREST DRIVE, SUITE 100  
 SACRAMENTO, CALIFORNIA 95833  
 PHONE (916) 442-1111  
 FAX (916) 442-1112

**TENTATIVE MAP**  
 TOPOGRAPHIC SURVEY FOR ANCHORED MAP  
 FOR  
**SUBDIVISION NO. 4645 CREEKSIDE ESTATES**  
 CITY OF INDIERS

JOB NO.	4330-2
DRAWING NO.	010
DATE	08-25-2014
SCALE	1"=60'

**TM-1**  
 SHEET 1 OF 4

**OWNER:** ROMAN CATHOLIC BISHOP OF SACRAMENTO  
 1718 BRIDGECREST SACRAMENTO, CA 95816

**APPLICANT:** ADEL DEVELOPMENT  
 PHONE (916) 718-7734  
 1437 PULVERIS ROAD  
 SACRAMENTO, CA 95833

**ENGINEER/SURVEYOR:** LAUGENOUR AND ASSOCIATES  
 ONE CREEKSIDE ROAD  
 SUITE 100  
 SACRAMENTO, CA 95833  
 PHONE (916) 442-1111

**SITE ADDRESS:** GRANT AVENUE AND MAIN STREET

**EXISTING USE:** VACANT

**PROPOSED USE:** 28 - SINGLE FAMILY LOTS (R-1)

**EXISTING ZONING:** R1

**PROPOSED ZONING:** R1

**SEWER SERVICE:** CITY OF INDIERS

**SEWER TRUNK SERVICE:** CITY OF INDIERS

**WATER SERVICE:** CITY OF INDIERS

**GAS & ELECTRIC SERVICE:** PACIFIC GAS & ELECTRIC

**TELEPHONE SERVICE:** AT&T

**FLOOD ZONE:** 4 (FLOOD HAZARD 0011205414)

**OWNER:** 903-430-014 & 903-180-094



**SHEET INDEX**

NO.	DESCRIPTION
01-1	BOUNDARY MAP
01-2	UTILITY PLAN
01-3	CRACKS PLAN
01-4	CRACKS PLAN
01-5	TYPICAL SECTIONS
01-6	EXISTING OVERLAY



CITY COUNCIL  
STAFF REPORT

TO: Honorable Mayor and Councilmembers  
DATE: August 21, 2018  
THROUGH: John W. Donlevy, Jr., City Manager   
FROM: Shelly A. Gunby, Director of Financial Management   
SUBJECT: 2018 Water and Sewer Rate Increase

---

**RECOMMENDATION:**

Staff recommends the City Council

1. Hold a Public Hearing on the Proposed increase in Water and Sewer Rates/
2. Approve Resolution 2018-50 Amending Resolution 2013-24 Establishing Fees, Rates and Charges for Maintenance, Replacement and Repair of the City's Water and Sewer System.

**BACKGROUND:**

On June 19, 2018 Staff reviewed the status of the Water and Sewer Funds revenues and expenditures for the two budget years 2018-19 and 2019-20 with the City Council. The review showed a need for revenue increases to meet the cost of operating the water and sewer systems and for meeting our Debt Service Coverage Ratios as required by the bond documents. The bond documents require that the City show revenues that meet all expenditures, plus 20% of the debt service for both the 2007 Water Revenue Bonds and the 2007 Sewer Revenue Bonds. For the last 3 completed fiscal years, the Water Fund has not generated sufficient revenues to meet the bond covenants. The Sewer Fund has only generated revenues sufficient to meet bond covenants the last 2 out of 3 years. The projections for the current 2017-2018 fiscal year indicate that neither fund will generate sufficient revenues to meet debt service coverage requirements.

The primary reason for the decrease in revenues is due to water conservation measures undertaken by the Citizens of the City of Winters in response to the State of California's mandatory 25% reduction in water use. Our water customers responded accordingly, reaching a 30% reduction in water use when compared to pre-drought (2013) levels. However, such conservation has significantly reduced water rate revenues below anticipated levels. More than 50% of revenues for

the Water Fund are based on the volumetric (commodity) portion of the water rate, which is comprised of both a fixed-fee based on the size of the water meter serving the property and a volumetric charge based upon the water used per month. The City's current rate structure is generally allocated as follows: 40% Fixed/60% Volumetric Rate Revenue.

Similarly, the Sewer Fund also had a reduction in revenues. Like the water rates, the City's sewer rate consists of a fixed monthly charge and a volumetric charge. Reduced water consumption has also resulted in reduced sewer revenues.

While the water and sewer use has declined, the cost of operating the water and sewer systems, including electricity, maintenance, permits and personnel to operate the system has not declined, leaving the two enterprise funds unable to meet the cost of current year operations from current year revenues. As a result, a rate increase is needed to partially offset the loss in volumetric water and sewer rate revenues resulting from conservation. The City is proposing an increase to the fixed monthly charges only with no change to the water and sewer volumetric charges. The proposed increases to the monthly fixed charges for the water and sewer rates are necessary to meet the Debt Service Coverage Ratios as required for the 2007 Water Revenue Bonds and the 2007 Sewer Revenue Bonds.

The City Council directed staff to increase start the Proposition 218 process to increase rates with the minimum increase necessary for the smallest impact on our water and sewer customers. Prop 218 Notices were mailed on June 29, 2018 to all property owners and tenants within the City of Winters service area. Below is the information included in the Prop 218 notice, which are the proposed rates for the next 2 years for both the Water and the Sewer Enterprise Funds.

**WATER RATES**

As is Proposed Flat Rate for Water	Current	6.85% Increase	9.3% Increase
		Over Current 18-19	Over 18-19 19-20
3/4" meter	\$ 20.03	\$ 21.40	\$ 23.39
1" meter	\$ 31.01	\$ 33.13	\$ 36.22
1 1/2" meter	\$ 38.33	\$ 40.96	\$ 44.76
2" meter	\$ 74.93	\$ 80.06	\$ 87.51
3" meter	\$ 111.52	\$ 119.16	\$ 130.24
4' meter	\$ 148.12	\$ 158.27	\$ 172.98
6" meter	\$ 367.71	\$ 392.90	\$ 429.44

## **SEWER RATES**

### City of Winters Proposed Fixed Sewer Charges-Monthly

#### FISCAL

Fixed Charges per Month	Current	2018-2019	2019-2020
Single Family Residential	\$ 45.00	\$ 52.04	\$ 52.04
MultiFamily Residential per unit	\$ 43.45	\$ 50.49	\$ 50.49
El Rio Villa Housing	\$7,437.52	\$8,310.48	\$8,310.48
Church	\$ 20.33	\$ 27.37	\$ 27.37
Municipal	\$ 66.82	\$ 73.86	\$ 73.86
Commerical I	\$ 25.00	\$ 32.04	\$ 32.04
Commercial II	\$ 75.00	\$ 82.04	\$ 82.04
Industrial	\$ 64.31	\$ 71.35	\$ 71.35
Public Schools	\$ 782.71	\$ 789.75	\$ 789.75
Volumetric Charges			
Single Family Residential	\$ 1.62	\$ 1.62	\$ 1.62
Church	\$ 0.47	\$ 0.47	\$ 0.47
Municipal	\$ 0.62	\$ 0.62	\$ 0.62
Commercial I	\$ 1.93	\$ 1.93	\$ 1.93
Commercial II	\$ 3.44	\$ 3.44	\$ 3.44
Industrial	\$ 3.44	\$ 3.44	\$ 3.44

#### IMPACT:

Increased Sewer Revenues of \$218,550 per year for 2018-2019 and 2019-2020

Increased Water Revenues of \$33,077 for 2018-2019 and an additional \$48,047 for 2019-2020

#### ATTACHMENTS:

Resolution 2018-50

**RESOLUTION 2018-50**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINTERS AMENDING RESOLUTION 2014-02 ESTABLISHING FEES, RATES AND CHARGES FOR MAINTENANCE, REPLACEMENT AND REPAIR OF THE CITY'S WATER SYSTEM AND THE CITY'S SEWER SYSTEM**

**WHEREAS**, The Municipal code of the City of Winters, Section 13-04-040 authorizes the City Council to adopt by resolution a schedule of charges and fees for the support of the City's Water System and the City'; and

**WHEREAS**, The Municipal code of the City of Winters, Section 13.08.110H2 authorizes the City Council to adopt by resolution a schedule of charges and fees for the support of the City's Sewer System;; and

**WHEREAS**, on October 15, 2013 the City Council adopted Resolution 2013-24 amending the fees, rates and charges contained within Resolution 93-33. Said resolution also resolved that the rates would annually be increased in accordance with the cited methodology; and

**WHEREAS**, on October 15, 2013 the City Council adopted Resolution 2013-24 amending the fees, rates and charges contained within Resolution 95-15. Said resolution also resolved that the rates would annually be increased in accordance with the cited methodology; and

**WHEREAS**, the Water Operation and Maintenance Fund is not receiving adequate revenues for reasonable operations; and

**WHEREAS**, the Sewer Operation and Maintenance Fund is not receiving adequate revenues for reasonable operations; and

**WHEREAS**, the City Council of the City of Winters after duly studying and determining reasonable cost of operations, maintenance and repair and replacement of the water system and having duly deliberated thereon;

**WHEREAS**, the City Council of the City of Winters after duly studying and determining reasonable cost of operations, maintenance and repair and replacement of the sewer system and having duly deliberated thereon;

**NOW, THEREFORE BE IT RESOLVED** by the City Council of the City of Winters does hereby amend Resolution 2013-24 with the Water Service Rates attached hereto as Exhibit A, and amends Resolution 2013-24 with the Sewer Service Rates attached hereto as Exhibit B, and incorporated herein as fully set forth.

**PASSED AND ADOPTED** by the City Council, City of Winters, this 21st day of August 2018 by the following roll call vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

---

Bill Biasi, MAYOR

**ATTEST:**

---

Tracy Jensen, CITY CLERK

Resolution 2018-50  
 Exhibit A  
 City of Winters  
 Proposed Water Rates  
 Effective September 1, 2018

Fixed Monthly Charges	Current	2018-2019	2019-2020
3/4" Meter	\$ 20.03	\$ 21.40	\$ 23.39
1" Meter	\$ 31.01	\$ 33.13	\$ 36.22
1.5" Meter	\$ 38.33	\$ 40.96	\$ 44.76
2" Meter	\$ 74.93	\$ 80.06	\$ 87.51
3" Meter	\$ 111.52	\$ 119.16	\$ 130.24
4" Meter	\$ 148.12	\$ 158.27	\$ 172.98
6" Meter	\$ 367.71	\$ 392.90	\$ 429.44
Consumption Rates All Usage per Hcf	\$ 1.96	\$ 1.96	\$ 1.96

Resolution 2018-50  
 Exhibit B  
 City of Winters  
 Proposed Sewer Rates  
 September 1, 2018

City of Winters  
 Proposed Fixed Sewer Charges-Monthly

<b>Fixed Charges per Month</b>	<b>Current</b>	<b>2018-2019</b>	<b>2019-2020</b>
Single Family Residential	\$ 45.00	\$ 52.04	\$ 52.04
MultiFamily Residential per unit	\$ 43.45	\$ 50.49	\$ 50.49
El Rio Villa Housing (Fixed only)	\$ 7,437.52	\$ 8,310.48	\$ 8,310.48
Church	\$ 20.33	\$ 27.37	\$ 27.37
Municipal	\$ 66.82	\$ 73.86	\$ 73.86
Commerical I	\$ 25.00	\$ 32.04	\$ 32.04
Commercial II	\$ 75.00	\$ 82.04	\$ 82.04
Industrial	\$ 64.31	\$ 71.35	\$ 71.35
Public Schools	\$ 782.71	\$ 789.75	\$ 789.75
<b>Volumetric Charges</b>			
Single Family Residential	\$ 1.62	\$ 1.62	\$ 1.62
Church	\$ 0.47	\$ 0.47	\$ 0.47
Municipal	\$ 0.62	\$ 0.62	\$ 0.62
Commercial I	\$ 1.93	\$ 1.93	\$ 1.93
Commercial II	\$ 3.44	\$ 3.44	\$ 3.44
Industrial	\$ 3.44	\$ 3.44	\$ 3.44



CITY COUNCIL  
STAFF REPORT

**TO:** Honorable Mayor and Councilmembers  
**DATE:** August 21, 2018  
**THROUGH:** John W. Donlevy, Jr., City Manager   
**FROM:** Carol Scianna, Environmental Services Manager   
**SUBJECT:** Monitoring and Reporting Contract with Wallace Kuhl & Associates(WKA) in the amount not to Exceed \$82,300, Resolution 2018-49 for 2018-2019 Budget Adjustment

---

**RECOMMENDATION:** Authorize City Manager to execute contract with Wallace-Kuhl & Associates (WKA) not to exceed \$82,300, for monitoring and reporting services as required by the Central Valley Water Quality Control Board (CVRWQCB) new Waste Discharge Requirements. Approval of Resolution 2018-49 for a Budget Adjustment of \$22,300 for 2018-2019 budget cycle.

**BACKGROUND:** The City currently has had a service agreement with Wallace- Kuhl & Associates to perform the required semi-annual groundwater monitoring at the former Winters Landfill. The City recently was required by the CVRWQCB to submit a Report of Waste Discharge for the closed Winters Landfill. These documents were prepared by WKA and submitted to CVRWQCB November 2017. In March 2018 the City received Tentative Waste Discharge Requirements (WDR) for the landfill and was notified that a public hearing on the matter is scheduled for May 31, 2018. City staff, WRA and CVRWQCB staff met to discuss the proposed WDR on April 6, and it was agreed that more monitoring data was required to make an accurate assessment on whether or not the Landfill is creating a negative impact to the groundwater quality. The adopted WDR Order R5-2018-0047 reflects the comments and suggestions proposed at our meeting. The end result of WKA assisting us thus far in this process has allowed the City to make our case, that the more onerous and expensive aspects of the WDR, (namely placing a new cap on the Landfill) should be delayed until we are able to provide more reliable monitoring data.

The scope of services for this proposal is comprised of activities that the WDR and Monitoring and Reporting Program list as requiring response during the period ending at December 2019. The

initial estimate for this phase of the work was \$60,000 which is what we budgeted, however the completed proposal estimates the funds needed to be \$82,300, thus we are also requesting a budget adjustment of \$22,300 to cover the additional funding needs. Some of the activities are dependent upon results from on-going monitoring and may or may not be required, which contributed to the increase in estimated funds needed.

**FISCAL IMPACT:** \$80,300 funded through the Landfill Fund. A budget adjustment, (Resolution 2018-49) is required to comply with this new requirement as noted.

Attachment:

Resolution 2018-49

WKA proposal dated July 24, 2018

**RESOLUTION No. 2018-49**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF WINTERS AMENDING THE  
CITY OF WINTERS 2018-2019 ADOPTED OPERATING BUDGET**

**WHEREAS**, On June 19, 2018 the City Council of the City of Winters adopted operating budget for Fiscal Year 2018-2019 and 2019-2020; and

**WHEREAS**, expenditures for items not included in the budget are required;

**NOW, THEREFORE BE IT RESOLVED** by the City Council of the City of Winters that the adopted operating budget for fiscal year 2018-2019 be amended as follows:

Section 1: Increase budgeted expenditures in the following funds and accounts for fiscal year 2018-2019 for Closed Winters Landfill Monitoring and Reporting Requirements for recently adopted Waste Discharge Requirements Order R5-2018-0047 from the Central Valley Regional Water Quality Control Board:

a. 422-54419-650                      \$22,300.00

**PASSED AND ADOPTED** by the City Council, City of Winters, this 21st day of August 2018 by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

\_\_\_\_\_  
Wade Cowen, Mayor

**ATTEST:**

\_\_\_\_\_  
Tracy Jensen, CITY CLERK

July 24, 2018

Ms. Carol Scianna  
City of Winters Department of Public Works  
318 First Street  
Winters, CA 95694-1923

*Proposal for 2018/2019 Waste Discharge Requirements & Monitoring and Reporting*  
**FORMER WINTERS LANDFILL – 2018/2019 MONITORING AND REPORTING PROGRAM**  
County Road 33 and County Road 88  
Winters, California  
WKA Proposal No. 3PR18054

Dear Ms. Scianna:

Wallace-Kuhl & Associates (WKA) is pleased to provide the City of Winters this proposal for consulting services required for the 2018/2019 monitoring and reporting activities at the City of Winters landfill property. The City of Winters formerly operated a Class III landfill on 29.5 acres that the Central Valley Regional Water Quality Control Board (CVRWQCB) describes as located in the southwest ¼ of Section 16, Township 8N, Range 1W, Mount Diablo Base and Meridian. Yolo County Assessor's parcel map information describes the property as Assessor's Parcel Number (APN) 030-210-007. The CVRWQCB recently adopted new Waste Discharge Requirements (WDRs) and Monitoring and a Reporting Program (MRP) Order No. R5-2018-0047 for the City of Winters Landfill Class III Landfill Evaluation Monitoring, Closure, Post-Closure Maintenance and Correction Action, Yolo County that are dated May 31, 2018. The purpose of this proposal is to establish scope of services, implementation schedule, and estimated budget for activities required to be completed in the remaining portion of 2018 and ending with December 31, 2019.

## **BACKGROUND**

The City of Winters formerly operated a Class III landfill (Landfill) on property that has been previously regulated under Monitoring and Reporting Program (MRP) Order 5-00-802. After reviewing historical monitoring reports, in 2017, the CVRWQCB decided that new WDRs would be required for the Landfill to address impacts to groundwater quality alleged to be sourced at the Landfill. The new Order, R5-2018-0047, describes requirements for a series of activities we have listed below. Some of these activities are dependent upon results from on-going monitoring and may or may not ultimately be required.

SECTION	ENVIRONMENTAL MEDIA	ACTIVITY
WDR 68	Cost Estimate and Financial Assurances	Submit a Post-Closure/Post Closure Monitoring Plan (PC/PCMP) that includes estimated closure and postclosure maintenance (including monitoring) cost estimates for the landfill. Submit a report providing corrective action cost estimates for addressing a known or reasonable foreseeable release from the unit.
WDR 69	Cost Estimate and Financial Assurances	Provide and maintain financial assurances for closure, post closure and maintenance and corrective action of the landfill in at least the amounts of the approved cost estimates for the unit, as adjusted annually for inflation, to ensure that funds are available for completing required closure and conducting postclosure maintenance and corrective action of the unit.
WDR 69	Cost Estimate and Financial Assurances	Establish an irrevocable fund (or to provide other means) as the financial assurance mechanism(s) for the landfill pursuant to the Cal Recycle-promulgated sections of Title 27, Chapter 6, with the Central Valley Water Board named as beneficiary per Financial Assurance Specification F.1.
WDR 75	Cost Estimate and Financial Assurances	The landfill is classified as a 3B discharge, which has a 15-year review cycle. The WDR fee schedule is found at: <a href="http://www.waterboards.ca.gov/">http://www.waterboards.ca.gov/</a>

The following table presents the submittal dates for activities the WDR requires to be completed before 31 December 2019.

CLOSURE AND POSTCLOSURE SPECIFICATIONS		
Submittal Date	WDR Section	Description
15-Aug-18	H.1, H.2	Submit a data gathering plan to demonstrate individual monitoring wells comply with Title 27 requirements. Submit a data gathering plan to demonstrate the monitoring well network is sufficient to identify chemical sources, as required by Title 27
15-Sep-18	E.2	Submit a Preliminary Closure and Post-Closure Maintenance Plan (PCP/CMP) for the Landfill Final Cover Investigation (See Provision I.12.b).



<b>EVALUATION OF MONITORING AND CORRECTIVE ACTION SPECIFICATIONS</b>		
<b>Submittal Date</b>	<b>WDR Section</b>	<b>Description</b>
31-May-19	H.2	Monitoring Well Repair/Replacement Work Plan per Evaluation Monitoring and Corrective Action Specification H.1
30-Nov-19	H.3	Submit a Monitoring Well Repair/Installation Report (See Corrective Action Specification H.3 and Provision I.10.c)
15-Oct-20	H.5	Submit a EMP Report. (See Provision I.11.b)
15-Apr-21	H.6	Submit an Engineering Feasibility Study/Corrective Action Plan (EFS/CAP), if the results of the EMP investigation indicate that the landfill is the PRIMARY SOURCE of impacts detected in landfill monitoring wells. (See Closure and Postclosure Specification E.4.b and Provision I.11.c)

<b>TECHNICAL REPORT SUBMITTALS</b>		
<b>Submittal Date</b>	<b>WDR Section</b>	<b>Description</b>
15-Aug-18	I.11.a	Evaluation Monitoring Program (EMP) Work Plan per Evaluation Monitoring and corrective Action Specification H.4.
15-Sep-18	I. 8.a	PC/PCMP including Financial Assurances Cost Estimates per Closure Specification E.2
15-Sep-18	I. 8.b	Corrective Action Cost Estimate for LF-1 per Financial Assurances Specification F. 3. c
15-Oct-20	I. 11. b	EMP Report per Evaluation Monitoring and Corrective Action Specification H.5
15-Oct-20	I. 13. b	Report of Results for the LCIW per Closure and Postclosure Specification E.3.
15-Dec-20	I. 13. c	Revised Phase I FC/PCMP, if cover does not need to be improved, per Closure and Postclosure Specification E. 4. a.
15-Apr-21	I.11.c	Engineering Feasibility Study/Corrective Action Plan per Corrective Action Specification H.6.
15-Apr-21	I. 13. d	Phase 2 FC/PCMP if cover needs to be improved, per Closure and Post Closure Specification E.4.b.
15-Apr-21	I. 13. e	Design Report for implementation of Phase 2 closure, per Design and Construction Specification D.9
15-Dec-22	I. 13. f	Certification Report documenting closure of LF-1 per approved Phase 2FC/PCMP and I.12.d and Design and Construction Specification D.15



### **15 August 2018 – Monitoring Well Evaluation Work Plan and Evaluation Monitoring Program Work Plan**

The WDR requires the City of Winters to submit two work plans, each by 15 August 2018. The Monitoring Well Evaluation Work Plan was to describe data gathering that would demonstrate that the individual monitoring wells are constructed in a manner that complies with Title 27 requirements. The second work plan, Evaluation Monitoring Program Work Plan, was to describe data gathering and data evaluations that would demonstrate that the network of monitoring wells was sufficient to characterize chemicals present in shallow groundwater.

WKA has determined that at least two of the existing monitoring wells for the Landfill do not comply with the Title 27 requirements. One monitoring well has been consistently dry for many recent sampling events and a second monitoring well that has been dry or has had only a small amount of water in it. WKA proposes to provide the information listed below with the Evaluation Monitoring Program Work Plan that would be submitted by 15 August 2018. For the purposes of clarity, the elements that would have comprised the Monitoring Well Evaluation Work Plan are listed below.

- The conditions and operability of the monitoring wells existing on the Site.
- The cause of monitoring wells going dry for consecutive monitoring periods.
- Whether the wells are appropriately screened to measure the depth to groundwater each monitoring period.
- Whether the wells are appropriately screened for detection and corrective action monitoring.

The second requested work plan is the Evaluation Monitoring Program Work Plan (EMP) that will describe data gathering and evaluations in support of identifying whether the Landfill monitoring well network is sufficient to provide data required to identify the source(s) of chemicals historically detected in groundwater beneath the Landfill. The Evaluation Monitoring Program Work Plan is anticipated to identify two locations where monitoring wells should be added to the existing monitoring well network in order to comply with Title 27 construction and performance standards. The EMP will present information that was listed for the Monitoring Well Evaluation Work Plan and information that is required for the EMP work plan which will address, at least, the following potential sources that are listed in the WDRs.

- LF-1
- Former burn area and firing range



#### **15 December 2018 – Collect Groundwater Samples from Landfill Monitoring Wells**

WKA will convert the existing schedule for monitoring wells to quarterly for collecting depth to groundwater measurements and semi-annual for collecting groundwater samples for laboratory analyses. With this changed schedule, WKA will collect depth to water measurements using the Landfill monitoring wells in September 2018 and collect groundwater samples and depth to groundwater measurements from the Landfill monitoring wells in December 2018. Data from the quarterly measurements of the depth to water will be reported in semi-annual report, the first will be submitted in February 2019.

Each groundwater sample will be submitted for laboratory analyses listed in Table V of the MRP.

#### **15 December 2018 – Collect Surface Water samples from the LF-1 Area**

WKA will visually monitor the drainage swale that the WDRs describe as entering the western side of the Landfill property and traveling along the perimeter of LF-1. The drainage swale discharges to a tributary to Dry Slough located at the northeast corner of the Landfill property. WKA will collect surface water, if present in the drainage swale. WKA will collect one surface water sample from a location that is upgradient of the Landfill (labeled SW-1), one location where the drainage swale joins the LF-1 perimeter drain (labeled SW-2), and one location that is down gradient of the Landfill (labeled SW-3). Each sample will be submitted for laboratory analyses listed in Table IV of the MRP.

#### **February and August of each Calendar Year**

Beginning February 2019, WKA will submit a semi-annual groundwater and surface water monitoring report. The report will summarize field activities, present tables summarizing laboratory results, and maps to illustrate the monitoring wells sampled and the calculated groundwater flow vector representing the quarterly depth to water measurements and the semi-annual depth to water measurements and the detected chemical concentrations.

#### **31 March 2019 – Landfill Cover Investigation Work Plan**

The Preliminary Closure/Postclosure Maintenance Plan will describe activities and a schedule for upgrading the Landfill final cover to Title 27 requirements. The work plan will address, at least, the following potential sources that are listed in the WDRs.



### **1 June 2019 – Financial Assurance Specification Report**

WKA anticipates that the City of Winters will independently prepare the Financial Assurance Specification Report and WKA has included no costs for this activity in this budget. If additional budget is authorized, WKA can assist the City in completing activities to establish the following items that are listed in the WDRs.

- a An irrevocable closure funding mechanism, with the Central Valley Water Board named as beneficiary, to ensure funds are available for required closure of LF-1. The funding amount shall be consistent with the PC/PCMP submitted under Closure and Postclosure Maintenance Specification E.2, as annually adjusted for inflation.
- b An irrevocable postclosure maintenance funding mechanism, with the Central Valley Water Board named as beneficiary, to ensure funds are available for required postclosure maintenance of LF-1. The funding amounts shall be consistent with the PC/PCMP submitted under Closure and Postclosure Maintenance Specification E.2, as annually adjusted for inflation.
- c An irrevocable funding mechanism for corrective action, with the Central Water Board named as beneficiary, to ensure funds are available for required corrective action of LF-1. The funding amounts shall be in accordance with the action cost estimates report.
- d By 1 June of each year, submit a report on the balance of both the postclosure and corrective action fund.

### **30 November 2019 – Monitoring Well Repair/Installation Report.**

The Monitoring Well Repair/Installation Report will describe the activities completed to bring the groundwater monitoring network into compliance with Title 27 requirements. The report will provide construction details on newly constructed monitoring wells, modifications made to existing monitoring wells, and hydrogeologic interpretations on cuttings collected during drilling activities. WKA will request the services of a Professional Land Surveyor to determine the coordinates occupied by each monitoring well and the top of casing elevation that will be used to determine the elevation of the shallow aquifer surface.

### **HEALTH AND SAFETY PLANS**

WKA will prepare a site-specific health and safety plan for each that will be required for each field activity required for this project.



**Proposed Budget**

WKA estimated a budget for this project that includes only fees for document preparation, field activities and their associated consulting services. This budget includes no cost that may be incurred by the Central Valley Regional Water Quality Control Board (CVRWQCB) for their legal services to develop an oversight agreement, CVRWQCB staff to review project submittals, to provide responses to information provided, and to provide approvals required for the project to proceed to the next appropriate phase. Our compensation for the above scope of services will be on a time and expense reimbursement, according to our current Schedule of Fees. WKA has estimated the budget for this project at **\$82,300**. This estimated budget is based on being able to proceed through the project with minimal CVRWQCB request for plan modifications or for changes in the scope of service herein described.

The cost estimate for the proposed scope of services is summarized in the following table.

Activity	Budget
WKA Labor	\$47,150
Laboratory Analyses (Groundwater Samples Only)	\$14,200
Reimbursable Expenses and Mileage	\$1,900
Yolo County Monitoring Well Permit Fee	\$1,050
Outside services	\$2,400
Drilling Services for Two New Monitoring Wells to 120 feet	\$15,600
<b>Estimated Budget</b>	<b>\$82,300</b>

If Site conditions or if interferences with underground or above ground utilities delay our activities or cause an increase in the quantity and type of analyses required, WKA will immediately request your authorization to invoice the additional fees according to our current Schedule of Fees.

**Schedule**

The submittals and activities and their deliverable dates addressed in this proposal are listed in the following table.



- Work does not include remobilization due to accessibility or rescheduling conflicts;
- Work will not be delayed by inclement weather;
- Analytical costs assume analytical laboratory turn-around times of five business days will be requested; and,
- The cost of any additional assessment beyond what is described in the scope of services above is not included.

### **Approval and Acceptance**

If this proposal is acceptable, please issue a City of Winters Consultant Services Agreement referencing this letter.

All services will be performed under the supervision of a California Professional Geologist, in accordance with current state and local guidelines. If unanticipated conditions are encountered, any changes necessary will be mutually agreed upon by WKA and you before implementation. We will perform our services in a manner consistent with the standards of care and skill exercised by members of the environmental profession at the time the service will be performed. Our proposal is valid for 60 days.

### **Closing**

WKA appreciates receiving this opportunity to assist the City of Winters in monitoring conditions at the former landfill. WKA looks forward to providing the City with environmental, geotechnical, and materials testing services for its future projects.

Please call either me if you have any questions regarding this proposal.

Sincerely,

**Wallace-Kuhl & Associates**



Dennis B. Nakamoto, PG, CEG, CHG  
Senior Hydrogeologist





CITY COUNCIL AND PUBLIC FINANCING AUTHORITY BOARD  
STAFF REPORT

**TO:** Honorable Mayor and Councilmembers/Authority Board of Directors  
**DATE:** August 21, 2018  
**THROUGH:** John W. Donlevy, Jr., City Manager/Authority Executive Director *John W. Donlevy, Jr.*  
**FROM:** Shelly A. Gunby, City Treasurer/Director of Financial Management *Shelly A. Gunby*  
**SUBJECT:** Consideration of City Council Resolution No.2018-51, authorizing the issuance of 2018 Water Revenue Refunding Bonds and 2018 Sewer Revenue Refunding Bonds and other related actions, and Public Financing Authority Board Resolution No. 2018-52 approving the refunding of 2007 Water Revenue Bonds and 2007 Sewer Revenue Bonds and taking related actions

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**RECOMMENDATION:**

Staff recommends that the City Council and Public Financing Authority by minute motion:

1. Authorize Resolution No. 2018-51, A Resolution of the City Council of the City of Winters authorizing the issuance, sale and delivery of water revenue refunding bonds and sewer revenue refunding bonds, the execution and delivery of indentures and other documents in connection with such bonds and authorizing related actions;
2. Authorize Resolution No. 2018-52, A resolution of the Board of Directors of the Winters Public Finance Authority approving the refunding of the 2007 Water Revenue Bonds and 2007 Sewer Revenue Bonds and authorizing related actions.

**BACKGROUND:**

The Winters Public Finance Authority issued its Water Revenue Bonds, Series 2007 and Sewer

Revenue Bonds, Series 2007 (“2007 Water Bonds” and “2007 Sewer Bonds,” respectively, and collectively, the “2007 Bonds”) on September 26, 2007. The original issuance amount of \$8.305 million (\$3.810 million Water, \$4.495 million Sewer) has been amortized during the past ten and one-half years to \$6.92 million outstanding (\$3.175 million Water, \$3.745 million Sewer). The 2007 Bonds carry interest rates ranging from 3.70% to 5.00% and are currently callable, without penalty or premium, on any date by paying off the outstanding amount plus accrued interest.

During the past ten years, revenues of the City’s water and sewer system revenues have been negatively impacted by, in large part, successful conservation efforts and slower-than-expected population growth. At the same time, as is typical for municipal water and sewer bonds, the City has covenanted to maintain a certain debt service coverage ratio (i.e., comparing annual net revenues against the required principal and interest payments) for each series of the 2007 Bonds. In light of the current difficulty in meeting the required debt service coverage ratios, the City has decided to review its water and sewer rates and also look at refinancing possibilities. On June 19, 2018 three refinancing and rate increase options were presented to City Council. Option 3 was chosen, which incorporated an extended maturity length (2037 to 2048) for the 2018 Water and Sewer Revenue Refunding Bonds (“Refunding Bonds”). This option featured the lowest annual debt service requirements, and thus, the lowest required rate increases.

In July, the City solicited proposals from four highly qualified underwriting firms. Piper Jaffray was selected based on quality and thoroughness of response and competitive fees.

## REVIEW AND ANALYSIS

Being presented for approval are the following documents:

Water and Sewer Indentures: The Water Indenture and Sewer Indenture set the terms and conditions of the Refunding Bonds. These terms will be finalized upon the actual sale of the bonds to investors and after the bond purchase agreement is executed.

Bond Purchase Agreement: Pursuant to the Bond Purchase Agreement (BPA), the Underwriter (Piper Jaffray) will agree to buy the Refunding Bonds at specified prices and interest rates, subject to satisfaction of certain requirements, such as the City’s execution and delivery of the indentures and delivery of closing certificates and opinions. The BPA will be presented to the authorized officers of the City for approval and execution on the pricing date after 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.

Preliminary Official Statement: A preliminary official statement (POS) has been prepared to provide material information to investors regarding the terms and security of the Refunding Bonds. The POS contains descriptions of the legal and financial aspects of the Refunding Bonds, as well as a summary of the 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 POS. The Underwriter will use the POS to market the Refunding Bonds to potential investors. Once the Refunding Bonds have been priced, the final pricing information will be inserted into the POS, thereby converting it to an Official Statement. The Underwriter will then distribute the Official Statement to the individuals and institutions that placed orders to buy the Refunding Bonds from the Underwriter.

Continuing Disclosure Certificate - Under the Continuing Disclosure Certificate (CDC), the City 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 City will also agree to disclose and make filings upon the occurrence of enumerated events (such as a rating change on the Refunding Bonds).

#### **SCHEDULE:**

The refinancing process shall be integrated with the proposed water and sewer rate increase process. The Proposition 218 process will have to be completed prior to a bond sale and closing. Both the Proposition 218 Protest Hearing and the Refunding Bonds approval are expected to occur on August 21, 2018. The City and financing team will then initiate a credit rating process with Standard & Poor’s and solicit bids for bond insurance. It is expected that the pricing of the bonds will take place on September 11, 2018, with the closing in September 25, 2018. The schedule may change depending on timing of the credit process, and the tone of the municipal market and interest rate environment.

#### **FISCAL IMPACT:**

Combined savings would be approximately \$164,000 annually through September 1, 2037. There would be additional annual payments on the combined debt service of approximately \$378,000 for eleven subsequent years. Total additional payments through the 2048 maturity would be approximately \$4.2 million.

Water Enterprise Fund: The refunding of the 2007 Water Bonds would (after all costs are accounted for) produce approximately \$74,000 of annual debt service savings during the next 18 years. There would be no savings in the nineteenth year since that debt service payment on the 2007 Water Bonds is covered by the release of the cash-funded debt service reserve fund. From the twentieth year through finally maturity in 2048, the annual debt payment would be approximately \$174,000. This equates to a total present value of savings through September 1, 2037 of \$249,000 and a net present value of approximately \$5,300 (0.17% of the refinanced amount). Due to the eleven extra repayment periods, there is a cumulative higher amount of payments (versus the original 2007 Water Bonds) of approximately \$505,000.

Sewer Enterprise Fund: The refunding of the 2007 Sewer Bonds would (after all costs are accounted for) produce approximately \$90,000 of annual debt service savings during the next 18 years. There would be no savings in the nineteenth year since that debt service payment on the

2007 Sewer Bonds was covered by a cash-funded debt service reserve fund. From the twentieth year through finally maturity in 2048, the annual debt payment would be approximately \$203,000. This results in a total present value savings through September 1, 2037 of \$330,000 and a net present value of approximately \$42,500 (1.17% of the refinanced amount). There would be an overall higher amount of payments (versus the original 2007 Sewer Bonds) of \$532,000 due to the extra eleven payment periods.

Pursuant to Government Code Section 5852.1 (which became effective January 1, 2018), the following good faith estimates (as obtained by the issuer from an underwriter, financial advisor, or private lender) must be disclosed at a public meeting before the governing body's authorization of the issuance of bonds with a term greater than 13 months. The following has been compiled by NHA Advisors, the City's financial advisor for the bond refunding:

<u>Information to be disclosed per Government Code Section 5852.1:</u>	<u>Estimates for the 2018 Water Bonds</u>
True interest cost of the bonds (the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds)	3.93%
Finance charge of the bonds (the sum of fees and charges paid to third parties)	\$212,570
Amount of proceeds received by the public body from the sale of the bonds, less the finance charge of the bonds and any reserves or capitalized interest paid or funded with proceeds of the bonds	\$3,084,035
The total payment amount (the sum total of all debt service payments on the bonds, plus the finance charge of the bonds not paid from bond proceeds)	\$5,193,384

<u>Information to be disclosed per Government Code Section 5852.1:</u>	<u>Estimates for the 2018 Sewer Bonds</u>
True interest cost of the bonds (the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds)	3.93%
Finance charge of the bonds (the sum of fees and charges paid to third parties)	\$223,443
Amount of proceeds received by the public body from the sale of the bonds, less the finance charge of the bonds and any reserves or capitalized interest paid or funded with proceeds of the bonds	\$3,641,741

The total payment amount (the sum total of all debt service payments on the bonds, plus the finance charge of the bonds not paid from bond proceeds)

\$6,081,478

**ATTACHMENTS:**

1. City Resolution
2. Authority Resolution
3. Water Indenture
4. Sewer Indenture
5. Bond Purchase Agreement
6. Preliminary Official Statement
7. Continuing Disclosure Certificate

**RESOLUTION NO. 2018-51**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINTERS  
AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF WATER  
REVENUE REFUNDING BONDS AND SEWER REVENUE REFUNDING  
BONDS, THE EXECUTION AND DELIVERY OF INDENTURES AND  
OTHER DOCUMENTS IN CONNECTION WITH SUCH BONDS AND  
AUTHORIZING RELATED ACTIONS**

**WHEREAS**, the City of Winters (the “City”) operates a waterworks system (such system, including all additions, improvements and extensions thereto, the “Water System”) and a wastewater and sewer system (such system, including all additions, improvements and extensions thereto, the “Sewer System”); and

**WHEREAS**, the Winters Public Finance Authority (the “Authority”) previously issued Authority’s Water Revenue Bonds, Series 2007 (the “Authority 2007 Water Bonds”), pursuant to a Trust Agreement, dated as of September 1, 2007 (the “Authority Water Trust Agreement”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (formerly, The Bank of New York Trust Company, N.A., as trustee (the “Authority Bond Trustee”); and

**WHEREAS**, the proceeds from the sale of the Authority Water 2007 Bonds were used to finance certain improvements, additions and extensions of the Water System; and

**WHEREAS**, the Authority previously issued Authority’s Sewer Revenue Bonds, Series 2007 (the “Authority 2007 Sewer Bonds” and together with the Authority 2007 Water Bonds, the “Authority 2007 Bonds”), pursuant to a Trust Agreement, dated as of September 1, 2007 (together with the Authority Water Trust Agreement, the “Authority Trust Agreements”), by and between the Authority and the Authority Bond Trustee; and

**WHEREAS**, the proceeds from the sale of the Authority Sewer 2007 Bonds were used to finance certain improvements, additions and extensions of the Sewer System; and

**WHEREAS**, in connection with each series of the Authority 2007 Bonds, the City and the Authority entered into an Installment Sale Agreement, dated as of September 1, 2007, pursuant to which the City is obligated to pay certain installment payments (the “Authority 2007 Installment Payments”); and

**WHEREAS**, pursuant to each Authority Trust Agreement, the Authority has assigned its rights to the Authority 2007 Installment Payments to the Authority Bond Trustee for use to pay debt service on the related series of Authority 2007 Bonds; and

**WHEREAS**, the City desires to issue bonds (the “2018 Water Bonds”) pursuant to Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53570) and the terms of an indenture (the “2018 Water Indenture”), and use the sale proceeds of the 2018 Water Bonds to effect a prepayment of all of the related outstanding Authority 2007 Installment Payments and the corresponding payment and redemption of the all of the remaining outstanding Authority 2007 Water Bonds; and

**WHEREAS**, the 2018 Water Bonds will be secured by a pledge of certain revenues of the Water System as provided in the 2018 Water Indenture; and

**WHEREAS**, the City also desires to issue bonds (the “**2018 Sewer Bonds**” and together with the 2018 Water Bonds, the “**2018 Bonds**”) pursuant to Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53570) and the terms of an indenture (the “**2018 Sewer Indenture**”), and use the sale proceeds of the 2018 Sewer Bonds to effect a prepayment of all of the related outstanding Authority 2007 Installment Payments and the corresponding payment and redemption of the all of the remaining outstanding Authority 2007 Sewer Bonds; and

**WHEREAS**, the 2018 Sewer Bonds will be secured by a pledge of certain revenues of the Sewer System as provided in the 2018 Sewer Indenture; and

**WHEREAS**, there has been presented to the City a Bond Purchase Agreement (the “**Bond Purchase Agreement**”), proposed to be entered into by and between the City and Piper Jaffray & Co (the “**Underwriter**”), pursuant to which the Underwriter will purchase the 2018 Bonds for reoffering to the public;

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

**Section 1**      **Recitals.** The foregoing recitals, and each of them, are true and correct.

**Section 2**      **2018 Water Bonds; 2018 Water Indenture.** Subject to the parameters set forth in this Resolution, the issuance of the 2018 Water Bonds pursuant to the terms of the 2018 Water Indenture is hereby authorized and approved. The form of the 2018 Water Indenture to be entered into by and between the City and the Trustee (defined below), and on file in the office of the City Clerk, is hereby approved. The Mayor (or in the Mayor’s absence, the Mayor Pro-Tempore) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the 2018 Water Indenture in substantially said form, with such changes therein as the Mayor (or the Mayor Pro-Tempore, as the case may be) may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 3**      **2018 Sewer Bonds; 2018 Sewer Indenture.** Subject to the parameters set forth in this Resolution, the issuance of the 2018 Sewer Bonds pursuant to the terms of the 2018 Sewer Indenture is hereby authorized and approved. The form of the 2018 Sewer Indenture to be entered into by and between the City and the Trustee, and on file in the office of the City Clerk, is hereby approved. The Mayor (or in the Mayor’s absence, the Mayor Pro-Tempore) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the 2018 Sewer Indenture in substantially said form, with such changes therein as the Mayor (or the Mayor Pro-Tempore, as the case may be) may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 4**      **Appointment of Trustee.** The appointment of The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”) under each of the 2018 Water Indenture and the 2018 Sewer Indenture is hereby approved

**Section 5** **Bond Purchase Agreement.** The Bond Purchase Agreement, proposed to be entered into by and between the City and the Underwriter, in the form on file with the City Clerk, is hereby approved. Subject to the parameters set forth below, the Mayor (or in the Mayor's absence, the Mayor Pro-Tempore) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as the Mayor (or the Mayor Pro-Tempore, as the case may be) may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 6** **Terms of Sale of 2018 Water Bonds.** The authorization set forth in this Resolution regarding the issuance and sale of the 2018 Water Bonds is subject to the following parameters: (i) the aggregate principal amount of the 2018 Water Bonds shall not exceed \$3,500,000; (ii) the true interest cost with respect to the 2018 Water Bonds shall not exceed 5.25 percent; and (iii) the Underwriter's compensation (i.e., underwriter's discount), exclusive of any original issue discount, shall not exceed 1.0 percent of the aggregate principal amount of the 2018 Water Bonds. The authorization and powers delegated by this Resolution with respect to the issuance and sale of the 2018 Water Bonds shall be valid for a period of six months from the date of adoption of this Resolution.

**Section 7** **Terms of Sale of 2018 Sewer Bonds.** The authorization set forth in this Resolution regarding the issuance and sale of the 2018 Sewer Bonds is subject to the following parameters: (i) the aggregate principal amount of the 2018 Sewer Bonds shall not exceed \$4,000,000; (ii) the true interest cost with respect to the 2018 Sewer Bonds shall not exceed 5.25 percent; and (iii) the Underwriter's compensation (i.e., underwriter's discount), exclusive of any original issue discount, shall not exceed 1.0 percent of the aggregate principal amount of the 2018 Sewer Bonds. The authorization and powers delegated by this Resolution with respect to the issuance and sale of the 2018 Sewer Bonds shall be valid for a period of six months from the date of adoption of this Resolution.

**Section 8** **Preliminary Official Statement.** The Preliminary Official Statement relating to the 2018 Bonds (the "**Preliminary Official Statement**"), in the form presented at this meeting and on file with the City Clerk, is hereby approved. Each of the Mayor (or in the Mayor's absence, the Mayor Pro-Tempore) and the City Manager, each acting singly, is hereby authorized and directed, for and in the name and on behalf of the City, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as the Mayor (or the Mayor Pro-Tempore, as the case may be) or the City Manager may approve, to be deemed final for the purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934. The distribution by the Underwriter of copies of the Preliminary Official Statement to potential purchasers of the 2018 Bonds is hereby approved.

**Section 9** **Official Statement.** Each of the Mayor (or in the Mayor's absence, the Mayor Pro-Tempore) and the City Manager, acting singly, is hereby authorized and directed, for and in the name and on behalf of the City, to cause the Preliminary Official Statement to be brought into the form of a final Official Statement (the "**Official Statement**"), and to execute the same for and in the name and on behalf of the City, with such changes therein as the Mayor (or the Mayor Pro-Tempore, as the case may be) or the City Manager may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The distribution and use of the

Official Statement by the Underwriter in connection with the sale of the 2018 Bonds are hereby approved.

**Section 10** **Continuing Disclosure Certificate.** The Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”), in the form on file with the City Clerk, is hereby approved. The Mayor (or in the Mayor’s absence, the Mayor Pro-Tempore) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as the Mayor (or the Mayor Pro-Tempore, as the case may be) may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 11** **Compliance with Debt Policy.** Reference is hereby made to the Debt Issuance and Management Policy, adopted pursuant to Resolution No. 2018-36, adopted by this City Council on July 17, 2018. The City Council hereby finds that the issuance of each of the 2018 Water Bonds and the 2018 Sewer Bonds is consistent with the Debt Issuance and Management Policy.

**Section 12** **Other Acts.** The Mayor, the Mayor Pro-Tempore, the City Manager, the Treasurer/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 execute and deliver any and all documents that they may deem necessary or advisable for the sale, issuance and delivery of the 2018 Bonds (including, but not limited to, the obtaining of bond insurance or other types of credit enhancement for the 2018 Bonds, the purchase of debt service reserve fund insurance policies or surety bonds), or otherwise to effectuate the purposes of this Resolution, the 2018 Water Indenture, the 2018 Sewer Indenture, the Bond Purchase Agreement, the Official Statement and the Continuing Disclosure Certificate and any such actions previously taken by such officers are hereby ratified and confirmed.

**Section 13** **Effective Date.** 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 21st day of August, 2018.

AYES:

NOES:

ABSENT:

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Mayor

ATTEST:

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City Clerk

**RESOLUTION NO. 2018-52**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WINTERS PUBLIC FINANCE AUTHORITY APPROVING THE REFUNDING OF 2007 WATER REVENUE BONDS AND 2007 SEWER REVENUE BONDS AND AUTHORIZING RELATED ACTIONS**

**WHEREAS**, the City of Winters (the “City”) operates a waterworks system (such system, including all additions, improvements and extensions thereto, the “**Water System**”) and a wastewater and sewer system (such system, including all additions, improvements and extensions thereto, the “**Sewer System**”); and

**WHEREAS**, the Winters Public Finance Authority (the “**Authority**”) previously issued Authority’s Water Revenue Bonds, Series 2007 (the “**Authority 2007 Water Bonds**”), pursuant to a Trust Agreement, dated as of September 1, 2007 (the “**Authority Water Trust Agreement**”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (formerly, The Bank of New York Trust Company, N.A., as trustee (the “**Authority Bond Trustee**”); and

**WHEREAS**, the proceeds from the sale of the Authority Water 2007 Bonds were used to finance certain improvements, additions and extensions of the Water System; and

**WHEREAS**, the Authority previously issued Authority’s Sewer Revenue Bonds, Series 2007 (the “**Authority 2007 Sewer Bonds**” and together with the Authority 2007 Water Bonds, the “**Authority 2007 Bonds**”), pursuant to a Trust Agreement, dated as of September 1, 2007 (together with the Authority Water Trust Agreement, the “**Authority Trust Agreements**”), by and between the Authority and the Authority Bond Trustee; and

**WHEREAS**, the proceeds from the sale of the Authority Sewer 2007 Bonds were used to finance certain improvements, additions and extensions of the Sewer System; and

**WHEREAS**, in connection with each series of the Authority 2007 Bonds, the City and the Authority entered into an Installment Sale Agreement, dated as of September 1, 2007, pursuant to which the City is obligated to pay certain installment payments (the “**Authority 2007 Installment Payments**”); and

**WHEREAS**, pursuant to each Authority Trust Agreement, the Authority has assigned its rights to the Authority 2007 Installment Payments to the Authority Bond Trustee for use to pay debt service on the related series of Authority 2007 Bonds; and

**WHEREAS**, the City plans to issue bonds (the “**2018 Water Bonds**”) pursuant to Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53570) and the terms of an indenture, and use the sale proceeds of the 2018 Water Bonds to effect a prepayment of all of the related outstanding Authority 2007 Installment Payments and the corresponding payment and redemption of the all of the remaining outstanding Authority 2007 Water Bonds; and

WHEREAS, the City also plans to issue bonds (the "2018 Sewer Bonds") pursuant to Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53570) and the terms of an indenture, and use the sale proceeds of the 2018 Sewer Bonds to effect a prepayment of all of the related outstanding Authority 2007 Installment Payments and the corresponding payment and redemption of the all of the remaining outstanding Authority 2007 Sewer Bonds;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE WINTERS PUBLIC FINANCE AUTHORITY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

**Section 1**      Recitals. The foregoing recitals, and each of them, are true and correct.

**Section 2**      Refunding of the Authority 2007 Bonds. The refunding of the remaining outstanding Authority 2007 Bonds as described above is hereby approved. The Chairman, the Vice Chairman and the Executive Director, and all other officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all instrument that they may deem necessary or advisable in order to assist the City to effectuate such refunding and any such actions previously taken by such officers are hereby ratified and confirmed.

**Section 3**      Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, and ADOPTED by the Board of Directors of the Winters Public Finance Authority at a meeting duly held on the 21st day of August, 2018.

AYES:

NOES:

ABSENT:

ATTEST:

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary

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INDENTURE

by and between the

CITY OF WINTERS

and

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

as Trustee

Dated as of [September] 1, 2018

Relating to

\$ \_\_\_\_\_  
City of Winters  
Water Revenue Refunding Bonds  
Series 2018

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## INDENTURE

This Indenture is made and dated as of [September] 1, 2018 (the "Indenture"), by and between the City of Winters, a municipal corporation duly organized and 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 United States of America, and being qualified to accept and administer the trusts hereby created (the "Trustee").

### RECITALS:

A. The City operates a waterworks system (such system, including all additions, improvements and extensions thereto, the "Enterprise").

B. The Winters Public Finance Authority (the "Authority") previously issued the Authority's Water Revenue Bonds, Series 2007 (the "2007 Bonds"), pursuant to a Trust Agreement, dated as of September 1, 2007 (the "2007 Trust Agreement"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (formerly, The Bank of New York Trust Company, N.A.), as trustee (the "Authority Bond Trustee").

C. The proceeds from the sale of the 2007 Bonds were used to finance certain improvements, additions and extensions of the Enterprise.

D. In connection with the 2007 Bonds, the City and the Authority entered into an Installment Sale Agreement, dated as of September 1, 2007 (the "2007 ISA"), pursuant to which the City is obligated to pay certain installment payments (the "2007 Installment Payments").

E. Pursuant to the 2007 Trust Agreement, the Authority assigned its rights to the 2007 Installment Payments to the Authority Bond Trustee, which then are used to pay debt service on the 2007 Bonds.

F. The City desires to issue bonds (the "Bonds") pursuant to Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53570) and the terms of this Indenture, and use the sale proceeds of the Bonds to effect a prepayment of all of the remaining outstanding 2007 Installment Payments and the corresponding payment and redemption of the all of the remaining outstanding 2007 Bonds.

G. Pursuant, and subject, to the terms of the 2007 ISA and the 2007 Trust Agreement, if the City deposits with the Authority Bond Trustee, to be held in escrow, cash or qualified securities (or a combination thereof) which shall provide sufficient moneys to pay and redeem the remaining 2007 Bonds on a designated redemption date, then the City's obligations with respect to the 2007 Installment Payments under the 2007 ISA shall be discharged and the lien with respect to the 2007 Bonds under the 2007 Trust Agreement shall cease (except for the payment thereof from the moneys held in escrow by the Authority Bond Trustee) and the 2007 Bonds shall be defeased.

H. Upon issuance and delivery of the Bonds, a portion of the sale proceeds of the Bonds will be deposited with the Authority Bond Trustee pursuant to the Irrevocable Refunding

Instructions, executed by the Authority and the City, to effect the discharge of all of the remaining 2007 Installment Payments and the defeasance of the 2007 Bonds.

I. The Bonds shall be secured by a pledge of certain revenues of the Enterprise as provided in this Indenture.

J. The City has determined that all acts and proceedings required by law necessary to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized.

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

**ARTICLE I  
DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS;  
EQUAL SECURITY**

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other document herein mentioned have the meanings herein specified.

**“2007 Bonds”** means the Authority’s Water Revenue Bonds, Series 2007.

**“2007 ISA”** means the Installment Sale Agreement, dated as of September 1, 2007, by and between the Authority and the City.

**“2007 Trust Agreement”** means the Trust Agreement, dated as of September 1, 2007, by and between the Authority and the Authority Bond Trustee.

**“Accreted Value”** means, with respect to any Parity Obligations that are capital appreciation Obligations, as of any date of calculation, the sum of the initial amount thereof and the interest accrued and compounded thereon, as determined in accordance with the provisions of the related Parity Obligation Agreements, to such date of calculation.

**“Additional Allowance”** has the meaning ascribed to such term in Section 5.01.

**“Additional Parity Obligations”** means Parity Obligations issued or incurred by the City, subject to the conditions set forth in Section 5.01.

“Annual Debt Service” means, with respect to the portion of the Outstanding Parity Obligations for which the calculation is being made, for the 12-month period for which the calculation is being made (which may be Fiscal Year or Bond Year, as the context requires), the sum of (i) the interest payable with respect to such Outstanding Obligations in that 12-month period, assuming that all the Outstanding Serial Obligations are retired as scheduled and that all Outstanding Term Obligations, if any, are redeemed from the sinking fund payments, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Obligations), (ii) the principal amount of such Outstanding Serial Obligations, if any, maturing by their terms in such 12-month period, and (iii) the minimum principal amount of such Outstanding Term Obligations required to be paid or called and redeemed in such 12-month period.

With respect to capital appreciation Obligations, the Accreted Value payment shall be deemed due on the scheduled redemption or payment date of such Obligations.

If any Obligations bear interest payable pursuant to a variable interest rate formula, the interest rate on such Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of (a) (i) for Tax-Exempt Obligations, the most recently published Bond Buyer 25 Bond Revenue Index or (ii) for Obligations that are not Tax-Exempt, the most recently published interest rate borne by U.S. Treasury Bonds of 30 year-maturity, plus 70 basis points, or (b) the average variable rate of interest borne by such Obligations during the preceding 36 months or, if such Obligations were not Outstanding during all of the preceding 36 months, the highest interest rate borne by variable interest rate debt for which the interest rate is computed by reference to a variable interest rate formula comparable to that utilized for such Obligations.

“Annual Debt Service” shall not include (a) interest on Obligations which is to be paid from amounts constituting capitalized interest or (b) principal and interest allocable to that portion of the proceeds of any Obligations required to remain unexpended and to be held in escrow pursuant to the terms of the instrument under which such Obligations are issued, provided that (i) such exclusion of interest shall be applicable only to the extent that a portion of the amounts deposited in an escrow account, or the projected interest earnings thereon, shall be used to pay interest due on such portion of the Obligations so long as it is required to be held in escrow, and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to Net Revenues coverage, are substantially the same as those for the issuance of Additional Parity Obligations under Section 5.01 of this Indenture.

“Annual Debt Service” shall not include the portion of any parity Credit Provider Reimbursement Obligations that represent Annual Debt Service which would have otherwise been paid directly by the City to the owners of any Parity Obligations (e.g., reimbursement to a Credit Provider for draws made under a letter of credit to pay principal of and interest on the Parity Obligations.)

“Authority” means Winters Public Finance Authority, a joint powers agency formed pursuant to a Joint Exercise of Powers Agreement, dated as of January 7, 2003.

“Authority Bond Trustee” means The Bank of New York Mellon Trust Company, N.A., in its capacity as the trustee under the 2007 Trust Agreement.

“Authorized Denomination” means a principal amount of \$5,000 or any integral multiple thereof.

“Average Annual Debt Service” means, with respect to any portion of the Outstanding Parity Obligations for which the calculation is being made, the average Annual Debt Service during the period from the date of calculation through the final maturity date of all of such Outstanding Parity Obligations.

“Beneficial Owners” means those individuals, partnerships, corporations or other entities for which the Direct Participants have caused DTC to hold Book Entry Bonds.

“Bond” or “Bonds” means the City of Winters Water Revenue Refunding Bonds, Series 2018, authorized by, and at any time Outstanding pursuant to, this Indenture.

“Bond Counsel” means Richards, Watson & Gershon, A Professional Corporation, or another attorney or firm of attorneys of favorable reputation in the field of municipal bond law selected by the City.

“Bond Year” means each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall extend from the Closing Date to September 1, 2019.

“Book Entry Bonds” means the Bonds registered in the name of the nominee of DTC, as the registered owner thereof, pursuant to the terms and provisions of Section 2.12.

“Business Day” means a day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the city in which the Trustee maintains its Trust Office are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

“Certificate,” “Statement,” “Request,” “Requisition” or “Order” of the City mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by its Mayor (or in the Mayor’s absence, the Mayor Pro-Tempore), City Manager, Treasurer, Director of Financial Management or any other person designated by any of them in writing to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument. If and to the extent required by the Indenture, certificates and opinions will include the statements provided for in the Indenture.

“City” means the City of Winters, California.

“Closing Date” means \_\_\_\_\_, 2018.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

“Continuing Disclosure Agreement” means the continuing disclosure undertaking of the City relating to the Bonds in connection with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as originally executed and as the same may be amended and supplemented from time to time in accordance with the terms thereof.

“Costs of Issuance” means any costs or expenses paid or incurred in connection with the preparation, execution and delivery of the Bonds and documents relating to the issuance of the Bonds (including the Refunding Instructions), including but not limited to costs related to the establishment of any refunding escrow, fees and expenses of the Trustee and its counsel, printing costs, word processing costs, filing and recording costs, special counsel and other legal fees and expenses, rating agency fees, accounting fees, legal fees and other expenses incurred by the City in connection with qualification or registration, or determining the exemption from registration or qualification, of the Bonds under the “Blue Sky” laws of any jurisdiction, costs of preparation and reproduction of documents, fees payable to any other consultants or experts retained in connection with such preparation, execution and delivery, costs for the purchase of reserve surety, bond insurance or any other credit enhancement, and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a “cost of issuance” within the meaning of the Code.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“Credit Facility” means a bond insurance policy, an irrevocable direct-pay or standby letter of credit, a standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit or liquidity support with respect to the payment of interest, principal, redemption price or purchase price of any Parity Obligations, but shall not include any Qualified Reserve Credit Instrument for the Bonds or similar instrument credited to a debt service reserve fund for any other Parity Obligations.

“Credit Provider” means the issuer of a Credit Facility with respect to any Parity Obligations.

“Credit Provider Reimbursement Obligations” means obligations of the City to pay from Net Revenues amounts due under a Credit Support Agreement, including without limitation, amounts advanced by a Credit Provider pursuant to a Credit Facility as credit support or liquidity for Parity Obligations and interest with respect thereto.

“Credit Support Agreement” means, with respect to any Credit Facility, the agreement or agreements (which may be the Credit Facility itself) between the City and the applicable Credit Provider, as originally executed and as the same may be amended or supplemented from time to time, that provide for the reimbursement to the Credit Provider for payments under such Credit Facility or the extension of credits made to the City by the Credit Provider, together with any related pledge agreement or other security document.

“Debt Service Fund” means the fund by that name established pursuant to Section 4.03.

“Defeasance Securities” means any direct obligations of the United States of America (including any obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); provided, that such securities must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or redemption. “Defeasance Securities” do not include securities that do not have a fixed par value or the terms of which do not promise a fixed dollar amount at maturity or call date.

“Direct Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository

“DTC” means the Depository Trust Company, New York, New York, or its successors and assigns as depository for the Bonds.

“Enterprise” means the whole and each and every part of the water system of the City, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system or any part thereof hereafter acquired or constructed; provided, that to the extent the City is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described water system purposes, only the City’s ownership interest in such asset or property or only the part of the asset or property so used for water system purposes shall be considered to be part of the Enterprise.

“Enterprise Revenue Fund” means the separate fund established and maintained by the City in which all Gross Revenues are deposited (identified as the “Water Fund” in the City’s audited financial statements for fiscal year ended June 30, 2017).

“Event of Default” means any of the events described in Section 9.01.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if: (i) the investment is a certificate of deposit the value of which is determined in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) the value of which is determined in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States of America.

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

“Generally Accepted Accounting Principles” means generally accepted accounting principles applicable to governments as promulgated by the Governmental Accounting Standards Board or its successor.

“Gross Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Enterprise including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City from the furnishing and supplying of services and facilities through the Enterprise, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys to the extent that such earnings and income are available for use for the Enterprise pursuant to law, (iii) the proceeds derived by the City directly or indirectly from the sale, lease, or other disposition of a part of the Enterprise, and (iv) amounts released from the Rate Stabilization Fund pursuant to Section 4.07; provided the term “Gross Revenues” shall not include any of the following: (A) customers’ deposits or any other deposits or advances subject to refund until those deposits or advances become the property of the City, and (B) moneys that are derived from charges (including without limitation impact fees or special assessments) imposed for specified and restricted purposes (except to the extent that such charges are permitted to be used for the financing or payment of the capital improvements financed with the proceeds of the 2007 Bonds), as provided in a duly adopted resolution or ordinance, and that are accounted for by the City separate and apart from the Enterprise Revenue Fund, (C) grants or other moneys collected by the City from sources, which by the terms under which the City receives such money, restricts the use for specified and restricted purposes (except to the extent that the terms thereof permit the use of such money for the financing or payment of the capital improvements financed with the proceeds of the 2007 Bonds), and (D) charges collected by the City for meter installation that are deposited by the City in funds separate and apart from the Enterprise Revenue Fund.

“Indenture” means this Indenture, as originally executed or as it may from time to time be amended or supplemented in accordance herewith.

“Independent Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the City, and who, or each of whom: (i) is in fact independent and not under domination of the City; (ii) does not have any substantial interest, direct or indirect, in the City; and (iii) is not connected with the City as an officer or employee of the City but who may be regularly retained to make annual or other audits of the books of or reports to the City.

“Independent Fiscal Consultant” means any consultant or firm of such consultants appointed by the City and who, or each of whom: (a) is judged by the City to have experience in matters relating to the financing of Enterprise enterprises; (b) is in fact independent and not under domination of the City; (c) does not have any substantial interest, direct or indirect, with the City (other than as purchaser or potential purchaser of the Bonds or any Parity Debt); and (d)

is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at [www.emma.msrb.org](http://www.emma.msrb.org); provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall also mean such other addresses and/or such other services providing information with respect to called bonds as the City may designate in writing to the Trustee.

“Interest Account” means the account by that name in the Debt Service Fund established and held by the Trustee pursuant to Section 4.03.

“Interest Payment Date” means March 1 and September 1 of each year, beginning on March 1, 2019.

“Letter of Representations” means the Blanket Issuer Letter of Representations, dated August 3, 2018, from the City to DTC, qualifying bonds issued by the City for the DTC’s book-entry system, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

“Maximum Annual Debt Service” means with respect to any portion of the Outstanding Parity Obligations for which the calculation is being made, the largest Annual Debt Service during the period from the date of calculation through the final maturity date of all of such Outstanding Parity Obligations.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns, except that if at any time that such corporation no longer exists or no longer performs the function of a rating agency for municipal securities, then the term “Moody’s” will be deemed to refer to any other nationally recognized rating agency selected by the City.

“Net Revenues” means, for any period, an amount equal to: (i) all of the Gross Revenues received during such period, minus (ii) the amount required to pay all Operation and Maintenance Costs during such period.

“Nominee” means the nominee of DTC, which initially will be Cede & Co., as determined from time to time pursuant to Section 2.12.

“Obligations” means obligations with respect to borrowed money and includes bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease (determined to be such in accordance with Generally Accepted Accounting Principles), which are payable from Net Revenues, whether on a parity or subordinate basis to the Bonds.

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the City, payable from Gross Revenues, for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including but not limited to: (i) all reasonable expenses of management and repair and all other expenses

necessary to maintain and preserve the Enterprise in good repair and working order, (ii) all administrative costs of the City that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Enterprise and insurance premiums, and (iii) all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof; but excluding in all cases, the following: (A) debt service payable on obligations (including bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease, as determined to be such in accordance with Generally Accepted Accounting Principles) incurred by the City with respect to the Enterprise, (B) depreciation, replacement and obsolescence charges or reserves therefor, (C) amortization of intangibles or other bookkeeping entries of a similar nature, and (D) costs of capital projects which under Generally Accepted Accounting Principles are chargeable to a separate capital account or to a reserve for depreciation.

“Original Purchaser” means Piper Jaffray & Co.

“Outstanding,” when used as of any particular time with reference to any Obligations, means (subject to the provisions of Section 11.03 with respect to the Bonds or similar provisions in the applicable Parity Obligation Agreements), all of such Obligations theretofore issued or thereupon issued by the City except:

- (a) Obligations theretofore canceled or surrendered for cancellation;
- (b) Obligations paid or deemed to have been paid within the meaning of the defeasance provisions of the instrument pursuant to which such Obligations are issued; and
- (c) Obligations in lieu of or in substitution for which replacement Obligations have been issued.

“Owner” or “Bond Owner,” when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Obligation Agreement” means the agreement or agreements, originally executed and as the same may be amended or supplemented from time to time, that sets forth the terms of repayment with respect to any Parity Obligations.

“Parity Obligations” means the Bonds and any Obligations which are payable from Net Revenues on a parity with the payment of the Bonds and the issuance of which satisfies the applicable conditions of Section 5.01, including without limitation Credit Provider Reimbursement Obligations that are specified as payable on a parity with the Bonds under any Credit Support Agreement.

“Permitted Investments” means any of the following obligations if and to the extent that they are permissible investments of funds of the City (provided, that the Trustee shall be entitled to rely upon the City’s written directions as conclusive certification to the Trustee that the investments described therein are Permissible Investments; and provided further, to the extent that the criteria below an investment require a certain minimum rating, such rating shall be determined by the time of purchase of such investment):

(1) Cash.

(2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:

- A. U.S. Treasury obligations;
- B. All direct or fully guaranteed obligations
- C. Farmers Home Administration;
- D. General Services Administration;
- E. Guaranteed Title XI financing;
- F. Government National Mortgage Association (GNMA); and
- G. U.S. Treasury - State and Local Government Series

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- A. Export-Import Bank;
- B. Rural Economic Community Development Administration;
- C. U.S. Maritime Administration;
- D. Small Business Administration;
- E. U.S. Department of Housing & Urban Development (PHAs);
- F. Federal Housing Administration; and
- G. Federal Financing Bank;

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- A. Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);
- B. Obligations of the Resolution Funding Corporation (REFCORP);
- C. Senior debt obligations of the Federal Home Loan Bank System; and
- D. Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;

(5) U.S. dollar-denominated deposit accounts, demand deposits (including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit [including those placed by a third party pursuant to an agreement between the Trustee and the City], or bankers acceptances of depository institutions (including the Trustee or any of its affiliate), or bankers acceptances of depository institutions (including the Trustee or any of its affiliate), federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating

on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (provided that ratings on holding companies shall not be considered the rating of the bank);

(6) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(7) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or an affiliate provides investment management or other services ~~/(and receives and retains a fee for services provided to the fund, whether as custodian, transfer agent, investment advisor or otherwise)/~~;

(8) "Pre-refunded Municipal Obligations," defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (2) of the definition of Permitted Securities, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(9) Any bonds or other obligations of any agency, instrumentality or local governmental unit of any state of the United States of America which are rated "Aaa/AAA" or general obligations of any such state with ratings of "A2" or higher by Moody's and "A" or higher by S&P;

(10) Investment agreements (supported by appropriate opinions of counsel) approved in writing by the Bond Insurer; and

(11) Any state administered pool investment fund, including, but not limited to, the Local Agency Investment Fund of the State; and

(12) Any other investments which meet the criteria established by applicable published investment guidelines issued by each rating agency then rating the Bonds.

"Principal Account" means the account by that name in the Debt Service Fund established and held by the Trustee pursuant to Section 4.03.

“Qualified Reserve Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 4.04, provided that all of the following requirements are met: (i) at the time of issuance of the instrument, the long-term credit rating of such bank is within the two highest Rating Categories of Moody’s or S&P, or the financial strength of such insurance company is rated within one of the two highest Rating Categories of A.M. Best & Company , or if any of the Bonds are insured, the long-term credit rating of such bank or claims paying ability of such insurance company is at least as high as the insured rating of the Bonds; (ii) such letter of credit or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.04; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in Section 4.04, including the replenishment of the Interest Account, the Principal Account or the Sinking Account.

“Rating Category” means: (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regarding to any numerical modifier, plus or minus sign or other modifier; and (b) with respect to any short-term rating category, all ratings designated by a particular letter or combination of letters taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Rebate Amount” has the meaning ascribed to it in the Tax Certificate.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.05.

“Refunding Bond Law” means Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (commencing with Section 53570 and Section 53580, respectively), as in existence on the Closing Date.

“Refunding Instructions” means the Irrevocable Refunding Instructions, executed by the City and the Authority, relating to the defeasance and redemption of the 2007 Bonds.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.04 for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.04.

“Reserve Requirement” means, as of any calculation date, an amount equal to the least of (i) ten percent of the principal amount of the Bonds upon issuance; (ii) 125 percent of Average Annual Debt Service (based on Bond Year) of the Outstanding Bonds; or (iii) Maximum Annual Debt Service (based on Bond Year) of the Outstanding Bonds. The amount of the Reserve

Requirement on any date is subject to confirmation by the City to the Trustee upon the Trustee's request.

“S&P” means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors and assigns, except that if at any time that such corporation no longer exists or no longer performs the function of a rating agency for municipal securities, then the term “S&P” will be deemed to refer to any other nationally recognized rating agency selected by the City.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041, Attn: Call Notification Department, Fax (212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in a Certificate of the City delivered to the Trustee.

“Serial Bonds” means the Bonds that are not Term Bonds.

“Serial Obligations” means Obligations for which no mandatory sinking fund payments are provided.

“Sinking Account” means the account by that name in the Debt Service Fund held by the Trustee pursuant to Section 4.03.

“Sinking Account Installment” means the amount of money required by the Indenture to be paid by the City on any single date toward the retirement of any particular Term Bonds on or prior to their respective stated maturity dates.

“State” means the State of California.

“Supplemental Indenture” means any agreement supplemental to or amendatory of this Indenture entered into in accordance with the provisions of Article VII.

“Tax Certificate,” means the Certificate Regarding Compliance with Certain Tax Matters (or similar instrument) dated the Closing Date relating to the requirements of certain provisions of the Code, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government that such interest is excluded from gross income for federal income tax purposes whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax, under the Code.

“Term Bonds” means the Bonds maturing on September 1, 20\_\_ and September 1, 20\_\_.

“Term Obligations” means Obligations which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Obligations on or before their specified maturity dates.

“Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 11.09; provided that for purposes of payment, prepayment, exchange, transfer, exchange, surrender and cancellation of Bonds, such term means the designated corporate trust agency or operations office of the Trustee, or such other or additional offices as the Trustee may designate in writing to the City from time to time as the corporate trust office for purposes of this Indenture.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., and its successors and assigns, and any other corporation or association that may at any time be substituted in its place as provided in Article VII.

### **Section 1.02 Rules of Construction.**

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections in and the table of contents of this Indenture are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) Unless otherwise indicated, all references herein to “Articles”, “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein”, “hereof”, “hereby”, “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

**Section 1.03 Equal Security.** The Bonds shall be issued under and subject to the terms of this Indenture. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the City and the Trustee for the benefit of Owners from time to time of all Bonds issued under this Indenture and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premium, if any, on all Bonds authorized, executed, issued and delivered under this Indenture; and the agreements and covenants set forth in this Indenture to be performed on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds, subject to the agreements, conditions, covenants and provisions contained in this Indenture.

**ARTICLE II**  
**TERMS OF THE BONDS; GENERAL PROVISIONS RELATING TO EXECUTION**  
**AND DELIVERY**

**Section 2.01 Authorization; Designation; Form.** The City has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, to happen and to be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now authorized under the Refunding Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the City hereby authorizes the issuance of the Bonds pursuant to the Refunding Law and this Indenture for the purposes described in the recitals hereof.

The City may at any time execute and deliver the Bonds, designated the City's Water Revenue Refunding Bonds, Series 2018, authorized to be issued under this Indenture, in the aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_). Upon the Written Request of the City, the Trustee shall authenticate and deliver the Bonds. The Bonds, the certificate of authentication and the assignment to appear thereon shall be substantially in the form attached as Exhibit A with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture

**Section 2.02 Terms of the Bonds.**

(a) The Bonds shall be dated the Closing Date, shall mature on the dates and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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The Bonds shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order (with such alphabetical prefix as the Trustee shall determine). The Bonds shall be executed and delivered, without coupons, in the denominations of \$5,000 and any integral multiple thereof.

(b) The interest, principal, and redemption premiums, if any, due with respect to the Bonds shall be payable in lawful money of the United States of America. Subject to Section 2.12, the interest due on the Bonds shall be payable on their Interest Payment Dates by check or draft mailed by first class mail on the applicable Interest Payment Date by the Trustee

to the respective Owners thereof at their addresses as they appear in the Registration Books on the Record Date with respect to each Interest Payment Date; provided, however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five days before the applicable Record Date. Principal of any Bond and any premium upon redemption shall be paid by check of the Trustee upon presentation and surrender thereof at the Trust Office.

Interest on the Bonds shall be computed on the basis of a 360 day year of twelve 30 day months. Interest on each Bond shall accrue from the Interest Payment Date next preceding the date of authentication thereof unless (i) the Bond is authenticated on or before an Interest Payment Date but after the close of business on the related Record Date, in which event it shall bear interest from such Interest Payment Date, or (ii) the Bond is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any Bond, interest is in default on Outstanding Bonds, the Trustee shall establish a special record date for payment of any interest in default hereunder and interest on such Bond shall accrue from the date to which interest has previously been paid in full or made available for payment on such Outstanding Bonds. Interest on the Bonds shall accrue on overdue principal at the same rate borne by the particular Bonds.

### **Section 2.03 Redemption of Bonds.**

(a) Optional Redemption. The Bonds maturing on or before September 1, [2028] shall not be subject to optional redemption by the City. The Bonds maturing on or after September 1, [2029] shall be subject to redemption prior to their maturity, as a whole or in part, at the option of the City as the City shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days [or such shorter period as acceptable to the Trustee as such designation being for the convenience of the Trustee] prior to the redemption date) and by lot within a maturity, in the principal amount of \$5,000 or integral multiples thereof, on any date on or after September 1, [2028], from funds derived by the City from any source, at a following redemption price equal to [100] percent of the principal amount of Bonds called for redemption, plus accrued interest thereon to the redemption date, without premium:

(b) Mandatory Sinking Account Redemption. The Bonds maturing on September 1, 20\_\_ and on September 1, 20\_\_ shall be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date of redemption, without premium, according to the following schedule[s]; provided, however, if some but not all of the Term Bonds [of a maturity] have been optionally redeemed pursuant to Section 2.03(a), each future Sinking Account Installment will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total dollar amount of Sinking Account Installments to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Term Bonds redeemed pursuant to the optional redemption, as shall be designated pursuant to written notice and revised sinking account redemption schedule filed by the City with the Trustee:



selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds, which may be separately redeemed.

(d) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond, the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of the same maturity date, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond being redeemed. A partial redemption shall be valid upon payment of the amount required to be paid to the Owner, and the City and the Trustee shall be released and discharged from all liability to the extent of such payment.

(e) Notice of Redemption. Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its Nominee, any Information Service or Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the City, not more than 60 days but not less than 30 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services, and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice of redemption is sent to the Owner, the City has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the receipt of sufficient funds by the Trustee from the City on or before the redemption date.

Failure by the Trustee to give notice pursuant to this Section to any of the Information Services or Securities Depositories, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. Neither the failure of any Owner to receive a redemption notice nor any defect in the notice so sent shall affect the sufficiency or the validity of the proceedings for redemption.

(f) Right to Rescind Optional Redemption. The City may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. In addition, any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The City and the Trustee shall have no liability to the Owners or any other

party related to or arising from such rescission. The Trustee shall send notices of such rescission in the same manner as that prescribed in Section 2.03(e) for notices of redemption.

(g) **Effect of Redemption.** From and after the date designated for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the designated redemption date. All Bonds redeemed pursuant to this Section 2.03 shall be canceled by the Trustee. All moneys held by or on behalf of the Trustee for the payment of principal of or interest (or premium, if any) on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to Owners for any interest earned on, moneys so held.

**Section 2.04 Registration Books.** The Trustee shall keep at its Trust Office sufficient Registration Books for the registration of the ownership, transfer and exchange of the Bonds. Registration Books shall be available for inspection by the City and its designated agent or any Owner or such Owner's agent duly authorized in writing at reasonable hours and under reasonable conditions with reasonable prior notice. The Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Bonds in such Registration Books as provided in this Indenture. The ownership of any Bonds may be proved by the Registration Books. No person other than an Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Indenture. The Trustee may deem and treat the person in whose name any Bond shall be registered upon Registration Books as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and premium, if any, and interest with respect to such Bond and for all other purposes, and all such payments so made to any such Owner or upon such Owner's order shall be valid and effectual to satisfy and discharge the City's and the Trustee's liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Trustee shall not be affected by any notice to the contrary.

**Section 2.05 Execution of Bonds.** The Bonds shall be signed in the name and on behalf of the City with the manual or facsimile signatures of the Mayor (or in the Mayor's absence, the Mayor Pro-Tempore) and attested with the manual or facsimile signature of the City Clerk, and shall be delivered to the Trustee for authentication by it. In case any officer of the City who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though the individual who signed the same had continued to be such officer of the City. Also, any Bond may be signed on behalf of the City by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of

this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**Section 2.06 Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon presentation and surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the City shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. The Trustee shall not be required to transfer, pursuant to this Section, (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption) and (ii) any Bond selected for redemption in whole or in part.

**Section 2.07 Exchange of Bonds.** Bonds may be exchanged at the Trust Office of the Trustee for the same aggregate principal amount of Bonds of the same tenor and maturity and of other Authorized Denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the City, except that the Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange, pursuant to this Section, (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption) and (ii) any Bond selected for redemption in whole or in part.

**Section 2.08 Temporary Bonds.**

(a) Until definitive Bonds are prepared, the City may direct the Trustee to authenticate and deliver, in the same manner as is provided in this Article II, in lieu of definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized hereunder, so long as no such Bond shall have its principal amount becoming payable in more than one year, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. At the expense of the City, the City shall prepare and the Trustee shall authenticate and, upon the surrender of such temporary Bonds and the cancellation of such surrendered temporary Bonds, the Trustee shall without charge to the Owner thereof, in exchange therefor, deliver definitive Bonds, of the same principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds executed and delivered pursuant to this Indenture.

(b) If the City shall request the execution and delivery of temporary Bonds in more than one denomination, the Owner of any temporary Bond or Bonds may, at such Owner's option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like principal amount and maturity of any other Authorized Denomination or Denominations, and thereupon the Trustee shall authenticate and deliver, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section

2.10, a temporary Bond or Bonds of like aggregate principal amount and maturity in such other Authorized Denomination or Denominations as shall be requested by such Owner.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee and destroyed, and the Trustee shall certify in writing as to their destruction.

**Section 2.09 Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, maturity and aggregate principal amount in an Authorized Denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to it shall be given, the City, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The City may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses that may be incurred by the City and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the City whether or not the Bond alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

**Section 2.10 Additional Provisions with Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Trustee shall execute and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall be promptly cancelled by the Trustee and destroyed, and the Trustee shall certify as to their destruction. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer or exchange shall be paid by the City, except that the Trustee shall require the payment by the Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer.

**Section 2.11 Cancellation of Paid or Redeemed Bonds.** All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made and such Bonds shall thereupon be promptly cancelled and destroyed, and the Trustee shall certify in writing as to their destruction at the written request of the City.

## **Section 2.12 Book-Entry System.**

(a) Book-Entry System; Limited Obligation of City. The Bonds shall be initially delivered in the form of a separate single fully registered Bond for each maturity of the Bonds (provided, that if the Bonds of a single maturity bear different interest rates, then there shall be a separate single fully registered bond for each interest rate of such maturity). Upon initial delivery, the ownership of each such Bond shall be registered in the Registration Books in the name of Cede & Co., as the initial Nominee of DTC. Thereafter, DTC may from time to time designate a substitute Nominee by written notification to the Trustee. Except as provided in Section 2.12(c), all of the Outstanding Bonds shall be registered in the Registration Books. DTC has represented to the City that it will maintain a book entry system in recording ownership interests of the Direct Participants and the ownership interests of Beneficial Owners shall be recorded through book entries on the records of the Direct Participants.

With respect to Bonds so registered in the name of the Nominee, the City and the Trustee shall have no responsibility or obligation to any Direct Participant or to any Beneficial Owner of such Bonds. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, the Nominee or any Direct Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Direct Participant, Beneficial Owner or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the DTC and its Direct Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, (iv) the payment to any Direct Participant, Beneficial Owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, the Bonds, or (v) any consent given or other action taken by DTC as Owner of the Bonds. The City and the Trustee may treat DTC as, and deem DTC to be, the absolute Owner of each Bond for all purposes whatsoever including (but not limited to) (I) payment of the principal or redemption price of, and interest on, each such Bond, (II) giving notices of redemption and other matters with respect to such Bonds and (III) registering transfers with respect to such Bonds. The Trustee shall pay the principal or redemption price of, and interest on, all book entry Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid. No person other than DTC shall receive a Bond evidencing the obligation of the City to make payments of principal or redemption price of, and interest on, the Bonds pursuant to this Indenture.

(b) Letter of Representations. In order to qualify the Bonds for DTC's book entry system, the City has executed and delivered the Letter of Representations to DTC. The Letter of Representations shall not in any way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Registration Books. The Trustee agrees to take all action necessary to continuously comply with the Letter of Representations to the extent that such action is not inconsistent with this Indenture. The officers of the City are hereby authorized to take such actions as necessary or appropriate, not inconsistent with this Indenture, to qualify the Bonds for DTC's book-entry program.

(c) Payments to Nominee. Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by DTC.

(d) Discontinuance of DTC's Depository Services. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable written notice to the City and the Trustee and discharge its responsibilities with respect thereto under applicable law. The City, in its sole discretion, may terminate, upon provision of notice to the Trustee, the services of DTC with respect to the Bonds. In the event (i) DTC determines not to continue to act as securities depository for the Bonds, or (ii) the City determines that DTC shall no longer so act, then the City will discontinue the book entry system with the DTC. If the City does not identify another qualified securities depository to replace the DTC, then the Bonds so designated shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, or any other nominee of a replacement security depository, but shall be registered in whatever name or names persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.05 through 2.11.

(e) Notations by DTC on Bonds. Notwithstanding any provision herein to the contrary, the City and the Trustee may agree to allow DTC or its Nominee to make a notation on any Bond redeemed in part to reflect, for information purposes only, the principal amount and date of any such redemption.

### ARTICLE III APPLICATION OF PROCEEDS; COSTS OF ISSUANCE FUND

**Section 3.01 Application of Bond Sale Proceeds and Other Transfers.** On the Closing Date, the Trustee shall receive on behalf of the City in connection with the sale of the Bonds an amount equal to \$\_\_\_\_\_ from the Original Purchaser (representing the par amount of the Bonds, plus a net original issue premium of \$\_\_\_\_\_, and less an underwriter's discount of \$\_\_\_\_\_). In addition, the Trustee shall receive \$\_\_\_\_\_ released from the reserve account (relating to the 2007 Bonds) established under the 2007 Trust Agreement (the "Authority Bond Reserve"). The Trustee shall apply such proceeds and moneys released from the Authority Bond Reserve, as follows:

(a) Deposit the \$\_\_\_\_\_ released from the Authority Bond Reserve into the Reserve Fund (the amount of such deposit being equal to the initial Reserve Requirement);

(b) Transfer \$\_\_\_\_\_ to the Authority Bond Trustee to be applied in accordance with the Refunding Instructions in connection with the defeasance of all of the remaining outstanding 2007 Bonds; and

(c) Deposit \$\_\_\_\_\_ into the Costs of Issuance Fund.

For record keeping purposes, the Trustee may establish such funds and subaccounts as may be necessary to reflect deposits and transfers pursuant to this Indenture or Request of the City given pursuant to this Indenture.

**Section 3.02 Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Refunding Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

**Section 3.03 Costs of Issuance Fund.** The Trustee shall establish a fund known as the "Costs of Issuance Fund." Pursuant to Section 3.01, the Trustee shall deposit a portion of the proceeds of the sale of the Bonds in to the Costs of Issuance Fund. The moneys the Costs of Issuance Fund shall be used from time to time to pay Costs of Issuance with respect to the Bonds and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition, substantially in the form attached hereto as Exhibit B, executed by an authorized officer of the City. On the date that is 180 days following the Closing Date of the Bonds, or upon the earlier receipt by the Trustee of a Request of the City to do so, the Trustee shall transfer all remaining amounts (if any) in the Costs of Issuance Fund to the Debt Service Fund and the Trustee shall close the Costs of Issuance Fund. The Trustee may conclusively rely on the representations set forth in such City requests and shall be fully protected in relying thereon.

#### **ARTICLE IV PLEDGE OF NET REVENUES; ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS**

**Section 4.01 Pledge of Net Revenues, Certain Funds Established Pursuant to this Indenture.**

(a) Subject to the application thereof on the terms and conditions provided in this Indenture, all of the Net Revenues are hereby irrevocably pledged, charged and assigned to the punctual payment of all Outstanding Bonds which pledge shall be on a parity with any pledge of Net Revenues securing other Parity Obligations as to which Section 5.01 have been satisfied. Such pledge, charge and assignment shall constitute a first lien on the Net Revenues for the payment of amounts due with respect to the Outstanding Bonds and other Parity Obligations (including the replenishment of debt service reserve funds as required) in accordance with the terms hereof and thereof.

The obligations of the City to pay principal (including Sinking Account Installments) and interest, when due, on the Outstanding Bonds from the Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the City or the Trustee of any obligation to the City or otherwise with respect to the Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Trustee. So long as any Bond remains Outstanding, the City (a) will not suspend or discontinue payment of principal (including Sinking Account Installments) or interest coming due pursuant to this Indenture, (b) will perform and observe all

other agreements contained in this Indenture, and (c) will not terminate this Indenture for any cause (including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprise, sale of any portion of the Enterprise, the taking by eminent domain of title to or temporary use of any component thereof, commercial frustration of purpose, any change in the tax law or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture).

(b) Subject to the provisions of Section 9.03(a) (regarding payment to the Trustee for fees and expenses when applying funds upon an Event of Default), the Bonds shall also be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account and the Sinking Account therein) and the Reserve Fund, including all amounts derived from the investments of such moneys. The Bonds shall be equally secured by a pledge, charge and lien upon such moneys without priority for number, date of the Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any portion thereof shall be and are secured by an exclusive pledge, charge and lien upon such moneys. So long as any of the Bonds are Outstanding, moneys in the Debt Service Fund (including the Interest Account, the Principal Account and the Sinking Account therein) and the Reserve Fund, may only be used for the purposes and in the manner permitted by this Article IV.

**The City's obligation to pay principal (including Sinking Account Installments) and interest with respect to the Outstanding Bonds and any other amount due under this Indenture shall be a special obligation of the City limited solely to the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments. Under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments, nor shall any other funds or property of the City be liable for such payments coming due and payable under this Indenture. Neither the Trustee nor any Owner shall have the right, directly or indirectly, to require or compel the exercise of the taxing power of the City or the forfeiture of any property of the City, including any portion of the Enterprise, for the making of any payments pursuant to the Bonds or this Indenture.**

#### **Section 4.02 Enterprise Revenue Fund.**

(a) The City has previously established the Enterprise Revenue Fund and shall continue to maintain and hold such fund segregated from all other funds of the City. All Gross Revenues shall be deposited by the City upon receipt in the Enterprise Revenue Fund and shall be applied, first, to pay Operation and Maintenance Costs as they become due and payable (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required). The City may at any time establish such sub-level funds and accounts as it deems necessary or desirable within the Enterprise Revenue Fund.

(b) No later than five Business Days before each Interest Payment Date, the City shall withdraw from the Enterprise Revenue Fund and transfer to the Trustee, for deposit in the Debt Service Fund, an amount which, together with the balance then on deposit in the Debt Service Fund, shall be sufficient to pay, in the following priority: (i) the amount required to pay interest on the Outstanding Bonds then coming due on such Interest Payment Date; (ii) the amount required to pay principal (including Sinking Installments) then coming due on such Interest Payment Date.

(c) If the City receives a notice from the Trustee pursuant to Section 4.04(b) that the balance of the Reserve Fund is below the Reserve Requirement, no later than five Business Days before the Interest Payment Date immediately following the receipt of such notice, the City shall also shall withdraw from the Enterprise Revenue Fund and deposit with the Trustee the amount of money necessary to restore the balance of the Reserve Fund to the Reserve Requirement.

(d) In addition to Operation and Maintenance Costs and amounts to be transferred to the Trustee under (b) and (c) above, the City shall withdraw from the Enterprise Revenue Fund such amounts at such times as shall be required to pay (i) the principal (including mandatory sinking fund payments) of and interest on any other Parity Obligations; (ii) all amounts necessary for deposit in the debt service reserve funds as required by Parity Obligation Agreements; (iii) all other amounts when and as due and payable under this Indenture; and (iv) all other amounts to otherwise comply with the Parity Obligation Agreements.

(e) The City shall manage, conserve and apply the Net Revenues on deposit in the Enterprise Revenue Fund in such a manner that all deposits required to be made pursuant to the preceding subsections (b), (c) and (d) will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default shall have occurred and be continuing hereunder, the City may use and apply moneys in the Enterprise Revenue Fund for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the costs for additional improvements, extensions, replacements and betterments to the Enterprise, (iii) the optional redemption of the Bonds or other optional prepayment of any Obligations of the City relating to the Enterprise, (iv) make deposits in the Rate Stabilization Fund pursuant to Section 4.07, or (v) any other lawful purposes.

(f) At any time there are insufficient Net Revenues to make the required debt service payments due on the Bonds and other Outstanding Parity Obligations, the City shall apply Net Revenues to such debt service payments due on the Outstanding Bonds and other Parity Obligations, on a pro rata basis (based on the respective amounts to be paid), without any discrimination on preferences and without regard to debt service reserves (whether funded in cash or supported by surety bonds or other similar funding instruments).

(g) Any moneys held in the Enterprise Revenue Fund shall be invested in Permitted Investments and investments authorized by State law which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement hereunder. All investment earnings from moneys or deposits in the Enterprise Revenue Fund shall be credited in such fund and applied only to the purposes permitted for such fund. The City may commingle any of the moneys in the Enterprise Revenue Fund with the

moneys held in other funds and accounts for investment purposes; provided, however, that all moneys in the Enterprise Revenue Fund shall be accounted for separately notwithstanding such commingling.

**Section 4.03 Debt Service Fund.** The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the “Debt Service Fund.” All moneys received by the Trustee from the City pursuant to Section 4.02(b) shall be deposited in the following respective special accounts within the Debt Service Fund (each of which is hereby created and each of which the Trustee hereby agrees to cause to be maintained), in the following order of priority:

- (i) Interest Account;
- (ii) Principal Account; and
- (iii) Sinking Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 4.03

(a) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest transferred to the Redemption Fund pursuant to Section 4.05 per the Written Request of the City for making payments on Bonds called for optional redemption).

(b) Principal Account. On or before each Interest Payment Date on which principal of Bonds is coming due, the Trustee shall set aside from the Debt Service Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding Serial Bonds on such Interest Payment Date. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds becoming due and payable on such upcoming Interest Payment Date. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds.

Notwithstanding the foregoing, in the event that, with respect to any Interest Payment Date, there shall be insufficient money in the Debt Service Fund to make a full deposit in the Principal Account for all such principal payments required by the preceding paragraph of this Section 4.03(b) and deposits in the Sinking Account for all Sinking Account Installments required by Section 4.03(c), then the money available in the Debt Service Fund shall be applied pro rata as relating to such principal payments and such Sinking Account Installments in the

proportion which all such principal payments and all such Sinking Account Installments bear to each other.

(c) Sinking Account. Subject to the second paragraph of Section 4.03(b), on or before each Interest Payment Date on which a Sinking Account Installment is coming due, the Trustee shall set aside from the Debt Service Fund and deposit in the Sinking Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the Sinking Account Installments coming due and payable on the Outstanding Term Bonds on such Interest Payment Date. No deposit need be made into the Sinking Account if the amount contained therein is at least equal to the aggregate amount of the Sinking Account Installment becoming due and payable on such upcoming Interest Payment Date. All moneys in the Sinking Account shall be used and withdrawn by the Trustee solely for the purpose of paying the Sinking Account Installments or payment of any purchase in lieu of redemption pursuant to Section 2.03(b).

(d) Transfer and Release of Surplus. On each September 2, but only after making the deposits and making such payments as required by Sections 4.03(a), 4.03(b) and 4.03(c) above on the immediately preceding Interest Payment Date, the Trustee shall determine the amount, if any, remaining in the Debt Service Fund and apply such remaining amount in the following order and priority: (i) transfer such money to the Reserve Fund, but solely to the extent necessary to restore the balance in the Reserve Fund to the Reserve Requirement; (ii) pay, or set an amount aside for the payment of, any rebate requirement in accordance with a computation made by the City pursuant to the Code, if the Trustee has received a Request by the City to do so before such September 2; and (iii) release to the City for use for any lawful purpose.

#### **Section 4.04 Reserve Fund.**

(a) The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the "Reserve Fund." Except for release of excess as provided in Section 4.04(b) and Section 4.04(c), all money in (or available to) the Reserve Fund shall be used and withdrawn by the Trustee for the following purposes, in such order and priority: (i) make deposits in the Interest Account at any time there is a deficiency in such account for paying the interest on the Bonds then coming due and payable, (ii) make deposits in the Principal Account and Sinking Account (*pro rata* as relating to such principal payments and such Sinking Account Installments in the proportion which all such principal payments and all such Sinking Account Installments bear to each other), at any time there is a deficiency in such accounts for paying the principal and Sinking Installment of the Bonds then coming due and payable, and (iii) make the final payments of principal of and interest on the Bonds.

(b) The Trustee shall value the balance of the Reserve Fund at least semi-annually by each February 1 and August 1 in accordance with Section 4.06. If at any time the balance in the Reserve Fund falls below the Reserve Requirement, the Trustee shall promptly notify the City in writing. The City, upon receipt of such notice from the Trustee, shall include the amount necessary to restore the balance of the Reserve Fund to the Reserve Requirement in the immediately next transfer of moneys from the Enterprise Revenue Fund pursuant to Section 4.02(c). Absent any other written instructions from the City, any amount the Reserve Fund in excess of the Reserve Requirement shall be transferred to the Debt Service Fund.

(c) The Reserve Requirement may be satisfied by depositing into the Reserve Fund moneys or one or more Qualified Reserve Credit Instruments or any combination thereof, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement. Upon the deposit with the Trustee of such Qualified Reserve Credit Instrument, the Trustee shall release moneys then on hand in the Reserve Fund to the City, to be used for any lawful purpose, in an amount equal to the face amount of the Qualified Reserve Credit Instrument.

All cash and investments in the Reserve Fund shall be transferred to the applicable accounts in the Debt Service Fund for payment of debt service on Bonds before any drawing may be made on the Qualified Reserve Credit Instruments credited to the Reserve Fund in lieu of cash. Reimbursement for draws on a Qualified Reserve Credit Instrument owing to the provider thereof, including accrued interest, shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Credit Instruments on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Reimbursement of amounts with respect to Qualified Reserve Credit Instruments shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable Qualified Reserve Credit Instruments without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

**Section 4.05 Redemption Fund.** The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the "Redemption Fund." On or before each optional redemption date, the City shall deposit with the Trustee an amount sufficient to pay the redemption price (including principal and redemption premium, if any), plus accrued interest, of the Bonds being called; provided, that such amount to be deposited with the Trustee may be reduced by the following (as set forth in a Written Request of the City): (a) the amount, if any, to be transferred from the Reserve Fund on such optional redemption date because of the reduced Reserve Requirement as the result of the optional redemption, and (b) the amount, if any, to be transferred from the Interest Account to the Redemption Fund pay for accrued interest on the Bonds to be redeemed. Notwithstanding the foregoing, in connection with a defeasance of some or all of the Bonds, if the City causes the establishment of one or more escrow funds for such defeasance and sufficient moneys is deposited into the defeasance escrow to effect the related redemption in accordance with Section 10.01, then there shall be no need for a separate deposit of moneys into the Redemption Fund pursuant to this Section 4.05.

**Section 4.06 Investments of Funds Held by Trustee.** All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments pursuant to the written direction of the City given to the Trustee at least two Business Days in advance of the making of such investments. Such Permitted Investments shall, as nearly as practicable, mature (or be subject to redemption or disposition by the Trustee) on or before the dates on which such money is anticipated to be needed for disbursement hereunder. In the absence of any such direction from the City, the Trustee shall hold money in the applicable fund or account uninvested. Any investment earnings on amounts in the Reserve Fund shall be retained in the Reserve Fund. Any investment earnings

on amounts all other funds and accounts maintained by the Trustee under this Indenture shall be deposited in the Debt Service Fund.

Subject to Section 4.04(b), the Trustee shall value the balances in the funds and accounts maintained by the Trustee under this Indenture no less frequently than every six months, at the Fair Market Value. Each such valuation may be made utilizing the Trustee's automated pricing service through the Trustee's trust accounting system. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the City the right to receive brokerage confirmations of security transactions as they occur, the City will not receive such confirmations to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the City periodic account statements which shall include detail for cash holdings and all investment transactions made by the Trustee under this Indenture. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture. For investment purposes, the Trustee may commingle the funds and accounts established under this Indenture and shall account for them separately.

The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture.

**Section 4.07 Rate Stabilization Fund.** At the City's discretion, the City may establish a special fund to be known as the "Rate Stabilization Fund," which shall be held by the City, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Enterprise. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secures the Bonds and other Parity Obligations, as the City may determine. The Rate Stabilization Fund shall be accounted for as a separate fund, although amounts credited to it may be commingled with other funds of the City. The City may, but is not be required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Enterprise Revenue Fund in any Fiscal Year for the purpose of paying the principal of and interest on the Outstanding Bonds and other Parity Obligations coming due and payable during such Fiscal Year. Except as provided in Section 6.04(b), amounts so transferred from the Rate Stabilization Fund to the Enterprise Revenue Fund in any Fiscal Year constitute Gross Revenues for that Fiscal Year for the purposes of this Indenture. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not otherwise secure the Bonds or any other Parity Obligations. All interest or other earnings on deposits in the Rate Stabilization Fund

shall be retained therein or, at the option of the City, be applied for any other lawful purposes. The City has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the City. Any moneys held in the Rate Stabilization Fund shall be invested in Permitted Investments or any other investments in which the City may lawfully invest such funds under State law.

## ARTICLE V INCURRENCE OF ADDITIONAL OBLIGATIONS

**Section 5.01 Incurrence of Additional Parity Obligations.** The City from time to time may issue or incur Additional Parity Obligations, subject to the satisfaction of the following conditions prior to the incurrence of an Additional Parity Obligation (provided, that such conditions shall not apply to (i) any Additional Parity Obligation incurred solely as the result of the delivery of a Credit Facility, or (ii) any Additional Parity Obligation incurred solely to refund all or a portion of the then Outstanding Parity Obligations):

(a) No Event of Default hereunder shall have occurred and be continuing; and

(b) The Net Revenues received by the City in the most recent Fiscal Year for which audited financial statements are available (or any more recent consecutive 12-month period selected by the City, as shown by the books of the City) (excluding any money derived from the Rate Stabilization Fund), plus, at the option of the City, any Additional Allowance described in clauses (i) or (ii) below, shall be at least equal to [120] percent of the Maximum Annual Debt Service (calculated based on Fiscal Year) with respect to the Parity Obligations which will be Outstanding immediately following the incurrence of such Additional Parity Obligations, as evidenced by a written report of an Independent Accountant or Independent Fiscal Consultant.

The following items (each being an "Additional Allowance") may be added to such Net Revenues for the purpose of applying the restriction contained in this covenant:

(i) An allowance for any addition to or improvement or extension of the Enterprise reasonably expected to commence operation within three years after the incurrence of such Additional Parity Obligations, in an amount equal to the projected annual Net Revenues to be derived from such addition, improvement, or extension by its third year of operation, as shown by the certificate or opinion of a Fiscal Consultant engaged by the City; and

(ii) An allowance in an amount equal to the projected annual Net Revenues to be derived from any increase in Enterprise charges which has been adopted and will come into effect within 60 months after the incurrence of such Additional Parity Obligations, as shown by the certificate or opinion of a Fiscal Consultant engaged by the City.

## **Section 5.02 Superior and Subordinate Obligations.**

(a) So long as any Bonds remain Outstanding, the City shall not issue or incur any additional bonds or other Obligations, which will rank senior over the Bonds in the priority of lien with respect to the Net Revenues.

(b) Nothing in this Indenture shall be construed to limit or affect the ability of the City to issue or incur Obligations which are either unsecured or which rank junior to the Bonds in their lien with respect to the Net Revenues.

## **ARTICLE VI ADDITIONAL COVENANTS OF THE CITY**

**Section 6.01 Punctual Payment.** The City shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Net Revenues and other assets pledged for such payment as provided in this Indenture.

**Section 6.02 Against Encumbrances.** The City shall not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Revenues, except as provided in the Indenture. The City shall not incur any additional Obligation or security superior to the Bonds payable in whole or in part from the Net Revenues, or on parity with the Bonds payable in whole or in part from the Net Revenues, except as permitted by Section 5.01. Nothing contained in the Indenture shall limit or affect the ability of the City to issue or incur Obligations which are either unsecured or which rank junior to the Bonds in their lien with respect to the Net Revenues.

**Section 6.03 Distribution of Net Revenues for Debt Service.** The City shall distribute Net Revenues available for debt service on all Outstanding Bonds and other Parity Obligations on a pro rata basis without regard to whether the Bonds or other Parity Obligations have funded debt service reserves or surety bonds or other similar funding instruments.

## **Section 6.04 Rates and Charges.**

(a) To the extent permitted by law, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, to yield Gross Revenues (after making allowances for contingencies and error in the estimates and taking into account transfers, if any, from the Rate Stabilization Fund pursuant to Section 4.07) in an amount sufficient to pay the following amounts in the following order of priority:

(i) All Operation and Maintenance Costs estimated by the City to become due and payable in such Fiscal Year;

(ii) The sum of principal of and interest on then Outstanding Bonds and other Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority (except to the extent such principal and interest are payable from the proceeds of the Parity Obligations, or from any other source of legally available funds of the City

which have been deposited with the Trustee or another fiduciary for the Parity Obligations for such purpose prior to the commencement of such Fiscal Year) (such sum being referred to below as the "Fiscal Year Debt Service Requirement");

(iii) All amounts, if any, required to restore the balance in the Reserve Fund to the Reserve Requirement and to replenish the debt service reserve funds relating to other Parity Obligations as required by Parity Obligation Agreements; and

(iv) All other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from Gross Revenues during such Fiscal Year.

(b) In addition, to the extent permitted by law, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, so that:

(i) Net Revenues will be at least equal to [120] percent of the Fiscal Year Debt Service Requirement, and

(ii) To the extent that the calculation of Net Revenues for the preceding clause (i) includes any transfer from the Rate Stabilization to the Enterprise Revenue Fund, Net Revenues without the inclusion of any transfer from the Rate Stabilization will at least equal 100 percent of the Fiscal Year Debt Service Requirement.

(c) The City shall have in effect at all times rules and regulations requiring each consumer or customer located on any premises connected with the Enterprise to pay the rates and charges applicable to the Enterprise provided to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill.

**Section 6.05 Maintenance and Operation of the Enterprise; Insurance.** The City shall maintain and preserve the Enterprise in good repair and working order at all times and shall operate the Enterprise in an efficient and economical manner and shall pay all Operation and Maintenance Costs as they become due and payable. The City shall procure and maintain such insurance relating to the Enterprise which it shall deem advisable or necessary to protect its interests and the interests of the City, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with public waterworks systems similar to the Enterprise; provided, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner as is, in the opinion of an accredited actuary, actuarially sound. All Net Proceeds collected from insurance against accident to or destruction of any portion of the Enterprise shall be used to repair, rebuild or replace such damaged or destroyed portion of the Enterprise, and to the extent that the City determines that it is not economically feasible or in the best interest of the City to so repair, rebuild or replace such damaged or destroyed portion of the Enterprise, shall be used to [pay or prepay the Bonds or Parity Obligations.

**Section 6.06 Sale or Other Disposition of Property.** The City shall not sell, transfer or otherwise dispose of any of the works, plant, properties, facilities or other part or rights of the Enterprise or any real or personal property comprising a part of the Enterprise if such sale,

transfer or disposition would cause the City to be unable to satisfy the requirements of Section 6.04 hereof.

**Section 6.07 Eminent Domain.** If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds received by the City as the result of such proceedings, at the election of the City, shall either be (i) used for the lease, acquisition or construction of improvements and extension of the Enterprise, or (ii) applied to the payment or prepayment of the Bonds or Parity Obligations.

**Section 6.08 Compliance with Contracts; Liens.** The City shall not commit any breach or default under any agreement affecting or involving the Enterprise (to the extent that the City is a party thereto), or permit any lien to be attached to any portion of the Enterprise, if such breach, default, or lien which would materially adversely affect its ability to comply with its covenants set forth in Section 6.04 hereof.

**Section 6.09 Payment of Taxes and Compliance with Governmental Regulations.** The City shall pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Enterprise or any part thereof when the same shall become due. The City will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Enterprise or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and contesting such validity or application will not materially impair the operations or financial condition of the Enterprise.

**Section 6.10 Accounting Records and Financial Statements; Continuing Disclosure.** The City shall keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Enterprise. The City shall cause the books and accounts of the Enterprise to be audited annually by an Independent Accountant, not more than nine months after the close of each Fiscal Year, and shall make a copy of such report available for inspection by Owners of the Bonds at the office of the City

The City shall comply with the Continuing Disclosure Agreement. Notwithstanding any other provision hereof, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, that any Owner or beneficial owner of the Bonds may take such actions as may be necessary or appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligation under the Continuing Disclosure Agreement.

**Section 6.11 Tax Covenants.**

(a) The City shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-Exempt status of interest on the Bonds under Section 103(a) of the Code or cause interest on the Bonds to be an item of tax preference for purposes of the federal alternative minimum tax.

(b) In furtherance of the foregoing tax covenant, the City shall comply with the provisions of the Tax Certificate, which is incorporated in this Indenture as if fully set forth in this Indenture. These covenants shall survive payment in full or defeasance of the Bonds.

(c) Notwithstanding any provision of this Section 6.10, if the City shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section 6.10 is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this section and, notwithstanding Article VIII (regarding amendments to this Indenture), the covenants hereunder shall be deemed to be modified to that extent.

**Section 6.12 Further Assurances.** The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

## **ARTICLE VII THE TRUSTEE**

### **Section 7.01 Appointment; Resignation or Removal.**

(a) The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, having a corporate trust office in Los Angeles, California, is hereby appointed Trustee hereunder for the purpose of receiving all money which the City is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided herein.

(b) The Trustee may at any time resign by giving written notice to the City. Any successor trustee appointed hereunder shall give notice of such appointment to the Owners, which notice shall be mailed to the Owners at their addresses appearing in the Registration Books. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If, within 30 days after notice of the removal or resignation of the Trustee, no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

(c) The City may at any time, but only prior to an Event of Default or after the curing or waiver of an Event of Default and only upon 30 days written notice, at its sole discretion remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank, banking association, banking institution (state or federal) or trust company or corporation with a corporate trust office in California, having a combined capital (exclusive of borrowed capital) and surplus (or whose parent holding company has a combined capital (exclusive of borrowed capital) and surplus) of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such bank, banking association, banking institution or trust company

or corporation publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank, banking institution or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

**Section 7.02 Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 7.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 7.03 Concerning Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the City, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The City acknowledges that, to the extent that the City owes any compensation to a predecessor Trustee for latter's performance hereunder, the City shall continue to be responsible for payment owed to the predecessor Trustee (pursuant to the terms of the agreement between the City and the predecessor Trustee) regardless of the transition of the trusteeship hereunder to the successor Trustee.

**Section 7.04 Appointment of Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction in may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action that may be desirable or necessary in connection therewith, it may be necessary that the Trustee or the City appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 7.04 are adopted to these ends.

In the event that the Trustee or the City appoints an additional individual or institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of

action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the City be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, shall resign or shall be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**Section 7.05 Compensation; Fees, Charges and Expenses.** The City shall from time to time, subject to the agreement between the City and the Trustee then in force, pay to the Trustee compensation for its services rendered by it in the execution of the trusts created hereby and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law with respect to the compensation of a trustee of an express trust, and the City will reimburse the Trustee for all its advances (with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (including in-house counsel to the extent not duplicative of other counsel's work) and engineers or other experts employed by it, and reasonably required, in the exercise and performance of its powers and duties in accordance with this Indenture.

**Section 7.06 Intervention by Trustee.** In any judicial proceeding to which the City is a party that, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 7.09(c), shall do so if requested in writing by the Owners of at least 25 percent in aggregate principal amount of such Bonds then Outstanding.

**Section 7.07 Accounting Records and Financial Statements.**

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions by the Trustee relating to the proceeds of Bonds, moneys received from the City pursuant to this Indenture, and all funds and accounts established and maintained by the Trustee pursuant to this Indenture. Such books of record and account shall be available for inspection by the City during regular business hours with reasonable prior notice.

(b) Any account or fund required to be established and maintained by the Trustee pursuant to this Indenture may be established and maintained in the accounting records

of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with this Indenture and sound corporate trust industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

**Section 7.08 Duties Determined by Express Indenture Provisions.** The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture. The Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through its attorneys, agents or receivers.

**Section 7.09 Limited Liability of Trustee.**

(a) The recitals of facts, agreements and covenants of the City contained in this Indenture and in the Bonds shall be taken solely as statements, agreements and covenants of the City, and the Trustee shall assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or of the Bonds. In addition, the Trustee shall assume no responsibility with respect to this Indenture or the Bonds other than in connection with the duties or obligations assigned to or imposed upon the Trustee herein or in the Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become an Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be responsible for the validity, genuineness or performance of any leases, contracts or other instruments at any time conveyed, mortgaged, hypothecated, pledged, assigned or transferred to it hereunder, or with respect to the obligation of the City to preserve and keep unimpaired the rights of the City under or concerning any such leases, contracts or other instruments. The Trustee does not assume any responsibility for the correctness or completeness of any information contained in any offering materials distributed in connection with the sale of the Bonds and makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Bonds. In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the City, having any claim against the Trustee arising from this Indenture not

attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise specifically provided herein.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Owner pursuant to this Indenture unless the Trustee shall have received reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(d) The Trustee shall have no duty to see to the payment or discharge of any fees, assessment or other charge or any lien of any kind owing with respect to the Enterprise or any part thereof.

(e) As to the truth of the factual statements in certificates and other writings furnished to the Trustee by the City pursuant to the requirements of this Indenture.

(f) The Trustee is not accountable for the use by the City of funds which the Trustee releases to the City or which the City otherwise receives, or to verify compliance by the City, or for the adequacy or validity of any collateral or security interest securing this Indenture or the Bonds. The Trustee has no obligation to incur financial or other liability or risk in performing any duty or in exercising any right hereunder.

(g) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(h) The Trustee shall not be deemed to have knowledge of any Event of Default other than a payment default hereunder unless the Trustee shall be specifically notified in writing of such default by the City, or by the Owners of at least 25 percent in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms conditions, covenants or agreements herein or in any of the documents executed in connection with the Bonds. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Indenture upon the request of the City or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond executed and delivered in exchange therefor or in place thereof.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(j) The Trustee shall not be considered in breach of or in default with respect to any obligations created hereunder, in the event of an enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of terrorists or public enemies, acts of a government, acts of the other party hereto, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to governmental action or inaction pertaining to the Enterprise, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event or occurrences beyond the control of the Trustee; provided, that in the event of any such enforced delay, the Trustee shall notify the City in writing within ten business days after the occurrence of the event giving rise to such delay.

(k) The immunities and exceptions from liability of the Trustee as provided herein shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Bonds. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee, in its individual or any other capacity, may become the Owner of any Bonds or other obligations of any party hereto with the same rights which it would have if not the Trustee and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding. Before taking or refraining from any action hereunder at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect.

(l) No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability when performing its duties in accordance with this Indenture, or exercising of any of its rights or powers hereunder.

#### **Section 7.10 Reliance by Trustee.**

(a) The Trustee shall be protected in acting upon any notice, indenture, request, consent, order, certificate, report, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such person is the registered owner of such Bond as shown on the registration books.

(c) Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proven or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Written Certificate of the City and such certificate

shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(d) The Trustee may consult with counsel who may be counsel of or to the City with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

**Section 7.11 Indemnification.** The City shall indemnify and save the Trustee, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (a) any breach of default on the part of the City in the performance of any of its obligations under this Indenture, the Installment Sale Agreement, and any related agreements or instruments and any other agreement, (b) any act or omission of the City or of any of its agents, assignees or licensees with respect to the Enterprise, (c) the exercise and performance by the Trustee of any of its powers and duties hereunder, so long as such exercise and performance are permitted by and in compliance with the provisions hereof, or (d) the offering and sale of the Bonds or the distribution of any official statement or other offering circular utilized in connection with the sale of the Bonds; provided, that the City shall not be liable for actions caused by the Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Trustee's officers, employees, directors and agents. The Trustee's rights to indemnification and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. The Trustee shall not be liable for the sufficiency of Net Revenues or other moneys required to be paid to it under the Indenture (except as provided in this Indenture), or its right to receive moneys pursuant to the Indenture.

**Section 7.12 Acceptance of Instructions by Electronic Transmission.** The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means (being the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions and containing specimen signatures of such authorized officers (the "City Authorized Officers"), which incumbency certificate shall be amended by the City, whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee elects to act upon such Instructions, the Trustee's reasonable understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an authorized officer listed on the incumbency certificate provided to the Trustee have been sent by such City Authorized Officer. The City shall be responsible for ensuring that only City Authorized Officers transmit such Instructions to the Trustee and that City and all City

Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City.

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reasonable reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. Subject to this Section 7.12, the City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that the City has been informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

In the event of an ambiguity or a contradiction in such Instructions as determined by the Trustee in its reasonable discretion, the Trustee shall notify the City and request clarification from the City, and the Trustee shall not be required to act on such ambiguous or contradictory Instructions pending the City's clarification.

The Trustee shall not be liable under this Section 7.12 except for its negligence or willful misconduct.

## **ARTICLE VIII MODIFICATION AND AMENDMENT OF THE INDENTURE**

**Section 8.01 Amendment.** The Indenture and the rights and obligations of the City, the Owners or the Trustee may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the affected Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the City to pay the interest or principal or redemption premium, if any, at the time and place and at the rate and in the currency provided in this Indenture, of any Bond, without the express written consent of the Owner of such Bond, or (2) reduce the percentage of Bonds required for the written consent to any such amendment, or (3) modify the rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the City and of the Owners may also be amended at any time by a Supplemental Indenture which shall become binding upon execution, without the consent of any Owners, for any one or more of the following purposes

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

(b) To make such provisions to cure any ambiguity, or to cure, correct or supplement any defective provision contained in the Indenture or in regard to questions arising under the Indenture, as the City may deem necessary or desirable and not inconsistent with the Indenture, so long as such amendment shall not materially adversely affect the interest of the Owners;

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

(d) To maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes;

(e) To subject to the Indenture additional collateral or to add other agreements of the City;

(f) To grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or City;

(g) To the extent necessary to deliver or maintain a Qualified Reserve Credit Instrument in connection with satisfying all or a portion of the Reserve Requirement; or

(h) For any other purpose that does not materially adversely affect the interests of the Owners.

**Section 8.02 Disqualified Bonds.** Bonds owned or held by or for the account of the City shall be subject to disqualification as set forth in Section 11.03.

**Section 8.03 Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article VIII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Prior to entering into any Supplemental Indenture pursuant to this Section 8.03, the Trustee may require the City to deliver to the Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture has been adopted in accordance with the requirements of this Indenture.

**Section 8.04 Endorsement or Replacement of Bonds after Amendment.** After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds shall bear a notation, by endorsement in form approved by the City, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and

presentation of such Owner's Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such Bond Owners' action, then new Bond certificates shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

## **ARTICLE IX EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS**

**Section 9.01 Events of Default.** The following events shall be Events of Default hereunder:

(a) Failure by the City to make the due and punctual payment of the principal (including any Sinking Account Installment) of or redemption premium, if any, or interest on any Bond or other Parity Obligations when and as the same shall become due and payable, whether at maturity as expressed in the Bond or other Parity Obligations, by declaration or otherwise;

(b) Failure by the City to observe and perform any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, other than as referred to in the preceding clause (a), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied has been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than 25 percent in aggregate principal amount of the Outstanding Bonds; provided, however, that if in the reasonable opinion of the City the failure stated in such notice can be corrected, but not within such 30-day period, the Trustee (if notice was given by the Trustee) and such Owners (if the notice was given by the Owners) shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within such 30-day period and diligently pursued until such failure is corrected; and

(c) The filing by the City of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the City, seeking reorganization under the Federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of the Enterprise.

**Section 9.02 Remedies upon Event of Default (Acceleration).** If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee shall at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, upon notice in writing to the City, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable fees, charges and expenses (including those of its attorneys) of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

**Section 9.03 Application of Revenues and Other Funds After Default.** All amounts then held or received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture (except for any moneys for payment of the Rebate Amount) shall be applied by the Trustee, in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

(a) To the payment of any expense necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its duties under this Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference.

Second, To the payment to the persons entitled hereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitle thereto, without any discrimination or preference.

**Section 9.04 Trustee to Represent Bond Owners.** The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same,

shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the Bonds, this Indenture and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds, this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the assets pledged under this Indenture, pending such proceeding. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

**Section 9.05 Bond Owners' Direction of Proceedings.** The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such directions which in the opinion of the Trustee would expose it to liability.

**Section 9.06 Limitation of Bond Owners' Right to Sue.** Notwithstanding any other provision hereof, no Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement or any right or remedy under this Indenture or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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

remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture or other applicable law with respect to the Bonds, except in the manner provided herein, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

**Section 9.07 Absolute Obligation of City Out of Net Revenues.** Nothing in any other provision of this Indenture or the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Net Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

**Section 9.08 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

**Section 9.09 No Waiver of Default.** No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

## **ARTICLE X DEFEASANCE**

**Section 10.01 Discharge of Indebtedness.** If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest on and the principal of such Bonds, when due, at the times and in the manner stipulated in such Bonds and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Net Revenues, and all covenants, agreements and other obligations of the City to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute at the Written Request of the City, and at the expense of the City, and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall, after payment of amounts due the Trustee under the Indenture, pay over or deliver to the City all money or securities held by the Trustee pursuant to the Indenture which are not required for the payment of the interest due on and the principal of and premium, if any, due on such Bonds other than the moneys, if any, for the payment of the applicable Rebate Amount.

Bonds for the payment of which money shall have been set aside (through deposit by the City or otherwise) to be held in trust by the Trustee for such payment at the maturity or redemption date of such Bonds shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the first paragraph of this Section.

Any Outstanding Bonds shall prior to the maturity date of such Bonds be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if:

(a) There shall have been deposited with the Trustee (or another fiduciary or escrow agent), either cash in an amount which shall be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when paid will provide money that shall be sufficient to pay when due the principal of and redemption premium, if any, and the interest on such Bonds (such principal, redemption premium, if any, and interest being referred to below as the "Refunding Requirements") due and to become due on such Bonds on and prior to the maturity date of such Bonds or such earlier irrevocably established redemption date; provided that, unless such deposit consists of an amount in cash, which in and of itself, is sufficient to pay the Refunding Requirements in full, the sufficiency of the Defeasance Securities so deposited with the Trustee (or fiduciary or escrow agent) shall be appropriately verified by an Independent Accountant in a verification report.

(b) The City shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (a) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or earlier redemption date upon which money is to be available for the payment of the principal of such Bonds.

(c) None of the Defeasance Securities deposited with the Trustee pursuant to this Section nor interest or principal payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of such Bonds; provided that any cash received from such interest or principal payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested at the written direction of the City in Defeasance Securities maturing at times and in amounts sufficient (as verified by an Independent Accountant) to pay when due the interest on and principal of such Bonds on and prior to such maturity date thereof, and interest earned from such reinvestments shall be maintained in the related escrow fund until such time as the Refunding Requirements have been paid in full (but solely to the extent that does not affect the Tax-Exempt status of any Bonds).

**Section 10.02 Unclaimed Moneys.** - Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest on such Bonds which remain unclaimed for two years after the date when such Bonds or interest on such Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the said date when such Bonds or interest on such Bonds become due and

payable, shall be repaid by the Trustee to the City, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee shall, at the Written Request of the City and at the expense of the City, cause to be mailed to the registered Owners of such Bonds at their addresses as they appear on the Registration Books a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City. Any money held by the Trustee in trust for the payment and discharge of any Bonds shall not bear interest or be otherwise invested from and after such maturity or redemption date.

## ARTICLE XI MISCELLANEOUS

**Section 11.01 Benefits of Indenture Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person or entity other than the City, the Trustee and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the Trustee and the Owners of the Bonds.

**Section 11.02 Execution of Documents by Bond Owners.** Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which such Owner purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly-sworn to before such notary public or other officer. The ownership of any Bond and the amount, number and date of holding the same may be proved by the Registration Books. Any declaration, request or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

**Section 11.03 Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the City (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon request of the Trustee, the City shall specify in a certificate to the Trustee those Bonds that are disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

**Section 11.04 Waiver of Personal Liability.** No officer, agent or employee of the City shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing contained herein shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

**Section 11.05 Consent of Parties.** Whenever the consent or approval of any party to this Indenture is required by the terms of this Indenture, the consent or approval of such party shall not be unreasonably withheld.

**Section 11.06 Partial Invalidity.** If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the City (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Refunding Bond Law or any other applicable provisions of law.

**Section 11.07 Payment on Business Days.** Whenever in this Indenture any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made, without accruing additional interest thereby, on the Business Day immediately following such day.

**Section 11.08 CUSIP Numbers.** Neither the City nor the Trustee shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice relating thereto. The Trustee may, in its discretion, include in any redemption notice relating to any of the Bonds a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the City nor the Trustee shall be liable for any defects or inaccuracies in such numbers.

**Section 11.09 Notices.** Any notice, request, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled to such notice at its address set forth below, or by telecopy or other form of telecommunication, with prompt telephone confirmation. Notice shall be effective (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telecopier or other forms, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (c) if given by first class, registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if by other means of personal delivery, upon receipt by the intended recipient of the notice. Each entity below may, by written notice to the other party, from time to time modify the address or number to which communications are to be given under this Indenture:

If to the City: City of Winters  
318 First Street  
Winters, CA 95694  
Attention: City Manager  
Tel: (530) 795-4935

If to the Trustee: The Bank of New York Mellon Trust Company,  
N.A.  
400 South Hope Street, Suite 500  
Los Angeles, CA 90071  
Attention: Corporate Trust  
Tel: (213) 630-6150  
Fax: (213) 630-6215

**Section 11.10 Governing Law.** This Indenture shall be construed and governed in accordance with the laws of the State of California.

**Section 11.11 Binding on Successors.** This Indenture shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

**Section 11.12 Execution in Counterparts.** This Indenture may be executed in any number of counterparts. Each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be signed by their respective authorized representatives, all as of the day and year first above written.

**CITY OF WINTERS**

By: \_\_\_\_\_  
Mayor

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

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT A

[FORM OF BOND]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-\_\_\_

\$ \_\_\_\_\_

CITY OF WINTERS  
WATER REVENUE REFUNDING BOND  
SERIES 2018

INTEREST RATE	MATURITY DATE	ORIGINAL DATED DATE	CUSIP
%	_____, 20__	_____, 2018	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Winters, a municipal corporation duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay (but solely out of Net Revenues, as defined in the Indenture hereinafter described and certain other moneys as specified in such Indenture) to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the principal amount specified above, in lawful money of the United States of America, and to pay interest thereon as follows. The interest on this Bond shall be payable at the Interest Rate per annum specified above, semiannually on March 1 and September 1 in each year, commencing March 1, 2019 (each, an "Interest Payment Date"), calculated on the basis of a 360 day year composed of twelve 30 day months. Interest on this Bond shall be payable in lawful money and shall accrued from the Interest Payment Date next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Original Dated Date specified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, the Trustee shall establish a special record date for payment of any interest in default and interest on this Bond shall accrue from the date to which interest has previously been paid in full or made available for payment on this Bond. Principal

hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the Trust Office. Interest hereon is payable by check of the Trustee mailed by first class mail on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the related Record Date; provided, however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Registered Owner of Series 2018 Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five days before such Record Date.

This Bond is one of a duly authorized issue of bonds of the City designated the City of Winters Water Revenue Refunding Bonds, Series 2018 (the "Bonds"), limited in principal amount to \_\_\_\_\_ Dollars (\$\_\_\_\_\_) secured by an Indenture, dated as of [September] 1, 2018 (the "Indenture"), by and between the City and the Trustee. All capitalized terms not otherwise defined herein have the meanings ascribed to them in the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Net Revenues, of the rights, duties and immunities of the Trustee and of the rights and obligations of the City thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the City and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (commencing with Section 53570 and Section 53580, respectively) (the "Refunding Bond Law"). The Bonds have been issued for the purpose of effecting a refunding of the City's payment obligations with respect to installment payments under an Installment Sale Agreement, dated as of September 1, 2007 (the "Authority Installment Sale Agreement"), by and between the Winters Public Finance Authority (the "Authority") and the City, relating to the Authority's Water Revenue Bonds, Series 2007 (the "2007 Bonds"). Proceeds of the 2007 Bonds were used to finance certain improvements of the City's waterworks system (the "Enterprise").

All of the Bonds are equally secured by a pledge of, and charge and lien upon, the Net Revenues (consisting of certain revenues of the Enterprise, as described in the Indenture) and the funds and accounts specified in the Indenture. Subject to the terms and conditions set forth in the Indenture, the City may from time to time incur Additional Parity Obligations which will rank on a parity with the Bonds with respect to their lien on Net Revenues. The City covenants that so long as any Bonds remain Outstanding, the City shall not issue or incur any additional bonds or other Obligations, which will rank senior over the Bonds in the priority of lien with respect to the Net Revenues.

**The Bonds are special obligations of the City limited solely to the Net Revenues and the funds and accounts specifically identified in the Indenture for such payments. Under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments, nor shall any other funds or property of the City be liable for such payments coming due and payable under this Indenture. Neither the**

**Trustee nor any Owner shall have the right, directly or indirectly, to require or compel the exercise of the taxing power of the City or the forfeiture of any property of the City, including any portion of the Enterprise, for the making of any payments pursuant to the Bonds or the Indenture.**

The Bonds maturing on or after September 1, [2029] shall be subject to redemption prior to their maturity, as a whole or in part, at the option of the City as the City shall designate and by lot within a maturity, in the principal amount of \$5,000 or integral multiples thereof, on any date on or after September 1, [2028], from funds derived by the City from any source, at a following redemption price equal to 100 percent of the principal amount of Bonds called for redemption, plus accrued interest thereon to the redemption date, without premium.

The Bonds maturing on September 1, 20\_\_ and on September 1, 20\_\_ shall be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date of redemption, without premium, according to the following schedule[s]; provided, however, if some but not all of the Term Bonds [of a maturity] have been optionally redeemed pursuant to the Indenture, each future Sinking Account Installment will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total dollar amount of Sinking Account Installments to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Term Bonds redeemed pursuant to the optional redemption, as shall be designated pursuant to written notice filed by the City with the Trustee:

Term Bonds Maturing on September 1, 20\_\_

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount to</u> <u>be Redeemed</u>
--	--

\* maturity

Term Bonds Maturing on September 1, 20\_\_

<u>Redemption Date (September 1)</u>	<u>Principal Amount to be Redeemed</u>
--	--

\* maturity

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its Nominee by such transmission method as acceptable to such entity) not less than 30 nor more than 60 days prior to the redemption date to the respective Owners of any Bond designated for redemption at their address appearing on the Registration Books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption. The City may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. In addition, any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an event of default hereunder or under the Indenture. The City and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission.

This Bond is transferable by the Registered Owner hereof, in person or by the Registered Owner's duly authorized attorney, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of Authorized Denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Trust Office of the same tenor, aggregate principal amount, interest rate and maturity, of other Authorized Denominations. The Trustee shall not be required to transfer or exchange: (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption), and (ii) any Bond selected for redemption in whole or in part.

No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture or any applicable law, except as provided in the Indenture. If an Event of Default shall occur, the

principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Indenture and the rights and obligations of the City, the Owners or the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the City to pay the principal, interest or premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

The City and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the City and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified and recited that all conditions, acts and things required by law, including the Refunding Bond Law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner and that the issuance of the Bonds comply in all respects with the applicable laws of the State of California.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name and on its behalf, and attested, by the manual or facsimile signatures of its Mayor [Mayor Pro-Tempore] and City Clerk as of the Original Issue Date identified above.

**CITY OF WINTERS**

By: \_\_\_\_\_  
[Mayor/Mayor Pro-Tempore]

Attest:

\_\_\_\_\_  
City Clerk

[SEAL]

---

**[TRUSTEE'S CERTIFICATE OF AUTHENTICATION]**

This is one of the Bonds described in the within-mentioned Indenture and registered on the Registration Books of the Trustee.

Date: \_\_\_\_\_, 20\_\_

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

By: \_\_\_\_\_  
Authorized Signatory

---

**[FORM OF ASSIGNMENT]**

For value received the undersigned do(es) hereby sell, assign and transfer unto, whose tax identification number is \_\_\_\_\_, the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated:

Signature guaranteed:

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Series 2018 Bond in every particular without alteration or enlargement or any change whatsoever.

NOTICE: Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or such other similar program approved by the Trustee.

**EXHIBIT B**

**FORM OF REQUISITION  
(COSTS OF ISSUANCE FUND)**

REQUISITION NO. \_\_\_

with reference to

\$ \_\_\_\_\_

City of Winters

Water Revenue Refunding Bonds

Series 2018

I. The City of Winters (the "City") hereby requests The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") pursuant to that certain Indenture, dated as of [September] 1, 2018 (the "Indenture"), by and between the City and the Trustee, under the terms of which the above-captioned bonds, to pay from the moneys in the Costs of Issuance Fund established pursuant to the Indenture, the amounts shown on Schedule A attached hereto to the parties indicated in Schedule A.

II. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule A hereto. All such all such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule A or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions so given by the City with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

III. Each obligation mentioned in Schedule A hereto has been properly incurred and is a proper charge against the Costs of Issuance Fund. None of the items for which payment is requested has been reimbursed previously from the Costs of Issuance Fund.

All capitalized terms not defined herein have the meanings ascribed to them in the Indenture.

DATED:

**CITY OF WINTERS**

By: \_\_\_\_\_

[Name]

[Title]

---

INDENTURE

by and between the

CITY OF WINTERS

and

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

as Trustee

Dated as of [September] 1, 2018

Relating to

\$ \_\_\_\_\_  
City of Winters  
Sewer Revenue Refunding Bonds  
Series 2018

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## INDENTURE

This Indenture is made and dated as of [September] 1, 2018 (the "Indenture"), by and between the City of Winters, a municipal corporation duly organized and 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 United States of America, and being qualified to accept and administer the trusts hereby created (the "Trustee").

### RECITALS:

A. The City operates a wastewater and sewer system (such system, including all additions, improvements and extensions thereto, the "Enterprise").

B. The Winters Public Finance Authority (the "Authority") previously issued the Authority's Sewer Revenue Bonds, Series 2007 (the "2007 Bonds"), pursuant to a Trust Agreement, dated as of September 1, 2007 (the "2007 Trust Agreement"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (formerly, The Bank of New York Trust Company, N.A.), as trustee (the "Authority Bond Trustee").

C. The proceeds from the sale of the 2007 Bonds were used to finance certain improvements, additions and extensions of the Enterprise.

D. In connection with the 2007 Bonds, the City and the Authority entered into an Installment Sale Agreement, dated as of September 1, 2007 (the "2007 ISA"), pursuant to which the City is obligated to pay certain installment payments (the "2007 Installment Payments").

E. Pursuant to the 2007 Trust Agreement, the Authority assigned its rights to the 2007 Installment Payments to the Authority Bond Trustee, which then are used to pay debt service on the 2007 Bonds.

F. The City desires to issue bonds (the "Bonds") pursuant to Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53570) and the terms of this Indenture, and use the sale proceeds of the Bonds to effect a prepayment of all of the remaining outstanding 2007 Installment Payments and the corresponding payment and redemption of the all of the remaining outstanding 2007 Bonds.

G. Pursuant, and subject, to the terms of the 2007 ISA and the 2007 Trust Agreement, if the City deposits with the Authority Bond Trustee, to be held in escrow, cash or qualified securities (or a combination thereof) which shall provide sufficient moneys to pay and redeem the remaining 2007 Bonds on a designated redemption date, then the City's obligations with respect to the 2007 Installment Payments under the 2007 ISA shall be discharged and the lien with respect to the 2007 Bonds under the 2007 Trust Agreement shall cease (except for the payment thereof from the moneys held in escrow by the Authority Bond Trustee) and the 2007 Bonds shall be defeased.

H. Upon issuance and delivery of the Bonds, a portion of the sale proceeds of the Bonds will be deposited with the Authority Bond Trustee pursuant to the Irrevocable Refunding

Instructions, executed by the Authority and the City, , to effect the discharge of all of the remaining 2007 Installment Payments and the defeasance of the 2007 Bonds.

I. The Bonds shall be secured by a pledge of certain revenues of the Enterprise as provided in this Indenture.

J. The City has determined that all acts and proceedings required by law necessary to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized.

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

**ARTICLE I  
DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS;  
EQUAL SECURITY**

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other document herein mentioned have the meanings herein specified.

“2007 Bonds” means the Authority’s Sewer Revenue Bonds, Series 2007.

“2007 ISA” means the Installment Sale Agreement, dated as of September 1, 2007, by and between the Authority and the City.

“2007 Trust Agreement” means the Trust Agreement, dated as of September 1, 2007, by and between the Authority and the Authority Bond Trustee.

“Accreted Value” means, with respect to any Parity Obligations that are capital appreciation Obligations, as of any date of calculation, the sum of the initial amount thereof and the interest accrued and compounded thereon, as determined in accordance with the provisions of the related Parity Obligation Agreements, to such date of calculation.

“Additional Allowance” has the meaning ascribed to such term in Section 5.01.

“Additional Parity Obligations” means Parity Obligations issued or incurred by the City, subject to the conditions set forth in Section 5.01.

**“Annual Debt Service”** means, with respect to the portion of the Outstanding Parity Obligations for which the calculation is being made, for the 12-month period for which the calculation is being made (which may be Fiscal Year or Bond Year, as the context requires), the sum of (i) the interest payable with respect to such Outstanding Obligations in that 12-month period, assuming that all the Outstanding Serial Obligations are retired as scheduled and that all Outstanding Term Obligations, if any, are redeemed from the sinking fund payments, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Obligations), (ii) the principal amount of such Outstanding Serial Obligations, if any, maturing by their terms in such 12-month period, and (iii) the minimum principal amount of such Outstanding Term Obligations required to be paid or called and redeemed in such 12-month period.

With respect to capital appreciation Obligations, the Accreted Value payment shall be deemed due on the scheduled redemption or payment date of such Obligations.

If any Obligations bear interest payable pursuant to a variable interest rate formula, the interest rate on such Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of (a) (i) for Tax-Exempt Obligations, the most recently published Bond Buyer 25 Bond Revenue Index or (ii) for Obligations that are not Tax-Exempt, the most recently published interest rate borne by U.S. Treasury Bonds of 30 year-maturity, plus 70 basis points, or (b) the average variable rate of interest borne by such Obligations during the preceding 36 months or, if such Obligations were not Outstanding during all of the preceding 36 months, the highest interest rate borne by variable interest rate debt for which the interest rate is computed by reference to a variable interest rate formula comparable to that utilized for such Obligations.

**“Annual Debt Service”** shall not include (a) interest on Obligations which is to be paid from amounts constituting capitalized interest or (b) principal and interest allocable to that portion of the proceeds of any Obligations required to remain unexpended and to be held in escrow pursuant to the terms of the instrument under which such Obligations are issued, provided that (i) such exclusion of interest shall be applicable only to the extent that a portion of the amounts deposited in an escrow account, or the projected interest earnings thereon, shall be used to pay interest due on such portion of the Obligations so long as it is required to be held in escrow, and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to Net Revenues coverage, are substantially the same as those for the issuance of Additional Parity Obligations under Section 5.01 of this Indenture.

**“Annual Debt Service”** shall not include the portion of any parity Credit Provider Reimbursement Obligations that represent Annual Debt Service which would have otherwise been paid directly by the City to the owners of any Parity Obligations (e.g., reimbursement to a Credit Provider for draws made under a letter of credit to pay principal of and interest on the Parity Obligations.)

**“Authority”** means Winters Public Finance Authority, a joint powers agency formed pursuant to a Joint Exercise of Powers Agreement, dated as of January 7, 2003.

“Authority Bond Trustee” means The Bank of New York Mellon Trust Company, N.A., in its capacity as the trustee under the 2007 Trust Agreement.

“Authorized Denomination” means a principal amount of \$5,000 or any integral multiple thereof.

“Average Annual Debt Service” means, with respect to any portion of the Outstanding Parity Obligations for which the calculation is being made, the average Annual Debt Service during the period from the date of calculation through the final maturity date of all of such Outstanding Parity Obligations.

“Beneficial Owners” means those individuals, partnerships, corporations or other entities for which the Direct Participants have caused DTC to hold Book Entry Bonds.

“Bond” or “Bonds” means the City of Winters Sewer Revenue Refunding Bonds, Series 2018, authorized by, and at any time Outstanding pursuant to, this Indenture.

“Bond Counsel” means Richards, Watson & Gershon, A Professional Corporation, or another attorney or firm of attorneys of favorable reputation in the field of municipal bond law selected by the City.

“Bond Year” means each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall extend from the Closing Date to September 1, 2019.

“Book Entry Bonds” means the Bonds registered in the name of the nominee of DTC, as the registered owner thereof, pursuant to the terms and provisions of Section 2.12.

“Business Day” means a day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the city in which the Trustee maintains its Trust Office are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

“Certificate,” “Statement,” “Request,” “Requisition” or “Order” of the City mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by its Mayor (or in the Mayor’s absence, the Mayor Pro-Tempore), City Manager, Treasurer, Director of Financial Management or any other person designated by any of them in writing to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument. If and to the extent required by the Indenture, certificates and opinions will include the statements provided for in the Indenture.

“City” means the City of Winters, California.

“Closing Date” means \_\_\_\_\_, 2018.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

“Continuing Disclosure Agreement” means the continuing disclosure undertaking of the City relating to the Bonds in connection with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as originally executed and as the same may be amended and supplemented from time to time in accordance with the terms thereof.

“Costs of Issuance” means any costs or expenses paid or incurred in connection with the preparation, execution and delivery of the Bonds and documents relating to the issuance of the Bonds (including the Refunding Instructions), including but not limited to costs related to the establishment of any refunding escrow, fees and expenses of the Trustee and its counsel, printing costs, word processing costs, filing and recording costs, special counsel and other legal fees and expenses, rating agency fees, accounting fees, legal fees and other expenses incurred by the City in connection with qualification or registration, or determining the exemption from registration or qualification, of the Bonds under the “Blue Sky” laws of any jurisdiction, costs of preparation and reproduction of documents, fees payable to any other consultants or experts retained in connection with such preparation, execution and delivery, costs for the purchase of reserve surety, bond insurance or any other credit enhancement, and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a “cost of issuance” within the meaning of the Code.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“Credit Facility” means a bond insurance policy, an irrevocable direct-pay or standby letter of credit, a standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit or liquidity support with respect to the payment of interest, principal, redemption price or purchase price of any Parity Obligations, but shall not include any Qualified Reserve Credit Instrument for the Bonds or similar instrument credited to a debt service reserve fund for any other Parity Obligations.

“Credit Provider” means the issuer of a Credit Facility with respect to any Parity Obligations.

“Credit Provider Reimbursement Obligations” means obligations of the City to pay from Net Revenues amounts due under a Credit Support Agreement, including without limitation, amounts advanced by a Credit Provider pursuant to a Credit Facility as credit support or liquidity for Parity Obligations and interest with respect thereto.

“Credit Support Agreement” means, with respect to any Credit Facility, the agreement or agreements (which may be the Credit Facility itself) between the City and the applicable Credit Provider, as originally executed and as the same may be amended or supplemented from time to time, that provide for the reimbursement to the Credit Provider for payments under such Credit Facility or the extension of credits made to the City by the Credit Provider, together with any related pledge agreement or other security document.

“Debt Service Fund” means the fund by that name established pursuant to Section 4.03.

“Defeasance Securities” means any direct obligations of the United States of America (including any obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); provided, that such securities must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or redemption. “Defeasance Securities” do not include securities that do not have a fixed par value or the terms of which do not promise a fixed dollar amount at maturity or call date.

“Direct Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository

“DTC” means the Depository Trust Company, New York, New York, or its successors and assigns as depository for the Bonds.

“Enterprise” means the whole and each and every part of the wastewater and sewer system of the City, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such wastewater and sewer system or any part thereof hereafter acquired or constructed; provided, that to the extent the City is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described wastewater and sewer system purposes, only the City’s ownership interest in such asset or property or only the part of the asset or property so used for wastewater and sewer system purposes shall be considered to be part of the Enterprise.

“Enterprise Revenue Fund” means the separate fund established and maintained by the City in which all Gross Revenues are deposited (identified as the “Sewer Fund” in the City’s audited financial statements for fiscal year ended June 30, 2017).

“Event of Default” means any of the events described in Section 9.01.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if: (i) the investment is a certificate of deposit the value of which is determined in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) the value of which is determined in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States of America.

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

“Generally Accepted Accounting Principles” means generally accepted accounting principles applicable to governments as promulgated by the Governmental Accounting Standards Board or its successor.

“Gross Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Enterprise including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City from the furnishing and supplying of services and facilities through the Enterprise, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys to the extent that such earnings and income are available for use for the Enterprise pursuant to law, (iii) the proceeds derived by the City directly or indirectly from the sale, lease, or other disposition of a part of the Enterprise, and (iv) amounts released from the Rate Stabilization Fund pursuant to Section 4.07; provided the term “Gross Revenues” shall not include any of the following: (A) customers’ deposits or any other deposits or advances subject to refund until those deposits or advances become the property of the City, and (B) moneys that are derived from charges (including without limitation impact fees or special assessments) imposed for specified and restricted purposes (except to the extent that such charges are permitted to be used for the financing or payment of the capital improvements financed with the proceeds of the 2007 Bonds), as provided in a duly adopted resolution or ordinance, and that are accounted for by the City separate and apart from the Enterprise Revenue Fund, and (C) grants or other moneys collected by the City from sources, which by the terms under which the City receives such money, restricts the use for specified and restricted purposes (except to the extent that the terms thereof permit the use of such money for the financing or payment of the capital improvements financed with the proceeds of the 2007 Bonds).

“Indenture” means this Indenture, as originally executed or as it may from time to time be amended or supplemented in accordance herewith.

“Independent Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the City, and who, or each of whom: (i) is in fact independent and not under domination of the City; (ii) does not have any substantial interest, direct or indirect, in the City; and (iii) is not connected with the City as an officer or employee of the City but who may be regularly retained to make annual or other audits of the books of or reports to the City.

“Independent Fiscal Consultant” means any consultant or firm of such consultants appointed by the City and who, or each of whom: (a) is judged by the City to have experience in matters relating to the financing of Enterprise enterprises; (b) is in fact independent and not under domination of the City; (c) does not have any substantial interest, direct or indirect, with the City (other than as purchaser or potential purchaser of the Bonds or any Parity Debt); and (d) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at [www.emma.msrb.org](http://www.emma.msrb.org); provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall also mean such other addresses and/or such other services providing information with respect to called bonds as the City may designate in writing to the Trustee.

“Interest Account” means the account by that name in the Debt Service Fund established and held by the Trustee pursuant to Section 4.03.

“Interest Payment Date” means March 1 and September 1 of each year, beginning on March 1, 2019.

“Letter of Representations” means the Blanket Issuer Letter of Representations, dated August 3, 2018, from the City to DTC, qualifying bonds issued by the City for the DTC’s book-entry system, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

“Maximum Annual Debt Service” means with respect to any portion of the Outstanding Parity Obligations for which the calculation is being made, the largest Annual Debt Service during the period from the date of calculation through the final maturity date of all of such Outstanding Parity Obligations.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns, except that if at any time that such corporation no longer exists or no longer performs the function of a rating agency for municipal securities, then the term “Moody’s” will be deemed to refer to any other nationally recognized rating agency selected by the City.

“Net Revenues” means, for any period, an amount equal to: (i) all of the Gross Revenues received during such period, minus (ii) the amount required to pay all Operation and Maintenance Costs during such period.

“Nominee” means the nominee of DTC, which initially will be Cede & Co., as determined from time to time pursuant to Section 2.12.

“Obligations” means obligations with respect to borrowed money and includes bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease (determined to be such in accordance with Generally Accepted Accounting Principles), which are payable from Net Revenues, whether on a parity or subordinate basis to the Bonds.

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the City, payable from Gross Revenues, for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including but not limited to: (i) all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Enterprise in good repair and working order, (ii) all administrative costs of the City that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits

and licenses to operate the Enterprise and insurance premiums, and (iii) all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof; but excluding in all cases, the following: (A) debt service payable on obligations (including bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease, as determined to be such in accordance with Generally Accepted Accounting Principles) incurred by the City with respect to the Enterprise, (B) depreciation, replacement and obsolescence charges or reserves therefor, (C) amortization of intangibles or other bookkeeping entries of a similar nature, and (D) costs of capital projects which under Generally Accepted Accounting Principles are chargeable to a separate capital account or to a reserve for depreciation.

“Original Purchaser” means Piper Jaffray & Co.

“Outstanding,” when used as of any particular time with reference to any Obligations, means (subject to the provisions of Section 11.03 with respect to the Bonds or similar provisions in the applicable Parity Obligation Agreements), all of such Obligations theretofore issued or thereupon issued by the City except:

- (a) Obligations theretofore canceled or surrendered for cancellation;
- (b) Obligations paid or deemed to have been paid within the meaning of the defeasance provisions of the instrument pursuant to which such Obligations are issued; and
- (c) Obligations in lieu of or in substitution for which replacement Obligations have been issued.

“Owner” or “Bond Owner,” when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Obligation Agreement” means the agreement or agreements, originally executed and as the same may be amended or supplemented from time to time, that sets forth the terms of repayment with respect to any Parity Obligations.

“Parity Obligations” means the Bonds and any Obligations which are payable from Net Revenues on a parity with the payment of the Bonds and the issuance of which satisfies the applicable conditions of Section 5.01, including without limitation Credit Provider Reimbursement Obligations that are specified as payable on a parity with the Bonds under any Credit Support Agreement.

“Permitted Investments” means any of the following obligations if and to the extent that they are permissible investments of funds of the City (provided, that the Trustee shall be entitled to rely upon the City’s written directions as conclusive certification to the Trustee that the investments described therein are Permissible Investments; and provided further, to the extent that the criteria below an investment require a certain minimum rating, such rating shall be determined by the time of purchase of such investment):

(1) Cash.

(2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:

- A. U.S. Treasury obligations;
- B. All direct or fully guaranteed obligations
- C. Farmers Home Administration;
- D. General Services Administration;
- E. Guaranteed Title XI financing;
- F. Government National Mortgage Association (GNMA); and
- G. U.S. Treasury - State and Local Government Series

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- A. Export-Import Bank;
- B. Rural Economic Community Development Administration;
- C. U.S. Maritime Administration;
- D. Small Business Administration;
- E. U.S. Department of Housing & Urban Development (PHAs);
- F. Federal Housing Administration; and
- G. Federal Financing Bank;

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- A. Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);
- B. Obligations of the Resolution Funding Corporation (REFCORP);
- C. Senior debt obligations of the Federal Home Loan Bank System; and
- D. Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;

(5) U.S. dollar-denominated deposit accounts, demand deposits (including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit [including those placed by a third party pursuant to an agreement between the Trustee and the City], or bankers acceptances of depository institutions (including the Trustee or any of its affiliate), or bankers acceptances of depository institutions (including the Trustee or any of its affiliate), federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating

on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (provided that ratings on holding companies shall not be considered the rating of the bank);

(6) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(7) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or an affiliate provides investment management or other services [(and receives and retains a fee for services provided to the fund, whether as custodian, transfer agent, investment advisor or otherwise)];

(8) "Pre-refunded Municipal Obligations," defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (2) of the definition of Permitted Securities, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(9) Any bonds or other obligations of any agency, instrumentality or local governmental unit of any state of the United States of America which are rated "Aaa/AAA" or general obligations of any such state with ratings of "A2" or higher by Moody's and "A" or higher by S&P;

(10) Investment agreements (supported by appropriate opinions of counsel) approved in writing by the Bond Insurer; and

(11) Any state administered pool investment fund, including, but not limited to, the Local Agency Investment Fund of the State; and

(12) Any other investments which meet the criteria established by applicable published investment guidelines issued by each rating agency then rating the Bonds.

"Principal Account" means the account by that name in the Debt Service Fund established and held by the Trustee pursuant to Section 4.03.

“Qualified Reserve Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 4.04, provided that all of the following requirements are met: (i) at the time of issuance of the instrument, the long-term credit rating of such bank is within the two highest Rating Categories of Moody’s or S&P, or the financial strength of such insurance company is rated within one of the two highest Rating Categories of A.M. Best & Company, or if any of the Bonds are insured, the long-term credit rating of such bank or claims paying ability of such insurance company is at least as high as the insured rating of the Bonds; (ii) such letter of credit or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.04; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in Section 4.04, including the replenishment of the Interest Account, the Principal Account or the Sinking Account.

“Rating Category” means: (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regarding to any numerical modifier, plus or minus sign or other modifier; and (b) with respect to any short-term rating category, all ratings designated by a particular letter or combination of letters taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Rebate Amount” has the meaning ascribed to it in the Tax Certificate.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.05.

“Refunding Bond Law” means Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (commencing with Section 53570 and Section 53580, respectively), as in existence on the Closing Date.

“Refunding Instructions” means the Irrevocable Refunding Instructions, executed by the City and the Authority, relating to the defeasance and redemption of the 2007 Bonds.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.04 for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.04.

“Reserve Requirement” means, as of any calculation date, an amount equal to the least of (i) ten percent of the principal amount of the Bonds upon issuance; (ii) 125 percent of Average Annual Debt Service (based on Bond Year) of the Outstanding Bonds; or (iii) Maximum Annual Debt Service (based on Bond Year) of the Outstanding Bonds. The amount of the Reserve

Requirement on any date is subject to confirmation by the City to the Trustee upon the Trustee's request.

“S&P” means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors and assigns, except that if at any time that such corporation no longer exists or no longer performs the function of a rating agency for municipal securities, then the term “S&P” will be deemed to refer to any other nationally recognized rating agency selected by the City.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041, Attn: Call Notification Department, Fax (212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in a Certificate of the City delivered to the Trustee.

“Serial Bonds” means the Bonds that are not Term Bonds.

“Serial Obligations” means Obligations for which no mandatory sinking fund payments are provided.

“Sinking Account” means the account by that name in the Debt Service Fund held by the Trustee pursuant to Section 4.03.

“Sinking Account Installment” means the amount of money required by the Indenture to be paid by the City on any single date toward the retirement of any particular Term Bonds on or prior to their respective stated maturity dates.

“State” means the State of California.

“Supplemental Indenture” means any agreement supplemental to or amendatory of this Indenture entered into in accordance with the provisions of Article VII.

“Tax Certificate,” means the Certificate Regarding Compliance with Certain Tax Matters (or similar instrument) dated the Closing Date relating to the requirements of certain provisions of the Code, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government that such interest is excluded from gross income for federal income tax purposes whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax, under the Code.

“Term Bonds” means the Bonds maturing on September 1, 20\_\_ and September 1, 20\_\_.

“Term Obligations” means Obligations which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Obligations on or before their specified maturity dates.

**“Trust Office”** means the corporate trust office of the Trustee at the address set forth in Section 11.09; provided that for purposes of payment, prepayment, exchange, transfer, exchange, surrender and cancellation of Bonds, such term means the designated corporate trust agency or operations office of the Trustee, or such other or additional offices as the Trustee may designate in writing to the City from time to time as the corporate trust office for purposes of this Indenture.

**“Trustee”** means The Bank of New York Mellon Trust Company, N.A., and its successors and assigns, and any other corporation or association that may at any time be substituted in its place as provided in Article VII.

### **Section 1.02 Rules of Construction.**

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections in and the table of contents of this Indenture are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) Unless otherwise indicated, all references herein to “Articles”, “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein”, “hereof”, “hereby”, “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

**Section 1.03 Equal Security.** The Bonds shall be issued under and subject to the terms of this Indenture. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the City and the Trustee for the benefit of Owners from time to time of all Bonds issued under this Indenture and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premium, if any, on all Bonds authorized, executed, issued and delivered under this Indenture; and the agreements and covenants set forth in this Indenture to be performed on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds, subject to the agreements, conditions, covenants and provisions contained in this Indenture.

**ARTICLE II**  
**TERMS OF THE BONDS; GENERAL PROVISIONS RELATING TO EXECUTION**  
**AND DELIVERY**

**Section 2.01 Authorization; Designation; Form.** The City has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, to happen and to be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now authorized under the Refunding Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the City hereby authorizes the issuance of the Bonds pursuant to the Refunding Law and this Indenture for the purposes described in the recitals hereof.

The City may at any time execute and deliver the Bonds, designated the City's Sewer Revenue Refunding Bonds, Series 2018, authorized to be issued under this Indenture, in the aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_). Upon the Written Request of the City, the Trustee shall authenticate and deliver the Bonds. The Bonds, the certificate of authentication and the assignment to appear thereon shall be substantially in the form attached as Exhibit A with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture

**Section 2.02 Terms of the Bonds.**

(a) The Bonds shall be dated the Closing Date, shall mature on the dates and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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The Bonds shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order (with such alphabetical prefix as the Trustee shall determine). The Bonds shall be executed and delivered, without coupons, in the denominations of \$5,000 and any integral multiple thereof.

(b) The interest, principal, and redemption premiums, if any, due with respect to the Bonds shall be payable in lawful money of the United States of America. Subject to Section 2.12, the interest due on the Bonds shall be payable on their Interest Payment Dates by check or draft mailed by first class mail on the applicable Interest Payment Date by the Trustee

to the respective Owners thereof at their addresses as they appear in the Registration Books on the Record Date with respect to each Interest Payment Date; provided, however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five days before the applicable Record Date. Principal of any Bond and any premium upon redemption shall be paid by check of the Trustee upon presentation and surrender thereof at the Trust Office.

Interest on the Bonds shall be computed on the basis of a 360 day year of twelve 30 day months. Interest on each Bond shall accrue from the Interest Payment Date next preceding the date of authentication thereof unless (i) the Bond is authenticated on or before an Interest Payment Date but after the close of business on the related Record Date, in which event it shall bear interest from such Interest Payment Date, or (ii) the Bond is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any Bond, interest is in default on Outstanding Bonds, the Trustee shall establish a special record date for payment of any interest in default hereunder and interest on such Bond shall accrue from the date to which interest has previously been paid in full or made available for payment on such Outstanding Bonds. Interest on the Bonds shall accrue on overdue principal at the same rate borne by the particular Bonds.

### **Section 2.03 Redemption of Bonds.**

(a) Optional Redemption. The Bonds maturing on or before September 1, [2028] shall not be subject to optional redemption by the City. The Bonds maturing on or after September 1, [2029] shall be subject to redemption prior to their maturity, as a whole or in part, at the option of the City as the City shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days [or such shorter period as acceptable to the Trustee as such designation being for the convenience of the Trustee] prior to the redemption date) and by lot within a maturity, in the principal amount of \$5,000 or integral multiples thereof, on any date on or after September 1, [2028], from funds derived by the City from any source, at a following redemption price equal to [100] percent of the principal amount of Bonds called for redemption, plus accrued interest thereon to the redemption date, without premium:

(b) Mandatory Sinking Account Redemption. The Bonds maturing on September 1, 20\_\_ and on September 1, 20\_\_ shall be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date of redemption, without premium, according to the following schedule[s]; provided, however, if some but not all of the Term Bonds [of a maturity] have been optionally redeemed pursuant to Section 2.03(a), each future Sinking Account Installment will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total dollar amount of Sinking Account Installments to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Term Bonds redeemed pursuant to the optional redemption, as shall be designated pursuant to written notice and revised sinking account redemption schedule filed by the City with the Trustee:

**Term Bonds Maturing on September 1, 20\_\_**

<u>Redemption Date (September 1)</u>	<u>Principal Amount to be Redeemed</u>
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\* maturity

**Term Bonds Maturing on September 1, 20\_\_**

<u>Redemption Date (September 1)</u>	<u>Principal Amount to be Redeemed</u>
--	--

\* maturity

In lieu of a redemption pursuant to this Section 2.03(b), the Trustee may apply amounts in the Sinking Account to purchase a portion of the Term Bonds of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as may be directed by the City, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to such Term Bonds, as set forth in writing by the City; provided, however, that no Term Bonds shall be purchased by the Trustee hereunder with a settlement date more than 60 days prior to the date on which the City would otherwise redeem such Term Bonds pursuant to this Section 2.03(b). The principal amount of any portion of the Term Bonds so purchased by the Trustee shall be credited towards and shall reduce the Sinking Account Installment otherwise coming due with respect to such Term Bonds.

(c) Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Outstanding Bonds or such given portion thereof not previously called for redemption, on a pro rata basis among the maturities (unless the maturity or maturities are otherwise specified in this Indenture or in writing by the City) and by lot within a maturity in any manner which the Trustee in its discretion shall deem appropriate. For purposes of such

selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds, which may be separately redeemed.

(d) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond, the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of the same maturity date, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond being redeemed. A partial redemption shall be valid upon payment of the amount required to be paid to the Owner, and the City and the Trustee shall be released and discharged from all liability to the extent of such payment.

(e) Notice of Redemption. Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its Nominee, any Information Service or Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the City, not more than 60 days but not less than 30 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services, and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice of redemption is sent to the Owner, the City has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the receipt of sufficient funds by the Trustee from the City on or before the redemption date.

Failure by the Trustee to give notice pursuant to this Section to any of the Information Services or Securities Depositories, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. Neither the failure of any Owner to receive a redemption notice nor any defect in the notice so sent shall affect the sufficiency or the validity of the proceedings for redemption.

(f) Right to Rescind Optional Redemption. The City may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. In addition, any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The City and the Trustee shall have no liability to the Owners or any other

party related to or arising from such rescission. The Trustee shall send notices of such rescission in the same manner as that prescribed in Section 2.03(e) for notices of redemption.

(g) **Effect of Redemption.** From and after the date designated for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the designated redemption date. All Bonds redeemed pursuant to this Section 2.03 shall be canceled by the Trustee. All moneys held by or on behalf of the Trustee for the payment of principal of or interest (or premium, if any) on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to Owners for any interest earned on, moneys so held.

**Section 2.04 Registration Books.** The Trustee shall keep at its Trust Office sufficient Registration Books for the registration of the ownership, transfer and exchange of the Bonds. Registration Books shall be available for inspection by the City and its designated agent or any Owner or such Owner's agent duly authorized in writing at reasonable hours and under reasonable conditions with reasonable prior notice. The Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Bonds in such Registration Books as provided in this Indenture. The ownership of any Bonds may be proved by the Registration Books. No person other than an Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Indenture. The Trustee may deem and treat the person in whose name any Bond shall be registered upon Registration Books as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and premium, if any, and interest with respect to such Bond and for all other purposes, and all such payments so made to any such Owner or upon such Owner's order shall be valid and effectual to satisfy and discharge the City's and the Trustee's liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Trustee shall not be affected by any notice to the contrary.

**Section 2.05 Execution of Bonds.** The Bonds shall be signed in the name and on behalf of the City with the manual or facsimile signatures of the Mayor (or in the Mayor's absence, the Mayor Pro-Tempore) and attested with the manual or facsimile signature of the City Clerk, and shall be delivered to the Trustee for authentication by it. In case any officer of the City who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though the individual who signed the same had continued to be such officer of the City. Also, any Bond may be signed on behalf of the City by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of

this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**Section 2.06 Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon presentation and surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the City shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. The Trustee shall not be required to transfer, pursuant to this Section, (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption) and (ii) any Bond selected for redemption in whole or in part.

**Section 2.07 Exchange of Bonds.** Bonds may be exchanged at the Trust Office of the Trustee for the same aggregate principal amount of Bonds of the same tenor and maturity and of other Authorized Denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the City, except that the Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange, pursuant to this Section, (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption) and (ii) any Bond selected for redemption in whole or in part.

**Section 2.08 Temporary Bonds.**

(a) Until definitive Bonds are prepared, the City may direct the Trustee to authenticate and deliver, in the same manner as is provided in this Article II, in lieu of definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized hereunder, so long as no such Bond shall have its principal amount becoming payable in more than one year, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. At the expense of the City, the City shall prepare and the Trustee shall authenticate and, upon the surrender of such temporary Bonds and the cancellation of such surrendered temporary Bonds, the Trustee shall without charge to the Owner thereof, in exchange therefor, deliver definitive Bonds, of the same principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds executed and delivered pursuant to this Indenture.

(b) If the City shall request the execution and delivery of temporary Bonds in more than one denomination, the Owner of any temporary Bond or Bonds may, at such Owner's option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like principal amount and maturity of any other Authorized Denomination or Denominations, and thereupon the Trustee shall authenticate and deliver, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section

2.10, a temporary Bond or Bonds of like aggregate principal amount and maturity in such other Authorized Denomination or Denominations as shall be requested by such Owner.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee and destroyed, and the Trustee shall certify in writing as to their destruction.

**Section 2.09 Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, maturity and aggregate principal amount in an Authorized Denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to it shall be given, the City, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The City may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses that may be incurred by the City and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the City whether or not the Bond alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

**Section 2.10 Additional Provisions with Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Trustee shall execute and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall be promptly cancelled by the Trustee and destroyed, and the Trustee shall certify as to their destruction. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer or exchange shall be paid by the City, except that the Trustee shall require the payment by the Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer.

**Section 2.11 Cancellation of Paid or Redeemed Bonds.** All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made and such Bonds shall thereupon be promptly cancelled and destroyed, and the Trustee shall certify in writing as to their destruction at the written request of the City.

## **Section 2.12 Book-Entry System.**

(a) Book-Entry System; Limited Obligation of City. The Bonds shall be initially delivered in the form of a separate single fully registered Bond for each maturity of the Bonds (provided, that if the Bonds of a single maturity bear different interest rates, then there shall be a separate single fully registered bond for each interest rate of such maturity). Upon initial delivery, the ownership of each such Bond shall be registered in the Registration Books in the name of Cede & Co., as the initial Nominee of DTC. Thereafter, DTC may from time to time designate a substitute Nominee by written notification to the Trustee. Except as provided in Section 2.12(c), all of the Outstanding Bonds shall be registered in the Registration Books. DTC has represented to the City that it will maintain a book entry system in recording ownership interests of the Direct Participants and the ownership interests of Beneficial Owners shall be recorded through book entries on the records of the Direct Participants.

With respect to Bonds so registered in the name of the Nominee, the City and the Trustee shall have no responsibility or obligation to any Direct Participant or to any Beneficial Owner of such Bonds. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, the Nominee or any Direct Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Direct Participant, Beneficial Owner or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the DTC and its Direct Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, (iv) the payment to any Direct Participant, Beneficial Owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, the Bonds, or (v) any consent given or other action taken by DTC as Owner of the Bonds. The City and the Trustee may treat DTC as, and deem DTC to be, the absolute Owner of each Bond for all purposes whatsoever including (but not limited to) (I) payment of the principal or redemption price of, and interest on, each such Bond, (II) giving notices of redemption and other matters with respect to such Bonds and (III) registering transfers with respect to such Bonds. The Trustee shall pay the principal or redemption price of, and interest on, all book entry Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid. No person other than DTC shall receive a Bond evidencing the obligation of the City to make payments of principal or redemption price of, and interest on, the Bonds pursuant to this Indenture.

(b) Letter of Representations. In order to qualify the Bonds for DTC's book entry system, the City has executed and delivered the Letter of Representations to DTC. The Letter of Representations shall not in any way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Registration Books. The Trustee agrees to take all action necessary to continuously comply with the Letter of Representations to the extent that such action is not inconsistent with this Indenture. The officers of the City are hereby authorized to take such actions as necessary or appropriate, not inconsistent with this Indenture, to qualify the Bonds for DTC's book-entry program.

(c) Payments to Nominee. Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by DTC.

(d) Discontinuance of DTC's Depository Services. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable written notice to the City and the Trustee and discharge its responsibilities with respect thereto under applicable law. The City, in its sole discretion, may terminate, upon provision of notice to the Trustee, the services of DTC with respect to the Bonds. In the event (i) DTC determines not to continue to act as securities depository for the Bonds, or (ii) the City determines that DTC shall no longer so act, then the City will discontinue the book entry system with the DTC. If the City does not identify another qualified securities depository to replace the DTC, then the Bonds so designated shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, or any other nominee of a replacement security depository, but shall be registered in whatever name or names persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.05 through 2.11.

(e) Notations by DTC on Bonds. Notwithstanding any provision herein to the contrary, the City and the Trustee may agree to allow DTC or its Nominee to make a notation on any Bond redeemed in part to reflect, for information purposes only, the principal amount and date of any such redemption.

### ARTICLE III APPLICATION OF PROCEEDS; COSTS OF ISSUANCE FUND

**Section 3.01 Application of Bond Sale Proceeds and Other Transfers.** On the Closing Date, the Trustee shall receive on behalf of the City in connection with the sale of the Bonds an amount equal to \$\_\_\_\_\_ from the Original Purchaser (representing the par amount of the Bonds, plus a net original issue premium of \$\_\_\_\_\_, and less an underwriter's discount of \$\_\_\_\_\_). In addition, the Trustee shall receive \$\_\_\_\_\_ released from the reserve account (relating to the 2007 Bonds) established under the 2007 Trust Agreement (the "Authority Bond Reserve"). The Trustee shall apply such proceeds and moneys released from the Authority Bond Reserve, as follows:

(a) Deposit the \$\_\_\_\_\_ released from the Authority Bond Reserve into the Reserve Fund (the amount of such deposit being equal to the initial Reserve Requirement);

(b) Transfer \$\_\_\_\_\_ to the Authority Bond Trustee to be applied in accordance with the Refunding Instructions in connection with the defeasance of all of the remaining outstanding 2007 Bonds; and

(c) Deposit \$\_\_\_\_\_ into the Costs of Issuance Fund.

For record keeping purposes, the Trustee may establish such funds and subaccounts as may be necessary to reflect deposits and transfers pursuant to this Indenture or Request of the City given pursuant to this Indenture.

**Section 3.02 Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Refunding Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

**Section 3.03 Costs of Issuance Fund.** The Trustee shall establish a fund known as the "Costs of Issuance Fund." Pursuant to Section 3.01, the Trustee shall deposit a portion of the proceeds of the sale of the Bonds in to the Costs of Issuance Fund. The moneys the Costs of Issuance Fund shall be used from time to time to pay Costs of Issuance with respect to the Bonds and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition, substantially in the form attached hereto as Exhibit B, executed by an authorized officer of the City. On the date that is 180 days following the Closing Date of the Bonds, or upon the earlier receipt by the Trustee of a Request of the City to do so, the Trustee shall transfer all remaining amounts (if any) in the Costs of Issuance Fund to the Debt Service Fund and the Trustee shall close the Costs of Issuance Fund. The Trustee may conclusively rely on the representations set forth in such City requests and shall be fully protected in relying thereon.

#### **ARTICLE IV PLEDGE OF NET REVENUES; ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS**

**Section 4.01 Pledge of Net Revenues, Certain Funds Established Pursuant to this Indenture.**

(a) Subject to the application thereof on the terms and conditions provided in this Indenture, all of the Net Revenues are hereby irrevocably pledged, charged and assigned to the punctual payment of all Outstanding Bonds which pledge shall be on a parity with any pledge of Net Revenues securing other Parity Obligations as to which Section 5.01 have been satisfied. Such pledge, charge and assignment shall constitute a first lien on the Net Revenues for the payment of amounts due with respect to the Outstanding Bonds and other Parity Obligations (including the replenishment of debt service reserve funds as required) in accordance with the terms hereof and thereof.

The obligations of the City to pay principal (including Sinking Account Installments) and interest, when due, on the Outstanding Bonds from the Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the City or the Trustee of any obligation to the City or otherwise with respect to the Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Trustee. So long as any Bond remains Outstanding, the City (a) will not suspend or discontinue payment of principal (including Sinking Account Installments) or interest coming due pursuant to this Indenture, (b) will perform and observe all

other agreements contained in this Indenture, and (c) will not terminate this Indenture for any cause (including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprise, sale of any portion of the Enterprise, the taking by eminent domain of title to or temporary use of any component thereof, commercial frustration of purpose, any change in the tax law or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture).

(b) Subject to the provisions of Section 9.03(a) (regarding payment to the Trustee for fees and expenses when applying funds upon an Event of Default), the Bonds shall also be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account and the Sinking Account therein) and the Reserve Fund, including all amounts derived from the investments of such moneys. The Bonds shall be equally secured by a pledge, charge and lien upon such moneys without priority for number, date of the Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any portion thereof shall be and are secured by an exclusive pledge, charge and lien upon such moneys. So long as any of the Bonds are Outstanding, moneys in the Debt Service Fund (including the Interest Account, the Principal Account and the Sinking Account therein) and the Reserve Fund, may only be used for the purposes and in the manner permitted by this Article IV.

**The City's obligation to pay principal (including Sinking Account Installments) and interest with respect to the Outstanding Bonds and any other amount due under this Indenture shall be a special obligation of the City limited solely to the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments. Under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments, nor shall any other funds or property of the City be liable for such payments coming due and payable under this Indenture. Neither the Trustee nor any Owner shall have the right, directly or indirectly, to require or compel the exercise of the taxing power of the City or the forfeiture of any property of the City, including any portion of the Enterprise, for the making of any payments pursuant to the Bonds or this Indenture.**

#### **Section 4.02 Enterprise Revenue Fund.**

(a) The City has previously established the Enterprise Revenue Fund and shall continue to maintain and hold such fund segregated from all other funds of the City. All Gross Revenues shall be deposited by the City upon receipt in the Enterprise Revenue Fund and shall be applied, first, to pay Operation and Maintenance Costs as they become due and payable (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required). The City may at any time establish such sub-level funds and accounts as it deems necessary or desirable within the Enterprise Revenue Fund.

(b) No later than five Business Days before each Interest Payment Date, the City shall withdraw from the Enterprise Revenue Fund and transfer to the Trustee, for deposit in the Debt Service Fund, an amount which, together with the balance then on deposit in the Debt Service Fund, shall be sufficient to pay, in the following priority: (i) the amount required to pay interest on the Outstanding Bonds then coming due on such Interest Payment Date, (ii) the amount required to pay principal (including Sinking Installments) then coming due on such Interest Payment Date.

(c) If the City receives a notice from the Trustee pursuant to Section 4.04(b) that the balance of the Reserve Fund is below the Reserve Requirement, no later than five Business Days before the Interest Payment Date immediately following the receipt of such notice, the City shall also shall withdraw from the Enterprise Revenue Fund and deposit with the Trustee the amount of money necessary to restore the balance of the Reserve Fund to the Reserve Requirement.

(d) In addition to Operation and Maintenance Costs and amounts to be transferred to the Trustee under (b) and (c) above, the City shall withdraw from the Enterprise Revenue Fund such amounts at such times as shall be required to pay (i) the principal (including mandatory sinking fund payments) of and interest on any other Parity Obligations; (ii) all amounts necessary for deposit in the debt service reserve funds as required by Parity Obligation Agreements; (iii) all other amounts when and as due and payable under this Indenture; and (iv) all other amounts to otherwise comply with the Parity Obligation Agreements.

(e) The City shall manage, conserve and apply the Net Revenues on deposit in the Enterprise Revenue Fund in such a manner that all deposits required to be made pursuant to the preceding subsections (b), (c) and (d) will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default shall have occurred and be continuing hereunder, the City may use and apply moneys in the Enterprise Revenue Fund for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the costs for additional improvements, extensions, replacements and betterments to the Enterprise, (iii) the optional redemption of the Bonds or other optional prepayment of any Obligations of the City relating to the Enterprise, (iv) make deposits in the Rate Stabilization Fund pursuant to Section 4.07, or (v) any other lawful purposes.

(f) At any time there are insufficient Net Revenues to make the required debt service payments due on the Bonds and other Outstanding Parity Obligations, the City shall apply Net Revenues to such debt service payments due on the Outstanding Bonds and other Parity Obligations, on a pro rata basis (based on the respective amounts to be paid), without any discrimination on preferences and without regard to debt service reserves (whether funded in cash or supported by surety bonds or other similar funding instruments).

(g) Any moneys held in the Enterprise Revenue Fund shall be invested in Permitted Investments and investments authorized by State law which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement hereunder. All investment earnings from moneys or deposits in the Enterprise Revenue Fund shall be credited in such fund and applied only to the purposes permitted for such fund. The City may commingle any of the moneys in the Enterprise Revenue Fund with the

moneys held in other funds and accounts for investment purposes; provided, however, that all moneys in the Enterprise Revenue Fund shall be accounted for separately notwithstanding such commingling.

**Section 4.03 Debt Service Fund.** The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the "Debt Service Fund." All moneys received by the Trustee from the City pursuant to Section 4.02(b) shall be deposited in the following respective special accounts within the Debt Service Fund (each of which is hereby created and each of which the Trustee hereby agrees to cause to be maintained), in the following order of priority:

- (i) Interest Account;
- (ii) Principal Account; and
- (iii) Sinking Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 4.03

(a) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest transferred to the Redemption Fund pursuant to Section 4.05 per the Written Request of the City for making payments on Bonds called for optional redemption).

(b) Principal Account. On or before each Interest Payment Date on which principal of Bonds is coming due, the Trustee shall set aside from the Debt Service Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding Serial Bonds on such Interest Payment Date. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds becoming due and payable on such upcoming Interest Payment Date. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds.

Notwithstanding the foregoing, in the event that, with respect to any Interest Payment Date, there shall be insufficient money in the Debt Service Fund to make a full deposit in the Principal Account for all such principal payments required by the preceding paragraph of this Section 4.03(b) and deposits in the Sinking Account for all Sinking Account Installments required by Section 4.03(c), then the money available in the Debt Service Fund shall be applied pro rata as relating to such principal payments and such Sinking Account Installments in the

proportion which all such principal payments and all such Sinking Account Installments bear to each other.

(c) Sinking Account. Subject to the second paragraph of Section 4.03(b), on or before each Interest Payment Date on which a Sinking Account Installment is coming due, the Trustee shall set aside from the Debt Service Fund and deposit in the Sinking Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the Sinking Account Installments coming due and payable on the Outstanding Term Bonds on such Interest Payment Date. No deposit need be made into the Sinking Account if the amount contained therein is at least equal to the aggregate amount of the Sinking Account Installment becoming due and payable on such upcoming Interest Payment Date. All moneys in the Sinking Account shall be used and withdrawn by the Trustee solely for the purpose of paying the Sinking Account Installments or payment of any purchase in lieu of redemption pursuant to Section 2.03(b).

(d) Transfer and Release of Surplus. On each September 2, but only after making the deposits and making such payments as required by Sections 4.03(a), 4.03(b) and 4.03(c) above on the immediately preceding Interest Payment Date, the Trustee shall determine the amount, if any, remaining in the Debt Service Fund and apply such remaining amount in the following order and priority: (i) transfer such money to the Reserve Fund, but solely to the extent necessary to restore the balance in the Reserve Fund to the Reserve Requirement; (ii) pay, or set an amount aside for the payment of, any rebate requirement in accordance with a computation made by the City pursuant to the Code, if the Trustee has received a Request by the City to do so before such September 2; and (iii) release to the City for use for any lawful purpose.

#### **Section 4.04 Reserve Fund.**

(a) The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the "Reserve Fund." Except for release of excess as provided in Section 4.04(b) and Section 4.04(c), all money in (or available to) the Reserve Fund shall be used and withdrawn by the Trustee for the following purposes, in such order and priority: (i) make deposits in the Interest Account at any time there is a deficiency in such account for paying the interest on the Bonds then coming due and payable, (ii) make deposits in the Principal Account and Sinking Account (*pro rata* as relating to such principal payments and such Sinking Account Installments in the proportion which all such principal payments and all such Sinking Account Installments bear to each other), at any time there is a deficiency in such accounts for paying the principal and Sinking Installment of the Bonds then coming due and payable, and (iii) make the final payments of principal of and interest on the Bonds.

(b) The Trustee shall value the balance of the Reserve Fund at least semi-annually by each February 1 and August 1 in accordance with Section 4.06. If at any time the balance in the Reserve Fund falls below the Reserve Requirement, the Trustee shall promptly notify the City in writing. The City, upon receipt of such notice from the Trustee, shall include the amount necessary to restore the balance of the Reserve Fund to the Reserve Requirement in the immediately next transfer of moneys from the Enterprise Revenue Fund pursuant to Section 4.02(c). Absent any other written instructions from the City, any amount the Reserve Fund in excess of the Reserve Requirement shall be transferred to the Debt Service Fund.

(c) The Reserve Requirement may be satisfied by depositing into the Reserve Fund moneys or one or more Qualified Reserve Credit Instruments or any combination thereof, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement. Upon the deposit with the Trustee of such Qualified Reserve Credit Instrument, the Trustee shall release moneys then on hand in the Reserve Fund to the City, to be used for any lawful purpose, in an amount equal to the face amount of the Qualified Reserve Credit Instrument.

All cash and investments in the Reserve Fund shall be transferred to the applicable accounts in the Debt Service Fund for payment of debt service on Bonds before any drawing may be made on the Qualified Reserve Credit Instruments credited to the Reserve Fund in lieu of cash. Reimbursement for draws on a Qualified Reserve Credit Instrument owing to the provider thereof, including accrued interest, shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Credit Instruments on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Reimbursement of amounts with respect to Qualified Reserve Credit Instruments shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable Qualified Reserve Credit Instruments without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

**Section 4.05 Redemption Fund.** The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the "Redemption Fund." On or before each optional redemption date, the City shall deposit with the Trustee an amount sufficient to pay the redemption price (including principal and redemption premium, if any), plus accrued interest, of the Bonds being called; provided, that such amount to be deposited with the Trustee may be reduced by the following (as set forth in a Written Request of the City): (a) the amount, if any, to be transferred from the Reserve Fund on such optional redemption date because of the reduced Reserve Requirement as the result of the optional redemption, and (b) the amount, if any, to be transferred from the Interest Account to the Redemption Fund pay for accrued interest on the Bonds to be redeemed. Notwithstanding the foregoing, in connection with a defeasance of some or all of the Bonds, if the City causes the establishment of one or more escrow funds for such defeasance and sufficient moneys is deposited into the defeasance escrow to effect the related redemption in accordance with Section 10.01, then there shall be no need for a separate deposit of moneys into the Redemption Fund pursuant to this Section 4.05.

**Section 4.06 Investments of Funds Held by Trustee.** All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments pursuant to the written direction of the City given to the Trustee at least two Business Days in advance of the making of such investments. Such Permitted Investments shall, as nearly as practicable, mature (or be subject to redemption or disposition by the Trustee) on or before the dates on which such money is anticipated to be needed for disbursement hereunder. In the absence of any such direction from the City, the Trustee shall hold money in the applicable fund or account uninvested. Any investment earnings on amounts in the Reserve Fund shall be retained in the Reserve Fund. Any investment earnings

on amounts all other funds and accounts maintained by the Trustee under this Indenture shall be deposited in the Debt Service Fund.

Subject to Section 4.04(b), the Trustee shall value the balances in the funds and accounts maintained by the Trustee under this Indenture no less frequently than every six months, at the Fair Market Value. Each such valuation may be made utilizing the Trustee's automated pricing service through the Trustee's trust accounting system. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the City the right to receive brokerage confirmations of security transactions as they occur, the City will not receive such confirmations to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the City periodic account statements which shall include detail for cash holdings and all investment transactions made by the Trustee under this Indenture. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture. For investment purposes, the Trustee may commingle the funds and accounts established under this Indenture and shall account for them separately.

The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture.

**Section 4.07 Rate Stabilization Fund.** At the City's discretion, the City may establish a special fund to be known as the "Rate Stabilization Fund," which shall be held by the City, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Enterprise. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secures the Bonds and other Parity Obligations, as the City may determine. The Rate Stabilization Fund shall be accounted for as a separate fund, although amounts credited to it may be commingled with other funds of the City. The City may, but is not be required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Enterprise Revenue Fund in any Fiscal Year for the purpose of paying the principal of and interest on the Outstanding Bonds and other Parity Obligations coming due and payable during such Fiscal Year. Except as provided in Section 6.04(b), amounts so transferred from the Rate Stabilization Fund to the Enterprise Revenue Fund in any Fiscal Year constitute Gross Revenues for that Fiscal Year for the purposes of this Indenture. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not otherwise secure the Bonds or any other Parity Obligations. All interest or other earnings on deposits in the Rate Stabilization Fund

shall be retained therein or, at the option of the City, be applied for any other lawful purposes. The City has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the City. Any moneys held in the Rate Stabilization Fund shall be invested in Permitted Investments or any other investments in which the City may lawfully invest such funds under State law.

## **ARTICLE V INCURRENCE OF ADDITIONAL OBLIGATIONS**

**Section 5.01 Incurrence of Additional Parity Obligations.** The City from time to time may issue or incur Additional Parity Obligations, subject to the satisfaction of the following conditions prior to the incurrence of an Additional Parity Obligation (provided, that such conditions shall not apply to (i) any Additional Parity Obligation incurred solely as the result of the delivery of a Credit Facility, or (ii) any Additional Parity Obligation incurred solely to refund all or a portion of the then Outstanding Parity Obligations):

- (a) No Event of Default hereunder shall have occurred and be continuing; and
- (b) The Net Revenues received by the City in the most recent Fiscal Year for which audited financial statements are available (or any more recent consecutive 12-month period selected by the City, as shown by the books of the City) (excluding any money derived from the Rate Stabilization Fund), plus, at the option of the City, any Additional Allowance described in clauses (i) or (ii) below, shall be at least equal to [120] percent of the Maximum Annual Debt Service (calculated based on Fiscal Year) with respect to the Parity Obligations which will be Outstanding immediately following the incurrence of such Additional Parity Obligations, as evidenced by a written report of an Independent Accountant or Independent Fiscal Consultant.

The following items (each being an “Additional Allowance”) may be added to such Net Revenues for the purpose of applying the restriction contained in this covenant:

- (i) An allowance for any addition to or improvement or extension of the Enterprise reasonably expected to commence operation within three years after the incurrence of such Additional Parity Obligations, in an amount equal to the projected annual Net Revenues to be derived from such addition, improvement, or extension by its third year of operation, as shown by the certificate or opinion of a Fiscal Consultant engaged by the City; and
- (ii) An allowance in an amount equal to the projected annual Net Revenues to be derived from any increase in Enterprise charges which has been adopted and will come into effect within 60 months after the incurrence of such Additional Parity Obligations, as shown by the certificate or opinion of a Fiscal Consultant engaged by the City.

**Section 5.02 Superior and Subordinate Obligations.**

(a) So long as any Bonds remain Outstanding, the City shall not issue or incur any additional bonds or other Obligations, which will rank senior over the Bonds in the priority of lien with respect to the Net Revenues.

(b) Nothing in this Indenture shall be construed to limit or affect the ability of the City to issue or incur Obligations which are either unsecured or which rank junior to the Bonds in their lien with respect to the Net Revenues.

**ARTICLE VI  
ADDITIONAL COVENANTS OF THE CITY**

**Section 6.01 Punctual Payment.** The City shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Net Revenues and other assets pledged for such payment as provided in this Indenture.

**Section 6.02 Against Encumbrances.** The City shall not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Revenues, except as provided in the Indenture. The City shall not incur any additional Obligation or security superior to the Bonds payable in whole or in part from the Net Revenues, or on parity with the Bonds payable in whole or in part from the Net Revenues, except as permitted by Section 5.01. Nothing contained in the Indenture shall limit or affect the ability of the City to issue or incur Obligations which are either unsecured or which rank junior to the Bonds in their lien with respect to the Net Revenues.

**Section 6.03 Distribution of Net Revenues for Debt Service.** The City shall distribute Net Revenues available for debt service on all Outstanding Bonds and other Parity Obligations on a pro rata basis without regard to whether the Bonds or other Parity Obligations have funded debt service reserves or surety bonds or other similar funding instruments.

**Section 6.04 Rates and Charges.**

(a) To the extent permitted by law, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, to yield Gross Revenues (after making allowances for contingencies and error in the estimates and taking into account transfers, if any, from the Rate Stabilization Fund pursuant to Section 4.07) in an amount sufficient to pay the following amounts in the following order of priority:

(i) All Operation and Maintenance Costs estimated by the City to become due and payable in such Fiscal Year;

(ii) The sum of principal of and interest on then Outstanding Bonds and other Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority (except to the extent such principal and interest are payable from the proceeds of the Parity Obligations, or from any other source of legally available funds of the City

which have been deposited with the Trustee or another fiduciary for the Parity Obligations for such purpose prior to the commencement of such Fiscal Year) (such sum being referred to below as the "Fiscal Year Debt Service Requirement");

(iii) All amounts, if any, required to restore the balance in the Reserve Fund to the Reserve Requirement and to replenish the debt service reserve funds relating to other Parity Obligations as required by Parity Obligation Agreements; and

(iv) All other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from Gross Revenues during such Fiscal Year.

(b) In addition, to the extent permitted by law, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, so that:

(i) Net Revenues will be at least equal to [120] percent of the Fiscal Year Debt Service Requirement, and

(ii) To the extent that the calculation of Net Revenues for the preceding clause (i) includes any transfer from the Rate Stabilization to the Enterprise Revenue Fund, Net Revenues without the inclusion of any transfer from the Rate Stabilization will at least equal 100 percent of the Fiscal Year Debt Service Requirement.

(c) The City shall have in effect at all times rules and regulations requiring each consumer or customer located on any premises connected with the Enterprise to pay the rates and charges applicable to the Enterprise provided to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill.

**Section 6.05 Maintenance and Operation of the Enterprise; Insurance.** The City shall maintain and preserve the Enterprise in good repair and working order at all times and shall operate the Enterprise in an efficient and economical manner and shall pay all Operation and Maintenance Costs as they become due and payable. The City shall procure and maintain such insurance relating to the Enterprise which it shall deem advisable or necessary to protect its interests and the interests of the City, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with public wastewater and sewer similar to the Enterprise; provided, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner as is, in the opinion of an accredited actuary, actuarially sound. All Net Proceeds collected from insurance against accident to or destruction of any portion of the Enterprise shall be used to repair, rebuild or replace such damaged or destroyed portion of the Enterprise, and to the extent that the City determines that it is not economically feasible or in the best interest of the City to so repair, rebuild or replace such damaged or destroyed portion of the Enterprise, shall be used to pay or prepay the Bonds or Parity Obligations.

**Section 6.06 Sale or Other Disposition of Property.** The City shall not sell, transfer or otherwise dispose of any of the works, plant, properties, facilities or other part or rights of the Enterprise or any real or personal property comprising a part of the Enterprise if such sale,

transfer or disposition would cause the City to be unable to satisfy the requirements of Section 6.04 hereof.

**Section 6.07 Eminent Domain.** If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds received by the City as the result of such proceedings, at the election of the City, shall either be (i) used for the lease, acquisition or construction of improvements and extension of the Enterprise, or (ii) applied to the payment or prepayment of the Bonds or Parity Obligations.

**Section 6.08 Compliance with Contracts; Liens.** The City shall not commit any breach or default under any agreement affecting or involving the Enterprise (to the extent that the City is a party thereto), or permit any lien to be attached to any portion of the Enterprise, if such breach, default, or lien which would materially adversely affect its ability to comply with its covenants set forth in Section 6.04 hereof.

**Section 6.09 Payment of Taxes and Compliance with Governmental Regulations.** The City shall pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Enterprise or any part thereof when the same shall become due. The City will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Enterprise or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and contesting such validity or application will not materially impair the operations or financial condition of the Enterprise.

**Section 6.10 Accounting Records and Financial Statements; Continuing Disclosure.** The City shall keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Enterprise. The City shall cause the books and accounts of the Enterprise to be audited annually by an Independent Accountant, not more than nine months after the close of each Fiscal Year, and shall make a copy of such report available for inspection by Owners of the Bonds at the office of the City

The City shall comply with the Continuing Disclosure Agreement. Notwithstanding any other provision hereof, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, that any Owner or beneficial owner of the Bonds may take such actions as may be necessary or appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligation under the Continuing Disclosure Agreement.

**Section 6.11 Tax Covenants.**

(a) The City shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-Exempt status of interest on the Bonds under Section 103(a) of the Code or cause interest on the Bonds to be an item of tax preference for purposes of the federal alternative minimum tax.

(b) In furtherance of the foregoing tax covenant, the City shall comply with the provisions of the Tax Certificate, which is incorporated in this Indenture as if fully set forth in this Indenture. These covenants shall survive payment in full or defeasance of the Bonds.

(c) Notwithstanding any provision of this Section 6.10, if the City shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section 6.10 is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this section and, notwithstanding Article VIII (regarding amendments to this Indenture), the covenants hereunder shall be deemed to be modified to that extent.

**Section 6.12 Further Assurances.** The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

## **ARTICLE VII THE TRUSTEE**

### **Section 7.01 Appointment; Resignation or Removal.**

(a) The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, having a corporate trust office in Los Angeles, California, is hereby appointed Trustee hereunder for the purpose of receiving all money which the City is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided herein.

(b) The Trustee may at any time resign by giving written notice to the City. Any successor trustee appointed hereunder shall give notice of such appointment to the Owners, which notice shall be mailed to the Owners at their addresses appearing in the Registration Books. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If, within 30 days after notice of the removal or resignation of the Trustee, no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

(c) The City may at any time, but only prior to an Event of Default or after the curing or waiver of an Event of Default and only upon 30 days written notice, at its sole discretion remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank, banking association, banking institution (state or federal) or trust company or corporation with a corporate trust office in California, having a combined capital (exclusive of borrowed capital) and surplus (or whose parent holding company has a combined capital (exclusive of borrowed capital) and surplus) of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such bank, banking association, banking institution or trust company

or corporation publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank, banking institution or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

**Section 7.02 Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 7.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 7.03 Concerning Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the City, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The City acknowledges that, to the extent that the City owes any compensation to a predecessor Trustee for latter's performance hereunder, the City shall continue to be responsible for payment owed to the predecessor Trustee (pursuant to the terms of the agreement between the City and the predecessor Trustee) regardless of the transition of the trusteeship hereunder to the successor Trustee.

**Section 7.04 Appointment of Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction in may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action that may be desirable or necessary in connection therewith, it may be necessary that the Trustee or the City appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 7.04 are adopted to these ends.

In the event that the Trustee or the City appoints an additional individual or institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of

action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the City be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, shall resign or shall be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**Section 7.05 Compensation; Fees, Charges and Expenses.** The City shall from time to time, subject to the agreement between the City and the Trustee then in force, pay to the Trustee compensation for its services rendered by it in the execution of the trusts created hereby and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law with respect to the compensation of a trustee of an express trust, and the City will reimburse the Trustee for all its advances (with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (including in-house counsel to the extent not duplicative of other counsel's work) and engineers or other experts employed by it, and reasonably required, in the exercise and performance of its powers and duties in accordance with this Indenture.

**Section 7.06 Intervention by Trustee.** In any judicial proceeding to which the City is a party that, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 7.09(c), shall do so if requested in writing by the Owners of at least 25 percent in aggregate principal amount of such Bonds then Outstanding.

**Section 7.07 Accounting Records and Financial Statements.**

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions by the Trustee relating to the proceeds of Bonds, moneys received from the City pursuant to this Indenture, and all funds and accounts established and maintained by the Trustee pursuant to this Indenture. Such books of record and account shall be available for inspection by the City during regular business hours with reasonable prior notice.

(b) Any account or fund required to be established and maintained by the Trustee pursuant to this Indenture may be established and maintained in the accounting records

of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with this Indenture and sound corporate trust industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

**Section 7.08 Duties Determined by Express Indenture Provisions.** The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture. The Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through its attorneys, agents or receivers.

**Section 7.09 Limited Liability of Trustee.**

(a) The recitals of facts, agreements and covenants of the City contained in this Indenture and in the Bonds shall be taken solely as statements, agreements and covenants of the City, and the Trustee shall assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or of the Bonds. In addition, the Trustee shall assume no responsibility with respect to this Indenture or the Bonds other than in connection with the duties or obligations assigned to or imposed upon the Trustee herein or in the Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become an Owner of Bonds with the same rights it would have if it were not Trustee and; to the extent permitted by law, may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be responsible for the validity, genuineness or performance of any leases, contracts or other instruments at any time conveyed, mortgaged, hypothecated, pledged, assigned or transferred to it hereunder, or with respect to the obligation of the City to preserve and keep unimpaired the rights of the City under or concerning any such leases, contracts or other instruments. The Trustee does not assume any responsibility for the correctness or completeness of any information contained in any offering materials distributed in connection with the sale of the Bonds and makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Bonds. In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the City, having any claim against the Trustee arising from this Indenture not

attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise specifically provided herein.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Owner pursuant to this Indenture unless the Trustee shall have received reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(d) The Trustee shall have no duty to see to the payment or discharge of any fees, assessment or other charge or any lien of any kind owing with respect to the Enterprise or any part thereof.

(e) As to the truth of the factual statements in certificates and other writings furnished to the Trustee by the City pursuant to the requirements of this Indenture.

(f) The Trustee is not accountable for the use by the City of funds which the Trustee releases to the City or which the City otherwise receives, or to verify compliance by the City, or for the adequacy or validity of any collateral or security interest securing this Indenture or the Bonds. The Trustee has no obligation to incur financial or other liability or risk in performing any duty or in exercising any right hereunder.

(g) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(h) The Trustee shall not be deemed to have knowledge of any Event of Default other than a payment default hereunder unless the Trustee shall be specifically notified in writing of such default by the City, or by the Owners of at least 25 percent in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms conditions, covenants or agreements herein or in any of the documents executed in connection with the Bonds. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Indenture upon the request of the City or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond executed and delivered in exchange therefor or in place thereof.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(j) The Trustee shall not be considered in breach of or in default with respect to any obligations created hereunder, in the event of an enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of terrorists or public enemies, acts of a government, acts of the other party hereto, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to governmental action or inaction pertaining to the Enterprise, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event or occurrences beyond the control of the Trustee; provided, that in the event of any such enforced delay, the Trustee shall notify the City in writing within ten business days after the occurrence of the event giving rise to such delay.

(k) The immunities and exceptions from liability of the Trustee as provided herein shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Bonds. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee, in its individual or any other capacity, may become the Owner of any Bonds or other obligations of any party hereto with the same rights which it would have if not the Trustee and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding. Before taking or refraining from any action hereunder at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect.

(l) No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability when performing its duties in accordance with this Indenture, or exercising of any of its rights or powers hereunder.

#### **Section 7.10 Reliance by Trustee.**

(a) The Trustee shall be protected in acting upon any notice, indenture, request, consent, order, certificate, report, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such person is the registered owner of such Bond as shown on the registration books.

(c) Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proven or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Written Certificate of the City and such certificate

shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(d) The Trustee may consult with counsel who may be counsel of or to the City with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

**Section 7.11 Indemnification.** The City shall indemnify and save the Trustee, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (a) any breach of default on the part of the City in the performance of any of its obligations under this Indenture, the Installment Sale Agreement, and any related agreements or instruments and any other agreement, (b) any act or omission of the City or of any of its agents, assignees or licensees with respect to the Enterprise, (c) the exercise and performance by the Trustee of any of its powers and duties hereunder, so long as such exercise and performance are permitted by and in compliance with the provisions hereof, or (d) the offering and sale of the Bonds or the distribution of any official statement or other offering circular utilized in connection with the sale of the Bonds; provided, that the City shall not be liable for actions caused by the Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Trustee's officers, employees, directors and agents. The Trustee's rights to indemnification and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. The Trustee shall not be liable for the sufficiency of Net Revenues or other moneys required to be paid to it under the Indenture (except as provided in this Indenture), or its right to receive moneys pursuant to the Indenture.

**Section 7.12 Acceptance of Instructions by Electronic Transmission.** The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means (being the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions and containing specimen signatures of such authorized officers (the "City Authorized Officers"), which incumbency certificate shall be amended by the City, whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee elects to act upon such Instructions, the Trustee's reasonable understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an authorized officer listed on the incumbency certificate provided to the Trustee have been sent by such City Authorized Officer. The City shall be responsible for ensuring that only City Authorized Officers transmit such Instructions to the Trustee and that City and all City

Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City.

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reasonable reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. Subject to this Section 7.12, the City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that the City has been informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

In the event of an ambiguity or a contradiction in such Instructions as determined by the Trustee in its reasonable discretion, the Trustee shall notify the City and request clarification from the City, and the Trustee shall not be required to act on such ambiguous or contradictory Instructions pending the City's clarification.

The Trustee shall not be liable under this Section 7.12 except for its negligence or willful misconduct.

## **ARTICLE VIII MODIFICATION AND AMENDMENT OF THE INDENTURE**

**Section 8.01 Amendment.** The Indenture and the rights and obligations of the City, the Owners or the Trustee may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the affected Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the City to pay the interest or principal or redemption premium, if any, at the time and place and at the rate and in the currency provided in this Indenture, of any Bond, without the express written consent of the Owner of such Bond, or (2) reduce the percentage of Bonds required for the written consent to any such amendment, or (3) modify the rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the City and of the Owners may also be amended at any time by a Supplemental Indenture which shall become binding upon execution, without the consent of any Owners, for any one or more of the following purposes

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

(b) To make such provisions to cure any ambiguity, or to cure, correct or supplement any defective provision contained in the Indenture or in regard to questions arising under the Indenture, as the City may deem necessary or desirable and not inconsistent with the Indenture, so long as such amendment shall not materially adversely affect the interest of the Owners;

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

(d) To maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes;

(e) To subject to the Indenture additional collateral or to add other agreements of the City;

(f) To grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or City;

(g) To the extent necessary to deliver or maintain a Qualified Reserve Credit Instrument in connection with satisfying all or a portion of the Reserve Requirement; or

(h) For any other purpose that does not materially adversely affect the interests of the Owners.

**Section 8.02 Disqualified Bonds.** Bonds owned or held by or for the account of the City shall be subject to disqualification as set forth in Section 11.03.

**Section 8.03 Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article VIII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Prior to entering into any Supplemental Indenture pursuant to this Section 8.03, the Trustee may require the City to deliver to the Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture has been adopted in accordance with the requirements of this Indenture.

**Section 8.04 Endorsement or Replacement of Bonds after Amendment.** After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds shall bear a notation, by endorsement in form approved by the City, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and

presentation of such Owner's Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such Bond Owners' action, then new Bond certificates shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

## **ARTICLE IX EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS**

**Section 9.01 Events of Default.** The following events shall be Events of Default hereunder:

(a) Failure by the City to make the due and punctual payment of the principal (including any Sinking Account Installment) of or redemption premium, if any, or interest on any Bond or other Parity Obligations when and as the same shall become due and payable, whether at maturity as expressed in the Bond or other Parity Obligations, by declaration or otherwise;

(b) Failure by the City to observe and perform any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, other than as referred to in the preceding clause (a), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied has been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than 25 percent in aggregate principal amount of the Outstanding Bonds; provided, however, that if in the reasonable opinion of the City the failure stated in such notice can be corrected, but not within such 30-day period, the Trustee (if notice was given by the Trustee) and such Owners (if the notice was given by the Owners) shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within such 30-day period and diligently pursued until such failure is corrected; and

(c) The filing by the City of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the City, seeking reorganization under the Federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of the Enterprise.

**Section 9.02 Remedies upon Event of Default (Acceleration).** If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee shall at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, upon notice in writing to the City, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable fees, charges and expenses (including those of its attorneys) of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

**Section 9.03 Application of Revenues and Other Funds After Default.** All amounts then held or received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture (except for any moneys for payment of the Rebate Amount) shall be applied by the Trustee, in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

(a) To the payment of any expense necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its duties under this Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference.

Second, To the payment to the persons entitled hereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitle thereto, without any discrimination or preference.

**Section 9.04 Trustee to Represent Bond Owners.** The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same,

shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the Bonds, this Indenture and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds, this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the assets pledged under this Indenture, pending such proceeding. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

**Section 9.05 Bond Owners' Direction of Proceedings.** The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such directions which in the opinion of the Trustee would expose it to liability.

**Section 9.06 Limitation of Bond Owners' Right to Sue.** Notwithstanding any other provision hereof, no Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement or any right or remedy under this Indenture or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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

remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture or other applicable law with respect to the Bonds, except in the manner provided herein, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

**Section 9.07 Absolute Obligation of City Out of Net Revenues.** Nothing in any other provision of this Indenture or the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Net Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

**Section 9.08 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

**Section 9.09 No Waiver of Default.** No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

## **ARTICLE X DEFEASANCE**

**Section 10.01 Discharge of Indebtedness.** If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest on and the principal of such Bonds, when due, at the times and in the manner stipulated in such Bonds and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Net Revenues, and all covenants, agreements and other obligations of the City to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute at the Written Request of the City, and at the expense of the City, and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall, after payment of amounts due the Trustee under the Indenture, pay over or deliver to the City all money or securities held by the Trustee pursuant to the Indenture which are not required for the payment of the interest due on and the principal of and premium, if any, due on such Bonds other than the moneys, if any, for the payment of the applicable Rebate Amount.

Bonds for the payment of which money shall have been set aside (through deposit by the City or otherwise) to be held in trust by the Trustee for such payment at the maturity or redemption date of such Bonds shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the first paragraph of this Section.

Any Outstanding Bonds shall prior to the maturity date of such Bonds be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if:

(a) There shall have been deposited with the Trustee (or another fiduciary or escrow agent), either cash in an amount which shall be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when paid will provide money that shall be sufficient to pay when due the principal of and redemption premium, if any, and the interest on such Bonds (such principal, redemption premium, if any, and interest being referred to below as the "Refunding Requirements") due and to become due on such Bonds on and prior to the maturity date of such Bonds or such earlier irrevocably established redemption date; provided that, unless such deposit consists of an amount in cash, which in and of itself, is sufficient to pay the Refunding Requirements in full, the sufficiency of the Defeasance Securities so deposited with the Trustee (or fiduciary or escrow agent) shall be appropriately verified by an Independent Accountant in a verification report.

(b) The City shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (a) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or earlier redemption date upon which money is to be available for the payment of the principal of such Bonds.

(c) None of the Defeasance Securities deposited with the Trustee pursuant to this Section nor interest or principal payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of such Bonds; provided that any cash received from such interest or principal payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested at the written direction of the City in Defeasance Securities maturing at times and in amounts sufficient (as verified by an Independent Accountant) to pay when due the interest on and principal of such Bonds on and prior to such maturity date thereof, and interest earned from such reinvestments shall be maintained in the related escrow fund until such time as the Refunding Requirements have been paid in full (but solely to the extent that does not affect the Tax-Exempt status of any Bonds).

**Section 10.02 Unclaimed Moneys.** Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest on such Bonds which remain unclaimed for two years after the date when such Bonds or interest on such Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the said date when such Bonds or interest on such Bonds become due and

payable, shall be repaid by the Trustee to the City, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee shall, at the Written Request of the City and at the expense of the City, cause to be mailed to the registered Owners of such Bonds at their addresses as they appear on the Registration Books a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City. Any money held by the Trustee in trust for the payment and discharge of any Bonds shall not bear interest or be otherwise invested from and after such maturity or redemption date.

## ARTICLE XI MISCELLANEOUS

**Section 11.01 Benefits of Indenture Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person or entity other than the City, the Trustee and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the Trustee and the Owners of the Bonds.

**Section 11.02 Execution of Documents by Bond Owners.** Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which such Owner purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly-sworn to before such notary public or other officer. The ownership of any Bond and the amount, number and date of holding the same may be proved by the Registration Books. Any declaration, request or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

**Section 11.03 Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the City (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon request of the Trustee, the City shall specify in a certificate to the Trustee those Bonds that are disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

**Section 11.04 Waiver of Personal Liability.** No officer, agent or employee of the City shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing contained herein shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

**Section 11.05 Consent of Parties.** Whenever the consent or approval of any party to this Indenture is required by the terms of this Indenture, the consent or approval of such party shall not be unreasonably withheld.

**Section 11.06 Partial Invalidity.** If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the City (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Refunding Bond Law or any other applicable provisions of law.

**Section 11.07 Payment on Business Days.** Whenever in this Indenture any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made, without accruing additional interest thereby, on the Business Day immediately following such day.

**Section 11.08 CUSIP Numbers.** Neither the City nor the Trustee shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice relating thereto. The Trustee may, in its discretion, include in any redemption notice relating to any of the Bonds a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the City nor the Trustee shall be liable for any defects or inaccuracies in such numbers.

**Section 11.09 Notices.** Any notice, request, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled to such notice at its address set forth below, or by telecopy or other form of telecommunication, with prompt telephone confirmation. Notice shall be effective (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telecopier or other forms, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (c) if given by first class, registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if by other means of personal delivery, upon receipt by the intended recipient of the notice. Each entity below may, by written notice to the other party, from time to time modify the address or number to which communications are to be given under this Indenture:

If to the City: City of Winters  
318 First Street  
Winters, CA 95694  
Attention: City Manager  
Tel: (530) 795-4935

If to the Trustee: The Bank of New York Mellon Trust Company,  
N.A.  
400 South Hope Street, Suite 500  
Los Angeles, CA 90071  
Attention: Corporate Trust  
Tel: (213) 630-6150  
Fax: (213) 630-6215

**Section 11.10 Governing Law.** This Indenture shall be construed and governed in accordance with the laws of the State of California.

**Section 11.11 Binding on Successors..** This Indenture shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

**Section 11.12 Execution in Counterparts.** This Indenture may be executed in any number of counterparts. Each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be signed by their respective authorized representatives, all as of the day and year first above written.

**CITY OF WINTERS**

By: \_\_\_\_\_  
Mayor

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

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**[FORM OF BOND]**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-\_\_\_\_ \$ \_\_\_\_\_

**CITY OF WINTERS  
SEWER REVENUE REFUNDING BOND  
SERIES 2018**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL DATED DATE</u>	<u>CUSIP</u>
%	_____ 1, 20__	_____, 2018	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Winters, a municipal corporation duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay (but solely out of Net Revenues, as defined in the Indenture hereinafter described and certain other moneys as specified in such Indenture) to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the principal amount specified above, in lawful money of the United States of America, and to pay interest thereon as follows. The interest on this Bond shall be payable at the Interest Rate per annum specified above, semiannually on March 1 and September 1 in each year, commencing March 1, 2019 (each, an "Interest Payment Date"), calculated on the basis of a 360 day year composed of twelve 30 day months. Interest on this Bond shall be payable in lawful money and shall accrued from the Interest Payment Date next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Original Dated Date specified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, the Trustee shall establish a special record date for payment of any interest in default and interest on this Bond shall accrue from the date to which interest has previously been paid in full or made available for payment on this Bond. Principal

hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the Trust Office. Interest hereon is payable by check of the Trustee mailed by first class mail on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the related Record Date; provided, however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Registered Owner of Series 2018 Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five days before such Record Date.

This Bond is one of a duly authorized issue of bonds of the City designated the City of Winters Sewer Revenue Refunding Bonds, Series 2018 (the "Bonds"), limited in principal amount to \_\_\_\_\_ Dollars (\$\_\_\_\_\_) secured by an Indenture, dated as of [September] 1, 2018 (the "Indenture"), by and between the City and the Trustee. All capitalized terms not otherwise defined herein have the meanings ascribed to them in the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Net Revenues, of the rights, duties and immunities of the Trustee and of the rights and obligations of the City thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the City and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (commencing with Section 53570 and Section 53580, respectively) (the "Refunding Bond Law"). The Bonds have been issued for the purpose of effecting a refunding of the City's payment obligations with respect to installment payments under an Installment Sale Agreement, dated as of September 1, 2007 (the "Authority Installment Sale Agreement"), by and between the Winters Public Finance Authority (the "Authority") and the City, relating to the Authority's Sewer Revenue Bonds, Series 2007 (the "2007 Bonds"). Proceeds of the 2007 Bonds were used to finance certain improvements of the City's wastewater and sewer system (the "Enterprise").

All of the Bonds are equally secured by a pledge of, and charge and lien upon, the Net Revenues (consisting of certain revenues of the Enterprise, as described in the Indenture) and the funds and accounts specified in the Indenture. Subject to the terms and conditions set forth in the Indenture, the City may from time to time incur Additional Parity Obligations which will rank on a parity with the Bonds with respect to their lien on Net Revenues. The City covenants that so long as any Bonds remain Outstanding, the City shall not issue or incur any additional bonds or other Obligations, which will rank senior over the Bonds in the priority of lien with respect to the Net Revenues.

**The Bonds are special obligations of the City limited solely to the Net Revenues and the funds and accounts specifically identified in the Indenture for such payments. Under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments, nor shall any other funds or property of the City be liable for such payments coming due and payable under this Indenture. Neither the**



Term Bonds Maturing on September 1, 20\_\_

<u>Redemption Date (September 1)</u>	<u>Principal Amount to be Redeemed</u>
--	--

\* maturity

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its Nominee by such transmission method as acceptable to such entity) not less than 30 nor more than 60 days prior to the redemption date to the respective Owners of any Bond designated for redemption at their address appearing on the Registration Books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption. The City may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. In addition, any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an event of default hereunder or under the Indenture. The City and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission.

This Bond is transferable by the Registered Owner hereof, in person or by the Registered Owner's duly authorized attorney, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of Authorized Denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Trust Office of the same tenor, aggregate principal amount, interest rate and maturity, of other Authorized Denominations. The Trustee shall not be required to transfer or exchange: (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption), and (ii) any Bond selected for redemption in whole or in part.

No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture or any applicable law, except as provided in the Indenture. If an Event of Default shall occur, the

principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Indenture and the rights and obligations of the City, the Owners or the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the City to pay the principal, interest or premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

The City and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the City and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified and recited that all conditions, acts and things required by law, including the Refunding Bond Law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner and that the issuance of the Bonds comply in all respects with the applicable laws of the State of California.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name and on its behalf, and attested, by the manual or facsimile signatures of its Mayor [Mayor Pro-Tempore] and City Clerk as of the Original Issue Date identified above.

**CITY OF WINTERS**

By: \_\_\_\_\_  
[Mayor/Mayor Pro-Tempore]

Attest:

\_\_\_\_\_  
City Clerk

[SEAL]

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**[TRUSTEE'S CERTIFICATE OF AUTHENTICATION]**

This is one of the Bonds described in the within-mentioned Indenture and registered on the Registration Books of the Trustee.

Date: \_\_\_\_\_, 20\_\_

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

By: \_\_\_\_\_  
Authorized Signatory

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**[FORM OF ASSIGNMENT]**

For value received the undersigned do(es) hereby sell, assign and transfer unto, whose tax identification number is \_\_\_\_\_, the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated:

Signature guaranteed:

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Series 2018 Bond in every particular without alteration or enlargement or any change whatsoever.

NOTICE: Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or such other similar program approved by the Trustee.

**EXHIBIT B**  
**FORM OF REQUISITION**  
**(COSTS OF ISSUANCE FUND)**

REQUISITION NO. \_\_\_

with reference to

\$ \_\_\_\_\_  
City of Winters  
Sewer Revenue Refunding Bonds  
Series 2018

I. The City of Winters (the "City") hereby requests The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") pursuant to that certain Indenture, dated as of [September] 1, 2018 (the "Indenture"), by and between the City and the Trustee, under the terms of which the above-captioned bonds, to pay from the moneys in the Costs of Issuance Fund established pursuant to the Indenture, the amounts shown on Schedule A attached hereto to the parties indicated in Schedule A.

II. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule A hereto. All such all such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule A or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions so given by the City with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

III. Each obligation mentioned in Schedule A hereto has been properly incurred and is a proper charge against the Costs of Issuance Fund. None of the items for which payment is requested has been reimbursed previously from the Costs of Issuance Fund.

All capitalized terms not defined herein have the meanings ascribed to them in the Indenture.

DATED:

**CITY OF WINTERS**

By: \_\_\_\_\_  
[Name]  
[Title]

**§[PAR1]  
CITY OF WINTERS  
(YOLO COUNTY, CALIFORNIA)  
WATER REVENUE REFUNDING BONDS  
SERIES 2018**

**§[PAR2]  
CITY OF WINTERS  
(YOLO COUNTY, CALIFORNIA)  
SEWER REVENUE REFUNDING BONDS  
SERIES 2018**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2018

City of Winters  
318 First Street  
Winters, CA 95694

Ladies and Gentlemen:

The undersigned (the “Underwriter”) hereby offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with you, the City of Winters (the “City”), for the purchase by the Underwriter and the delivery by the City of the Bonds specified below. The proceeds of the 2018 Water Bonds (defined below) will be used to (i) refund all of the Winters Public Finance Authority’s (the “Authority”) outstanding 2007 Water Bonds, (ii) [fund a deposit to a debt service reserve fund established under the Water Indenture (defined hereinafter)][purchase a debt service reserve insurance policy to be credited to a debt service reserve fund], and (iii) pay the costs of issuance incurred in connection with the issuance, sale and delivery of the 2018 Water Bonds. The proceeds of the 2018 Sewer Bonds (defined below) will be used to (i) refund all of the Authority’s outstanding 2007 Sewer Bonds (defined below), (ii) [fund a deposit to a debt service reserve fund established under the Sewer Indenture (defined hereinafter)][purchase a debt service reserve insurance policy to be credited to a debt service reserve fund], and (iii) pay the costs of issuance incurred in connection with the issuance, sale and delivery of the 2018 Sewer Bonds. This offer is subject to your acceptance prior to 11:59 p.m., Los Angeles time, on the date hereof and if not so accepted will be subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to the acceptance thereof by the City. Upon such acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the respective Indentures and Official Statement (each as defined below).

The City acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s length commercial transaction among the City and the Underwriter in which the Underwriter is acting solely as a principal and not as an agent of the City and the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the City; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated by the Purchase Agreement and the discussions, undertakings or procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter have provided other services or is currently providing other services to the City on other matters); (iii) the only obligations the Underwriter has to the City with respect to the transaction contemplated by this Purchase Agreement are expressly set forth in this Purchase Agreement; and (iv) the City has consulted their own financial and/or municipal legal, accounting, tax and other

advisors, as applicable, to the extent the City has deemed appropriate. The City acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the "MSRB").

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the City for offering to the public, and the City hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$[PAR1] aggregate principal amount of the City of Winters (Yolo County, California) Water Revenue Refunding Bonds, Series 2018 (the "2018 Water Bonds") to be dated the Closing Date, at a price of \$[ ] , being the principal amount of the 2018 Water Bonds, [plus/minus] [a/an] [net] original issue [premium/discount] of \$[ ], less an Underwriter's discount of \$[ ] and all (but not less than all) of the \$[PAR2] aggregate principal amount of the City of Winters (Yolo County, California) Sewer Revenue Refunding Bonds, Series 2018 (the "2018 Sewer Bonds," and together with the 2018 Water Bonds, the "Bonds") to be dated the Closing Date, at a price of \$[ ]; being the principal amount of the 2018 Sewer Bonds, [plus/minus] [a/an] [net] original issue [premium/discount] of \$[ ], less an Underwriter's discount of \$[ ].

The Bonds shall mature in the amounts and on the dates, and bear interest at the rates, set forth in Exhibit A hereto.

The 2018 Water Bonds shall be as described in and shall be secured under and pursuant to an Indenture, dated as of September 1, 2018 (the "Water Indenture") by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the City, the Trustee and the Underwriter. The 2018 Sewer Bonds shall be as described in and shall be secured under and pursuant to an Indenture, dated as of September 1, 2018 (the "Sewer Indenture" and, together with the Water Indenture, the "Indentures" and each an "Indenture") by and between the City and the Trustee, substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the City, the Trustee and the Underwriter.

The obligation of the City to pay the principal of and interest on the respective Bonds is a special obligation of the City, payable solely from Net Revenues (as defined in the applicable Indenture) of the City's waterworks system (the "Water System"), with respect to the 2018 Water Bonds and the City's wastewater and sewer system (the "Sewer System" and, together with the Water System, the "Enterprises," and each an "Enterprise"), with respect to the 2018 Sewer Bonds and certain other amounts held under the related Indenture. The 2018 Water Bonds and the 2018 Sewer Bonds are being issued under different Indentures and secured by separate and distinct sources of revenues. The 2018 Water Bonds and the 2018 Sewer Bonds are not cross-collateralized in any manner. The principal of and interest on the Bonds are not required to be paid from any other funds of the City, including any proceeds of any taxes, and does not constitute a debt or pledge of the faith and credit of the City or the State of California (the "State") or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The scheduled payment of principal of and interest on each series of the Bonds when due will be guaranteed under an insurance policy (the "Insurance Policy") to be issued concurrently with the delivery of the Bonds by [ ] (the "Insurer").

The City hereby ratifies the use by the Underwriter of the Preliminary Official Statement, dated [\_\_\_\_], 2018 relating to the Bonds (together with the cover page and all appendices thereto, and any supplements thereof, the “**Preliminary Official Statement**”), and authorizes the Underwriter to use and distribute the Preliminary Official Statement, the Official Statement (as defined below), the Indentures, the Continuing Disclosure Certificate as required by Securities and Exchange Commission Rule 15c2-12, as amended (“**Rule 15c2-12**”), and substantially in the form attached as an appendix to the Official Statement (the “**Continuing Disclosure Certificate**”) and this Purchase Agreement, and all information contained therein, and all other documents, certificates and statements furnished by the City to the Underwriter in connection with the offer and sale of the Bonds by the Underwriter. The City has heretofore “deemed final” the Preliminary Official Statement within the meaning of Rule 15c2-12.

The City will undertake pursuant to the Continuing Disclosure Certificate to provide certain annual financial and operating information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. This undertaking will be entered into in order to assist the Underwriter in complying with Rule 15c2-12.

2. The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the inside front cover page of the Official Statement of the City pertaining to the Bonds, dated \_\_\_\_\_, 2018 (together with all appendices thereto, and with such changes therein and supplements thereto and as are consented to in writing by the Underwriter, and with the Preliminary Official Statement, are herein 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 subject to Section 5 hereof. 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 Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

3. The City shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The City shall deliver these copies to the Underwriter no later than the earlier of (i) seven (7) business days after the execution of this Purchase Agreement or (ii) one (1) business day prior to the Closing Date in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The City shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32. The Underwriter covenants to file, or cause to be filed, the Official Statement (and any supplement and amendment thereof furnished to the

Underwriter pursuant to this Section 3, with the MSRB's Electronic Municipal Market Access database ("EMMA").

The Official Statement, as of its date, as of the Closing Date and as of the date of any update, amendment or supplement thereto as required hereby subsequent to the Closing, up to and including the date which is twenty-five (25) days following the end (the "End Date") of the Underwriting Period (as hereinafter defined), will be correct and complete in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. For the purposes herein, "Underwriting Period" shall mean the period beginning on the dated date hereof and ending: (i) in the absence of written notice by the Underwriter to the City before the Closing Date, the Closing Date, or (ii) such other date as specified by the Underwriter a written notice delivered to the City before the Closing Date.

If, after the date of this Purchase Agreement and until the earlier of (i) ninety (90) days after the end of the Underwriting Period, or (ii) twenty-five (25) days following the end of the Underwriting Period if the Official Statement is timely filed on EMMA, any event shall occur or circumstance shall exist of which the City has knowledge that would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City, shall notify the Underwriter (and for the purpose of this Section provide the Underwriter with such information as it may from time to time reasonably request), and, if in the opinion of the City or the Underwriter such event or circumstance requires the preparation and publication of a supplement or amendment to the Official Statement, the City will, at the City's expense, so that the Official Statement as then supplemented or amended, will not contain an untrue statement of a material fact or to omit to state a material fact that is required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and the Underwriter and furnish to the Underwriter a reasonable number of copies of such supplement or amendment provided that the Underwriter promptly agree that they will notify the City of the end of the Underwriting Period.

4. At 8:30 a.m., Pacific Time, on [\_\_\_\_\_], 2018, or at such other time or date as shall be agreed upon by the Underwriter and the City (such time and date being herein referred to as the "Closing Date"), the City shall deliver, or cause to be delivered, to the Trustee the Bonds in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York ("DTC") (so that the Bonds may be authenticated by the Trustee and credited to the account that is specified by the Underwriter under DTC's FAST procedures). On or before such Closing Date, the City shall deliver, at the offices of Richards, Watson & Gershon, A Professional Corporation ("Bond Counsel") in Los Angeles, California, or at such other place as is mutually agreed upon by the Underwriter and the City, the other documents that are described in this Purchase Agreement. On the date of the Closing, the Underwriter shall pay the purchase price of each series of Bonds as set forth in Section 1 of this Purchase Agreement in immediately available funds to the order of the Trustee. The delivery and payment described above is referred to as the "Closing").

5. (a) The Underwriter agrees to assist the City in establishing the issue price of the 2018 Water Bonds and 2018 Sewer Bonds and shall execute and deliver to the City at Closing an "issue price" or similar certificate for each series of Bonds, together with the supporting pricing wires or equivalent communications, substantially in the forms attached hereto as Exhibit B, with

such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of each series of Bonds.

(b) Except as otherwise set forth in Exhibit A attached hereto, with respect to each series of Bonds, the City will treat the first price at which 10% of each maturity of such Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the City the price or prices at which it has sold to the public each maturity of Bonds of each series. With respect to each series of Bonds, if at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the City the prices at which it sells the unsold Bonds of that maturity to the public. With respect to each series of Bonds, that reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or Bond Counsel. For purposes of this Section, if Bonds of a series mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds of each series for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) to the extent that the 10% test has not been satisfied the City and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds of a series, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will

contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity of a series allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity of a series allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party;

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50%

common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(4) "sale date" means the date of execution of this Purchase Agreement by all parties hereto.

6. The Underwriter represents to and agrees with the City that, as of the date hereof and as of the Closing Date:

(i) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it;

(ii) The Underwriter is in compliance with MSRB Rule G-37 with respect to the City, and is not prohibited thereby from acting as the underwriter with respect to securities of the City; and

(iii) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590 (c) or MSRB Rule G-32, with the City with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

7. The City represents, warrants and covenants to the Underwriter that:

(a) The City is a municipal corporation duly organized and existing under the laws of the State of California, and has all necessary power and authority to enter into and perform its duties under the Indentures, the Irrevocable Refunding Instructions, to be dated the Closing Date (the "**Water Refunding Instructions**") given by the Authority and the City to the Trustee in connection with the defeasance and redemption of the 2007 Water Bonds, the Irrevocable Refunding Instructions, to be dated the Closing Date (the "**Sewer Refunding Instructions**" and, together with the Water Refunding Instructions, the "**Refunding Instructions**") given by the Authority and the City to the Trustee in connection with the defeasance and redemption of the 2007 Sewer Bonds, the Continuing Disclosure Certificate, and this Purchase Agreement (collectively, the "**City Documents**") and, when executed and delivered by the respective parties thereto, the City Documents will constitute the legal, valid and binding obligations of the City in accordance with their respective terms.

(b) Neither the execution and delivery of the City Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the City's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, in any material way conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to

which the City is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the City Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the City required for the execution and delivery of the Bonds or the consummation by the City of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the City, and except as disclosed in the Official Statement, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Indentures, or in any way contesting or affecting the validity of the City Documents or the authority of the City to approve this Purchase Agreement, or enter into the City Documents, or in any way questioning or challenging the tax status of the Bonds.

(e) As of its date and as of the date hereof, the information relating to the City, the Bonds, the Enterprises contained in the Preliminary Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no representation is made with respect to information relating to DTC, DTC's book-entry system, the Bond Insurance Policy, [the Reserve Policy,] the Bond Insurer or any information therein provided by or pertaining to the Underwriter). As of the date thereof and at all times subsequent thereto up to and including the End Date, such information relating to the City, the Bonds, the Enterprises contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 7(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The City agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified. The Underwriter shall be responsible for all costs relating to such determination and qualification of the Bonds under blue sky or similar laws.

(g) By official action of the City prior to or concurrently with the execution hereof, the City has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The City is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which breach or default would have a material adverse effect on the pledge of Net Revenues under the Indentures or the City's performance under the City Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument.

(i) To the best knowledge of the City, the City is not in default, nor has been in default in the last ten years, as to the payment of principal or interest with respect to an obligation issued by the City or successor of the City or with respect to an obligation guaranteed by the City as guarantor or successor of a guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the City has knowledge, which might or would cause the information relating to the City, the Enterprises or the City's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the City will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in accordance with the last paragraph of Section 3, provided all expenses thereby incurred will be paid for by the City.

(k) If the information relating to the Enterprises, the City, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) The City covenants that it will comply with all tax covenants relating to it in the City Documents and the Tax Certificates of the City.

(m) No consent, approval, authorization or other action by an governmental or regulatory agency that has not been obtained is or will be required of the City for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except for such licenses, certificates, approvals, variances or permits which may be necessary for the construction or operation of the Enterprises which the City has applied for (or will apply for in the ordinary course of business) and expects to receive, and except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(n) Substantially all the proceeds from the sale of the Bonds (after deducting the expenses of issuance and sale of the Bonds) will be used to finance defeasance and redemption of the 2007 Water Bonds and the 2007 Sewer Bonds, and the City will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Indenture, as amended from time to time.

(o) The City will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Agreement.

(p) Any certificate of the City delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(q) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing, the City does not and will not have outstanding any indebtedness which is secured by a lien on the Net Revenues of the respective Enterprises superior to or on a parity with the with the respective liens established by the Indentures.

(r) Between the date of this Purchase Agreement and the Closing Date, the City 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 payable from Net Revenues of the respective Enterprises.

(s) The City is not presently and as a result of the execution of the City Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the City is a party or to which the City is bound.

(t) The financial statements of, and other financial information regarding the City, the Enterprises in the Official Statement fairly present the financial position and results of the operations of the City, the Enterprises as of the dates and for the periods therein set forth and the audited financial statements have been prepared in accordance with generally accepted accounting principles applicable to cities.

(u) The City has not, in the last five years, failed to comply in any material respect in its obligations under any continuing disclosure undertaking entered into pursuant to Rule 15c2-12 except as disclosed in the Official Statement. The City will undertake, pursuant to the Continuing Disclosure Certificate to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12.

8. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the City contained herein, and the opinions of Bond Counsel to the Trustee and the City Attorney required hereby. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At the time of Closing, the City Documents, all as described in the Official Statement, shall be in full force and effect as valid and binding agreements between or among the various parties thereto and the Official Statement shall not have been amended, modified or supplemented except as in accordance with this Purchase Agreement, and there shall be in full force

and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(b) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to them:

(1) The unqualified approving opinions of Bond Counsel, dated the Closing Date, addressed to the City and the Underwriter (or reliance letter to the Underwriter), in substantially the form attached as APPENDIX D to the Official Statement;

(2) A supplemental opinion or opinions of Bond Counsel dated the Closing Date, addressed to the Underwriter, in form and substance to the effect that:

(a) The statements and information contained in the Official Statement under the captions "INTRODUCTION," "2018 BONDS," "SECURITY FOR 2018 BONDS," "CONCLUDING MATTERS-TAX MATTERS" and APPENDIX C and APPENDIX D, to the extent they purport to summarize information concerning the Bonds and certain provisions of the City Documents and the opinion of such counsel, present a fair and accurate summary of such information and such provisions;

(b) The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the respective Indentures are exempt from qualification as an Indenture pursuant to the Indenture Act of 1939, as amended; and

(c) The City Documents and the Official Statement have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, the City Documents constitutes legal, valid and binding agreement of the City enforceable against each in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and equitable remedies if equitable remedies are sought, and except no opinion need be expressed as to the enforceability of the indemnification, waiver, choice of law or contributions provisions contained in the City Documents.

(3) The opinion of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Disclosure Counsel, dated the Closing Date and addressed to the City and the Underwriter, to the effect that, based upon their participation in conferences in the course of preparation of the Official Statement, and in reliance on such conferences and on the certificates, opinions and other documents mentioned in such opinion, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused them to believe that the Official Statement as of its date (except for any CUSIP numbers, financial, accounting, statistical or economic or engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about feasibility, valuation, appraisals, technology, real estate or environmental matters, the appendices thereto or any information about the Underwriter, underwriting, the Insurer, the Insurance

Policy, The Depository Trust Company or the Book-Entry System included or referred to therein, which such firm expressly excludes from the scope of this section and as to which such firm need express no opinion or view) 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 light of the circumstances under which they were made, not misleading.

(4) An opinion of Best Best & Krieger LLP, City Attorney, dated the Closing Date, in form and substance satisfactory to the Underwriter and Bond Counsel, addressed to the Underwriter, to the effect that:

(i) the City is a municipal corporation duly created and existing in accordance with the laws of the State of California;

(ii) the preparation and distribution of the Official Statement and the City Documents have been duly approved by the City;

(iii) the resolution of the City Council approving and authorizing the City's execution and delivery of the Official Statement and the City Documents has been duly adopted at a meeting of the governing body of the City 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;

(iv) except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel, threatened against or affecting the City, which would adversely impact the City's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under, or in any way contesting or affecting the validity of the City Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the City Documents;

(v) the execution and delivery of the City Documents and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject;

(vi) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California is required for the valid authorization, execution and delivery of the City Documents and the approval of the Official Statement; and

(vii) the Enterprises charges and fees were duly approved and adopted by the City, and are valid and enforceable at the current levels levied by the City.

(5) An opinion, dated the Closing Date, addressed to the Underwriter, the City and the Trustee of Bond Counsel to the effect that the 2007 Water Bonds and the 2007 Sewer Bonds have been legally defeased and are no longer outstanding.

(6) The opinion of counsel to the Trustee, dated the Closing Date in form and substance satisfactory to the Underwriter and Bond Counsel, and addressed to the City and the Underwriter, to the effect that:

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

(ii) The Trustee has duly authorized the execution and delivery of the Indentures and the Refunding Instructions.

(iii) The Indentures and Refunding Instructions 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, constitutes the legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with its 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.

(iv) Acceptance by the Trustee of the duties and obligations under the Indentures and Refunding Instructions and compliance with provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which the Trustee is subject.

(v) All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indentures and Refunding Instructions have been obtained and are in full force and effect.

(7) An opinion, dated the Closing Date and addressed to the Underwriter, of Kutak Rock LLP, counsel to the Underwriter ("**Underwriter's Counsel**"), in such form as may be acceptable to the Underwriter.

(8) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the City satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the City contained in this Purchase Agreement; (b) certifying that the City has complied with in all material respects all agreements, covenants and conditions to be complied with by the City at or prior to the Closing under the City Documents; (c) certifying that to the best of such official's knowledge, no event affecting the City has

occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect; (d) certifying that no consent is required to be obtained for the inclusion of the City's audited financial statements, including the accompanying accountant's letter, for Fiscal Year 2017 in the Official Statement.

(9) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the City deeming the Preliminary Official Statement "final" for purposes of Rule 15c2-12.

(10) Two executed or certified copies of the City Documents.

(11) One counterpart original or copy certified by a duly authorized officer of the City of a complete transcript of all proceedings of the City relating to the approval of the City Documents and the authorization, issuance, sale and delivery of the Bonds.

(12) Two executed copies of the Official Statement.

(13) Two certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of documents such as the Bonds, the Refunding Instructions and the Indentures.

(14) Copies of the resolution adopted by the City Council and certified by the City Clerk, authorizing the execution and delivery of the City Documents and the Official Statement.

(15) Tax certifications by the City in form and substance acceptable to Bond Counsel.

(16) A Certificate of the Trustee, dated the Closing Date to the effect that:

(i) 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 Refunding Instructions;

(ii) Subject to the provisions of the respective Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the respective Indentures;

(iii) Subject to the provisions of the respective Refunding Instructions, the Trustee will apply the proceeds from the Bonds to the purposes specified in the respective Refunding Instructions; and

(iv) The Trustee has duly authorized and executed the Indentures and the Refunding Instructions.

(17) Evidence that the Bonds have been rated as set forth in the Official Statement and that such ratings continue in effect as of the Closing.

(18) The Insurance Policy, duly executed by the Insurer.

(19) An opinion of counsel to the Insurer, dated the Closing Date, addressed to the City and the Underwriter, in form and substance satisfactory to the Underwriter and Bond Counsel.

(20) A certificate or certificates of the Insurer, dated the Closing Date, as to the accuracy of the information relating to the Insurer and the Insurance Policy included in the Official Statement and such other matters reasonably requested by the Underwriter and Bond Counsel.

(21) Evidence that a federal tax information form 8038-G has been prepared for filing with respect to each of the 2018 Water Bonds and 2018 Sewer Bonds.

(22) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code which may be delivered after the issuance of the Bonds.

(23) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel, the Underwriter and Underwriter Counsel may reasonably request to evidence compliance with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Trustee and the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(c) All matters relating to this Purchase Agreement, the Bonds and the sale thereof, the City Documents and the consummation of the transactions contemplated by this Purchase Agreement shall have been approved by the Underwriter, such approval not to be unreasonably withheld.

If the conditions to the Underwriter's obligations contained in this Purchase Agreement are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the City shall have any further obligation hereunder.

9. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefore, by written notification to the City if at any time at or prior to the Closing in the Underwriter's reasonable judgment any of the following events shall occur:

(a) the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by any of the following events:

(i) Legislation shall be enacted by or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(ii) There shall have occurred any (1) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (2) new material other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereto; or

(iii) Legislation enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the respective Indentures are not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(iv) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter); or

- (v) Except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City shall have occurred; or
- (vi) Any rating of the Bonds or other obligations of the City by a national rating agency shall have been withdrawn or downgraded or placed on credit watch with negative outlook; or
- (vii) Any rating of the Bonds or other obligations of the Insurer by a national rating agency shall have been withdrawn or downgraded or placed on credit watch with negative outlook; or
- (b) A general banking moratorium shall have been established by federal, State of New York or California authorities; or
- (c) Any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City, its property, income or securities (or interest thereon), or the ability of the City to execute the Indentures or the City to issue the Bonds and pledge the respective Net Revenues as contemplated by the respective Indentures and the Official Statement; or
- (d) Establishment of any new restrictions in securities materially affecting the free market for securities of the same nature as the Bonds (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriter established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or
- (e) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a 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; or
- (f) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or
- (g) An event described in Section 7(j) hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or
- (h) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, as amended, the Exchange Act of 1934, as amended and the Trust Indenture Act of 1939, as amended.

10. Performance by the City of its respective obligations under this Purchase Agreement is conditioned upon (i) performance by the Underwriter of its obligations hereunder, and (ii) receipt by the Underwriter of all opinions and certificates to be delivered at Closing by persons and entities other than the City.

11. (a) The Underwriter shall be under no obligation to pay, and the City shall pay or cause to be paid out of the proceeds of the Bonds, all expenses incident to the performance of the City's obligations hereunder, including but not limited to: the cost of photocopying and delivering the Bonds to the Underwriter; the cost of preparing, printing (and/or word processing and reproducing), distributing and delivering the City Documents and the cost of printing, distributing and delivering the Preliminary Official Statement and the Official Statement in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of Bond Counsel, Disclosure Counsel, any accountants, financial advisors or other engineers or experts or consultants the City have retained in connection with the Bonds and expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the City officers or employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those officers or employees.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, the City shall be under no obligation to pay, and the City shall not pay, any expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in subsection (a) of this section), including any advertising expenses and the fees of the California Debt and Investment Advisory Commission, CUSIP services bureau charges, regulatory fees imposed on the Underwriter for new security issues, the cost of preparation of any "blue sky" or legal investment memoranda and the fees and disbursements of Underwriter's Counsel.

12. Any notice or other communication to be given to the Underwriter may be given by delivering the same to Piper Jaffray & Co., 50 California Street, Suite 3100, San Francisco, California 94111, Attention: Ralph Holmes, Managing Director. Any notice or other communication to be given to the City may be given by delivering the same to addresses initially provided herein, Attention: City Manager. The approval of the Underwriter when required hereunder or the determination of satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to you.

13. This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which such counterparts shall together constitute but one and the same instrument.

15. The representations and warranties of the City set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and warranties of the City and regardless of delivery of and payment for the Bonds.

16. The primary role of the Underwriter, as underwriter, is to purchase the Bonds for resale to investors in an arms-length commercial transaction among the City and the Underwriter. The Underwriter has financial and other interests that differ from those of the City.

17. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the City and the Underwriter and shall be valid and enforceable as of the time of such acceptance.

18. This Purchase Agreement shall be governed by the laws of the State of California. This Purchase Agreement shall not be assigned by either party hereto.

19. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the City and represents the entire agreement of the parties as to the subject matter herein.

20. Any provision of this Purchase Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

21. This Purchase Agreement shall be governed by the laws of the State of California.

**PIPER JAFFRAY & CO.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

The foregoing is hereby agreed to and accepted as of the date first above written:

**CITY OF WINTERS**

By: \_\_\_\_\_  
Authorized Officer

Time of Execution: \_\_\_\_\_ p.m. California time

**[EXECUTION PAGE OF BOND PURCHASE AGREEMENT]**

**EXHIBIT A**  
**§[PAR1]**  
**CITY OF WINTERS**  
**(YOLO COUNTY, CALIFORNIA)**  
**WATER REVENUE REFUNDING BONDS**  
**SERIES 2018**

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold-The- Offering- Price Rule</u>
20__	\$	%	%	%			

20\_\_<sup>(T)</sup>

<sup>(T)</sup> Term Bond.

<sup>(C)</sup> Priced to optional call at [par] on September 1, 20[\_\_\_].

<sup>(I)</sup> Insured Bond.

\* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

**S[PAR2]  
CITY OF WINTERS  
(YOLO COUNTY, CALIFORNIA)  
SEWER REVENUE REFUNDING BONDS  
SERIES 2018**

Maturity (September1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The- Offering- Price Rule
20__	\$	%	%	%			

20\_\_<sup>(T)</sup>

<sup>(T)</sup> Term Bond.

<sup>(C)</sup> Priced to optional call at [par] on September 1, 20[\_\_\_].

<sup>(I)</sup> Insured Bond.

\* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

**EXHIBIT B**

**[\$[PAR1]  
CITY OF WINTERS  
(YOLO COUNTY, CALIFORNIA)  
WATER REVENUE REFUNDING BONDS  
SERIES 2018**

**FORM OF CERTIFICATE**

This certificate is being delivered by Piper Jaffray & Co. (the “Underwriter”) in connection with the issuance of the \$[PAR1] City of Winters (Yolo County, California) Water Revenue Refunding Bonds, Series 2018 (the “Bonds”). The Underwriter hereby makes the representations, and provides the certifications, contained in this certificate based on the information available to it concerning the Bonds to the City of Winters (the “City”) and to Richards, Watson & Gershon, A Professional Corporation, Bond Counsel to the City (“Bond Counsel”), as follows:

**1. Certain Defined Terms.**

(a) Capitalized terms used in this certificate, unless otherwise defined herein, shall have the meaning(s) given to such terms in the Tax Certificate provided in connection with the execution and delivery of the Bonds.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**2. Bond Purchase Agreement.** On \_\_\_\_\_, 2018 (the “Sale Date”), the Underwriter and the City executed a Bond Purchase Agreement (the “Purchase Agreement”) in connection with the sale of the Bonds. The Underwriter has not modified the Purchase Agreement since its execution on the Sale Date.

**3. Price.** As of the date of this Certificate, for each Maturity of the Bonds, the first price or prices at which at least 10% of each such Maturity of the Bonds was sold to the Public (the “10% Test”) are the respective prices listed in Attachment A attached hereto.

4. **Issue Price.** The aggregate of the sale prices of the Bonds is \$ \_\_\_\_\_ (the "Issue Price").

5. **Reserve Requirement.** Based upon the Underwriter's experience in marketing and maintaining a market for obligations having terms and credit arrangements similar to those underlying the Bonds, the Reserve Requirement contemplated under the Indenture, was a vital factor in the marketing of the Bonds, facilitated the marketing of the Bonds at an interest rate comparable to that of bonds and other obligations of a similar type and is not in excess of the amount necessary for such purpose.

6. **Credit Enhancement.**

(i) The present value of the amounts paid to obtain the Bond Insurance is less than the present value of the interest reasonably expected to be saved on the Bonds as a result of having the Bond Insurance, using the Yield on the Bonds (calculated taking into account the cost of the Bond Insurance) as the discount factor for this purpose.

(ii) To the best of the Underwriter's knowledge, the amount paid to \_\_\_\_\_ (the "Bond Insurer"), from the proceeds of the Bonds for the Bond Insurance [and the Reserve Policy] is within a reasonable range of premiums charged for comparable credit enhancement for obligations comparable to the obligations evidenced and represented by the Bonds.

(iii) The fees paid and to be paid to obtain the Bond Insurance [and the Reserve Policy] were determined in arm's-length negotiations and were required as a condition to the issuance by the Bond Insurer of the Bond Insurance [and the Reserve Policy].

(iv) To the best of the Underwriter's knowledge, the fees paid and to be paid for the Bond Insurance [and the Reserve Policy] represent a commercially reasonable charge for the transfer of credit risk. The Underwriter reasonably expects that the present value of the premium for the Reserve Policy is less than the present value of the interest to be saved on the Bonds as a result of the Reserve Policy.

7. **Yield.**

(i) The Yield on the Bonds is \_\_\_\_\_ percent, being the discount rate that, when used in computing the present worth of all payments of principal and interest to be paid on the Bonds, computed on the basis of a 360-day year and semi-annual compounding, produces an amount equal to the Issue Price as stated above, less the premium for the Bond Insurance and the Reserve Policy, which are Qualified Guarantees [, and also computed with the adjustment stated in paragraph 7(ii) below].

(ii) The Bonds maturing in the years \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (collectively, the "Specified Bonds") are the only Bonds that are subject to optional redemption prior to maturity and have an Initial Offering Price that exceeds their stated redemption price at maturity by more than one fourth of one percent multiplied by the product of their stated redemption price at maturity and the number of complete years to their first optional redemption date. Accordingly, in computing the Yield on the Bonds stated in paragraph 7(i) above, such Specified Bonds are treated as retired on

their optional redemption date or at maturity to result in the lowest Yield on the respective Maturity of the Bonds.][*To be revised, as applicable, if there are discount bonds.*]

**8. Weighted Average Maturity.**

(i) The "Weighted Average Maturity" of the Bonds is calculated as the sum of the products of the Sale Price or the Initial Offering Price, as applicable, of each Maturity of the Bonds and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the Issue Price of the Bonds. Calculated in this manner, the Weighted Average Maturity of the Bonds is \_\_\_\_\_ years.

(ii) The remaining Weighted Average Maturity of the 2007 Water Bonds being refunded by Bonds is \_\_\_\_\_ years.

**9. Use of Certificate.** The representations set forth in this Certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Certificate of the City dated \_\_\_\_\_, 2018, and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that Bond Counsel may give to the City from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2018

**PIPER JAFFRAY & CO.**

By: \_\_\_\_\_  
Managing Director

§[PAR2]  
CITY OF WINTERS  
(YOLO COUNTY, CALIFORNIA)  
SEWER REVENUE REFUNDING BONDS  
SERIES 2018

**FORM OF CERTIFICATE**

This certificate is being delivered by Piper Jaffray & Co. (the “Underwriter”) in connection with the issuance of the §[PAR2] City of Winters (Yolo County, California) Sewer Revenue Refunding Bonds, Series 2018 (the “Bonds”). The Underwriter hereby makes the representations, and provides the certifications, contained in this certificate based on the information available to it concerning the Bonds to the City of Winters (the “City”) and to Richards, Watson & Gershon, A Professional Corporation, Bond Counsel to the City (“Bond Counsel”), as follows:

**1. Certain Defined Terms.**

(a) Capitalized terms used in this certificate, unless otherwise defined herein, shall have the meaning(s) given to such terms in the Tax Certificate provided in connection with the execution and delivery of the Bonds.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**2. Bond Purchase Agreement.** On \_\_\_\_\_, 2018 (the “Sale Date”), the Underwriter and the City executed a Bond Purchase Agreement (the “Purchase Agreement”) in connection with the sale of the Bonds. The Underwriter has not modified the Purchase Agreement since its execution on the Sale Date.

**3. Price.** As of the date of this Certificate, for each Maturity of the Bonds, the first price or prices at which at least 10% of each such Maturity of the Bonds was sold to the Public (the “10% Test”) are the respective prices listed in Attachment A attached hereto.

**4. Issue Price.** The aggregate of the sale prices of the Bonds is \$\_\_\_\_\_ (the “Issue Price”).

**5. Reserve Requirement.** Based upon the Underwriter's experience in marketing and maintaining a market for obligations having terms and credit arrangements similar to those underlying the Bonds, the Reserve Requirement contemplated under the Indenture, was a vital factor in the marketing of the Bonds, facilitated the marketing of the Bonds at an interest rate comparable to that of bonds and other obligations of a similar type and is not in excess of the amount necessary for such purpose.

**6. Credit Enhancement.**

(i) The present value of the amounts paid to obtain the Bond Insurance is less than the present value of the interest reasonably expected to be saved on the Bonds as a result of having the Bond Insurance, using the Yield on the Bonds (calculated taking into account the cost of the Bond Insurance) as the discount factor for this purpose.

(ii) To the best of the Underwriter's knowledge, the amount paid to \_\_\_\_\_ (the "Bond Insurer"), from the proceeds of the Bonds for the Bond Insurance [and the Reserve Policy] is within a reasonable range of premiums charged for comparable credit enhancement for obligations comparable to the obligations evidenced and represented by the Bonds.

(iii) The fees paid and to be paid to obtain the Bond Insurance [and the Reserve Policy] were determined in arm's-length negotiations and were required as a condition to the issuance by the Bond Insurer of the Bond Insurance [and the Reserve Policy].

(iv) To the best of the Underwriter's knowledge, the fees paid and to be paid for the Bond Insurance [and the Reserve Policy] represent a commercially reasonable charge for the transfer of credit risk. The Underwriter reasonably expects that the present value of the premium for the Reserve Policy is less than the present value of the interest to be saved on the Bonds as a result of the Reserve Policy.

**7. Yield.**

(i) The Yield on the Bonds is \_\_\_\_\_ percent, being the discount rate that, when used in computing the present worth of all payments of principal and interest to be paid on the Bonds, computed on the basis of a 360-day year and semi-annual compounding, produces an amount equal to the Issue Price as stated above, less the premium for the Bond Insurance and the Reserve Policy, which are Qualified Guarantees [, and also computed with the adjustment stated in paragraph 7(ii) below].

(ii) The Bonds maturing in the years \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (collectively, the "Specified Bonds") are the only Bonds that are subject to optional redemption prior to maturity and have an Initial Offering Price that exceeds their stated redemption price at maturity by more than one fourth of one percent multiplied by the product of their stated redemption price at maturity and the number of complete years to their first optional redemption date. Accordingly, in computing the Yield on the Bonds stated in paragraph 7(i) above, such Specified Bonds are treated as retired on their optional redemption date or at maturity to result in the lowest Yield on the respective Maturity of the Bonds.][*To be revised, as applicable, if there are discount bonds.*]

**8. Weighted Average Maturity.**

(i) The "Weighted Average Maturity" of the Bonds is calculated as the sum of the products of the Sale Price or the Initial Offering Price, as applicable, of each Maturity of the Bonds and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the Issue Price of the Bonds. Calculated in this manner, the Weighted Average Maturity of the Bonds is \_\_\_\_\_ years.

(ii) The remaining Weighted Average Maturity of the 2007 Sewer Bonds being refunded by Bonds is \_\_\_\_\_ years.

**9. Use of Certificate.** The representations set forth in this Certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Certificate of the City dated \_\_\_\_\_, 2018, and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes; the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that Bond Counsel may give to the City from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2018

PIPER JAFFRAY & CO.

By: \_\_\_\_\_  
Managing Director

NEW ISSUE – BOOK ENTRY ONLY

2018 Water Bonds Rating: S&P: “\_\_\_”  
 2018 Sewer Bonds Rating: S&P: “\_\_\_”  
 See “CONCLUDING MATTERS – 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; however, interest on the 2018 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax (applicable only to tax years beginning before January 1, 2018), and (ii) interest on the 2018 Bonds is exempt from State of California personal income taxes. Interest on the 2018 Bonds may be subject to certain federal income taxes imposed only on certain corporations. Bond Counsel expresses no opinion as to any other tax consequences regarding the 2018 Bonds. For a more complete discussion of the tax aspects, see “CONCLUDING INFORMATION – Tax Matters.”*

CITY OF WINTERS  
 (YOLO COUNTY, CALIFORNIA)

\$ \_\_\_\_\_ \*  
 WATER REVENUE REFUNDING BONDS  
 SERIES 2018

\$ \_\_\_\_\_ \*  
 SEWER REVENUE REFUNDING BONDS  
 SERIES 2018

Dated: Date of Delivery

Due: September 1, as shown on the inside front cover

The City of Winters, California (the “City”) will issue: (i) its Water Revenue Refunding Bonds, Series 2018 (the “2018 Water Bonds”) pursuant to an Indenture, dated as of [September] 1, 2018 (the “Water Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), for the purpose of refunding bonds issued in 2007 (the “2007 Water Bonds”) to finance improvements of the City’s waterworks system (the “Water System”); and (ii) its Sewer Revenue Bonds, Series 2018 (the “2018 Sewer Bonds” and, together with the 2018 Water Bonds, the “2018 Bonds”) pursuant to an Indenture, dated as of [September] 1, 2018 (the “Sewer Indenture” and, together with the Water Indenture, the “Indentures,” with each an “Indenture”), by and between the City and the Trustee, for the purpose of refunding bonds issued in 2007 (the “2007 Sewer Bonds”) to finance improvements of the City’s wastewater and sewer system (the “Sewer System” and, together with the Water System, the “Enterprises,” each an “Enterprise”). Proceeds from the sale of each series of 2018 Bonds will be used to: (i) effect a refunding of all of the outstanding 2007 Water Bonds or the 2007 Sewer Bonds, as applicable, (ii) [fund a deposit into][purchase a debt service reserve insurance policy to be credited to] a debt service reserve fund established under the related Indenture, and (iii) pay other costs of issuance for such series of 2018 Bonds.

Each series of 2018 Bonds, when issued, will be secured by a pledge of and payable from “Net Revenues” (consisting of certain revenues less operation and maintenance costs) of the related Enterprise, as more fully described in this Official Statement. **The two series of 2018 Bonds will be issued under different indentures and secured by separate and distinct sources of revenues. The two series of 2018 Bonds are not cross-collateralized in any manner.** Under each Indenture, the City will covenant to not incur any additional obligation senior to the 2018 Bonds with respect to the pledge of the Net Revenues. Upon satisfaction of the conditions set forth in the Indenture, the City may incur additional obligations secured by a pledge of Net Revenues on parity with the 2018 Bonds.

The 2018 Bonds will be subject to optional redemption and mandatory sinking fund redemption prior to maturity as described in this Official Statement.\*

The 2018 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 2018 Bonds. Individual purchases of the 2018 Bonds of each series 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 2018 Bonds purchased. Principal of and interest on the 2018 Bonds will be paid directly to DTC by the Trustee. Principal of the 2018 Bonds will be payable on the dates set forth on the inside cover of this Official Statement. Interest on the 2018 Bonds will be payable on September 1 and March 1 of each year, commencing [March 1, 2019]. 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 2018 Bonds.

The scheduled payment of principal of and interest on the 2018 Bonds of each series when due, will be guaranteed under a [municipal] bond insurance policy to be issued concurrently with the delivery of the 2018 Bonds by \_\_\_\_\_.

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.

Preliminary; subject to change.

[BOND INSURER]

THE 2018 BONDS OF EACH SERIES WILL BE SPECIAL OBLIGATIONS OF THE CITY LIMITED SOLELY TO NET REVENUES OF THE APPLICABLE ENTERPRISE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE RELATED INDENTURE. NO OTHER FUNDS OR PROPERTY OF THE CITY WILL BE LIABLE FOR THE PAYMENT OF THE 2018 BONDS. NEITHER THE TRUSTEE NOR THE OWNER OF ANY 2018 BOND WILL HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE TAXING POWER OF THE CITY OR THE FORFEITURE OF ANY PROPERTY OF THE CITY, INCLUDING ANY PORTION OF EITHER ENTERPRISE, FOR THE MAKING OF ANY PAYMENTS PURSUANT TO THE 2018 BONDS OR THE INDENTURES. THE 2018 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, YOLO COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION.

*See the section of this Official Statement entitled "BONDOWNERS' RISKS" for a discussion of certain of the risk factors that should be considered, in addition to other matters set forth in the Official Statement, in evaluating the investment quality of the 2018 Bonds. This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.*

[PIPER JAFFRAY]

The 2018 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the City by Best Best & Krieger LLP, Sacramento, California, as City Attorney and by Richards, Watson & Gershon, as Disclosure Counsel, and for the Underwriter by its counsel, Kutak Rock LLP, Irvine California. It is anticipated that the 2018 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about \_\_\_\_\_, 2018.

Dated: \_\_\_\_\_, 2018

**MATURITY SCHEDULE**

\$ \_\_\_\_\_ \*  
**CITY OF WINTERS**  
**WATER REVENUE BONDS, SERIES 2018**

\$ \_\_\_\_\_ Serial Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u> <u>(Base: _____)</u>
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\$ \_\_\_\_\_ % Term Bond due September 1, 20\_\_\_\_, Yield \_\_\_\_\_%, Price: \_\_\_\_\_; CUSIP†: \_\_\_\_\_  
 \$ \_\_\_\_\_ % Term Bond due September 1, 20\_\_\_\_, Yield \_\_\_\_\_%, Price: \_\_\_\_\_; CUSIP†: \_\_\_\_\_

\$ \_\_\_\_\_ \*  
**CITY OF WINTERS**  
**SEWER REVENUE BONDS, SERIES 2018**

\$ \_\_\_\_\_ Serial Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u> <u>(Base: _____)</u>
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\$ \_\_\_\_\_ % Term Bond due September 1, 20\_\_\_\_, Yield \_\_\_\_\_%, Price: \_\_\_\_\_; CUSIP†: \_\_\_\_\_  
 \$ \_\_\_\_\_ % Term Bond due September 1, 20\_\_\_\_, Yield \_\_\_\_\_%, Price: \_\_\_\_\_; CUSIP†: \_\_\_\_\_

† 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 alphanumeric designations ("CUSIP Numbers") are assigned by an independent company not affiliated with the City or the Underwriter. CUSIP © 2018 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 City nor the Underwriter take any responsibility for the accuracy of such numbers. The CUSIP Number for any particular maturity is subject to change after delivery of the 2018 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors applicable to all or a portion of the 2018 Bonds.

\* Preliminary; subject to change.

**CITY OF WINTERS**

Yolo County, California

**CITY COUNCIL**

Bill Biasi, *Mayor*

Wade Cowan, *Mayor Pro-Tempore*

Harold Anderson, *Council Member*

Jesse Loren, *Council Member*

Pierre Neu, *Council Member*

**CITY STAFF**

John W. Donlevy, Jr., *City Manager*

Shelly Gunby, *Treasurer/Director of Financial Management*

Carol Scianna, *Environmental Services Manager*

Eric Lucero, *Public Works Operations Manager*

Tracy Jensen, *City Clerk*

Ethan Walsh (Best Best & Krieger LLP), *City Attorney*

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**SPECIAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Richards, Watson & Gershon, A Professional Corporation

Los Angeles, California

**Municipal Advisor**

NHA Advisors, LLC

San Rafael, California

**Trustee**

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

Los Angeles, California

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the offer and sale of the 2018 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 2018 Bonds.

**Estimates and Forecasts.** Certain statements included or incorporated by reference in this Official Statement and in any continuing disclosure by the City, any press release and in any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced herein, constitute “forward-looking statements.” Certain statements included or incorporated by reference 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 “WATER SYSTEM,” “SEWER SYSTEM” and “FINANCIAL INFORMATION OF THE ENTERPRISES.” 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 City has undertaken to provide certain on-going financial and other data pursuant to a continuing disclosure certificate (see “CONCLUDING MATTERS – Continuing Disclosure” and APPENDIX E), the City 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. Piper Jaffray & Co. (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 City 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 City 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 and neither delivery of this Official Statement nor any sale made of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City 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, respectively, and do not purport to be complete statements of any or all of such provisions.

**Stabilization of Prices.** In connection with this offering, the Underwriter may 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) is incorporated by reference. The City makes no representation regarding the accuracy or completeness of information presented on such websites.

THE 2018 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.

[insert map]

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**CITY OF WINTERS**

\$ \_\_\_\_\_ \*  
**WATER REVENUE  
REFUNDING BONDS  
SERIES 2018**

\$ \_\_\_\_\_ \*  
**SEWER REVENUE  
REFUNDING BONDS  
SERIES 2018**

**INTRODUCTION**

*This Introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the documents referred to for more complete information with respect to matters concerning the 2018 Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used but not defined in the forepart of this Official Statement have the meanings set forth in the Indenture. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE."*

**General**

This Official Statement, including the cover page, the inside front cover and appendices, is provided to furnish information in connection with the sale by the City of Winters, California (the "City") of its Water Revenue Refunding Bonds, Series 2018 (the "2018 Water Bonds"), in the aggregate principal amount of \$ \_\_\_\_\_ \* and Sewer Revenue Refunding Bonds, Series 2018 (the "2018 Sewer Bonds" and, together with the 2018 Water Bonds, the "2018 Bonds"), in the aggregate principal amount of \$ \_\_\_\_\_ \*. Each series of 2018 Bonds will be issued pursuant to an Indenture, dated as of [September] 1, 2018 (respectively, the "Water Indenture" and the "Sewer Indenture" and, together the "Indentures," each an "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A. (the "Trustee").

The 2018 Water Bonds will be issued to refund bonds in 2007 (the "2007 Water Bonds") issued by the Winters Public Finance Authority (the "Authority") to finance improvements of the City's waterworks system (the "Water System"). Proceeds from the sale of the 2018 Water Bonds will be used to: (i) effect a refunding of all of the outstanding 2007 Water Bonds, (ii) [fund a deposit into][purchase a debt service reserve insurance policy to be credited to] a debt service reserve fund established under the Water Indenture, and (iii) pay other costs of issuance for such series of 2018 Bonds a debt service reserve fund to be established under the Water Indenture], and (iii) pay other costs of issuance for the 2018 Water Bonds.

The 2018 Sewer Bonds will be issued to refund bonds in 2007 (the "2007 Sewer Bonds" and, together with the 2007 Water Bonds, the "2007 Bonds") issued by the Authority to finance improvements of the City's wastewater and sewer system (the "Sewer System" and, together with the Water System, the "Enterprises," each an "Enterprise"). Proceeds from the sale of the 2018 Sewer Bonds will be used to: (i) effect a refunding of all of the outstanding 2007 Sewer Bonds, (ii) [fund a deposit into][purchase a debt service reserve insurance policy to be credited to] a debt service reserve fund established under the Sewer Indenture, and (iii) pay other costs of issuance for the 2018 Sewer Bonds.

Interest on the 2018 Bonds will be payable semiannually on September 1 and March 1 of each year, commencing [March 1, 2019]. The 2018 Bonds will mature in the amounts and on the dates and bear interest at the rates shown on the inside front cover of this Official Statement.

The 2018 Bonds of each series will be initially delivered as one fully registered certificate for each maturity (unless there are different interest rates within such maturity, then one certificate for each interest rate within such maturity) and, 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 2018 Bonds and all payments due on the 2018 Bonds will be made to Cede & Co. Ownership interests in the Bonds may be purchased only in book-entry form. So long as the 2018 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 2018 Bonds shall mean Cede & Co. or such other nominee of DTC, and shall not mean the beneficial owners of the 2018 Bonds. See “2018 BONDS – Book-Entry Only System” and “APPENDIX F – DTC’S BOOK-ENTRY ONLY SYSTEM.”

### **Bond Insurance Policy**

The scheduled payment of principal of and interest on the 2018 Bonds of each series, when due, will be guaranteed under a bond insurance (each a “Bond Insurance Policy”) to be issued concurrently with the delivery of the 2018 Bonds by \_\_\_\_\_ (the “Bond Insurer”). See “BOND INSURANCE” and “APPENDIX G – SPECIMEN BOND INSURANCE POLICY.”

### **City**

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 State Department of Finance, the City’s population was 7,292, as of January 1, 2018. 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 – SUPPLEMENTAL INFORMATION ABOUT CITY OF WINTERS.”

### **Water System and Sewer System**

Through the Water System and the Sewer System, the City provides potable water service and wastewater collection and treatment services to its residential, commercial, industrial and other customers. The water and sewer service area (the “Service Area”) covers approximately 2.516 square miles and includes all of the territory within the City limits and a portion of adjacent unincorporated county area. In addition, with respect to the Sewer System only, the City has entered into a contract with the County to convey and treat wastewater from El

Rio Villa, a small subdivision located east of the City. Within the City limits, the Enterprises serve a population of approximately 7,000 people.

The City's main source of water supply is groundwater. The Water System includes approximately 21 miles of pressurized pipes, five wells and two non-operational storage tanks.

Facilities of the Sewer System include a wastewater treatment facility, approximately 136,620 linear feet of sewer lines, three lift stations, a pump station within the City's limit, and an additional pump station that is owned by the Yolo County Housing Authority and maintained by the City through an maintenance and use agreement.

In this Official Statement, the Water System and the Sewer System are referred to together as the "Enterprises," each an "Enterprise."

See "GENERAL INFORMATION ABOUT THE ENTERPRISES," "WATER SYSTEM," "THE SEWER SYSTEM" AND "FINANCIAL INFORMATION OF THE ENTERPRISES" for more information about the Enterprises.

### **Security for 2018 Bonds**

The 2018 Bonds of each series, when issued, will be secured by a pledge of and payable from Net Revenues and certain funds and accounts held under the related Indenture. "Net Revenues" will consist of certain gross revenues less operation and maintenance costs of the related Enterprise. Under each Indenture, the City will covenant to not incur any additional obligation senior to the 2018 Bonds issued under such Indenture with respect to the pledge of the Net Revenues. Upon satisfaction of the conditions set forth in the Indenture, the City may incur additional obligations secured by a pledge of Net Revenues on parity with the related 2018 Bonds ("Additional Parity Obligations" and together with the related 2018 Bonds, the "Parity Obligations").

Under the Water Indenture, the City will covenant that, while the 2018 Water Bonds remain Outstanding, the City will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each fiscal year, so that Net Revenues will be equal to at least [120] percent of the aggregate amount payable by the City during such Fiscal Year with respect to the 2018 Water Bonds and any Additional Parity Obligations secured by the Net Revenues of the Water System.

Under the Sewer Indenture, the City will covenant that, while the 2018 Sewer Bonds remain Outstanding, the City will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Sewer System during each fiscal year, so that Net Revenues will be equal to at least [120] percent of the aggregate amount payable by the City during such Fiscal Year with respect to the 2018 Sewer Bonds and any Additional Parity Obligations secured by the Net Revenues of the Sewer System.

The Trustee will maintain a debt service reserve fund (the "Reserve Fund") under each Indenture. Upon issuance of the 2018 Bonds, the Reserve Requirement (defined below, see "SECURITY FOR 2018 BONDS – Reserve Fund") for the 2018 Water Bonds will be \$\_\_\_\_\_, and the Reserve Requirement for the 2018 Sewer Bonds will be \$\_\_\_\_\_. A portion of the

proceeds from the sale of each series of 2018 Bonds will be [deposited into the related Reserve Fund to satisfy the initial Reserve Requirement][used to purchase a debt service reserve insurance policy, in the face amount equal to the applicable Reserve Requirement, to be credited to the related Reserve Fund.]

**The two series of 2018 Bonds will be issued under different Indentures and secured by separate and distinct sources of revenues. The two series of 2018 Bonds are not cross-collateralized in any manner.**

*The 2018 Bonds of each series will be special obligations of the City limited solely to Net Revenues of the applicable Enterprise and certain funds and accounts established under the related Indenture. No other funds or property of the City will be liable for the payment of the 2018 Bonds. Neither the Trustee nor the owner of any 2018 Bond will have the right to require or compel the exercise of the taxing power of the City or the forfeiture of any property of the City, including any portion of either the Water System or Sewer System, for the making of any payments pursuant to the 2018 Bonds or the Indentures.*

See “SECURITY FOR 2018 BONDS” and “BONDOWNERS’ RISKS.”

### **Continuing Disclosure**

In connection with the sale of the 2018 Bonds, the City will execute a Continuing Disclosure Certificate, covenanting to prepare and deliver an annual report and certain other information to the Municipal Securities Rulemaking Board (“MSRB”), via its Electronic Municipal Market Access (“EMMA”) system. See “CONCLUDING MATTERS – Continuing Disclosure” and “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

### **Other Information**

This Official Statement contains brief descriptions of the 2018 Bonds, the Indentures, various other documents and legislation. The descriptions and summaries do not purport to be comprehensive or definitive, and reference is made to each such document or law for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and legislation and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors’ rights generally. Capitalized terms with respect to the 2018 Bonds that are used but not defined herein shall have the meanings set forth in the Indenture. Copies of the Indentures are available for inspection during business hours at the corporate trust office of the Trustee.

This Official Statement speaks only as of its date as set forth on the cover, and the information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made with respect to the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the City 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 the City’s website) is incorporated by reference. The City makes no representation to potential

investors of the Bonds regarding the accuracy or completeness of the information presented on such websites.

## PLAN OF REFUNDING

### Refunding of 2007 Bonds

2007 Water Bonds. The Authority issued the 2007 Water Bonds pursuant to a Trust Agreement, dated as of September 1, 2007 (the “2007 Water Trust Agreement”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (formerly, The Bank of New York Trust Company, N.A.), as the trustee (the “2007 Trustee”). In connection with the 2007 Water Bonds, the City and the Authority entered into an Installment Sale Agreement, dated as of September 1, 2007 (the “2007 Water ISA”), pursuant to which the City makes Installment Payments (as defined in the 2007 Water ISA) from revenues of the Water System. Money derived from the Installment Payments are used to pay principal and interest due on the 2007 Water Bonds. Subject to the terms of the 2007 Water Trust Agreement and the 2007 Water ISA, the City may prepay the Installment Payments, to effect a corresponding optional redemption of the 2007 Water Bonds.

2007 Sewer Bonds. The Authority issued the 2007 Sewer Bonds pursuant to a Trust Agreement, dated as of September 1, 2007 (the “2007 Sewer Trust Agreement”), by and between the Authority and the 2007 Trustee. In connection with the 2007 Sewer Bonds, the City and the Authority entered into an Installment Sale Agreement, dated as of September 1, 2007 (the “2007 Sewer ISA”), pursuant to which the City makes Installment Payments (as defined in the 2007 Sewer ISA) from revenues of the Sewer System. Money derived from the Installment Payments are used to pay principal and interest due on the 2007 Sewer Bonds. Subject to the terms of the 2007 Sewer Trust Agreement and the 2007 Sewer ISA, the City may prepay the Installment Payments, to effect a corresponding optional redemption of the 2007 Sewer Bonds.

2018 Refunding. Concurrently with the issuance of the 2018 Bonds, the City and the Authority will provide Irrevocable Refunding Instructions (the “Refunding Instructions”) to the 2007 Trustee, to effect the refunding of the 2007 Bonds. All of the outstanding 2007 Water Bonds, in the principal amount of \$\_\_\_\_\_, and all the outstanding 2007 Sewer Bonds, in the principal amount of \$\_\_\_\_\_, will be redeemed on or about \_\_\_\_\_ (the “Redemption Date”).

The City will cause a portion of the proceeds from the sale of the 2018 Water Bonds to be deposited into a “Redemption Fund” (the “2018 Water Redemption Fund”). Certain other moneys from funds related the 2007 Water Bonds will also be released into the 2007 Water Redemption Fund. See “Sources and Uses of Funds” below. The sum so deposited into the 2007 Water Redemption Fund will be sufficient to pay the redemption price of the 2007 Water Bonds, plus unpaid accrued interest thereon, on the Redemption Date. Moneys in the 2018 Water Redemption Fund will be held solely for the benefit of the holders of the refunded 2007 Water Bonds and will not serve as security nor be available for payment on any of the 2018 Bonds.

The City will cause a portion of the proceeds from the sale of the 2018 Sewer Bonds to be deposited into a "Redemption Fund" (the "2018 Sewer Redemption Fund"). Certain other moneys from funds related the 2007 Sewer Bonds will also be released into the 2007 Sewer Redemption Fund. See "Sources and Uses of Funds" below. The sum so deposited into the 2007 Sewer Redemption Fund will be sufficient to pay the redemption price of the 2007 Sewer Bonds, plus unpaid accrued interest thereon, the Redemption Date. Moneys in the 2018 Sewer Redemption Fund will be held solely for the benefit of the holders of the refunded 2007 Sewer Bonds and will not serve as security nor be available for payment on any of the 2018 Bonds.

**Sources and Uses of Funds**

The following table provides a summary of the anticipated sources and uses of the proceeds of the 2018 Bonds and certain moneys to be released from funds and accounts related to the 2007 Water Bonds and the 2007 Sewer Bonds:

	<u>2018 Water Bonds</u>	<u>2018 Sewer Bonds</u>
<b><u>Sources:</u></b>		
Principal amount	*	*
[Plus/Less]: Net original issue [premium/discount]		
Less: Underwriter's discount		
Release from funds related to 2007 Water Bonds		
Release from funds related to 2007 Sewer Bonds		
<b>Total Sources</b>	_____	_____
	=====	=====
<b><u>Uses:</u></b>		
Escrow Fund for 2007 Water Bonds		
Escrow Fund for 2007 Sewer Bonds		
[Reserve Fund]		
Costs of Issuance <sup>(1)</sup>		
<b>Total Uses</b>	_____	_____
	=====	=====

<sup>(1)</sup> To pay fees and expenses of Bond Counsel and Disclosure Counsel, Trustee, Municipal Advisor [, rating fees, bond insurance premium, debt service reserve insurance policy premium], costs of posting and printing this Official Statement, and other costs of issuance.

\* Preliminary; subject to change.

## 2018 BONDS

### General Description

The 2018 Bonds of each series will be issued in fully registered form, and will bear interest at the rates, and mature on September 1 in the years and in the amounts all as set forth on the inside front cover of this Official Statement. The 2018 Bonds will be issued in integral multiples of \$5,000 and will be dated their date of delivery.

Interest on the 2018 Bonds will be payable semiannually on September 1 and March 1 of each year, commencing [March 1, 2019] (each, an "Interest Payment Date"), and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2018 Bond will accrue interest from the Interest Payment Date next preceding the date of authentication of such 2018 Bond, unless: (i) the 2018 Bond is authenticated on or before an Interest Payment Date but after the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date (a "Record Date") and, in which event it will bear interest from such Interest Payment Date; (ii) the 2018 Bond is authenticated on or before [February 15, 2019], in which event it will bear interest from the date of delivery; provided, however, that if, at the time of authentication of a 2018 Bond of a series, interest is in default on the Outstanding Bonds of series, the Trustee will establish a special record date for payment of the interest in default and interest on such 2018 Bond will accrue from the date to which interest has previously been paid in full or made available for payment on such 2018 Bond.

The 2018 Bonds of each series will be initially delivered as one fully registered certificate for each maturity (unless the 2018 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 2018 Bonds are held in DTC's book-entry only system, all such payments will be made to Cede & Co., as the registered owner of the 2018 Bonds. See "Book-Entry Only System" below.

### Redemption

#### Optional Redemption.

The 2018 Water Bonds maturing on or before September 1, 202\_ will not be subject to optional redemption prior to their stated maturities. The 2018 Water Bonds maturing on or after September 1, 202\_ will be subject to redemption at the option of the City, as a whole or in part, among maturities on such basis as the City may designate and by lot within a maturity, in the principal amount of \$5,000 or integral multiples thereof, on any date on or after September 1, 20\_\_\_, from funds derived by the City from any source, at the redemption price set forth below (expressed as a percentage of the principal amount of 2018 Water Bonds called for redemption), plus accrued interest thereon to the redemption date:

<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	

The 2018 Sewer Bonds maturing on or before September 1, 202\_\_ will not be subject to optional redemption prior to their stated maturities. The 2018 Sewer Bonds maturing on or after September 1, 202\_\_ will be subject to redemption at the option of the City, as a whole or in part, among maturities on such basis as the City may designate and by lot within a maturity, in the principal amount of \$5,000 or integral multiples thereof, on any date on or after September 1, 20\_\_, from funds derived by the City from any source, at the redemption price set forth below (expressed as a percentage of the principal amount of 2018 Sewer Bonds called for redemption), plus accrued interest thereon to the redemption date:

<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 2018 Water Bonds maturing on September 1, 20\_\_ and September 1, 20\_\_ (the "2018 Water Term Bonds") will be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount and interest accrued thereon to the date of redemption, without premium, according to the following schedules; provided, however, if some but not all of the 2018 Water Term Bonds of a maturity have been optionally redeemed, each future Sinking Account Installment will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total dollar amount of Sinking Account Installments to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the 2018 Water Term Bonds redeemed pursuant to the optional redemption.

2018 Water Term Bonds Maturing on September 1, 20\_\_

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount</u>

.†

† maturity.

2018 Water Term Bonds Maturing on September 1, 20\_\_

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount</u>
--	-------------------------

†

† maturity.

The 2018 Sewer Bonds maturing on September 1, 20\_\_ and September 1, 20\_\_ (the “2018 Sewer Term Bonds”) will be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount and interest accrued thereon to the date of redemption, without premium, according to the following schedules; provided, however, if some but not all of the 2018 Sewer Term Bonds of a maturity have been optionally redeemed, each future Sinking Account Installment will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total dollar amount of Sinking Account Installments to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the 2018 Sewer Term Bonds redeemed pursuant to the optional redemption.

2018 Sewer Term Bonds Maturing on September 1, 20\_\_

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount</u>
--	-------------------------

†

† maturity.

2018 Sewer Term Bonds Maturing on September 1, 20

Redemption Date  
(September 1)

Principal Amount

† maturity.

In lieu of a mandatory Sinking Account redemption for the 2018 Bonds of a series, the City may direct the Trustee to apply amounts in the Sinking Account established under the related Indenture to purchase a portion of the 2018 Term Bonds of such series 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), except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to such Term Bonds; provided, however, no Term Bonds will be purchased by the Trustee with a settlement date more than 60 days prior to the date on which the City would otherwise redeem such Term Bonds pursuant to the applicable Indenture. The principal amount of any portion of the Term Bonds of a series so purchased by the Trustee will be credited towards and will reduce the Sinking Account Installment otherwise coming due with respect to such Term Bonds.

*Notice of Redemption.* The Trustee will send notices of not less than 30 nor more than 60 days prior to any redemption date, to the respective Owners of any 2018 Bonds designated for redemption at their addresses appearing on the Trustee's registration books and to the Securities Depositories and one or more (currently the Electronic Municipal Market Access System, a facility of the Municipal Securities Rulemaking Board). Neither the failure to receive any such notice nor any defect therein will affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date.

*Right to Rescission of Redemption.* The City may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. In addition, any notice of optional redemption of 2018 Bonds of a series will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2018 Bonds of such series then called for redemption, and such cancellation shall not constitute an Event of Default under the related Indenture. The City and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission. The Trustee will send notices of such rescission in the same manner as notices of redemption are sent.

*Selection of 2018 Bonds for Redemption.* Whenever provision is made for the redemption of less than all of the 2018 Bonds of a single maturity of a series, the Trustee will select the 2018 Bonds of that maturity and series to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each 2018 Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate 2018 Bond.

*Effect of Redemption.* From and after the date designated for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the 2018 Bonds so called for redemption will have been duly provided, such 2018 Bonds will cease to be entitled to any benefit under the applicable Indenture other than the right to receive payment of the redemption price, and no interest will accrue from and after the designated redemption date. All 2018 Bonds redeemed will be canceled by the Trustee. All moneys held by or on behalf of the Trustee for the payment of principal of or interest (or premium, if any) on 2018 Bonds of a series, whether at redemption or maturity, will be held in trust for the account of the Owners of such 2018 Bonds and the Trustee will not be required to pay Owners any interest on, or be liable to Owners for any interest earned on, moneys so held.

**Annual Debt Service**

The following table shows the annualized debt service on the 2018 Bonds, without regard to any optional redemption.

<b>Bond Year Ending September 1</b>	<b>2018 Water Bonds</b>			<b>2018 Sewer Bonds</b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						
2042						
2043						
2044						
2045						
2046						
2047						
2048						
<b>Total</b>						

## **BOND INSURANCE**

*The following information has been furnished by the Bond Insurer for use in this Official Statement. Such information has not been independently confirmed or verified by the City. The City makes no representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Reference is made to Appendix G for a specimen of each Bond Insurance Policy.*

*[to come]*

## SECURITY FOR 2018 BONDS

*The 2018 Bonds of each series will be special obligation of the City limited solely to the Net Revenues of the applicable Enterprise and certain funds and accounts held under the related Indenture. For the 2018 Bonds of each series, under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues of the applicable Enterprise and the funds and accounts specifically identified in the related Indenture for payments on such 2018 Bonds, nor will any other funds or property of the City be liable for such payments. Neither the Trustee nor the owner of any 2018 Bond shall have the right, directly or indirectly, to require or compel the exercise of the taxing power of the City or the forfeiture of any property of the City, including any portion of either Enterprise, for the making of any payments pursuant to the 2018 Bonds or the Indentures. The 2018 Bonds do not constitute an indebtedness of the City, the County, the State or any of its political subdivisions within the meaning of any Constitutional debt limitation.*

*Because the Indenture for the two series of 2018 Bonds contain similar provisions, an attempt has been made to be efficient when summarizing the provisions of these documents. However, the two series of 2018 Bonds are issued under separate Indentures secured by separate and distinct sources of revenues. The two series of 2018 Bonds are not cross-collateralized in any manner.*

### **Pledge of Net Revenues; Enterprise Revenue Fund**

Pursuant to each Indenture, the 2018 Bonds of each series will be secured by and payable from Net Revenues (see definition below) of the related Enterprise.

Certain Definitions. The terms “Gross Revenues,” “Operation and Maintenance Costs” and “Net Revenues” will be defined in the Indenture as follows. See “SUMMARY OF CERTAIN PROVISIONS OF INDENTURE.”

“Enterprise Revenue Fund” means: (i) in connection with the Water Indenture and the 2018 Water Bonds, the separate fund established and maintained by the City in which all Gross Revenues of the Water System are deposited; and (ii) in connection with the Sewer Indenture and the 2018 Sewer Bonds, the separate fund established and maintained by the City in which all Gross Revenues of the Sewer System are deposited.

“Gross Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Enterprise including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City from the furnishing and supplying of services and facilities through the Enterprise, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys to the extent that such earnings and income are available for use for the Enterprise pursuant to law, (iii) the proceeds derived by the City directly or indirectly from the sale, lease, or other disposition of a part of the Enterprise, and (iv) amounts released from the Rate Stabilization Fund pursuant to the Indenture; provided the term “Gross Revenues” shall not include any of the following: (A) customers’ deposits or any other deposits or advances subject to refund until those deposits or advances become the property

of the City, and (B) moneys that are derived from charges (including without limitation impact fees or special assessments) imposed for specified and restricted purposes (except to the extent that such charges are permitted to be used for the financing or payment of the capital improvements financed with the proceeds of the 2007 Bonds), as provided in a duly adopted resolution or ordinance, and that are accounted for by the City separate and apart from the Enterprise Revenue Fund, (C) grants or other moneys collected by the City from sources, which by the terms under which the City receives such money, restricts the use for specified and restricted purposes (except to the extent that the terms thereof permit the use of such money for the financing or payment of the capital improvements financed with the proceeds of the applicable 2007 Bonds) and (D) with respect to the Water System, charges collected by the City for water meter installation that are deposited by the City in funds separate and apart from the Enterprise Revenue Fund.

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the City, payable from Gross Revenues, for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including but not limited to: (i) all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Enterprise in good repair and working order, (ii) all administrative costs of the City that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Enterprise and insurance premiums, and (iii) all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof; but excluding in all cases, the following: (A) debt service payable on obligations (including bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease, as determined to be such in accordance with Generally Accepted Accounting Principles) incurred by the City with respect to the Enterprise, (B) depreciation, replacement and obsolescence charges or reserves therefor, (C) amortization of intangibles or other bookkeeping entries of a similar nature, and (D) costs of capital projects which under Generally Accepted Accounting Principles are chargeable to a separate capital account or to a reserve for depreciation.

“Net Revenues” means, for any period, an amount equal to: (i) all of the Gross Revenues received during such period, minus (ii) the amount required to pay all Operation and Maintenance Costs during such period.

Application of Gross Revenues. Under each Indenture, the City will covenant that all Gross Revenues (see definition above) of applicable Enterprise will be deposited by the City in the related Enterprise Revenue Fund, which has previously been established by the City.

Moneys in each Enterprise Revenue Fund will be applied, first, to pay Operation and Maintenance Costs of the related Enterprise as they become due and payable (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required).

Pursuant to each Indenture, no later than five Business Days before each Interest Payment Date, the City will withdraw from the applicable Enterprise Revenue Fund and transfer to the Trustee the amounts required by the Indenture to: (i) pay interest and principal (including

Sinking Installments) then coming due, and (ii) restore the balance of the Reserve Fund to the Reserve Requirement (see "Reserve Fund" below). In addition, the City will withdraw from the Enterprise Revenue Fund such amounts at such times as shall be required to pay: (i) the principal (including mandatory sinking fund payments) of and interest on any other Parity Obligations; (ii) all amounts necessary for deposit in the debt service reserve funds as required by Parity Obligation Agreements; (iii) all other amounts when and as due and payable under the Indenture; and (iv) all other amounts to otherwise comply with the Parity Obligation Agreements.

The City will covenant to manage, conserve and apply the Net Revenues on deposit in each Enterprise Revenue Fund in such a manner that all deposits described above will be made at the times and in the amounts so required. Subject to such covenant, so long as no Event of Default will have occurred and be continuing under the Indenture, the City may use and apply moneys in each Enterprise Revenue Fund: for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the costs for additional improvements, extensions, replacements and betterments to the related Enterprise, (iii) the optional redemption of the related series of 2018 Bonds or other optional prepayment of any Obligations of the City relating to such Enterprise, (iv) make deposits in the Rate Stabilization Fund, or (v) any other lawful purposes.

At any time there are insufficient Net Revenues of an Enterprise to make the required debt service payments due on the related series of 2018 Bonds and other Outstanding Parity Obligations of such Enterprise, the City will apply Net Revenues to the debt service payments due on such Outstanding 2018 Bonds and other Parity Obligations, on a *pro rata* basis (based on the respective amounts to be paid), without any discrimination on preferences and without regard to debt service reserves (whether funded in cash or supported by surety bonds or other similar funding instruments).

### **Rate Covenants**

The City will covenant under each Indenture that, to the extent permitted by law, the City will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the related Enterprise during each Fiscal Year, to yield Gross Revenues (after making allowances for contingencies and error in the estimates and taking into account transfers, if any, from the Rate Stabilization Fund) which are sufficient to pay the following amounts in the following order of priority:

- (i) All Operation and Maintenance Costs of such Enterprise estimated by the City to become due and payable in such Fiscal Year;
- (ii) The sum of the principal of and interest on then Outstanding 2018 Bonds of the related series and other Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority (except to the extent such principal and interest are payable from the proceeds of the Parity Obligations, or from any other source of legally available funds of the City which have been deposited with the Trustee or another fiduciary for the Parity Obligations for such purpose prior to the commencement of such Fiscal Year) (such sum being referred to as the "Fiscal Year Annual Debt Service Requirement");

- (iii) All amounts, if any, required to restore the balance in the Reserve Fund maintained under such Indenture to the Reserve Requirement and to replenish the debt service reserve funds relating to other Parity Obligations as required by Parity Obligation Agreements; and
- (iv) All other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from Gross Revenues during such Fiscal Year.

In addition, to the extent permitted by law, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, so that:

- (A) Net Revenues will be at least equal to 120 percent of the Fiscal Year Debt Service Requirement, and
- (B) To the extent that the calculation of Net Revenues for the preceding clause (i) includes any transfer from the Rate Stabilization to the Enterprise Revenue Fund, Net Revenues without the inclusion of any transfer from the Rate Stabilization will at least equal 100 percent of the Fiscal Year Debt Service Requirement. See "Rate Stabilization Fund" below.

See "CONSTITUTIONAL PROVISIONS AFFECTING WATER SYSTEM REVENUES AND EXPENDITURES – Proposition 218: Article XIIC and Article XIID" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Other Covenants of the City – Rates and Charges."

### **Debt Service Fund**

Under each Indenture, the Trustee will establish and maintain a Debt Service Fund. The Trustee will further establish an Interest Account, the Principal Account and the Sinking Account within the Debt Service Fund. Moneys transferred to the Trustee by the City for payment of interest, principal or Sinking Account payment with respect to the applicable series of 2018 Bonds will be deposited in the Interest Account, Principal Account or the Sinking Account, respectively; provided, the deposit in the Interest Account will have priority over the deposits into the Principal Account or the Sinking Account.

On each September 2, but only after making the interest and principal payments as required by an Indenture on the immediately preceding Interest Payment Date, the Trustee will determine the amount, if any, remaining in the Debt Service Fund maintained under such Indenture and apply the remaining amount in the following order and priority: (i) transfer such money to the Reserve Fund maintained under such Indenture, but solely to the extent necessary to restore the balance in the Reserve Fund to the Reserve Requirement; (ii) pay, or set an amount aside for the payment of, any rebate requirement in accordance with a computation made by the City pursuant to the Internal Revenue Code, if the Trustee has received a Request by the City to do so; and (iii) release to the City for use for any lawful purpose.

See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Pledge of Net Revenues; Administration of Funds and Accounts – *Debt Service Fund*.”

### **Reserve Fund**

The Trustee will establish and maintain a Reserve Fund under each Indenture. Except for release of excess as provided in the Indenture, all money in (or available to) the Reserve Fund will be used and withdrawn for the following purposes, in such order and priority: (i) make deposits in the Interest Account at any time there is a deficiency in such account for paying the interest on the related series of the 2018 Bonds then coming due and payable, (ii) make deposits in the Principal Account and Sinking Account (*pro rata* as relating to such principal payments and such Sinking Account Installments in the proportion which all such principal payments and all such Sinking Account Installments bear to each other), at any time there is a deficiency in such accounts for paying the principal and Sinking Installment of the related series of the 2018 Bonds then coming due and payable, and (iii) make the final payments of principal of and interest on the related series of the 2018 Bonds.

Each Indenture will require the Trustee to value the balance of the Reserve Fund at least semi-annually by each February 1 and August 1. Upon receipt of a notice from the Trustee that the balance of the Reserve Fund has fallen below the Reserve Requirement (defined below), the City will include the amount necessary to restore the balance of the Reserve Fund to the Reserve Requirement in the immediately next transfer of moneys from the applicable Enterprise. Absent any other written instructions from the City, the Trustee will transfer any amount the Reserve Fund in excess of the Reserve Requirement to the Debt Service Fund.

“Reserve Requirement” will be defined to mean, as of any calculation date, with respect to each series of 2018 Bonds, an amount equal to the least of (i) ten percent of the principal amount of such series of 2018 Bonds upon issuance; (ii) 125 percent of Average Annual Debt Service (based on Bond Year) of the Outstanding 2018 Bonds of such series; or (iii) Maximum Annual Debt Service (based on Bond Year) of the Outstanding 2018 Bonds of such series. Upon their issuance, the Reserve Requirement for the 2018 Water Bonds will be \$ \_\_\_\_\_ and the Reserve Requirement for the 2018 Sewer Bonds will be \$ \_\_\_\_\_.

Each Indenture provides that the Reserve Requirement may be satisfied at any time, in whole or in part, by one or more “Qualified Reserve Credit Instruments” that meet the criteria set forth in the Indenture.

See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Pledge of Net Revenues; Administration of Funds and Accounts – *Reserve Fund*.”

### **Rate Stabilization Fund**

At the City’s discretion, with respect to each Enterprise, the City may (but is not required to) establish a special fund to be known as the “Rate Stabilization Fund,” which will be held by the City, for the purpose of stabilizing the rates and charges imposed by the City with respect to such Enterprise. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues of the

related Enterprise which are released from the pledge and lien which secures the related 2018 Bonds and other Parity Obligations, as the City may determine.

The City may, but is not be required to, withdraw amounts on deposit in the Rate Stabilization Fund relating to an Enterprise and deposit such amounts in the Enterprise Revenue Fund of such Enterprise in any Fiscal Year for the purpose of paying the principal of and interest on the Outstanding 2018 Bonds of the related series and other Parity Obligations coming due and payable during such Fiscal Year. Except as provided in the Indenture (for the certain purposes to Fiscal Year Debt Service Requirement coverage from Net Revenues as described in “Rate Covenants” above), amounts so transferred from the Rate Stabilization Fund to an Enterprise Fund in any Fiscal Year constitute Gross Revenues for that Fiscal Year for the purposes of the applicable Indenture.

Amounts on deposit in a Rate Stabilization Fund will not be pledged to and will not otherwise secure the 2018 Bonds or any other Parity Obligations. All interest or other earnings on deposits in the Rate Stabilization Fund shall be retained therein or, at the option of the City, be applied for any other lawful purposes. The City has the right at any time to withdraw any or all amounts on deposit in either Rate Stabilization Fund and apply such amounts for any other lawful purposes of the City.

#### **Additional Parity Obligations**

Pursuant to each Indenture, the City from time to time may issue or incur Additional Parity Obligations secured by Net Revenues of the applicable Enterprise, subject to the satisfaction of the following conditions prior to the incurrence of an Additional Parity Obligation (provided, that such conditions will not apply to (i) any Additional Parity Obligation incurred solely as the result of the delivery of a Credit Facility, or (ii) any Additional Parity Obligation incurred solely to refund all or a portion of the then Outstanding Parity Obligations):

- (A) No Event of Default under such Indenture will have occurred and be continuing.
- (B) The Net Revenues of such Enterprise received by the City in the most recent Fiscal Year for which audited financial statements are available (or any more recent consecutive 12-month period selected by the City, as shown by the books of the City) (excluding any money derived from the Rate Stabilization Fund), plus, at the option of the City, any Additional Allowance described in clauses (i) or (ii) below, shall be at least equal to [120] percent of the Maximum Annual Debt Service (calculated based on Fiscal Year) with respect to the Parity Obligations which will be Outstanding immediately following the incurrence of such Additional Parity Obligations, as evidenced by a written report of an Independent Accountant or Independent Fiscal Consultant.

The following items (each being an “Additional Allowance”) may be added to such Net Revenues for the purpose of applying the restriction contained in this covenant:

- (i) An allowance for any addition to or improvement or extension of the Enterprise reasonably expected to commence operation within three years after the incurrence of such Additional Parity Obligations, in an amount equal to the

projected annual Net Revenues to be derived from such addition, improvement, or extension by its third year of operation, as shown by the certificate or opinion of a Fiscal Consultant engaged by the City;

- (ii) An allowance in an amount equal to the projected annual Net Revenues to be derived from any increase in Enterprise charges which has been adopted and will come into effect within 60 months after the incurrence of such Additional Parity Obligations, as shown by the certificate or opinion of a Fiscal Consultant engaged by the City.

See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Incurrence of Additional Obligations.”

In addition to Additional Parity Obligations described above, the City may issue bonds or incur obligations that are either unsecured or which, with respect to the Net Revenues of an Enterprise, rank junior to the 2018 Bonds relating to such Enterprise. So long as the 2018 Bonds related to an Enterprise remain Outstanding, the City may not issue or incur any additional bonds or other Obligations secured by the Net Revenues of such Enterprise which will rank senior over such 2018 Bonds in the priority of lien.

## **GENERAL INFORMATION ABOUT THE ENTERPRISES**

### **Organization and Management**

Through the Water System and the Sewer System, the City provides potable water service and wastewater collection and treatment services to its residential, commercial, industrial and other customers. See “WATER SYSTEM” and “SEWER SYSTEM” for more information about each Enterprise. The City has a council-manager form of government. The City Manager is responsible for the general administrative management of the City and carries out the policies and directives of the City Council. The City Council establishes the rates and charges for the Enterprises. The City’s Public Works Department is responsible for the Enterprises’ day-to-day operation and maintenance. The Director of Public Works reports to the City Manager. The City Engineer assists the Director of Public Works. The City’s Director of Financial Management works closely with the City Manager and the director of each City department, including the Director of Public Works, to prepare periodic revenue and expenditure reports, revenue projections and make budget recommendations for all City departments and enterprises, including the Water System and Sewer System.

Below are brief biographies of certain key members of the City Staff for the management and operation of the Water System and the Sewer System:

*John W. Donlevy, Jr., City Manager.* Mr. Donlevy was appointed City Manager of the City in September 2001. He brings a broad background of municipal management experience, including personnel, budgeting, finance, capital projects, redevelopment, public safety, public works, emergency management and general administration. He previously worked for the Cities of Grand Terrace, Dana Point and Pico Rivera. Mr. Donlevy’s education includes a Bachelor of

Arts Degree from Whittier College and a Masters Degree in Public Administration from California State University, Long Beach.

*Shelly A. Gunby, Treasurer/Director of Financial Management.* Ms. Gunby was appointed Director of Financial Management of the City in March 1997. The City Council additionally appointed her to be the City's Treasurer in July 2018. She is responsible for all financial aspects of City management. Ms. Gunby was an Account Manager for Adams Group, an agricultural services company located in Yolo County. Ms. Gunby received a Bachelor of Arts in Business Administration with concentration in Accounting, from California State University, Sacramento.

*Carol Scianna, Environmental Services Manager.* Ms. Scianna began work at the City in August 2004, as an Administration Assistant to the Public Works Director. Shortly thereafter, she took on many of the tasks that would be performed by the Public Works Director, after that post became vacant. In February 2009, she became the City's Environmental Services Manager. She is responsible for compliance and regulatory issues related to drinking water, wastewater, air quality, solid waste, storm water, hazardous materials and others as needed. She also manages the day to day budget of the Public Works Department. She has a Bachelor of Science, in Sociology from University of California, Davis.

*Eric Lucero, Public Works Superintendent.* Mr. Lucero was appointed Superintendent in January 2009. Before joining the City, he spent over 20 years as a journeyman mechanic and the last 15 of those years as the Facility Maintenance Foreman in an 843,000 square feet distribution center. Mr. Lucero runs the operations of all departments within the Public Works such as water, wastewater, storm drain, facilities, streets and parks.

The post of Director of Public Work is currently vacant. The City has contracted with an independent firm, Ponticello Enterprises Consulting Engineers ("Ponticello Enterprises"), to act as the City Engineer. Pursuant to the agreement between the City and Ponticello Enterprises, Ponticello Enterprises provides on-call engineering services to the City, including, for example, engineering oversight of development, infrastructure, funding and project implementation, assistance to the City for planning, design and construction of developments, development of capital improvement programs, and construction management and inspection services. The agreement provides that either the City or Ponticello Enterprises may terminate the contract at any time with 30-days' written notification.

*The brief description of Ponticello Enterprises below is based on information provided by Ponticello Enterprises or publicly available materials published by Ponticello Enterprises. The City has not independently verified the accuracy of such information and make no representation regarding the accuracy thereof.*

Ponticello Enterprises was established in 1998 in the City of Woodland as an engineering firm specializing in engineering services for cities, counties and special districts. The main focus of the firm for almost 20 years has been providing on-call staff augmentation to public agencies in the areas of city engineering, project management, public works administration, construction management and inspection, development services, plan checking and design. Below are brief biographies of the two key Ponticello Enterprises contacts for services to the City:

*Nicholas J. Ponticello, P.E.* Mr. Ponticello has more than 35 years of experience, which includes over 10 years of Federal and State Government public works experience in engineering management positions and over 25 years of local public agency service in the positions of City Engineer and Public Works Director, including almost 25 years with the City of Woodland as a staff member and consultant. His qualifications for handling all forms of Public Works projects are demonstrated by his roles in program management, city engineering, public financing, development services, capital improvement program administration, operations and maintenance support, development of specific plans and master plans, development review, as well as extensive project design work for a multitude of agencies.

*Alan Mitchell, P.E.* Mr. Mitchell has over 29 years of diverse experience in providing city engineering, design, development services, project delivery and construction administration for public agencies, including almost 25 years working with the City of Woodland as a staff member and consultant. He has managed numerous projects through all phases, from programming execution and final acceptance. His experience includes management of both design and construction for municipal buildings, civil infrastructure, wastewater treatment plants, parks and rehabilitation of existing roadways and utilities.. He has provided inspection services for civil infrastructure projects and has been Resident Engineer on several projects, including State and Federally Funded projects. Alan has the ability to work effectively with outside agencies, utility companies, department heads, administrators, and legislative bodies.

More information regarding Ponticello Enterprises may be found at its website: [www.ponticelloinc.com](http://www.ponticelloinc.com). This website reference is included for informational purposes only. The City and the Authority make no representation concerning, and do not take any responsibility for, the accuracy or timeliness of information posted on such website or the continued maintenance of such website.

### **Service Area**

The Service Area covers approximately 2,516 square miles and includes all of the territory within the City limits and a portion of adjacent unincorporated county area. Within the City limits, the Enterprises serve a population of approximately 7,000 people. The Service Area is comprised of relatively flat valley land. In addition, with respect to the Sewer System only, the City has entered into a contract with the County to convey and treat wastewater from El Rio Villa. El Rio Villa is a small subdivision located approximately 0.7 miles east of the City.

**Customer Accounts**

The following table summarizes the number of customer accounts in each Enterprise as of December of each of the years shown:

**Table 1  
CITY OF WINTERS  
Water System and Sewer System  
Number of Customer Accounts <sup>(1)</sup>  
As of December of 2014 through 2017**

Customer Type	2014		2015		2016		2017	
	No. of Accounts	No. of Accounts	Percent Change	No. of Accounts	Percent Change	No. of Accounts	Percent Change	
<b>Residential</b>								
Single family	1,805	1810	0.28%	1,847	2.04%	1,881	1.84%	
Multifamily <sup>(1)</sup>	44	43	-2.27	43	0	43	0	
<b>Commercial/ Industrial</b>	104	102	-1.92	102	0	103	0.98	
<b>Total</b>	<b>1,953</b>	<b>1,955</b>	<b>0.10%</b>	<b>1,992</b>	<b>1.89%</b>	<b>2,027</b>	<b>1.76%</b>	

(1) Excludes El Rio Villa, which is billed as one account to the Yolo County Housing Authority. See "Service Area."

(2) Generally, one account for each multifamily complex, regardless of the number of units.

Source: City of Winters.

Based on fiscal year 2017-18 billing records, the City and the Winters Joint Unified School District were the top two Water System customers by service charge revenues, representing approximately 9.8 percent and 4.7 percent, respectively, of the total for such fiscal year. The next top ten accounts, combined, represented less than 6.5 percent of the total fiscal year 2017-18 water service charge revenues. Similarly for the Sewer System, the City and the School District were the top two customer accounts, and none of the other customer account represented more than three percent of the total service charge revenues for fiscal year 2017-18.

*Recent Developments.* During the ten years, the City has experienced slower-than-expected growth. Recently, however, there has been several developments that are anticipated to bring residential and commercial growth. A residential development known as Stones Throw is expected to open in winter of 2018. According to information published by the developer, Zilber Ltd. (under the brand name "Homes by Towne®"), Stones Throw is expected to feature five single family homes ranging in size from 1,797 to 2,737 square feet, and the first of five phases will feature 39 alley load homes and 31 traditional homes all with 2 car garages. Another residential community being developed in the City is known as the "Heartland." According to information published by the developer, Crowne Development, Inc., the community is expected to have 109 homes, with sales to begin in 2018. There are also a couple of hotels (each with more than 70-rooms) being developed. In 2017, Pacific Gas and Electric Company ("PG&E") opened its newest Gas Safety Academy in the City. PG&E plans to host up to 150 employees a week at this 30-acre training center. The City anticipates that these developments will bring economic growth, as well as usage and revenue increases to the Water System and Sewer

System. For the debt service coverage tables under “WATER SYSTEM FINANCIAL INFORMATION – Water System Bond Debt Service Coverage” and “SEWER SYSTEM FINANCIAL INFORMATION – Sewer System Bond Debt Service Coverage,” however, the City has taken a conservative approach and projected future revenue based only the existing customer accounts, plus 36 new single family residential accounts in each of fiscal years 2020-21, 2021-22 and 2022-23.

### **Billing and Collection**

The City bills customers for monthly charges for water and sewer services (as well as certain municipal services tax or fees unrelated to water and sewer services) on the same bill in approximately 30-day cycles. Bills are due upon presentation and are considered delinquent after 15 days. If the amount due is unpaid after 45 days, a late charge of 10 percent of the past due amount is assessed. After 75 days of the original billing, the City mails and posts an additional past due notice. If the customer continues to be delinquent after 85 days of the original billing, the City terminates service. To restore service, the customer must pay all outstanding charges, a \$25 reconnection fee and provide a \$100 deposit on the account.

For any account that is delinquent as of August 1 of each year, the City has the option of recording a lien on the customer’s property tax bill, for the amount of all delinquent charges plus any recording fees. In practice in recent years, the City has reviewed the accounts at the beginning of each August, and recorded liens against customers who were delinquent for two or more months of payments. In fiscal year 2014-15, the City recorded 42 liens totaling \$13,131.29 (which included delinquent water charges, sewer charges, municipal services tax and late fees). The City recorded 18 liens totaling \$5,058.51 in fiscal year 2015-16, 52 liens totaling \$35,950.67 in fiscal year 2016-17, and \_\_\_ liens totaling \$\_\_\_\_\_ in fiscal year 2017-18. All of such liens were recorded against single family residential properties. The City has found this method to be effective. For all such liens recorded before June 30, 2018, only \$1,977.94 remained unpaid as of June 30, 2018.

### **Connection Charges, Impact Fees and Meter Installation Fees**

The City charges impact fees for new connections to each Enterprise. The City uses revenues from impact fees for costs relating to infrastructure improvements that are attributable to new growth. The impact fees for each Enterprise collected by the City are held separately from the service charge revenues.

The City converted all of its Water System and Sewer System accounts to be billed on a metered basis in 2012. The City has established certain fees for new meter installation. These meter installation charges, when collected, are held separately from the monthly service charge revenues.

Under the Indentures, the meter installation charges, connection charges and the impact fees that are imposed by the City for particular purposes and held separately from the respective Enterprise Revenue Funds, are not part of “Gross Revenues” and, therefore, are not pledged, and are not a source of security, for the 2018 Bonds. See “SECURITY FOR 2018 BONDS – Pledge of Net Revenues; Enterprise Revenue Fund.”

**Insurance**

Insurance with respect to the Enterprises is covered under the City’s general policies. The City is a member of the Yolo County Public Agency Risk Management Insurance Authority (“Insurance Authority”), a joint powers authority under the laws of the State. The Insurance Authority is governed by a board of directors consisting of representatives from member municipalities. The board of directors controls the operation of the Insurance Authority, independent of any influence by member municipalities beyond their representation on the board of directors. The City’s deposit with the Insurance Authority are in accordance with formulas established by the Authority. Actual surpluses and losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after retrospective rating. The City’s current coverage as a member of the Insurance Authority is set forth below.

<u>Type of Coverage (Deductible)</u>	<u>Coverage Limits</u>
Liability (\$2,000)	\$25,000,000
Auto – Physical damage (\$10,000)	up to stated value
Worker’s compensation (\$1,000)	\$5,000,000
All risk fire and property (\$1,000)	\$602,500,000
Boiler and machinery (\$1,000)	\$100,000,000

**WATER SYSTEM**

**Water Supply**

Groundwater is the City’s main source of water supply. The City also holds an entitlement to divert water from the Putah Creek. The City lies within the Yolo Subbasin. The City extracts water from two aquifers at depths ranging from 158 to 630 feet. Groundwater is pumped by five wells located in the downtown, northwestern, south, southwestern and southeastern regions of the City. Since 2007, the City has constructed one new well and decommissioned another. The City’s groundwater is recharged primarily from the following sources: subsurface inflow from the west and north, deep percolation from precipitation and seepage from Putah Creek and Dry Creek.

A water supply assessment report in 2003 (which was later revised in 2004) indicated that the City used approximately 1,900 acre feet of water per year from the underlying aquifers. The assessment study assumed that City would reach build-out of the City’s current General Plan boundary in 2020. Based on a more recent review, the City expects instead to reach build out with a population of approximately 12,243 by 2036. The City expects that its current groundwater supply, without modification, can meet future demands through at least 2025.

The following table sets forth the approximate volume of water produced from the Water System’s groundwater wells in each of the calendar years 2014 through 2017.

**Table 2**  
**CITY OF WINTERS**  
**Water Production**  
**Calendar Years 2014 through 2017**

	2014	2015	2016	2017
Total annual production (in million gallons)	429	335	361	393
Increase from prior year	18.16%	-2.8%	7.76%	8.86%

Source: City of Winters

### **Storage and Distribution System**

The Water System storage and distribution facilities include approximately 21 miles of pressurized pipes, five wells and two non-operational storage tanks. In the event of a prolonged power outage, the City has two wells with stationary emergency generators, and one portable emergency generator to maintain the Water System. The Water System operates at a pressure of 55 to 60 pounds per square inch. The wells are able to respond independently and jointly to pressure changes in the Water System.

During the last ten years, the City made various the Water System’s pipeline. Approximately 2,850 linear feet of pipe was upsized to 8-inch diameter in Russell Street and 850 linear feet was upsized to 8-inch diameter in East Abbey Street. Approximately 800 linear feet of new 8-inch pipe was added for the development on Cottage Circle and 1,070 linear feet of 10-inch pipe was added near Dutton Street. New pipeline (approximately 950 linear feet of 14-inch pipe and 4,000 linear feet of 10-inch pipe) was installed at the eastern edge of the City near Highway 128.

The City continues to assess the needs to improve Water System infrastructure based on on-going residential and other developments. To the extent a proposed new development requires expansion of the Water System improvements, the City currently plans to collect developer impact fees – which will be maintained separately from the Water Revenue Fund – for the costs of such expansion.

### **System Demand and Requirements**

On February 6, 2007, the City Council accepted a Water Master Plan (the “Water Master Plan”) prepared by RMC Water and Environment (“RMC”). In the Water Master Plan, RMC provided: (a) an evaluation of the Water System’s operations and deficiencies, (b) projections regarding the future demands on the Water System based on the planned build-out conditions (with population at 12,500) as described in the City’s June 2003 General Plan Amendment Map, and (c) recommendations for a capital improvement program that would allow the City to meet its projected demands. In the Water Master Plan, RMC recommended that the City make certain improvements to the existing water conveyance system to meet fire flows and increase supply and storage capacities to adequately meet the existing and future water demands on the Water

System. The recommendations included replacement of and upgrades to existing water mains, new wells, upgrades to existing wells, pipeline expansion, replacement of existing pipes, removal of non-operational elevated water tanks and other projects and programs that improve maintenance and operation of the Water System. Proceeds from the sale of the 2007 Water Bonds were used to finance the costs of many of these recommended improvements.

The table below shows the existing demand requirements (based on 2002 well production data) and projected demand requirements at build-out for the Water System, as set forth in the Water Master Plan:

**Table 3  
CITY OF WINTERS  
Water System  
Existing and Projected Average Daily Demand (“ADD”) from per 2006 Water Master Plan  
by Land Use**

Land Use Category <sup>(1)</sup>	Existing ADD <sup>(2)</sup> (mgd <sup>(4)</sup> )	Projected ADD <sup>(3)</sup> (mgd <sup>(4)</sup> )
Residential		
Rural	0.00	0.02
Low Density	0.23	1.01
Medium Density	0.57	1.06
Medium High Density	0.03	0.13
High Density	0.05	0.12
Commercial		
Neighborhood	0.01	0.04
Central Business District	0.08	0.13
Highway Service	0.00	0.01
Planned	0.00	0.05
Business Park	0.09	0.11
Industrial		
Light	0.00	0.14
Heavy	0.00	0.21
Other		
Public and Quasi Public <sup>(5)</sup>	0.28	0.59
Large Users <sup>(6)</sup>	0.16	0.16
Office	0.01	0.02
Agriculture	0.00	0.01
Parks	0.11	1.10
Open Space	0.00	0.00
Vacant	0.00	0.00
<b>Total</b>	<b>1.53</b>	<b>4.91</b>

(1) Land use derived from City’s 1992 General Plan and June 2003 General Plan Amendment.

(2) Based on 2002 well production data, which was approximately 1.7 million gallons per day, and assumes 10 percent of daily well production is lost in the Water System.

(3) Based on build out conditions (with population at 12,500) as described in the City’s June 2003 General Plan Amendment Map.

(4) Million gallons per day.

(5) Includes land uses such as schools and City Hall.

(6) Currently consists of the Mariana Nut and Fruit Company.

Source: City of Winters, based on December 2006 Water Master Plan.

In November 2015, RMC provided an update of the existing average daily demand for certain land use categories, based on the new developments in the City since the completion of the 2006 Water Master Plan:

**Table 4**  
**CITY OF WINTERS**  
**Water System**  
**2015 Update – Additional Existing Average Daily Demand for Certain Land Use**

Land Use Category	Units or Acreage added after 2006 Master Plan through November 2015	Additional Average Day Demand in mgd
Low/Medium Density Residential	142 dwelling units	0.050
High Density Residential	77 dwelling units	0.023
Public/Quasi Public <sup>(1)</sup>	63.7 acres	0.079
Neighborhood commercial	10.6 acres	0.022
Office	2.2 acres	0.007

(1) Includes 3 acres for fire station and 60.7 acres for PG&E property.

Source: City of Winters, based analysis provided by RMC Water and Environment.

See discussion under “GENERAL INFORMATION ABOUT THE ENTERPRISES – Customer Accounts – Recent Developments.”

### **Regulatory Compliance**

The applicable drinking water standards for the Water System are contained in the California Domestic Water Quality and Monitoring Regulations, Title 22 of the California Administrative Code. These regulations incorporate the requirements of the United States Environmental Protection Agency (“USEPA”) in conformance with the federal Safe Drinking Water Act. The standards specify water quality sampling frequencies and locations as well as maximum concentrations of chemical constituents. They are continuously being revised and amended. The drinking water quality of the City meets all State and USEPA drinking water standards set to protect public health.

Pursuant to regulatory requirements, the City’s Public Works Department makes available to the City’s Water System customers an annual drinking water quality report by no later than July 1 of each year. As disclosed in the City’s 2017 water quality report, the City’s water is tested regularly for various minerals, chemicals and constituents in accordance with State and Federal regulations. In 2017, as in recent years past, the drinking water provided by the City to its customers met all USEPA and State drinking water health standards, with the exception of Hexavalent Chromium (“Ch 6”). Although the Ch 6 level in the water supplied by the City has generally remained the same, the State Resources Control Board (the “State Water Board”) lowered the Maximum Contaminant Level (“MCL”) in July 2014 from 50 parts per billion or micrograms per liter (“ppb”) to 10 ppb. The Ch6 level in the City’s water was tested to be 16.5 ppb on average (with a range from 2.4 to 30 ppb) for 2016, and 15.98 ppb on average (with a range from 1.3 to 23 ppb) for 2017. On May 31, 2017, the State Superior Court of Sacramento County issued a judgment ordering the State Water Board to delete the Ch6 MCL and adopt a new MCL for hexavalent chromium. *California Manufacturers and Technology Association, et al. v. California Department of Public Health, et al. (Super. Ct. Sacramento*

County, 2017. No. 34-2014-80001850. The City is waiting for the State Water Board's adoption of the new Ch 6 MCL before proceeding with any water treatment implementations, to the extent required.

## **Water Charges**

Service Charges. The City collects service charges from its Water System customers and sends the related bills on a monthly basis. See "GENERAL INFORMATION ABOUT THE ENTERPRISES – Billing and Collection." All customers are billed based on a flat rate according to meter size plus a variable rate based on the volume of water used. Per the City's requirements, meters were installed on all residential, commercial and industrial properties in the Service Area by 2011.

In part due to successful improvement to the Water System (such as the completion of meter installation) and conservation efforts in response to the State's drought condition (see "State Drought Conditions; Water Conservation; Sustainable Groundwater Management Act of 2014" below), the water demand in the City has declined during the past ten years. Unfortunately, this impacted revenues to the Water System. The issuance of the 2018 Water Bonds, with a lower annual principal and interest requirement relative to the 2007 Water Bonds, is part of the City's effort to ensure future compliance with its revenue-debt service coverage covenants with respect to the City's bond obligations.

In that connection, the City Council also adopted Resolution No. 2018-\_\_ on August 21, 2018, increasing the service charge rates last adopted in September 2015 pursuant to Resolution No. 2015-38. Pursuant to Resolution No. 2018-\_\_, the new rates for fiscal year 2018-19 become effective September 1, 2018, and the rates for fiscal year 2019-20 will become effective July 1, 2019. See Table 15 for the projected debt service coverage based on revenues generated to be pursuant to Resolution No. 2018-\_\_. The City anticipates undertaking a full rate study update within the next two years and taking future actions accordingly. See "CONSTITUTIONAL LIMITATIONS AFFECTING ENTERPRISE REVENUES AND EXPENDITURES – Proposition 218: Article XIIC and Article XIID."

The table below shows the City's service charges, as in effect immediately before and after September 1, 2018, and as of July 1, 2019.

**Table 5  
CITY OF WINTERS  
Water System  
Service Charges**

<i>Effective Date:</i>	<u>9/1/2015 through 8/31/2018</u>	<u>9/1/2018 through 6/30/2019</u>	<u>As of 7/1/2019</u>
<b>Fixed Monthly Charge</b>			
3/4 inch	\$20.03	\$21.40	\$23.39
1 inch	\$31.01	\$33.13	\$36.22
1 ½ inch	\$38.33	\$40.96	\$44.76
2 inch	\$74.93	\$80.06	\$87.51
3 inch	\$111.52	\$119.16	\$130.24
4 inch	\$148.12	\$158.27	\$172.98
6 inch	\$367.71	\$392.90	\$429.44
<b>Monthly Metered Rates <sup>(1)</sup></b>			
All Users (per 100 cubic feet)	\$1.96	\$1.96	\$1.96
<b>Other Charges</b>			
Turn off service			
Non-payment	\$ 25.00	\$ 25.00	\$ 25.00
User Bypass of City Shutoff	\$550.00	\$550.00	\$550.00
Weekend, Holiday and After Hours	\$25.00	\$25.00	\$25.00
	plus a charge for a minimum of 3 hours of maintenance worker's time	plus a charge for a minimum of 3 hours of maintenance worker's time	plus a charge for a minimum of 3 hours of maintenance worker's time
<b>Construction Meters &amp; Water Trucks</b>			
Meter Deposit	\$750.00	\$750.00	\$750.00
Water Truck Certification (charge per truck)	50.00	\$50.00	\$50.00
User Charge (per 100 cubic feet)	\$1.96	\$1.96	\$1.96

(1) Customers outside city limits are charged three times the respective listed amounts, unless set by special arrangement approved by the City.

Source: City of Winters.

*Historical Service Charge Collection by Customer Class.* The following table shows the revenues collected by the City from the water service charges by customer categories for the years shown below.

**Table 6  
CITY OF WINTERS  
Water System  
Service Charge Collection  
Fiscal Years 2014-15 through 2017-18**

Customer Type	2014-15		2015-16		2016-17		2017-18 <sup>(1)</sup>	
	Service Charges Collected	% Change from Prior FY	Service Charges Collected	Percent Change	Service Charges Collected	Percent Change	Service Charges Collected	Percent Change
Residential								
Single family	\$907,626	-23.84%	\$1,034,234	13.94%	\$1,021,978	-1.12%	\$1,096,277	7.27%
Multifamily	97,816	-206.35	97,817	0	107,979	10.38	123,565	14.43
Commercial/ Industrial	194,155	-5.18	194,156	0	239,987	23.6	251,159	4.66
Total <sup>(1)</sup>	\$1,199,597	-27.55%	\$1,326,207	10.55%	\$1,369,944	3.29%	\$1,471,001	7.37%

(1) Based on unaudited information compiled by City's Finance Department.

(2) Totals may not add due to rounding.

Source: City of Winters.

*Comparative Rates.* The following table compares the water service charge imposed by the City, as of September 1, 2018, for a typical single family residential unit and those of certain other communities in the surrounding area:

**Table 7  
CITY OF WINTERS  
Water System  
Comparative Service Charges  
(Based on a Typical Single Family Residential Unit –  
three-quarter inch connection and 2,200 Cubic Feet of Monthly Water Use)**

<u>Community</u>	<u>Monthly Usage Charge</u>
Winters	\$64.52
Vacaville	66.24
Fairfield	86.12
Suisun	99.75
Woodland	136.84
Davis	113.62
Lincoln	117.55

Source: City of Winters.

## **State Drought Conditions; Water Conservation; Sustainable Groundwater Management Act of 2014**

### *California 2011-17 Drought; State Emergency Measures and Continuing Efforts.*

California has a highly variable climate, and often experiences very wet years followed by extremely dry ones. During the last thirty-five years, the State experienced drought periods between 1986 and 1992, between 2007 and 2009, and between 2011 and 2017.

The drought from December 2011 to March 2017 has been considered one of the worst in the State's recorded history, with 2012 through 2015 having the driest four-year statewide precipitation on record. Between 2014 and 2015, the Governor issued two emergency proclamations (on January 14, 2014 and April 25, 2014) and four executive orders (Executive Orders B-26-14, B-28-14, B-29-15 and B-36-15). During this period, SWRCB adopted and implemented regulations for water use reductions and restrictions. Among such actions, the SWRCB adopted emergency regulations in 2015 to achieve a 25 percent reduction in the overall potable urban production statewide in accordance with directives set forth in Executive Order B-29-15. It was reported that, overall, the State saved an average of more than 24 percent during the twelve months that the mandate was in place. In addition, the Sustainable Groundwater Management Act of 2014 was enacted. See "Water Supply – Sustainable Groundwater Management Act of 2014 (*Establishment of Groundwater Sustainability Agencies and Groundwater Sustainability Plans*).” The State developed a five-year California Water Action Plan, with the stated goals of more reliable water supplies, the restoration of important species and habitat, and a more resilient, sustainably managed water resources system (water supply, water quality, flood protection, and environment).

On May 16, 2016, the Governor issued Executive Order B-37-16, which among other things, directed: (i) the State Department of Water Resources to work with the SWRCB to develop new water use targets as part of a permanent framework for urban water agencies, (ii) the permanent requirement of urban water suppliers to issue monthly report of their water usage, conservation amounts and enforcement efforts, (iii) prohibition of wasteful potable water practices (such as hosing of sidewalks, watering lawns in a manner that causes runoff); (iv) California Energy Commission's certification of innovative water conservation and water loss detection and control technologies that also increase energy efficiency; (v) consultation by State Department of Water Resources with urban water suppliers, local governments, environmental groups and other partners to update requirements for water shortage contingency plans.

The winter 2016-17 brought significant precipitation. It was the wettest on record for Northern California. Floodwaters even caused severe damage to Oroville Dam in early February 2017, promptly temporary evacuations. On April 7, 2017, Governor Brown issued Executive Order B-10-17, rescinding the two emergency proclamations from January and April 2014 and the four drought related Executive Orders issued in 2014 and 2015. However, Executive Order B-37-16 was largely left in place.

Executive Order B-10-17 terminated the drought state of emergency for all counties in the State, except for counties of Fresno, Kings, Tulare and Tuolumne. (The City is located in Yolo County.)

One cannot predict when if and when California will experience another drought, and the actions that the State will have to take in response. The State is continuing to implement the directives of Executive Order B-37-16, dubbed “Making Water Conservation a California Way of Life.” The implementation of the Sustainable Groundwater Management Act of 2014 also continues.

More information about the State’s continuing conservation efforts can be found on the “Water Conservation Portal” of the SWRCB’s website at: [https://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/](https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/) . None of the websites or webpages referenced herein is in any way incorporated into this Official Statement. They are cited for informational purposes only. The City makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

### City Water Conservation

In addition to the installation of meters throughout the Water System, the City’s efforts to promote water conservation include: (i) encouraging users to limit watering to certain days of the week and refrain from the use of water for sidewalk cleaning, (ii) sponsoring classes in lawn replacement and water-wise landscaping; and (iii) sending notification to users regarding significant leaks.

The Water Conservation Act of 2009, set forth in State Senate Bill x7-7 (“SBx7-7”), was signed by the Governor in 2009 and became effective in February 2010. Among other things, SBx7-7 requires each urban retail water supplier to develop urban water use targets to help meet the State’s 20 percent reduction goal by 2020, with an interim 10 percent reduction goal by 2015. The City is not subject to such target requirements because, for the purposes of SBx7-7, “urban retail water supplier” refers to only a provider that supplies potable municipal water: (i) to more than 3,000 end users or (ii) more than 3,000 acre-feet of potable water annually at retail. Nonetheless, based on the City’s records, the Water System’s gallons per capita per day of water use was 159.6 in 2012, and was reduced to 113.4 by 2016 (*i.e.*, an approximately 29 percent reduction).

### Yolo Basin; Water Resources Association of Yolo County

The City is a member of the Water Resources Association of Yolo County (the “WRA”), a consortium of the County, certain cities and special districts in the County and the University of California in Davis (“UC Davis”), that provide a regional forum to coordinate and facilitate solutions to water issues in the County.

Historically, there were four groundwater subbasins within the County as defined by Bulletin 118 of the California Department of Water Resources (“DWR”): Yolo Subbasin, Colusa Subbasin, Solano Subbasin, and Capay Valley Subbasin. In March 2016, the Yolo County Flood Control and Water Conservation District (on behalf of the WRA and the Yolo County Farm Bureau) submitted a formal basin boundary modification request to DWR. The proposed

boundary modification was a jurisdictional modification, involving a consolidation of the Capay Valley Subbasin and portions of the Colusa, Yolo and Solano Subbasins and a boundary adjustment along the Yolo County line. The boundary modification was approved by DWR in October 2016. The new consolidated subbasin is now called the Yolo Subbasin, or Yolo Basin.

This boundary modification was proposed in anticipation of the implementation of SGMA (defined below) requirements.

*Sustainable Groundwater Management Act of 2014 (Establishment of Groundwater Sustainability Agencies and Groundwater Sustainability Plans)*

In 2014, Governor Brown signed into law three bills (Senate Bill 1168, Assembly Bill 1739 and Senate Bill 1319) comprising the Sustainable Groundwater Management Act of 2014 (together with amendments thereto, the “SGMA”). The primary provisions of the SGMA are set forth in Section 10720 *et seq.* of the State’s Water Code. The DWR is charged with developing regulations for the implementation of SGMA.

Under the SGMA, by January 31, 2022, there must be adopted a “groundwater sustainability plan” (a “Sustainability Plan”) or coordinated Sustainability Plans to manage any basin (or subbasin) that has been designated by the DWR as a high- or medium priority basin (except that the deadline is accelerated to January 31, 2020, for any basin that is determined by the DWR to be critically overdrafted). The DWR has designated the Yolo Subbasin as a high-priority (but not critically overdrafted) basin. By June 30, 2017, local agencies – agencies that have water supply, water management or land use responsibility within the Yolo Subbasin – must form one or more groundwater sustainability agencies (“GSAs” or each, a “GSA”) to develop and implement the Sustainability Plans. A local agency can serve as its own GSA. Alternatively, two or more local agencies may form a GSA by the execution of a joint powers agreement, a memorandum of agreement or other legal agreement.

Each Sustainability Plan must comply with the requirements set forth in Sections 10727 *et seq.* of the State’s Water Code. Among other things, each Sustainability Plan must specify measurable objectives, and interim milestones in five-year increments, to achieve the sustainability goals within 20 years of the implementation of the Sustainability Plan. At a GSA’s request, the DWR may grant an extension of up to 5 years beyond the 20-year sustainability timeframe upon a showing of good cause, and a second extension of up to five years upon a showing of good cause if the GSA has begun implementation a feasible work plan for meeting the sustainability goals during the extension period. Failure to meet the deadlines for the establishment of a GSA or the development of a Sustainability Plan may result in intervention by the State Water Resources Board (the “SWRCB”). SWRCB may intervene with the creation of an interim plan and assess fees for purposes of supporting the interim plan.

*The DWR has published information about SGMA, and the related DWR regulations on its website, which can be found at <http://www.water.ca.gov/groundwater/sgm/index.cfm>. This website reference is included for informational purposes only. The City makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such website or the continued maintenance of such website.*

### Yolo Subbasin GSA

In June 2017, the City, other members of the WRA (except for UC Davis) and certain other stakeholder entities entered into a Joint Powers Agreement the “Joint Powers Agreement”), and formed a joint powers authority, named the Yolo Subbasin Groundwater Agency (the “Yolo Subbasin GSA”). The Yolo Subbasin GSA has also entered into a memorandum of understanding (the “MOU”) with UC Davis and other entities who are legally precluded from becoming a member but, through the MOU, are recognized as “Affiliated Parties” of the Yolo Subbasin GSA.

The Yolo Subbasin GSA is governed by a Board of Directors composed of one representative from each member and each of the Affiliated Parties. The Joint Powers Agreement provides that the Board of Directors will adopt a budget for each fiscal year (from July 1 to June 30). Members and Affiliated Parties agreed to share in the general operating and administrative costs of operating the Yolo Subbasin GSA in accordance with the funding amounts set forth in the Joint Powers Agreement. The Joint Powers Agreement states that the City’s contribution for the first two years is \$20,000. The Joint Powers Agreement contemplates that the respective members’ and Affiliated Parties’ will be reviewed, and may be modified, at the end of Yolo Subbasin GSA’s second year.

The Joint Powers Agreement states that, generally, the Yolo Subbasin GSA will serve a coordinating and administrative role in order to provide for sustainable groundwater management of the Yolo Subbasin in a manner that does not limit any member's or Affiliated Party's authority over its own water supply matters, and each of the Members and Affiliated Parties (or groups of Members and Affiliated Parties) will have initial responsibility to implement SGMA and the Sustainability Plan adopted by the Yolo Subbasin GSA within the Member’s (or Affiliated Party’s) management area, as delineated in the GSP. The GSP will provide for the preparation of water budgets by members or Affiliated Parties for their respective management areas. If a water budget prepared by the GSP shows that groundwater pumping within a management area exceeds such area's “sustainable yield” (as defined in the SGMA) or that an “undesirable result” (as defined in the SGMA) exists, the Member or Affiliated Party with groundwater management responsibility over such area must develop and implement a plan to achieve sustainability or eliminate the undesirable result within that area. If a Member or Affiliated Party fails to develop and implement a plan to achieve sustainability or eliminate an undesirable result within the applicable management area, the Yolo Subbasin GSA will have the authority to: (i) develop and implement a plan to achieve sustainability or eliminate an undesirable result, and (ii) allocate the cost of development and implementation of such plan to members or affiliated parties within such management area.

*More information about Yolo Subbasin GSA can be found on its own website, at <https://yologroundwater.org/>. This website reference is included for informational purposes only. The City makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such website or the continued maintenance of such website.*

## **SEWER SYSTEM**

### **Sewer Collection System and Wastewater Treatment**

The City collects and treats wastewater flows through a system consisting of approximately 136,620 linear feet of sewers, three lift stations (Walnut Lane Lift Station, Carter Ranch Lift Station and Lift Station 5), a pump station (East Street Pump Station) and a wastewater treatment facility. In addition, a pump station, the El Rio Villa Pump Station, and the related force main are owned by the Yolo County Housing Authority and maintained by the City through a 1979 maintenance and use agreement. The City is under contract with the County to convey and treat wastewater from El Rio Villa. El Rio Villa is a small subdivision located approximately 0.7 miles east and outside of the City's limit.

All of the City's wastewater flows currently are conveyed to the East Street Pump Station, which was constructed in 1979. Wastewater flows generated by the El Rio Villa subdivision are conveyed to the East Street Pump Station via the El Rio Villa Pump Station and force main. The East Street Pump Station pumps all the collected wastewater flows northward to the wastewater treatment facility. The Carter Ranch Lift Station was constructed in 2002. Current wastewater flows from the Carter Ranch Subdivision are lifted to a gravity sewer on Grant Avenue and then to the East Street Pump Station. As development occurs to the north, the flows are expected to go north to a new pump station to be provided by the developers of such new development. The Walnut Lane Lift Station was built in 1988 and lifts flows from the Almond Ranch subdivision. Lift Station 5 was completed in 2012 and services the new commercial development at the east side of the City adjacent to I-505. Additionally, a lift station is being built by the developer for the a single family residential development currently known as Stones Throw. Ownership and operation of such lift station, once completed, will be transferred to the City.

The wastewater treatment facility was constructed in 1980 and expanded in 2001 and 2002 to its current wastewater treatment capacity of 0.96 million gallons per day. It is comprised of a headwork facility, four aerated ponds, one effluent polishing pond, four wastewater storage ponds and two land application areas totaling approximately 170 acres. All wastewater receives secondary treatment and disinfection prior to land application. The wastewater treatment facility's control center, headwork and main lift station are on the north bank of Putah Creek. Wastewater flows by gravity to the headwork facility and is pumped from there to the wastewater treatment pond system, which is approximately 1.5 miles from the main lift station. Based on current demand estimates (see "Demand and Requirement Projections below"), the City expects that the current capacity of the wastewater treatment facility will be sufficient until the City reaches a population of 10,824 (around the year 2031, based on current estimates).

The City continues to assess the needs to improve Sewer System infrastructure based on on-going residential and other developments. To the extent a proposed new development requires expansion of the Sewer System improvements, the City currently plans to collect developer impact fees – which will be maintained separately from the Water Revenue Fund – for the costs of such expansion.

## System Demand and Requirements

The following table sets forth the approximate volume of wastewater treated for the years shown below.

**Table 8**  
**CITY OF WINTERS**  
**Sewer System**  
**Wastewater Collection and Treatment**  
**Fiscal Years 2014-15 through 2017-18**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Average Daily Wastewater Treatment (in million gallons per day)	0.533	0.438	0.502	0.458
Change from prior year	-16.85%	-17.82%	14.6%	-8.76%

Source: City of Winters

On February 6, 2007, the same day as the City Council's acceptance of the Water Master Plan (see "WATER SYSTEM – System Demand and Requirements"), the City Council accepted a Sewer Collection System Master Plan (the "Sewer CS Master Plan"), also prepared by RMC. In the Sewer CS Master Plan, RMC provided: (a) an evaluation of the Sewer System's capacities, (b) a review of the future demands on the City's wastewater and sewer collection system based on the planned "build out" conditions (when population reaches 12,500) as described in the City's June 2003 General Plan Amendment Map, and (c) recommendations for a capital improvement program that would allow the City to meet its projected demands. The recommended Sewer System improvements included replacement of and upgrades to existing sewer pipelines and mains, new pump stations, upgrades to existing pump stations, pipeline expansion, replacement of existing pipes and other projects and programs that improve maintenance and operation of the Sewer System. Proceeds from the 2007 Sewer Bonds were used to finance the costs of a portion of these recommended improvements.

RMC estimated the average wastewater flows for the Sewer System, which are termed "Average Dry Weather Flows," by land use category. The table below summarizes the estimated existing Average Dry Weather Flow and the projected Average Dry Weather Flow at build-out, as set forth in the Sewer CS Master Plan:

**Table 9  
CITY OF WINTERS  
Sewer System  
Existing and Projected Average Dry Weather Flow  
by Land Use**

Land Use Category <sup>(1)</sup>	Existing Avg. Dry Weather Flow <sup>(2)</sup> (gpd <sup>(4)</sup> )	Projected Avg. Dry Weather Flow <sup>(3)</sup> (gpd <sup>(4)</sup> )
<b>Residential</b>		
Rural	0	14,800
Low Density	138,000	694,000
Medium Density	284,600	626,000
Medium High Density	27,000	172,000
High Density	41,400	183,000
<b>Commercial</b>		
Neighborhood	9,800	55,100
Central Business District	162,100	220,000
Highway Service	2,200	13,800
Planned	0	58,900
Business Park	0	136,100
<b>Industrial</b>		
Light	0	129,600
Heavy	0	186,300
<b>Other</b>		
Public and Quasi Public <sup>(5)</sup>	0	0
Large Users	11,200	13,200
Office	150,300	374,000
Agriculture		
Parks	1,900	29,000
Open Space	0	0
Vacant	0	N/A
<b>Total</b>	<b>828,500</b>	<b>2,905,800<sup>(6)</sup></b>

(1) Land use derived from the City's 1992 General Plan and June 2003 General Plan Amendment. Does not include El Rio Villa. See "Sewer Collection System and Wastewater Treatment."

(2) At the time of the study done in preparation of the 2007 Sewer CS Master Plan.

(3) Based on build out conditions (with population at 12,500) as described in the City's June 2003 General Plan Amendment Map.

(4) Gallons per day.

(5) Includes land uses such as schools and City Hall.

(6) Due to a typographical error, this sum appeared as 2.81 million gallons per day in the corresponding table in the Sewer CS Master Plan.

Source: City of Winters Sewer Collection System Master Plan, December 2006.

The City contracted with the engineering firm of Larry Walker Associates ("LWA") to provide an update to the City's master plan for the wastewater treatment facilities (the "2018 WTTTF Update"). Such update was completed in June 2018. The analysis done for the 2018 WTTTF Update estimates that the current wastewater generation rate for the City is approximately 75 gallons per capacity per day ("gcpd"). This is significantly lower than another estimate done

for the City in 2007 (based on a design analysis which included an allowance for potential future commercial and industrial discharges) of 130 gpcd and also lower than another estimate pursuant to a 2014 analysis of 102 gpcd. LWA explained that a major reason for the reduction in wastewater generation rate was the Sewer System improvements completed by the City in the interim years. Between 2012 and 2013, the City rehabilitated or replaced approximately 17,000 feet of sewer lines in older neighborhoods, reducing the inflow, infiltration, and exfiltration of wastewater from approximately 0.063 to 0.017 mgd. Another reason for the wastewater generation rate reduction was water conservation efforts due to the recent drought conditions (see “WATER SYSTEM – State Drought Conditions; Water Conservation; Sustainable Groundwater Management Act of 2014”). LWA noted that, for example, the average dry weather influent flow from June through August 2014 was 0.503 mgd but that from May through July 2015 was 0.375 mgd. LWA expects that, with an abatement of the drought situation, the overall future water usage (and wastewater generation rate) will increase, but will likely not reach its pre-drought conditions due to changes in behavior and installation of water conservation fixtures in new housing stock.

The 2018 WTTTF Update was prepared to provide an updated evaluation of the City’s wastewater treatment facilities necessary to serve the City’s population at built-out (which is currently anticipate to occur around 2036 at a population of 12,243), taking into account probable regulatory requirements and the City’s goal to eventually fully recycle its final effluent by providing it to local farmers for crop irrigation. The 2018 WTTTF Update identified and evaluated some alternatives for phased implementation of facilities. The City will continue to review its options with respect to such alternatives. In any event, the 2018 WTTTF indicates that, based on current estimates, the existing wastewater treatment facilities have the capacity to sufficiently serve the City until the population reached 10,824 (to be reached around the year 2031, based on current estimates).

### **Regulatory Compliance**

The present wastewater discharge requirements for the City’s wastewater treatment facility are established by the California Regional Water Control Board (the “Regional Board”) which administers and enforces all federal and State discharge requirements for wastewater treatment facility. The Regional Board administers regulations promulgated under the National Pollutant Discharge Elimination System by the United States Environmental Protection Agency and Division 7 of the California Water Code and regulations adopted thereunder. Specifically, the wastewater treatment facility is regulated by the Wastewater Discharge Requirements Order No. R5-2002-0136 (the “WDR”) issued by the Regional Board.

The Regional Board issued a Cease and Desist Order No. R5-2007-0002 (the “Cease and Desist Order”) in response to the following compliance issues: (i) a discharge of raw sewage to Putah Creek on August 29, 2005, (ii) violations of the WDR detected in September 2005, (iii) violations of the WDR and monthly monitoring report requirements between January 2005 and July 2006, (iv) three small sanitary sewer overflows between January 18, 2006 and May 22, 2006 and a potential spill to Putah Creek that was narrowly averted on July 24, 2006, (v) a major sanitary sewer overflow on December 3, 2005 and (vi) an inadequate groundwater monitoring system. The Cease and Desist Order requires the City to, among other things, comply with the WDR and other applicable monitoring and reporting requirements and prepare various reports

during 2007 and 2008. The City complied with all of the provisions set forth in the Cease and Desist Order. The Cease and Desist order was formally rescinded April 21, 2015.

## **Sewer Charges**

Service Charges. The City collects service charges from its Sewer System customers and sends the related bills on a monthly basis. See “GENERAL INFORMATION ABOUT THE ENTERPRISES – Billing and Collection.” The user charge includes a flat fee plus, a charge based on the volume of water used during the winters months (average of winter months usage).

As discussed above under “System Demand and Requirements,” in part due to successful water conservation, there has been a decline in Sewer System demands during the last ten years. Unfortunately, this impacted revenues to the Sewer System. The issuance of the 2018 Sewer Bonds, with a lower annual principal and interest requirement relative to the 2007 Sewer Bonds, is part of the City’s effort to ensure future compliance with its revenue-debt service coverage covenants with respect to the City’s bond obligations.

In that connection, the City Council also adopted Resolution No. 2018-\_\_ on August 21, 2018, increasing the fixed charge for rates last adopted in October 2013 pursuant to Resolution No. 2013-24. Pursuant to Resolution No. 2018-\_\_, the new rates become effective September 1, 2018. See Table 18 for the projected debt service coverage based on revenues generated to be pursuant to Resolution No. 2018-\_\_. The City anticipates undertaking a full rate study update during the next two years and taking future actions accordingly. See “CONSTITUTIONAL LIMITATIONS AFFECTING ENTERPRISE REVENUES AND EXPENDITURES – Proposition 218: Article XIII C and Article XIII D.”

The table below shows the City’s service charges, as in effect immediately before and after September 1, 2018:

**Table 10  
CITY OF WINTERS  
Sewer System  
Service Charges**

<b>Effective Date:</b>	<b>9/1/2015 through 8/31/2018</b>	<b>As of 9/1/2018</b>
<b>Fixed Charges per Unit</b>		
Single Family Residential	\$45.00	\$52.04
Multifamily Residential (per unit)	\$43.45	\$50.49
Commercial I <sup>(1)</sup>	\$25.00	\$32.04
Commercial II <sup>(2)</sup>	\$75.00	\$32.04
Industrial	\$64.31	\$71.35
Church	\$20.33	\$27.37
Municipal	\$65.82	\$73.86
Public School	\$782.71	\$789.75
Yolo County Housing Authority	\$7,437.52	\$8,603.12
Outside City Limits	\$68.57	\$77.00
Non-active and Locked Off	\$3.50	\$3.50
<b>Volumetric Charges</b>		
Single Family Residential (winter average variable charge per hcf)	\$1.62	\$1.62
Church	\$0.47	\$0.47
Municipal	\$0.62	\$0.62
Commercial I	\$1.93	\$1.93
Commercial II	\$3.44	\$3.44
Industrial	\$3.44	\$3.44
<b>Other Charges</b>		
Laterals (per unit for residential or per use for nonresidential)		
Clean Out (per each 6 and 8 inches)	\$ 543.90	\$ 543.90
Clean Out for larger sizes	cost plus 25%	cost plus 25%

(1) Includes property used for offices, medical services, retail sales, barber and beauty shops, religious worship and other property uses with similar low sewer usage.

(2) Includes property used for restaurants, bars, cocktail lounges, automotive repair, funeral services, nurseries, private schools and other property uses with similar high sewer usage.

Source: City of Winters.

Historical Service Charge Collection by Customer Class. The following table shows the revenues collected by the City from the sewer service charges by customer categories for the years shown below.

**Table 11**  
**CITY OF WINTERS**  
**Sewer System**  
**Service Charge Collection**  
**Fiscal Years 2014-15 through 2017-18**

Customer Type	2014-15		2015-16		2016-17		2017-18 <sup>(1)</sup>	
	Service Charges Collected	% Change from Prior FY	Service Charges Collected	Percent Change	Service Charges Collected	Percent Change	Service Charges Collected	Percent Change
Residential								
Single family	\$1,218,217	-0.25%	\$1,157,864	-4.95%	\$1,174,102	1.40%	\$1,167,675	-0.55%
Multifamily	345,258	13.71	321,902	-6.76	348,040	8.12	345,518	-0.72
Commercial/Industrial	146,150	0.31	161,948	10.81	129,191	-20.23	147,953	14.52
Total <sup>(1)</sup>	\$1,709,625	2.33%	1,641,714	-3.97%	\$1,651,333	0.59%	\$1,661,147	0.59%

(1) Based on unaudited information compiled by City's Finance Department.

(2) Totals may not add due to rounding.

Source: City of Winters.

**Comparative Rates.** The following table compares the water service charge imposed by the City, as of September 1, 2018, for a typical single family residential unit and those of certain other communities in the surrounding area:

**Table 12**  
**CITY OF WINTERS**  
**Water System**  
**Comparative Service Charges**  
**(Based on a Typical Single Family Residential Unit – 2,200 Cubic Feet of Monthly Water Use)**

<u>Community</u>	<u>Monthly Usage Charge</u>
Davis	\$ 87.12
Vacaville	75.09
<b>Winters <sup>(1)</sup></b>	<b>87.68</b>
Woodland	62.15
Suisun	37.65
Fairfield	37.65
Lincoln	32.08

Source: City of Winters.

## **FINANCIAL INFORMATION OF THE ENTERPRISES**

Set forth in this section are Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position for the Enterprise Revenue Fund of the Water System (the "Water Fund") and the Enterprise Revenue Fund of the Sewer System (the "Sewer Fund") based on the City's audited financial statements for fiscal years 2013-14 through 2016-17, and unaudited fiscal year 2017-18 financial information compiled by the City's Finance Department, certain tables within which the numbers are based (in part) on information from such statements and other information from the City's financial statements. Such statements are subject to various notes attached to the City's financial statements for the respective years and the footnotes below the respective tables.

Excerpts of the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2017, which includes the City's fiscal year 2016-17 audited financial statements and the Independent Auditor's Report issued by Van, Lant & Fankhanel, LLP (the "Auditor") regarding such financial statements, is set forth in Appendix B. The City has not requested the Auditor to consent to the inclusion of its report in Appendix B and it has not undertaken to update financial statements included in Appendix B. A complete copy of the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2017, as well as the reports for prior years, can be obtained from the City's Finance Department.

### **Water System Financial Statements**

Below are Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position for the Water Fund based on the City's audited financial statements for fiscal years 2013-14 through 2016-17, and unaudited fiscal year 2017-18 financial information compiled by the City's Finance Department:

**Table 13**  
**CITY OF WINTERS**  
**Water Fund**  
**Statements of Net Position**  
**Fiscal Years 2013-14 through 2017-18**

	2013-14	2014-15	2015-16	2016-17	(Unaudited) 2017-18
<b>Assets</b>					
<i>Current assets</i>					
Cash and investments	\$1,112,410	\$956,430	\$786,931	\$717,589	
Receivables					
Accounts, net	182,308	124,025	168,680	206,094	
Interest	111	143	276	471	
Due from successor agency	1,500,000 <sup>(1)</sup>	—	—	—	
Restricted cash and investments	280,611	249,485	286,052	294,281	
Total current assets	<u>3,075,440</u>	<u>1,330,083</u>	<u>1,241,939</u>	<u>1,218,435</u>	
<i>Noncurrent assets</i>					
Non-depreciable capital assets	151,982	150,000	150,000	367,514 <sup>(2)</sup>	
Depreciable capital assets, net	3,431,952	3,344,398	3,248,875	3,196,142 <sup>(2)</sup>	
Total noncurrent assets	<u>3,583,934</u>	<u>3,494,398</u>	<u>3,398,875</u>	<u>3,563,656</u>	
<b>Total assets</b>	<u>6,659,374</u>	<u>4,824,481</u>	<u>4,640,814</u>	<u>4,782,091</u>	
<b>Deferred outflows of resources</b> <sup>(3)</sup>					
Deferred pension contributions	—	18,271	—	—	
Proportionate share contribution differences	—	239	—	—	
Deferred pension related items	—	—	29,392	85,215	
Total deferred outflows of resources	<u>—</u>	<u>18,510</u>	<u>29,392</u>	<u>85,215</u>	
<b>Liabilities</b>					
<i>Current liabilities</i>					
Accounts payable	43,650	35,389	44,043	142,408 <sup>(2)</sup>	
Interest payable	52,054	51,041	49,965	48,856	
Deposits	31,136	35,361	36,541	44,651	
Compensated absences payable	3,350	2,418	16,067 <sup>(4)</sup>	17,753	
Long-term debt, due within one year	90,000	95,000	95,000	100,000	
Total current liabilities	<u>220,190</u>	<u>219,209</u>	<u>241,616</u>	<u>353,668</u>	
<i>Noncurrent Liabilities</i>					
Post-employment benefits	6,070	8,966	11,776	14,508	
Compensated absences payable	30,150	40,000	39,900	41,535	
Net pension liability		94,602	177,336 <sup>(4)</sup>	231,390	
Long-term debt	3,465,000	3,370,000	3,275,000	3,175,000	
Total noncurrent liabilities	<u>3,501,220</u>	<u>3,513,568</u>	<u>3,504,012</u>	<u>3,462,433</u>	
<b>Total liabilities</b>	<u>3,721,410</u>	<u>3,732,777</u>	<u>3,745,628</u>	<u>3,816,101</u>	
<b>Deferred inflows: Pension Related Items</b>	<u>—</u>	<u>27,687</u>	<u>27,784</u>	<u>18,082</u>	
<b>Net position</b>					
Net investment in capital assets	28,934	29,398	28,875	288,656	
Restricted for debt service	249,475	249,475	249,511	249,630	
Unrestricted	2,659,555	803,654	618,408	494,837	
<b>Total Net Position</b>	<u>\$2,937,964</u>	<u>\$1,082,527</u>	<u>\$896,794</u>	<u>\$1,033,123</u>	

- (1) Reflects moneys used for water infrastructure improvements which were expected to be reimbursed by the former Winters Community Development Agency (the "RDA"). The former RDA was the City's redevelopment agency and was dissolved by State law in 2012. A Successor Agency was established pursuant to State law to wind-down the former redevelopment agency's affairs. Because of a determination by the State Department of Finance that repayment for such loan was not enforceable against the Successor Agency. The loan was written off as uncollectible during fiscal year 2014-15.
- (2) Deviation from prior year pattern due to accounting for a waterline replacement project which was completed in August 2017.
- (3) Presentation for these line items changed during the years shown due to new accounting rule requirements that came into effect.
- (4) Increase from prior year in large part due to additional personnel hiring.

Source: City of Winters audited financial statements for fiscal years 2013-14 through 2016-17 and unaudited 2017-18 figures from the City of Winters Finance Department.

**Table 14**  
**CITY OF WINTERS**  
**Water Fund**  
**Statements of Revenues, Expenditures and Changes in Net Position**  
**Fiscal Years 2013-14 through 2017-18**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>(Unaudited) 2017-18</u>
<b><u>Operating revenues</u></b>					
Charges for sales and services	\$1,304,238	\$1,243,216	\$1,353,065	\$1,405,104	
Total operating revenues	<u>1,304,238</u>	<u>1,243,216</u>	<u>1,353,065</u>	<u>1,405,104</u>	
<b><u>Operating expenses</u></b>					
Salaries and benefits	239,193	253,633	361,802	280,624	
Material, supplies and miscellaneous	67,719	69,063	60,226	53,748	
Administration	522,022	620,482	646,926	557,623	
Contract services	62,574	49,538	74,566	46,379	
Utilities	161,071	162,331	150,227	132,766	
Depreciation	94,556	87,554	95,523	90,733	
Total operating expenses	<u>1,147,135</u>	<u>1,242,601</u>	<u>1,389,270</u>	<u>1,161,873</u>	
<b>Operating income (loss)</b>	<u>157,103</u>	<u>615</u>	<u>(36,205)</u>	<u>243,231</u>	
<b><u>Non-operating revenues (expenses)</u></b>					
Interest expense	(156,656)	(153,630)	(150,432)	(147,123)	
Interest income	492	542	904	1,707	
Total non-operating rev. (exp.)	<u>(156,164)</u>	<u>(153,088)</u>	<u>(149,528)</u>	<u>(145,416)</u>	
Income (loss) before transfers and capital contributions	939	(152,473)	(185,733)	97,815	
Capital Contributions	-	-	-	38,514 <sup>(1)</sup>	
Transfers in	-	-	-	-	
Transfers out	(97,000) <sup>(2)</sup>	(95,856) <sup>(2)</sup>	-	-	
Transfers out to Successor Agency	-	(1,500,000) <sup>(3)</sup>	-	-	
<b>Change in net position</b>	<u>(96,061)</u>	<u>(1,748,329)</u>	<u>(185,733)</u>	<u>136,329</u>	
<b>Net position – beginning of year</b>	3,185,534	2,937,964	1,082,527	896,794	
<b>Restatement of net position</b>	<u>(151,509)</u>	<u>(107,108)</u>	<u>-</u>	<u>-</u>	
<b>Net position – end of year</b>	<u>\$2,937,964</u>	<u>\$1,082,527</u>	<u>\$896,794</u>	<u>\$1,033,123</u>	

(1) Reflects receipt of grants to pay for consultant services relating to hexavalent chromium (Ch6) contamination level compliance. See "WATER SYSTEM – Regulatory Compliance."

(2) Reflects reimbursement of moneys advanced from Equipment Replacement Fund for Water System improvements.

(3) See footnote 1 to Table 15.

Source: City of Winters audited financial statements for fiscal years 2013-14 through 2016-17 and unaudited 2017-18 figures from the City of Winters Finance Department.

## Water System Bond Debt Service Coverage

Table 15 sets forth the historical debt service coverage with respect to the 2007 Water Bonds and the projected debt service coverage with respect to the 2018 Water Bonds. These projections reflect the City’s current expectations only and are subject to a number of factors and uncertainties that could cause actual results of operations and funds available for debt service to differ materially from those set forth herein. See “BONDOWNERS’ RISKS” and “CONSTITUTIONAL PROVISIONS AFFECTING ENTERPRISE REVENUES AND EXPENDITURES.”

**Table 15**  
**CITY OF WINTERS**  
**Water System**  
**Historical and Projected Debt Service Coverage**  
**Fiscal Years 2013-14 to 2022-23**

Fiscal Year ending June 30	Gross Revenues <sup>(1)</sup>	Oper. and Maint. Costs <sup>(2)</sup>	Net Revenues <sup>(3)</sup>	Debt Service <sup>(4)*</sup>	Debt Service Coverage <sup>(5)*</sup>
<i>Historical:</i>					
2014	\$1,304,730	\$1,052,579	\$252,151	\$247,646	1.02
2015	1,243,758	1,155,047 <sup>(6)</sup>	88,711	244,643	0.36 <sup>(6)</sup>
2016	1,353,969	1,293,747 <sup>(6)</sup>	60,222	246,509	0.24 <sup>(6)</sup>
2017	1,406,811	1,071,140	335,671	243,231	1.38
2018					
<i>Projected: <sup>(7)</sup></i>					
2019	1,449,728	1,243,597	206,131		
2020	1,503,982	1,268,469	235,513		
2021	1,529,327	1,300,697	228,630		
2022	1,554,673	1,333,734	220,939		
2023	1,580,018	1,367,600	212,418		

\* *Preliminary; subject to change.*

- (1) For each of fiscal years 2013-14 through 2017-18, equals sum “Charges for sale and services” plus “Interest income” as shown on Table 14 (Water Fund Statements of Revenues, Expenditures and Changes in Net Position) under “FINANCIAL INFORMATION – Financial Statements.” Also see “SECURITY FOR 2018 BONDS – Pledge of Net Revenues; Enterprise Revenue Fund – *Certain Definitions.*”
- (2) For each of fiscal years 2013-14 through 2017-18, equals “Total operating expenses” minus “Depreciation” as shown on Table 14 (Water Fund Statements of Revenues, Expenditures and Changes in Net Position) under “FINANCIAL INFORMATION – Financial Statements.” Also see “SECURITY FOR 2018 BONDS – Pledge of Net Revenues; Enterprise Revenue Fund – *Certain Definitions.*”
- (3) Equals “Gross Revenues” less “Operation and Maintenance Costs.”
- (4) Equals debt service for the corresponding Bond Year (*i.e.*, September 2 through September 1).
- (5) Equals “Net Revenues” divided by “Debt Service.”
- (6) For fiscal years 2015-16 and 2016-17, existing Water Fund balance (accumulated from prior years) sufficient allowed the City pay debt service due on the 2007 Water Bonds and pay other expenses. No transfers from any rate stabilization fund included in revenues shown in this Table. The increased operation and maintenance costs during those years were due to, in part, consultant and other expenses relating to State Water Board’s change with respect to Ch6 contaminant level. See “WATER SYSTEM – Regulatory Compliance.”
- (7) See “WATER SYSTEM – Water Charges” regarding new rates adopted on August 21, 2018, which became effective as of September 1, 2018. Does not include potential additional rate increases pursuant to the rate study expected to be done within the next two years. Revenues and operating and maintenance costs for fiscal years 2018-19 and 2019-20 based on the City’s adopted biennial budget. Assumes revenues from 36 new single family residential units added during each of fiscal years 2020-21, 2021-22 and 2022-23. See discussion under “GENERAL INFORMATION ABOUT THE ENTERPRISES – Customer Accounts – *Recent Developments.*” Assumes operating and maintenance costs increase of two percent per year.

Source: Historical revenues, costs and debt service, and projected revenues and costs from the City of Winters; debt service and debt service coverage from the Underwriter.

## **Sewer System Financial Statements**

Below are Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position for the Sewer Fund based on the City's audited financial statements for fiscal years 2013-14 through 2016-17, and unaudited fiscal year 2017-18 financial information compiled by the City's Finance Department:

**Table 16**  
**CITY OF WINTERS**  
**Sewer Fund**  
**Statements of Net Positions**  
**Fiscal Years 2013-14 through 2017-18**

	2013-14	2014-15	2015-16	2016-17	(Unaudited) 2017-18
<b>Assets</b>					
<i>Current assets</i>					
Cash and investments	\$1,070,816	\$838,095	\$1,343,504	\$1,266,190	
Receivables					
Accounts, net	199,977	167,406	189,948	199,401	
Interest	429	537	1,039	1,770	
Due from other funds	416,557 <sup>(1)</sup>	416,557 <sup>(1)</sup>			
Restricted cash and investments	612,988	667,885	727,324	708,060	
Total current assets	<u>2,300,767</u>	<u>2,090,480</u>	<u>2,261,815</u>	<u>2,175,421</u>	
<i>Noncurrent assets</i>					
Non-depreciable capital assets	561,206	618,821	532,979	623,881	
Depreciable capital assets, net	4,768,512	4,702,616	4,688,061	4,537,704	
Total noncurrent assets	<u>5,329,718</u>	<u>5,321,437</u>	<u>5,221,040</u>	<u>5,161,585</u>	
<b>Total assets</b>	<u>7,630,485</u>	<u>7,411,917</u>	<u>7,482,855</u>	<u>7,337,006</u>	
<b>Deferred outflows of resources</b>					
Deferred pension contributions	-	18,271	-	-	
Proportionate share contribution differences	-	239	-	-	
Deferred pension related items	-	-	29,392	129,553	
Total deferred outflows of resources	<u>-</u>	<u>18,510</u>	<u>29,392</u>	<u>129,553</u>	
<b>Liabilities</b>					
<i>Current liabilities</i>					
Accounts payable	30,419	52,777	61,379	91,996	
Interest payable	61,846	60,665	59,418	58,076	
Deposits	318,235	373,121	432,530	413,125	
Compensated absences payable	885	1,817	7,486	5,800	
Long-term debt, due within one year	105,000	110,000	115,000	120,000	
Total current liabilities	<u>516,385</u>	<u>598,380</u>	<u>675,813</u>	<u>688,997</u>	
<i>Noncurrent Liabilities</i>					
Post-employment benefits	2,111	3,118	4,096	5,056	
Compensated absences payable	7,976	15,050	18,591	22,958	
Net pension liability	-	94,602	177,336	351,785	
Long-term debt	4,090,000	3,980,000	3,865,000	3,745,000	
Total noncurrent liabilities	<u>4,100,087</u>	<u>4,092,770</u>	<u>4,065,023</u>	<u>4,124,799</u>	
<b>Total liabilities</b>	<u>4,616,472</u>	<u>4,691,150</u>	<u>4,740,836</u>	<u>4,813,796</u>	
<b>Deferred inflows: Pension Related Items</b>					
	-	27,687	27,784	55,177	
<b>Net position</b>					
Net investment in capital assets	1,134,718	1,231,437	1,241,040	1,296,585	
Restricted for debt service	294,735	294,735	294,794	294,935	
Unrestricted	1,584,560	1,185,418	1,207,793	1,006,066	
<b>Total Net Position</b>	<u>\$3,014,013</u>	<u>\$2,711,590</u>	<u>\$2,743,627</u>	<u>\$2,597,586</u>	

(1) Reflects reimbursement from impact fee fund for sewer pond expansion project.

Source: City of Winters audited financial statements for fiscal years 2013-14 through 2016-17 and unaudited 2017-18 figures from the City of Winters Finance Department.

**Table 17**  
**CITY OF WINTERS**  
**Sewer Fund**  
**Statements of Revenues, Expenditures and Changes in Net Position**  
**Fiscal Years 2013-14 through 2017-18**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>(Unaudited)</u> <u>2017-18</u>
<b><u>Operating revenues</u></b>					
Charges for sales and services	\$1,671,494	\$1,715,312	\$1,641,715	\$1,655,159	
Total operating revenues	<u>1,671,494</u>	<u>1,715,312</u>	<u>1,641,715</u>	<u>1,655,159</u>	
<b><u>Operating expenses</u></b>					
Salaries and benefits	171,120	314,871	500,886 <sup>(1)</sup>	528,476	
Material, supplies and miscellaneous	187,801	309,788	294,471	257,308	
Administration	290,970	342,498	355,425	447,964	
Fuels, lubricants and maintenance	20,440	33,762	34,171	22,899	
Contract services	481,157	282,113	76,926 <sup>(1)</sup>	65,659	
Utilities	133,030	204,640	174,151	147,968	
Depreciation	119,389	147,881	161,363	161,870	
Total operating expenses	<u>1,403,907</u>	<u>1,635,553</u>	<u>1,597,393</u>	<u>1,632,144</u>	
<b>Operating income (loss)</b>	<u>267,587</u>	<u>79,759</u>	<u>44,322</u>	<u>23,015</u>	
<b><u>Non-operating revenues (expenses)</u></b>					
Interest expense	(186,115)	(182,584)	(178,877)	(174,900)	
Interest income	2,098	1,997	5,411	5,844	
Total non-operating rev. (exp.)	<u>(184,017)</u>	<u>(180,587)</u>	<u>(173,466)</u>	<u>(169,056)</u>	
<b>Income (loss) before transfers and capital contributions</b>	83,570	(100,828)	(129,144)	(146,041)	
Capital contributions	-	-	161,181 <sup>(2)</sup>	-	
Transfers in	-	6,868 <sup>(3)</sup>	-	-	
Transfers out	(111,535) <sup>(3)</sup>	(101,355) <sup>(3)</sup>	-	-	
<b>Change in net position</b>	(27,965)	(195,315)	32,037	(146,041)	
<b>Net position – beginning of year</b>	3,208,057	3,014,013	2,711,590	2,743,627	
<b>Restatement of net position</b>	(166,079)	(107,108)	-	-	
<b>Net position – end of year</b>	<u>\$3,014,013</u>	<u>\$2,711,590</u>	<u>\$2,743,627</u>	<u>\$2,597,586</u>	

(1) Reflect transfer of operation of the Sewer System to in-house City staff. Prior to 2015-16, the City contracted with an outside firm for most of the operation and maintenance of the Sewer System.

(2) Reflects reimbursement from developer for sewer line extension.

(3) Reflects reimbursements to and from equipment replacement fund.

Source: City of Winters audited financial statements for fiscal years 2013-14 through 2016-17 and unaudited 2017-18 figures from the City of Winters Finance Department.

## Sewer System Bond Debt Service Coverage

Table 18 sets forth the historical debt service coverage with respect to the 2007 Sewer Bonds and the projected debt service coverage with respect to the 2018 Sewer Bonds. These projections reflect the City's current expectations only and are subject to a number of factors and uncertainties that could cause actual results of operations and funds available for debt service to differ materially from those set forth herein. See "BONDOWNERS' RISKS" and "CONSTITUTIONAL PROVISIONS AFFECTING ENTERPRISE REVENUES AND EXPENDITURES."

**Table 18**  
**CITY OF WINTERS**  
**Sewer System**  
**Historical and Projected Debt Service Coverage**  
**Fiscal Years 2013-14 to 2022-23**

Fiscal Year ending June 30	Gross Revenues <sup>(1)</sup>	Oper. and Maint. Costs <sup>(2)</sup>	Net Revenues <sup>(3)</sup>	Debt Service <sup>(4)*</sup>	Debt Service Coverage <sup>(5)*</sup>
<i>Historical:</i>					
2014	\$1,673,592	\$1,284,518	\$389,075	\$292,270	1.33
2015	1,717,309	1,487,672	229,637	288,766	0.80 <sup>(6)</sup>
2016	1,647,126	1,436,030	211,069	290,124	0.73 <sup>(6)</sup>
2017	1,661,003	1,470,274	190,729	291,241	0.66 <sup>(6)</sup>
2018					
<i>Projected: <sup>(7)</sup></i>					
2019	1,869,815	1,628,216			
2020	1,869,815	1,591,261 <sup>(8)</sup>			
2021	1,899,787	1,630,995			
2022	1,929,448	1,671,714			
2023	1,959,265	1,713,441			

\* *Preliminary; subject to change.*

- (1) For each of fiscal years 2013-14 through 2017-18, equals sum "Charges for sale and services" plus "Interest income" as shown on Table 17 (Sewer Fund Statements of Revenues, Expenditures and Changes in Net Position) under "FINANCIAL INFORMATION – Financial Statements." Also see "SECURITY FOR 2018 BONDS – Pledge of Net Revenues; Enterprise Revenue Fund – *Certain Definitions.*"
- (2) For each of fiscal years 2013-14 through 2017-18, equals "Total operating expenses" minus "Depreciation" as shown on Table 17 (Sewer Fund Statements of Revenues, Expenditures and Changes in Net Position) under "FINANCIAL INFORMATION – Financial Statements." Also see "SECURITY FOR 2018 BONDS – Pledge of Net Revenues; Enterprise Revenue Fund – *Certain Definitions.*"
- (3) Equals "Gross Revenues" less "Operation and Maintenance Costs."
- (4) Equals debt service for the corresponding Bond Year (*i.e.*, September 2 through September 1).
- (5) Equals "Net Revenues" divided by "Debt Service."
- (6) For fiscal years 2014-15, 2015-16 and 2016-17, existing Water Fund balance (accumulated from prior years) sufficient allowed the City pay debt service due on the 2007 Sewer Bonds and pay other expenses. No transfers from any rate stabilization fund included in revenues shown in this Table.
- (7) See "SEWER SYSTEM – Sewer Charges" regarding new rates adopted on August 21, 2018, which became effective as of September 1, 2018. Does not include potential additional rate increases pursuant to the rate study expected to be done within the next two years. Revenues and operating and maintenance costs for fiscal years 2018-19 and 2019-20 based on the City's adopted biennial budget. Assumes revenues from 36 new single family residential units added during each of fiscal years 2020-21, 2021-22 and 2022-23. See discussion under "GENERAL INFORMATION ABOUT THE ENTERPRISES – Customer Accounts – *Recent Developments.*" Assumes operating and maintenance costs increase of two percent per year.
- (8) Decreased costs in fiscal year 2019-20 due to anticipated retirement of long-time staff members, and replacements, if any, expected to carry lower costs (for example, enrollment in lower cost CalPERS plan, see "Pension Plans" below).

Source: Historical revenues, costs and debt service, and projected revenues and costs from the City of Winters; debt service and debt service coverage from the Underwriter.

**Pension Plans**

The City pays an allocable portion of the City’s administrative expenses, including employee compensation and benefits from revenues of the Water System and the Sewer System, respectively. See Tables 13 and 16 above. Under each Indenture, Net Revenues (which are pledged to the payment of the applicable 2018 Bonds) is defined as Gross Revenues less Operation and Maintenance Costs. With respect of each Enterprise, Operation and Maintenance Costs include, among other things, administrative costs of the City attributable to the operation and maintenance of such Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Enterprise and insurance premiums. The table below shows the City’s contribution to the CalPERS plans (discussed below), and the amounts allocated to each of the Water System and the Sewer System for the years shown:

**Table 19**  
**CITY OF WINTERS**  
**City Contribution to CalPERS Plans and Allocation to Water & Sewer Enterprises**  
**Fiscal Years 2014-15 through 2017-18**

<b>Fiscal Year</b>	<b>City Required Contribution</b>	<b>City Actual Contribution</b>	<b>Amount Allocated to Water System</b>	<b>Amount Allocated to Sewer System</b>
2014-15	\$437,050	\$437,050	\$21,725	\$22,729
2015-16	490,580	490,580	22,830	24,805
2016-17	644,173	644,173	32,585	38,331
2017-18	646,511	646,511	34,762	36,927

*General Information Regarding CalPERS Plans*

All qualified permanent and probationary City employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan administered by the California Public Employees Retirement System (“PERS” or “CalPERS”). PERS is an agent multiple employer public employee retirement system and issues its own comprehensive annual financial report. PERS acts as a common investment and administrative agent for participating public entities within the State. A menu of benefit provisions as well as other requirements of the PERS program are established by the Public Employees’ Retirement Law set forth in California Government Code (commencing with Section 20000). The City selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance (or other local methods). contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957

Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Governor Jerry Brown signed the California Public Employee's Pension Reform Act of 2013 ("PEPRA") into law on September 12, 2012. For non-safety CalPERS participants hired after January 1, 2013 (the "Implementation Date"), the Reform Act changes the normal retirement age by increasing the eligibility for the 2 percent age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5 percent to age 67. PEPRA also implements certain other changes to CalPERS including the following: (a) all new participants enrolled in CalPERS after the Implementation Date are required to contribute at least 50 percent of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalPERS is required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date, and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100 percent of the federal Social Security contribution and benefit base for members participating in Social Security or 120 percent for CalPERS members not participating in social security.

The California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and be effective on the July 1 following notice of a change in the rate. Funding contributions for the City's Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Plans Offered by City

The provisions and benefits in effect at June 30, 2018 (actuarial dated August 2017) for the City's six PERS rate plans are summarized below: *[To be updated if available before printing]*

	City Miscellaneous Plans		City Safety Plans			
	Before 1/1/2013	(PEPRA) On or after 1/1/2013	Police Tier I Before 1/1/2013	Police Tier II On or after 2/7/2011	Police PEPRA On or after 1/1/2013	Fire Before 1/1/2013
Hire Date						
Benefit formula	2.0% @ 55	2.0% @ 62	3.0% @ 50	2.0% @ 50	2.7% @ 57	2.0% @ 50
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	55	50	57	50
Monthly benefits, as a % of eligible compensation	highest single year	3-year average	3-year average	3-year average	3-year average	3-year average
Required employee contribution rate	7.00%	6.25%	9.00%	9.00%	11.50%	9.00%
Required employer contribution rate	9,409% +\$119,442	6,842% +\$228	17,614% \$189,242	15,719% +\$212	12,141% +\$521	15,719% +\$4,934

See information set forth in Note 10 of the City's audited financial statements shown in "APPENDIX B – CITY OF WINTERS COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2017" for details regarding the City's pension liabilities, pension expenses and related deferred outflows and inflows as reported in the financial statements, and additional information regarding actuarial assumptions.

### City Plans Funding Status and History, Required Contributions

Around August of each year, PERS provides the City report (each, a “PERS Report”) providing the actuarial valuation (as of June 30 of the calendar year preceding the year of the PERS Report) for each of the City’s Plans. *The following information is based on information available from PERS and the PERS Reports. The City has not independently verified by the information provided by PERS and express no opinion regarding the accuracy of such information. PERS’ actuarial assessments are based various assumptions (including demographic assumptions and economic assumptions) made by PERS, its actuaries, accountants and other consultants. One or more assumptions may not materialize or be changed in the future. The City expresses no opinion regarding the quality such assumptions and cannot provide any guarantee as to the eventual results.*

Below are definitions for selected terms used in the most recent PERS Reports:

*Accrued Liability* – The total dollars needed as of the valuation date to fund all benefits earned in the past for current members.

*Actuarial Assumptions* – Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability and retirement rates. Economic assumptions include discount rate, salary growth and inflation.

*Actuarial Valuation* – The determination, as of a valuation date, of the Normal Cost, Accrued Liability, Actuarial Value of Assets and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions.

*Entry Age Normal Cost Method* – An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to yield a rate expressed as a level percentage of payroll. (The assumed retirement age less the entry age is the amount of time required to fund a member’s total benefit. Generally, the older a member on the date of hire, the greater the entry age normal cost. This is mainly because there is less time to earn investment income to fund the future benefits.)

*Normal Cost* – The annual cost of service accrual for the upcoming fiscal year for active employees. The normal cost should be viewed as the long term contribution rate.

*Present Value of Benefits* – The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for current members.

*Unfunded Liability (“UAL”)* – When a plan or pool’s Value of Assets is less than its Accrued Liability, the difference is the plan or pool’s Unfunded Liability. If the Unfunded Liability is positive, the plan or pool will have to pay contributions exceeding the Normal Cost.

Beginning with the June 30, 2013 valuation (which set the 2015-16 contribution rates), PERS has used an amortization and smoothing policy that pays for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year

period. PERS no longer uses an actuarial value of assets and only uses the market value of assets. PERS' policies and actuarial assumptions have changed significantly in recent years and can be expected to change or be modified from time to time by PERS in the future. PERS has adopted a four-year Asset Liability Management (ALM) review cycle, and reviews its capital market and economic assumptions, actuarial assumptions and risk mitigation policy every four years.

The August 2017 PERS Reports shows the following funding history for the City's four rate plans (without accounting for prepayments or benefit changes made during any fiscal year):

*Miscellaneous Plan (for Hire Date before 1/1/2013)*

<b>Valuation Date</b>	<b>Accrued Liability</b>	<b>Market Value of Assets</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>
6/30/2013	7,476,476	5,910,633	1,565,843	79.1%	1,288,971
6/30/2014	8,365,557	6,991,019	1,374,538	83.6%	1,346,959
6/30/2015	8,903,183	7,155,935	1,747,248	80.4%	1,254,310
6/30/2016	9,857,201	7,467,034	2,390,167	75.8%	1,452,441

*PEPRA Miscellaneous Plan (for Hire Date after 1/1/2013)*

<b>Valuation Date</b>	<b>Accrued Liability</b>	<b>Plan's Share of Pool's Market Value of Assets</b>	<b>Plan's Shared of Pooled Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>
6/30/2013	N/A	N/A	N/A	N/A	N/A
6/30/2014	105	110	(5)	104.5%	27,775
6/30/2015	21,032	19,883	1,149	94.5%	294,658
6/30/2016	84,669	77,097	7,572	91.1%	386,282

*Safety – Police Tier I Plan (for Hire Date before 1/1/2013)*

<b>Valuation Date</b>	<b>Accrued Liability</b>	<b>Market Value of Assets</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>
6/30/2013	6,423,924	4,687,747	1,736,177	73%	590,728
6/30/2014	7,572,326	5,978,734	1,593,592	79%	459,207
6/30/2015	7,803,261	5,884,612	1,918,649	75.4%	468,347
6/30/2016	8,165,732	5,764,408	2,401,324	70.6%	374,990

*Safety – Police Tier II Plan (for Hire Date before 1/1/2013)*

<b>Valuation Date</b>	<b>Accrued Liability</b>	<b>Market Value of Assets</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>
6/30/2013	23,776	18,747	5,029	78.8%	51,862
6/30/2014	48,801	47,804	997	98.0%	60,643
6/30/2015	69,245	66,877	2,368	96.6%	62,802
6/30/2016	95,945	85,946	9,999	89.6%	65,572

*PEPRA Safety – Police Plan (for Hire Date after 1/1/2013)*

<b>Valuation Date</b>	<b>Accrued Liability</b>	<b>Plan's Share of Pool's Market Value of Assets</b>	<b>Plan's Shared of Pooled Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>
6/30/2013	191	280	(89)	146.6%	50,736
6/30/2014	16,942	17,766	(824)	104.9%	91,669
6/30/2015	67,379	63,820	3,559	94.7%	243,314
6/30/2016	158,857	142,748	16,109	89.9%	359,009

*Safety – Fire Plan (for Hire Date before 1/1/2013)*

<b>Valuation Date</b>	<b>Accrued Liability</b>	<b>Market Value of Assets</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>
6/30/2013	359,335	288,854	70,481	80.4%	199,800
6/30/2014	436,959	382,766	54,193	87.6%	207,141
6/30/2015	453,175	382,455	70,720	84.4%	227,303
6/30/2016	574,221	460,416	113,805	80.2%	272,460

The tables below shows the historic required City contribution from fiscal years 2016-17 to 2018-19 and projected City contributions for fiscal years 2019-20 to 2021-22, as reported in the August 2017 PERS Reports. The projections are based on various assumptions. PERS actuarial assumptions are subject to periodic review and revisions. Actual contributions will be subject to such revisions.

*Miscellaneous Plan (Hire Date before 1/1/2013)*

	<b>Required Contribution</b>			<b>Projected Future Employer Contribution<sup>(1)</sup></b>		
	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
<b>Normal Cost %</b>	8.88%	8.921%	9.409%	9.9%	10.8%	10.8%
<b>UAL Payment</b>	\$120,570	\$141,352	\$119,442	\$154,000	\$182,000	\$217,000

(1) Assumes 7.375 percent return for fiscal year 2016-17, 7.25 percent next year and 7.00 percent the following year, but see discussion below regarding changes adopted by CalPERS since August 2017.

*PEPRA Miscellaneous Plan (Hire Date after 1/1/2013)*

	Required Contribution			Projected Future Employer Contribution <sup>(1)</sup>		
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Normal Cost %	6.55%	6.533%	6.842%	6.8%	7.1%	7.1%
UAL Payment	\$6	\$28	\$228	\$540	\$1,100	\$1,600

(1) Assumes 7.375 percent return for fiscal year 2016-17, 7.25 percent next year and 7.00 percent the following year, but see discussion below regarding changes adopted by CalPERS since August 2017.

*Safety – Police Tier I Plan (for Hire Date before 1/1/2013)*

	Required Contribution			Projected Future Employer Contribution <sup>(1)</sup>		
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Normal Cost %	16.656%	16.842%	17.614%	18.4%	19.9%	19.9%
UAL Payment	\$143,386	\$162,471	\$189,242	\$220,000	\$245,000	\$276,000

(1) Assumes 7.375 percent return for fiscal year 2016-17, 7.25 percent next year and 7.00 percent the following year, but see discussion below regarding changes adopted by CalPERS since August 2017.

*Safety – Police Tier II Plan (for Hire Date before 1/1/2013)*

	Required Contribution			Projected Future Employer Contribution <sup>(1)</sup>		
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Normal Cost %	14.785%	14.971%	15.719%	16.4%	17.8%	17.8%
UAL Payment	\$0	\$12	\$212	\$480	\$860	\$1,300

(1) Assumes 7.375 percent return for fiscal year 2016-17, 7.25 percent next year and 7.00 percent the following year, but see discussion below regarding changes adopted by CalPERS since August 2017.

*PEPRA Safety – Police Plan (for Hire Date after 1/1/2013)*

	Required Contribution			Projected Future Employer Contribution <sup>(1)</sup>		
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Normal Cost %	12.082%	11.990%	12.141%	12.4%	13.1%	13.1%
UAL Payment	\$25	\$114	\$521	\$1,100	\$2,100	\$3,100

(1) Assumes 7.375 percent return for fiscal year 2016-17, 7.25 percent next year and 7.00 percent the following year, but see discussion below regarding changes adopted by CalPERS since August 2017.

*Safety – Fire Plan (for Hire Date before 1/1/2013)*

	Required Contribution			Projected Future Employer Contribution <sup>(1)</sup>		
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Normal Cost %	14.785%	14.971%	15.719%	16.4%	17.8%	17.8%
UAL Payment	\$2,002	\$3,100	\$4,934	\$7,100	\$9,200	\$12,000

(1) Assumes 7.375 percent return for fiscal year 2016-17, 7.25 percent next year and 7.00 percent the following year, but see discussion below regarding changes adopted by CalPERS since August 2017.

On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for fiscal year 2018-19 were calculated using a discount rate of 7.375 percent. The projected employer contributions shown above were calculated assuming that the discount rate will be lowered to 7.25 percent next year and 7.00 percent the following year as adopted by the Board. The decision to reduce the discount rate was primarily based on reduced capital market assumptions provided by external investment consultants and PERS investment staff. The specific decision adopted by the PERS Board reflected recommendations from PERS staff and additional input from employer and employee stakeholder groups. Notwithstanding the PERS Board’s decision to phase into a 7.0 percent discount rate, subsequent analysis of the expected investment return of PERS assets or changes to the investment allocation may result in a change to this three year discount rate schedule.

On February 13, 2018, CalPERS Board adopted the following changes to its amortization policy, applicable to all public agencies commencing fiscal year 2021-22:

1. Shorten the period over which actuarial gains and losses are amortized from 30 years to 20 years. This change applies only to new gains/losses established on or after the effective date of the policy change (see item 5).
2. Amortization payments for all UAL bases will be computed to remain a level dollar amount throughout the amortization period. This change applies only to new UAL bases established on or after the effective date of the policy change (see item 5).
3. Remove the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses established on or after the effective date of the policy change (see item 5).
4. Remove the 5-year ramp-down on investment gains/losses established on or after the effective date of the policy change (see item 5).
5. Set an effective date of June 30, 2019 for policy changes 1-4 above.

6. Set a maximum amortization period of 15 years for all unfunded accrued liability of Inactive Employers (no active members). This change would be effective for the June 30, 2017 actuarial valuations. The actuary will retain the ability to further shorten the period on any valuation date based on the life expectancy of plan members and projected cash flow needs of the plan.

Information regarding CalPERS' administration of the plans, actuarial methods assumptions and asset valuation can be obtained from CalPERS at Lincoln Plaza North, 400 Q Street Sacramento, California 95811 or (888) 225-7377. The comprehensive annual financial reports of CalPERS are available on CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The website reference is for informational purposes only. None of the content of the website is any way incorporated into this Official Statement. The City makes no representation concerning, and do not take any responsibility for, the accuracy or timeliness of information posted on such website or the continued maintenance of such website.

Particularly because of CalPERS' lowering of the discount rate (discussed above), the City's unfunded liability increased from \$3,031,447 as of the end of fiscal year 2015-16 to \$5,117,035 at the end of fiscal year 2017-18. The City is evaluating its options to address the unfunded liability. Possible options may include, among others (to the extent allowed by the budget): working with CalPERS to adjust the length of the amortization period, increase the annual payment to lower the unfunded liability of some of the plans, make lump sum payments for plans with lower unfunded liability amounts. The City recognizes that the reduction of the unfunded liability will be a multi-year project, but is actively working to put a policy in place to protect both the services to the City's constituents and retirement benefits to the City Staff that had served the community for many years.

### **Other Post-Employment Benefits Other Than Pensions**

The City provides certain health insurance benefits to retired employees in accordance with memoranda of understanding. For employees who retire from the City and who have reached the age of 50 years old, and who continue health insurance through a City-sponsored health insurance plan, the City will contribute the minimum monthly amount (as required by CalPERS) of the health insurance premium (\$125 and \$128 for the calendar years 2016 and 2017 respectively). The City's policy is to contribute an amount sufficient to pay the current year's premium. For fiscal year 2016-17, the City contributed \$8,980, which covered current premiums, but did not include any additional prefunding of benefits. As of the end of fiscal year 2016-17, there were 6 retirees who are receiving benefits.

The City's annual other postemployment benefit ("OPEB") cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45's Alternative Measurement Method allowed for employers with less than 100 plan members. The City's annual OPEB cost, percentage of annual OPEB cost contributed, and net OPEB obligation for fiscal years 2014-15 through 2016-17 are presented below:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Annual Contribution (Net of Adjustment)</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
2015	\$27,821	\$8,784	32%	\$58,917
2016	27,400	8,892	32%	77,425
2017	26,991	8,980	33%	95,436

As of June 30, 2015, the most recent Alternate Measurement Method valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$861,054, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$861,054. The covered payroll (annual payroll of active employees covered by the plan) was \$2,247,561, and the ratio of the UAAL to the covered payroll was 38.3 percent.

**Table 20**  
**CITY OF WINTERS**  
**Water System and Sewer System**  
**City OPEB Contribution and Allocation to Enterprises**  
**Fiscal Years 2014-15 through 2017-18**

<b>Fiscal Year</b>	<b>City Required Contribution</b>	<b>City Actual Contribution</b>	<b>Amount Allocated to Water System</b>	<b>Amount Allocated to Sewer System</b>
2014-15	\$27,821	\$8,794	\$0	\$0
2015-16	27,400	8,892	0	0
2016-17	26,991	8,980	0	0
2017-18		9,216	0	0

See information set forth in Note 9 of the City’s audited financial statements shown in “APPENDIX B – CITY OF WINTERS COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2017” for further information, including details regarding the Alternate Measurement Method valuations, related actuarial methods and assumptions.

## **BONDOWNERS' RISKS**

*Investment in the 2018 Bonds involves elements of risk. The following section describes certain specific risk factors affecting the payment and security of the 2018 Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the 2018 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 2018 Bonds. There can be no assurance that other risk factors not discussed under this caption will not become material in the future.*

### **Limited Obligations of City**

The 2018 Bonds of each series will be special obligation of the City limited solely to the Net Revenues of the applicable Enterprise and certain funds and accounts held under the related Indenture. For the 2018 Bonds of each series, under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues of the applicable Enterprise and the funds and accounts specifically identified in the related Indenture for payments on such 2018 Bonds, nor will any other funds or property of the City be liable for such payments. Neither the Trustee nor the owner of any 2018 Bond shall have the right, directly or indirectly, to require or compel the exercise of the taxing power of the City or the forfeiture of any property of the City, including any portion of either Enterprise, for the making of any payments pursuant to the 2018 Bonds or the Indentures.

### **Enterprise Operation and Expenses; Net Revenues**

Projected revenues, operational expenses and demands of each Enterprise described in this Official Statement are based on certain assumptions that the City believes are reasonable. However, no assurance can be given that actual operating results will be consistent with these projections. As discussed under "WATER SYSTEM" and "SEWER SYSTEM," during the last ten years, drought conditions in the State and resulting water conservation efforts attributed to a decline on the demand on the Enterprises beyond the City's assumptions when the 2007 Bonds were issued. Net Revenues of either Enterprise may also be affected by the disruption in service from system failures, a lack of development, the relocation of customers out of the Service Area, or the discontinued use of the City's services by one or more major customers, an increase in operating costs of the Enterprise, or a number of other risk factors, whether or not described in this Official Statement. The occurrence of any of these events, or changes in technology or regulatory standards, could impact an Enterprise's revenues and expenses. In such case, the City may be required to increase service charges for the Enterprise in order to comply with the City's rate covenant under the Indenture. Under certain circumstances, the City could be unable to raise rates in accordance with the rate covenant. See, for example, "CONSTITUTIONAL PROVISIONS AFFECTING ENTERPRISE REVENUES AND EXPENDITURES." Receipt of the Net Revenues of an Enterprise in amounts sufficient to pay the related series of 2018 Bonds is dependent on the continual use of the services at forecasted levels.

## **Regulatory Requirements**

The operations of each Enterprise are subject to state and federal laws and regulations, particularly with respect to water quality requirements. See “WATER SYSTEM – Regulatory Compliance” and “SEWER SYSTEM – Regulatory Compliance.” The adoption of more stringent laws and regulations may cause the City to incur greater expenses for the operation of an Enterprise, particularly, for example, if such changes require the use of new or costly technology. Although the City covenants in each Indenture to fix rates and collect revenues for the related Enterprise to meet certain debt service coverage requirements (see “SECURITY FOR 2018 BONDS – Rate Covenants”), no assurance can be given that the costs of complying with such new laws and regulations will not adversely affect the City’s ability to generate sufficient Net Revenues in the amounts required by the Indenture. It is not possible to predict the timing or nature of more stringent operation standards that may be imposed on the City over the term of the 2018 Bonds.

## **Natural Calamities**

From time to time, the City is subject to natural calamities that may adversely affect economic activity in the City. The City, like most communities in California, is an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes. The occurrence of a natural calamity, such as an earthquake, a drought, a flood or any other disaster, may affect the City’s water supply, substantially damage or destroy Enterprise facilities or otherwise disrupt either Enterprise’s operation. In such circumstances, Net Revenues may be reduced or eliminated if the City was unable to provide the affected Enterprise’s services to its customers, or if large amounts of revenues were required to be applied to make extensive repairs to the affected Enterprise. Such a reduction or elimination of Net Revenues could impair the City’s ability to make the 2018 Bonds when due.

The areas in and surrounding the City, like most communities in California, may be subject to unpredictable seismic activity, and therefore, are subject to potentially destructive earthquakes. There are no earthquake faults within City limits. The Great Valley Thrust Fault traverses approximately 3.2 miles southwest of the City. 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, according to FEMA Flood Insurance Rate Map for Winters (Community Panel Number 060425 0001 C, map revised November 20, 1998), approximately 400 acres of land within City limits contains Special Flood Hazard Areas. Most of such area is currently vacant and undeveloped. Overall, EPS projects that 479 acres in the flood overlay area will develop within the General Plan timeframe and participate in the Flood Area Storm Drainage Fee Program.

A combination of record heat (particularly during the summer), drought conditions and high winds have created conditions that are conducive wildfires in various regions throughout

the State during recent years. Large wildfires have occurred in Yolo County or nearby areas during each of last five years, but none of such wildfires have reached City limit. Nonetheless, in many cases, the City have assisted by dispatching personnel from the City's fire department to help fight the fire and set up information or evacuation centers for people affected.

### **Insurance**

The City will covenant in the Indenture to maintain insurance relating to the Enterprises that will afford protection in such amounts and against such risks as are usually covered in connection with public utility systems similar to the Enterprises. The City maintains liability insurance through the self-insurance risk pool administered by Yolo County Public Agency Risk Management Insurance Authority. See "GENERAL INFORMATION ABOUT THE ENTERPRISES – Insurance." In the event of an extraordinary casualty or loss, there is no assurance that the insurance proceeds will be adequate to cover the claim. In such circumstances, the amount of Net Revenues available to pay debt service may be impacted.

### **Limitations on Remedies and Bankruptcy**

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest and premium, if any, on the Bonds or to preserve the tax-exempt status of interest on the 2018 Bonds.

Bond Counsel has limited its opinions as to the enforceability of the 2018 Bonds and the Indentures to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay in the exercise of, or limitations on or modifications to, the rights of the Owners.

Enforceability of the rights and remedies of the owners of the 2018 Bonds, and the obligations incurred by the City, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State.

The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. The City, upon become a debtor under the Bankruptcy Code, would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. The ability, timing and amount that the Trustee or the Owners of the 2018

Bonds will be able to recover claims in such case will be subject to the uncertainty presented by such bankruptcy proceedings.

### **Investment of Funds**

The funds and accounts held under an Indenture are required to be invested in Permitted Investments as provided under such Indenture. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE.” All investments, including Permitted Investments, authorized by law from time to time for investments by the City contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Indenture could have a material adverse effect on the security for the 2018 Bonds.

### **Constitutional Limitations (Proposition 218); Future Initiative and Legislation**

Proposition 218, which added Articles XIIC and XIID to the California Constitution, affects the City’s ability to impose future rate increases, and no assurance can be given that future rate increases will not encounter majority protest opposition or be challenged by initiative action authorized under Proposition 218. In the event that future proposed rate increases cannot be imposed as a result of majority protest or initiative, the City might thereafter be unable to generate Net Revenues in the amounts required by an Indenture to pay the related Bonds. Notwithstanding the foregoing, in each Indenture, the City has covenanted to effect service rate increases as needed for compliance with its rate covenant to the maximum extent permitted by law in compliance with Proposition 218. See “CONSTITUTIONAL PROVISIONS AFFECTING WATER SYSTEM REVENUES AND EXPENDITURES.”

Other initiative measures could be adopted, affecting the City’s ability to generate revenues through property related fees, charges, taxes or otherwise, and to increase appropriations. No assurances can be given as to the potential impact of any future initiative or legislation on the finances and operations of the City.

### **Loss of Tax Exemption**

Compliance by City. In order to maintain the exclusion of interest on the 2018 Bonds from gross income for federal income tax purposes, the City has covenanted to comply with the applicable requirements of Section 148 and certain other sections of the Tax Code, as amended, relative to arbitrage and avoidance of characterization as private activity bonds, among other things. Interest on the 2018 Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date of issuance of the Bonds as a result of acts or omissions of the City in violation of these covenants. See “CONCLUDING MATTERS – Tax Matters.”

Future Legislation or Court Decisions. Legislation affecting the tax exemption of interest on the 2018 Bonds may be considered by the United States Congress and the State legislature. Federal and state court proceedings and the outcome of such proceedings could also affect the tax exemption of interest on the 2018 Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2018

Bonds will not have an adverse effect on the tax exemption of interest on the 2018 Bonds or the market value of the 2018 Bonds.

### **Secondary Market**

There can be no assurance that there will be a secondary market for the 2018 Bonds, or if a secondary market exists, that the 2018 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, pricing of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could substantially differ from the original purchase price.

## **CONSTITUTIONAL PROVISIONS AFFECTING ENTERPRISE REVENUES AND EXPENDITURES**

### **Article XIII A and Article XIII B**

Pursuant to California law, any fee that exceeds the reasonable cost of providing the service for which the fee is charged is a "special tax," which under Article XIII A of the California Constitution must be authorized by a two-thirds vote of the electorate. This requirement may be applicable to rates for water and sewer service and capacity charges, to the extent that such rates and charges exceed the reasonable costs of providing service. In addition, the California courts have determined that fees imposed as a condition of approval of a development project, such as impact fees for water or sewer service, will not be special taxes if the fees approximate the reasonable cost of constructing the related improvements contemplated by the local agency imposing the fee. Such court determinations have been codified in California Government Code Section 66005.

On November 6, 1979, California voters approved Proposition 4, the "Gann Initiative," which added Article XIII B to the California Constitution. Under Article XIII B, state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys that are called "appropriations subject to limitation" (consisting of tax revenues, state subventions, and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriations of moneys that are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities' revenues in any tax year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. Certain expenditures are excluded from the appropriations limit, including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by voters and payments required

to comply with court or federal mandates which without discretion required an expenditure for additional services or which unavoidably make the providing of existing services more costly.

The City believes that its rates and charges for water service and for the sewer service do not exceed the costs the City reasonably bears in providing such service, and are presently in compliance with Article XIII A and Article XIII B.

**Proposition 218: Article XIII C and Article XIII D**

General. On November 5, 1996, California voters approved Proposition 218, “the Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the California Constitution, providing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges. The City believes that it has complied with the requirements of Proposition 218 in all material respects with respect to the adoption of the City’s current charges for Water System and Sewer System services.

Article XIII C. Article XIII C provides that a local government may not impose, extend, or increase local taxes until such taxes are submitted to the electorate for approval. General taxes, imposed, extended, or increased for general governmental purposes of the city, require a majority vote and special taxes, imposed, extended, or increased for specific purposes, require a two-thirds vote. In addition, Article XIII C provides that the constitutional initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local taxes, assessments, fees, and charges. This provision with respect to the initiative power is not limited to taxes, assessments, fees, and charges imposed on or after November 6, 1996, the effective date of Proposition 218. However, on July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states: “Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996 general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protection by Section 10 of Article I of the United States Constitution.” Government Code Section 5854 appears to limit the voters’ power to repeal or reduce Water System fees and charges if such reduction would interfere with the City’s payment of Installment Payments. If Government Code Section 5854 becomes the subject of a challenge, however, no guarantee can be made that the courts will agree with such interpretation.

Article XIII D. Article XIII D imposes various procedural and substantive requirements on local governments that levy an “assessment,” “fee,” or “charge.” Article XIII D defines “fees” or “charges” as “any levy other than an ad valorem tax, a special tax, or an assessment imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” “Property related service” means a public service having a direct relationship to property ownership (property ownership includes tenancies where tenants are directly liable to pay the fee or charge). In particular, a fee or charge (i) may not exceed the funds required to provide the property related service, (ii) may not be used for any purpose other than that for which the fee or charge was imposed, (iii) may not exceed the proportional cost of the service attributable to the parcel, (iv) may not be imposed for a service

unless that service is actually used by, or is immediately available to, the owner of the property in question, and (v) may not be imposed for general governmental services.

In addition, before any property related fee or charge may be imposed or increased, the local government agency must provide mailed notice 45 days in advance of a hearing regarding the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the local government agency may not impose or increase the fee or charge. Moreover, except for fees or charges for water, wastewater, and refuse collection services (or fees for electrical and gas service, which are expressly exempted from Proposition 218), no property related fee or charge may be imposed or increased without a majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds approval by those residing in the affected area and voting at the election. Article XIID states that, beginning July 1, 1997, all fees or charges must comply with its provisions.

The City believes that it has complied with the procedural and substantive requirements of Proposition 2018 with respect to services charges of each Enterprise that it currently imposes. The ability of the City to comply with the covenants in each Indenture, including the rate covenants described under "SECURITY FOR 2018 BONDS – Rate Covenants," in connection with the levy and collection of service charges of each Enterprise could be adversely affected by actions taken or not taken by voters, property owners or other persons obligated to pay service charges.

### **Future Initiatives**

Articles XIII A, XIII B, XIII C and XIID of the California Constitution were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting the Water System revenues or the City's ability to expend such revenues.

## **CONCLUDING MATTERS**

### **Absence of Litigation**

To the City's knowledge, there is no litigation pending or threatened to restrain or enjoin the execution or delivery of the Indentures, the issuance of the 2018 Bonds, to contest the validity of the 2018 Bonds or any proceedings of the City with respect thereto. In the opinion of the City, there is no lawsuit or claim pending against the City that will materially impair the City's ability to enter into the Indentures or restrain or enjoin the collection of Net Revenues of the Enterprises as contemplated therein.

### **Continuing Disclosure**

The City has undertaken in a continuing disclosure certificate (the "Continuing Disclosure Certificate") for the benefit of Owners and beneficial owners of the 2018 Bonds to provide certain financial information relating to the City and other data relating to each

Enterprise by not later than nine months after the close of each fiscal year (which currently would be March 31, with the fiscal year ending on each June 30), commencing with the report for the 2017-18 fiscal year (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. [The Continuing Disclosure Certificate will provide that, for the fiscal year 2017-18 annual report, the City will only have to file the financial statements for year ended June 30, 2018, and will not have to provide certain additional information pertaining to the Enterprises otherwise required for subsequent Annual Reports (as most of such fiscal year 2017-18 information is already disclosed in this Official Statement).]

The Annual Report and notices will be filed by the City or Urban Futures, Inc., as the Dissemination Agent on behalf of the City, with the Municipal Securities Rulemaking Board (the “MSRB”), via its Electronic Municipal Market Access (“EMMA”) system. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in “APPENDIX E – 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 City to comply with the provisions of the Continuing Disclosure Certificate is not an event of default under the Indenture (although the Owners 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 2018 Bonds. Therefore, a failure by the City to comply with the provisions of the Continuing Disclosure Certificate may adversely affect the marketability of the 2018 Bonds on the secondary market.

In preparation for issuance of the 2018 Bonds, an independent examination of the City’s continuing disclosure filings during the prior five year period was conducted (the “Examination”). The Examination found that during the past five years, in a few instances, there were tables (or information required to be in the tables) in the annual reports that were missing, but for which remedial filings were made in October 2016 (prior to the issuance of certain Project C Bonds). Additionally, audited financial statements for fiscal year 2016 were not available by the filing deadline but were provided when they became available.

Before the printing of this Official Statement, an examination (the “Examination”) of the continuing disclosure filings by the City during the five-year period ending \_\_\_\_\_, 2018 was conducted. Based on the Examination, it was found that: \_\_\_\_\_.

The City has adopted a set of continuing disclosure procedures and has taken steps to ensure future compliance with its continuing disclosure obligations in a timely manner.

## **Legal Matters**

All of the legal proceedings in connection with the authorization and issuance of the 2018 Bonds are subject to the approval of Richards Watson & Gershon, A Professional Corporation, Bond Counsel. Bond Counsel’s final approving opinions with respect to the 2018

Bonds will be substantially in the form set forth in Appendix E of this Official Statement. Certain matters with respect to this Official Statement will be considered on behalf of the City by Richards, Watson & Gershon, A Professional Corporation, in its capacity as Disclosure Counsel. Certain legal matters will also be passed upon for the City by Best Best & Krieger LLP, Sacramento, in its capacity as City Attorney. Certain legal matters will also be passed upon for the Underwriter, by Kutak Rock LLP, Irvine California, as Underwriter's Counsel.

### **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 2018 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 2018 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 2018 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 City has made certifications and representations and have covenanted to maintain the exclusion of the interest on the 2018 Bonds from gross income for Federal income tax purposes pursuant to Section 103 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, and compliance with such covenants of, the City: (i) interest on the 2018 Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code, and (ii) the 2018 Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, interest on the 2018 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 2018 Bonds is exempt from State of California personal income taxes (applicable only to taxable years beginning before January 1, 2018). Bond counsel expresses no opinion as to any other tax consequences regarding the 2018 Bonds.

Under the Code, interest on the 2018 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the Federal corporate alternative minimum tax. In addition, interest on the 2018 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. Under the Code, 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 otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the 2018 Bonds. 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 issue of the 2018 Bonds may affect the tax status of interest on the 2018 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 2018 Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issue of the 2018 Bonds, will not contain provisions which could eliminate, or directly or indirectly reduce the benefit of the exclusion of interest on the 2018 Bonds from gross income for Federal income tax purposes, or have an adverse effect on the market value or marketability of the 2018 Bonds.

For example, Federal tax legislation enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax for taxable years beginning after December 31, 2017, and eliminated advance refunding bonds, among other things. This legislation may increase, reduce or otherwise change the financial benefits currently provided to certain owners of state and local government bonds. In addition, investors in the 2018 Bonds should be aware that future legislative actions may retroactively change the treatment of all or a portion of the interest on the 2018 Bonds for Federal income tax purposes for all or certain taxpayers. In all such events, the market value of the 2018 Bonds may be adversely affected and the ability of holders to sell their 2018 Bonds in the secondary market may be reduced. The 2018 Bonds are not subject to special mandatory redemption, and the interest rates on the 2018 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 2018 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.

If the issue price of a 2018 Bond (the first price at which a substantial amount of the bonds of a maturity are sold to the public) is less than the stated redemption price at maturity of such 2018 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 2018 Bonds. Further, such original issue discount accrues actuarially on a constant yield method over the term of each such 2018 Bond and the basis of each 2018 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 2018 Bonds. Purchasers who acquire 2018 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 2018 Bonds.

If the issue price of a 2018 Bond is greater than the stated redemption price at maturity of such 2018 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 2018 Bond based on the yield to maturity of that 2018 Bond (or, in the case of a 2018 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 2018 Bond), compounded semiannually. For purposes of determining gain or loss on the sale or other disposition of such 2018 Bond, the purchaser is required to decrease such purchaser's adjusted basis in such 2018 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 2018 Bond for an amount equal to or less than the amount paid by the purchaser for that 2018 Bond. A purchaser of that 2018 Bond in the initial public offering at the issue price for that 2018 Bond who holds it to maturity (or, in the case of a callable 2018 Bond, to its earlier call date that results in the lowest yield on that 2018 Bond) will realize no gain or loss upon its retirement.

Payments of interest on tax-exempt obligations, including the 2018 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a 2018 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 2018 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 2018 Bonds at other than their original issuance at the respective prices indicated on the inside 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 2018 Bonds ends with the issuance of the 2018 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the 2018 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 2018 Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the 2018 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 2018 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 2018 Bonds.

### **Municipal Advisor**

The City has retained NHA Advisors, LLC, San Rafael, California, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the 2018 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.

## **Underwriting**

Pursuant to a Bond purchase Agreement (the "Purchase Agreement"), Piper Jaffray & Co, the Underwriter, has agreed, subject to certain conditions, to purchase the 2018 Bonds upon their issuance. Under the Purchase Agreement, the Underwriter will purchase the 2018 Water Bonds at a purchase price of \$\_\_\_\_\_ (which is equal to the principal amount of the 2018 Water Bonds, [plus/net] a net original issue [premium/discount] of \$\_\_\_\_\_, and less an Underwriter's discount of \$\_\_\_\_\_), and the 2018 Sewer Bonds at a purchase price of \$\_\_\_\_\_ (which is equal to the principal amount of the 2018 Sewer Bonds, [plus/net] a net original issue [premium/discount] of \$\_\_\_\_\_, and less an Underwriter's discount of \$\_\_\_\_\_). The Purchase Agreement provides that the Underwriter will purchase all of the related series of 2018 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 applicable Purchase Agreement. The Underwriter intends to offer the 2018 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**

S&P Global Ratings ("S&P") has assigned underlying ratings of "\_\_\_" to the 2018 Water Bonds and "\_\_\_" to the 2018 Sewer Bonds without giving effect to the Bond Insurance Policies. In addition, S&P is expected to assign a rating of "\_\_\_" to each series of 2018 Bonds conditioned on the issuance by the Bond Insurer of the related Bond Insurance Policy at the time of delivery of such 2018 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 City takes no responsibility regarding either to bring to the attention of the Owners of the 2018 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 2018 Bonds.

## **Miscellaneous**

All of the preceding description and summaries of the 2018 Bonds, the Indenture, other applicable agreements, legislation 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 City for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the 2018 Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so 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 City has duly authorized the execution and delivery of this Official Statement by its officer.

**CITY OF WINTERS**

By: \_\_\_\_\_  
City Manager

## APPENDIX A

### SUPPLEMENTAL INFORMATION ABOUT CITY OF WINTERS

*This Appendix is included solely to provide background and demographic information regarding the City. The City's obligation to pay the 2018 Bonds is a special obligation limited solely to the Net Revenues of the Water System or the Sewer System, as applicable. No other funds or property of the City shall be liable for the payment of the 2018 Bonds or any other amounts payable under the Indentures.*

#### **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<sup>(1)</sup> Calendar Years 2014-2018

Calendar Year	City of Winters	% Change from Prior Period	Yolo County	% Change from Prior Period	State of California	% Change from Prior Period
2014	6,898	-0.22%	208,820	0.78%	38,568,628	0.87%
2015	6,902	0.06	211,078	1.08	38,912,464	0.89
2016	6,927	0.36	215,413	2.05	39,179,627	0.69
2017	7,130	2.93	218,673	1.51	39,500,973	0.82
2018	7,292	2.27	221,270	1.19	39,809,693	0.78

(1) As of January 1 of each year, with 2010 census benchmark.

Source: State of California Department of Finance, Report E-4 Population Estimates for Cities, Counties, and the State, 2011-2018 with 2010 Census Benchmark released in May 2018

**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<sup>(1)</sup>  
Fiscal Years 2013-14 through 2017-18**

<u>Fiscal Year</u>	<u>Secured Value</u>	<u>Unsecured Value</u>	<u>Total</u>	<u>Percent Change</u>
2013-14	\$186,404,540	\$5,674,469	\$192,079,009	3.65%
2014-15	200,781,736	1,403,589	202,185,325	5.00
2015-16	209,488,771	1,688,283	211,177,054	4.26
2016-17	219,065,742	1,217,403	220,283,145	4.13
2017-18	225,016,935	1,141,158	226,158,093	2.66

(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 2013 through 2017**

<u>Calendar Year</u>	<u>Permits Issued</u>	<u>Total Valuation</u>
2013	260	\$13,356,450
2014	291	12,634,620
2015 <sup>(1)</sup>	463	29,469,614
2016 <sup>(1)</sup>	461	51,345,342
2017	439	21,797,223

(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 June 2018 preliminary, estimated unemployment rates for the City, the County and the State were 5.9 percent, 4.4 percent and 4.2 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 2013 through 2017<sup>(1)</sup>

Year	City			County	State
	Labor Force	Employed	Unemployment Rate	Unemployment Rate	Unemployment Rate
2013	3,600	3,300	8.0	9.0	8.9
2014	3,700	3,400	6.7	7.5	7.5
2015	3,800	3,500	5.7	6.4	6.2
2016	3,800	3,600	5.1	5.9	5.5
2017	3,800	3,500	6.8	5.0	4.8

(1) Not seasonally adjusted.

Source: State of California, Employment Development Department. (as of July 25, 2018)

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<sup>(1)</sup> Calendar Years 2013 through 2017

Industry	2013	2014	2015	2016	2017
<b>Private, non-farm</b>					
<i>Goods producing:</i>					
Mining and logging	200	200	100	100	100
Construction	3,000	3,000	3,500	3,600	3,700
Manufacturing – durable goods	3,000	3,600	3,800	3,500	3,500
Manufacturing – non-durable goods	2,500	2,500	2,700	2,500	2,600
<i>Service Providing:</i>					
Trade, transportation and utilities	18,800	19,200	19,500	20,100	20,600
Information	1,100	1,000	1,000	1,000	1,000
Financial activities	2,800	2,500	2,500	2,500	2,500
Professional and business services	7,800	8,000	8,300	9,000	9,000
Educational and health services	9,000	9,300	9,600	9,700	10,200
Leisure and hospitality	6,800	7,100	7,500	7,600	8,100
Other services	2,200	2,300	2,300	2,400	2,300
<b>Government</b>	36,500	37,300	38,600	39,100	40,200
<b>Farm</b>	5,400	5,700	5,800	6,100	5,500
<b>Total<sup>(2)</sup></b>	<b>98,900</b>	<b>101,700</b>	<b>104,700</b>	<b>107,100</b>	<b>109,200</b>

(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 2017 benchmark. Not seasonally adjusted.

(2) Subtotals and totals may not add due to independent rounding.

Source: State of California, Employment Development Department (as of July 25, 2017).

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 2017**

<b>Name of Employer</b>	<b>Activity</b>	<b>No. of Employees</b>
Mariani Nut Company	Almond and walnut grower and supplier	350
Winters Joint Unified School District	Education	235
Buckhorn Restaurant	Restaurant	120
Double M. Trucking	Truck company	75
City of Winters	Local government	55
Pavestone	Segmental concrete products 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 2012 through 2016**

<b>Year</b>	<b>City</b>	<b>County</b>	<b>State</b>	<b>U.S.</b>
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
2016	67,229	57,663	63,783	55,322

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates (in Inflation-Adjusted Dollars of the year shown), as of July 25, 2018.

## 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 2012 through 2016

Year	Retail and Food Services		Total Outlets	
	Permits	Taxable Transaction	Permits	Taxable Transactions
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	90	43,730,000	144	47,199,000
2016	87	44,200,000	144	47,066,000

Source: Compiled from data published by State of California Board of Equalization

## Transportation

The principal highways in or near the City are Interstate 505 and State Highway 128. Interstate 505, located less than one-half mile east of the City limits, serves as a key link between Interstate Highway 80, approximately 10 miles to the south, and Interstate 5, approximately 23 miles to the north. Highway 128, which originates at Interstate 505 and transects the City, serves as a major access route to Lake Berryessa. Monticello Dam at Lake Berryessa is located approximately 10 miles to the west of the City.

## Education

The City's students are served by the Winters Joint Unified School District. The district serves approximately 1,550 students within the City and surrounding unincorporated areas of Yolo and Solano counties. The district is comprised of one elementary school, one intermediate school, one middle school, one high school, and a continuation high school. Students have access to academic programs which are complimented by curricular and extra-curricular activities, including visual/performing arts, advanced placement courses, student leadership, and athletics.

## Public Safety

Police services are provided by the Winters Police Department, headed by a police chief. The Winters Police Department is a member of the Yolo County Communications Emergency Services Agency, a joint powers agency that performs dispatching services.

Fire protection is provided by an intergovernmental agreement between the City and the Winters Fire Protection District.

**APPENDIX B**

**CITY OF WINTERS COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED JUNE 30, 2017**

**APPENDIX C**  
**SUMMARY OF CERTAIN PROVISIONS OF INDENTURE**

**APPENDIX D**  
**FORM OF OPINION OF BOND COUNSEL**

**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## APPENDIX F

### 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 City believes to be reliable, but the City takes no responsibility for the accuracy thereof. The City give 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 2018 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 2018 Bonds. The 2018 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 2018 Bonds of each series, each in the aggregate principal amount of such maturity of such series, 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](http://www.dtcc.com).

Purchases of 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018 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 2018 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 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 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 2018 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 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 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 2018 Bonds within a maturity of a series 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 2018 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 City 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 2018 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 2018 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 City 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 City 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 2018 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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 2018 Bonds at any time by giving reasonable notice to the City 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 City 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.

**APPENDIX G**  
**SPECIMEN BOND INSURANCE POLICY**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate"), dated \_\_\_\_\_, 2018, is executed and delivered by the City (the "City") in connection with the City's issuance of its \$ \_\_\_\_\_ Water Revenue Refunding Bonds, Series 2018 (the "2018 Water Bonds") and its \$ \_\_\_\_\_ Sewer Revenue Bonds, Series 2018 (the "2018 Sewer Bonds," and together with the 2018 Water Bonds, the "2018 Bonds").

The 2018 Water Bonds are being issued pursuant to Indenture, dated as of [September] 1, 2018, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Proceeds of the 2018 Water Bonds will be used to effect a refunding of bonds issued in 2007 to finance improvements of the City's Water System.

The 2018 Sewer Bonds are being issued pursuant to Indenture, dated as of [September] 1, 2018, by and between the City and the Trustee. Proceeds of the 2018 Sewer Bonds will be used to effect a refunding of bonds issued in 2007 to finance improvements of the City's Sewer System.

The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2018 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 Official Statement (defined below, 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 City 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 City and which has filed with the City 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, dated \_\_\_\_\_, 2018, relating to the 2018 Bonds.

"Participating Underwriter" shall mean Piper Jaffray & Co., as the original underwriter of the 2018 Bonds required to comply with the Rule in connection with offering of the 2018 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 City shall, or shall cause the Dissemination Agent to, no later than nine months after the close of the City’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 2017-18 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 City 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 City’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 City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the first sentence of this subsection (b). If requested by the Dissemination Agent, the City 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 City 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 City) shall, if and to the extent, the City has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the City 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 City’s Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the City 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 City, 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) So long as the 2018 Water Bonds remain Outstanding (within the meaning of the Water Indenture);

Water Bonds;

(A) the then currently outstanding principal amount of the 2018

(B) a list of Additional Parity Obligations secured by revenues of the Water System issued and then outstanding, and the respective principal amounts;

(C) To the extent that the City has modified any of the Water System service charges since the last Annual Report, an updated Table 5 reflecting the modified charges;

(D) Information, updated to incorporated information with respect to the most recently ended fiscal year, of the type included in the following tables of the Official Statement: (A) Table 6 – “Water System Service Charge Collection,” and (B) Table 15 – “Historical and Projected Debt Service Coverage,” but, for projected revenue and coverage, only for the year covered by the current fiscal year (i.e., the year during which the Report is prepared and submitted).

(ii) So long as the 2018 Sewer Bonds remain Outstanding (within the meaning of the Sewer Indenture);

Sewer Bonds;

(A) the then currently outstanding principal amount of the 2018

(B) a list of Additional Parity Obligations secured by revenues of the Sewer System issued and then outstanding, and the respective principal amounts;

(C) To the extent that the City has modified any of the Sewer System service charges since the last Annual Report, an updated Table 10 reflecting the modified charges;

(D) Information, updated to incorporated information with respect to the most recently ended fiscal year, of the type included in the following tables of the Official Statement: (A) Table 11 – “Sewer System Service Charge Collection,” and (B) Table 18 – “Historical and Projected Debt Service Coverage,” but, for projected revenue and coverage, only for the year covered by the current fiscal year (i.e., the year during which the Report is prepared and submitted).

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the City 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 City or related public entities, which have been available to the public on EMMA or filed with the SEC. The City 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 City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to each series of the 2018 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 2018 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 2018 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 City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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), or (8) with respect to tender offers, inform the City of the occurrence of such event. In any case, as soon as reasonably practicable after obtaining knowledge of the occurrence of such event, the City 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), (10), (13) or (14), or (8) with respect to bond calls, inform the City of the occurrence of such event and request that the City

promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d).

(d) Whenever the City obtains knowledge of the occurrence of any event specified in Section 5(a) (2), (7), (10), (13) or (14), or (8) with respect to bond calls, the City 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 City determines that knowledge of the occurrence of such event would be material under applicable Federal securities law, the City 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. With respect to the 2018 Water Bonds, the City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2018 Water Bonds. With respect to the 2018 Sewer Bonds, the City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2018 Sewer Bonds. If either of such termination occurs prior to the final maturity of the respective series of 2018 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b); provided, that this requirement shall be deemed satisfied by the filing of a notice of defeasance or full redemption pursuant to Section 5(b).

Section 7. Dissemination Agent. The initial Dissemination Agent shall be Urban Futures, Inc. From time to time, the City 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 City and the Trustee. The City may replace the Dissemination Agent with or without cause. The Dissemination Agent (if different from the City) shall be paid compensation by the City 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 City 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 City, 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 2018 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 2018 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 City 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 City 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 City 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 City 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 City or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any holder or beneficial owner of the 2018 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City 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 City 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 City, the Owners, or any other party. The City 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 City or an opinion of nationally recognized bond counsel. The obligations of the City

under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2018 Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2018 Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the City has caused its duly authorized officer to execute and deliver this Certificate on the date first written above.

**CITY OF THE WINTERS**

By: \_\_\_\_\_  
Mayor

The undersigned hereby agrees to act as  
Dissemination Agent pursuant to the foregoing  
Continuing Disclosure Certificate

**URBAN FUTURES, INC.**

By: \_\_\_\_\_

Title: \_\_\_\_\_