CITY OF WOODLAND
300 FIRST STREET
WOODLAND, CALIFORNIA

JOINT REGULAR CITY COUNCIL/
WOODLAND FINANCE AUTHORITY/

FEBRUARY 1, 2011

6:00 P.M.

All times are approximate

A. CALL TO ORDER

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. COMMUNICATIONS-PUBLIC COMMENT (6:03)

This is an opportunity for the public to speak to the Council on any item other than those listed for public hearing on this agenda. Speakers are requested to use the microphone in front of the Council and to begin by stating their name, whether they reside in Woodland and the name of the organization they represent if any. The Mayor may impose a time limit on any speaker depending on the number of people wanting to speak and time available for the rest of the agenda. In the event comments are related to an item scheduled on the agenda, speakers may be required to wait to make their comments until that item is considered.

E. COMMUNICATIONS–COUNCIL/STAFF STATEMENTS AND REQUESTS (6:06)

This is an opportunity for the Council Members and Staff to make comments and announcements, to express concerns, or to request Council's consideration of any items a Council Member would like to have discussed at a future Council meeting.

F. COMMITTEE REPORTS (6:10)

F.1 Receive the Minutes of the Library Board of Trustees Regular Meeting of December 9, 2010

G. PRESENTATIONS (6:12)

1. Proclaim February as Africa American History Month

H. CONSENT CALENDAR (6:17)

2. Receive the Monthly Status Report from Community Development Department

3. Receive the Capital Budget Execution Report from Community Development Department

4. Approve Joinder to Agreement between Yolo Emergency Communications Agency and the Yocha DeHe Wintun Nation

5. Approve Revisions to Mechanic Series Job Descriptions

6. Adopt Resolution Implementing Agreement with the Fire Mid Management Unit Employees

I. PUBLIC HEARINGS (6:20)

7. Hold Public Hearing, Adopt City Council Resolution No. ___ Approving Issuance of 2011 Water Revenue Bonds; Approve Forms and Authorization of Execution of Installment Purchase Contract; First Supplemental Installment Purchase Contract; Continuing Disclosure Certificate; and (2) Adopt Woodland Finance Authority Resolution No. ___, Approving Forms and Authorization of Execution of Installment Purchase Contract; First Supplemental Installment Purchase Contract; Trust Agreement; First Supplemental Trust Agreement, Bond Purchase Contract; Authorize Issuance of Bonds; Approve Form of Official Statement (5 minutes)

8. Hold Public Hearing and Adopt the Groundwater Management Plan (5 minutes)

9. Hold Public Hearing and Adopt Resolution to Establish Underground Utility District No. 17 along Dead Cat Alley between Third Street and Fifth Street (5 minutes)

J. REPORTS OF THE CITY MANAGER (6:35)

10. Accept Reappointment and Resignation of Board and Commission Members for 2011 (10 minutes)

K. ADJOURN (6:45)

I declare under penalty of perjury that the foregoing Agenda for the Joint Regular City Council/Woodland Finance Authority of the City of Woodland scheduled for Tuesday, February 1, 2011 was posted on January 27, 2011 in the outside display case at City Hall, 300 First Street, Woodland, CA, and was available to the public during normal business hours.

Ana B. Gonzalez, City Clerk

Upon request, agendas and documents in the agenda packet will be made available in appropriate alternative formats to persons with a disability, as required by law. Any such request must be made in writing to the Office of the City Clerk of the City of Woodland. Requests will be valid for the calendar year in which the request is received, and must be renewed prior to January 1st.
Persons needing disability-related modifications or accommodations in order to participate in public meetings, including persons requiring auxiliary aids or services, may request such modifications or accommodations by calling the Office of the City Clerk (530-661-5806) at least 48 hours prior to the meeting.

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: Library Board of Trustees minutes for the December 9, 2010, regular meeting

Report in Brief

Staff recommends that the City Council receive the Library Board meeting minutes for the December 9, 2010, regular meeting.

Recommendation for Action

No action required.

Prepared by: Heather Muller
Library Services Director

Reviewed by: Woodland Library Board of Trustees

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Mark G. Deven
City Manager

Attachment

WOODLAND PUBLIC LIBRARY
BOARD OF TRUSTEES
Minutes, December 9, 2010

Present: Alain Traig, Tom Pavao, Jorel Difuntorum, Bud Goding, Kay Hodges

Staff: Heather Muller

The Library Board of Trustees meeting was called to order at 4:00 p.m.

I. Welcome Visitors
Alain welcomed Diane Adams, Bobby Harris and representatives of the At Home in Woodland home schooling group including Caryn Stapp, Sabrina Granados and Leo Granados-Versalio

II. Public Comment
On behalf of At Home in Woodland, Ms. Stapp expressed concerns about the Leake Center no longer being available to the public. In the past, the home schooling group used the room for numerous cultural events, seminars and parties. Ms. Stapp specifically requested that the Board consider allowing the group to use the room on Tuesday, December 14, 2010 for their holiday party and also to consider reopening the room to the public on an ongoing basis. She also volunteered the services of the group to assist in the logistics of reopening the room to the public. Mr. Granados-Versalio read a statement outlining the group's concerns and requests, a copy of which is attached to these minutes. (Attachment 1; Attachment 2 other emails from this group.)

The Board discussed this issue and, upon motion made by Bud and seconded by Tom, agreed (with one abstention) that due to the short notice plus concern about exceptions to current policy, the room would not be made available to the group for their December 14 gathering.
The Board is concerned about this issue and wishes to explore possible courses of action to reopen the Leake Center. Therefore, public use of the Leake Center will be an agenda item for the Board's next meeting.

III. Review of Agenda
Upon motion made by Jorel and seconded by Bud, the agenda was approved.

IV. Approval of Minutes
Upon motion made by Bud and seconded by Tom, the minutes of the November 18, 2010 meeting were approved.

V. Communications

Heather reported that the State Library had announced an LSTA grant cycle. A request was submitted by the Woodland Public Library for notebook computers for use in job literacy programs. A phone interview with the State Library regarding this request is scheduled for December 20, 2010.

Heather is following up with City Manager Mark Deven and the city attorney on the possibility that there may be justification for filing a claim for the damage recently inflicted upon the bookdrop.

In response to a request from City Manager Mark Deven, Heather is providing historical documentation and policy information regarding the imposition of indirect charges by the City against the Library's Fund 917..

VI Old Business

A. Front Door Update
By the end of the year or shortly thereafter, the new front door will be installed.

B. Staff Hiring/Promotion updates
The Children's Librarian position requisition has been approved and will be posted from January 3 through January 21, 2011.

C. Library Special District Exploration
The Board discussed the need for more public policy research on this subject.

VII. New Business

A. Book Plates
It was agreed to go ahead with placing bookplates in new books acknowledging the contribution of Woodland's citizens to the Library through passage of Measures S & V; wording for the bookplates was agreed upon.

VIII. Reports

A. Director
Heather reported that the new phone system is working well and voicemail has been added to the reference desk. Bookdrop and delivery coverage during the week before Christmas will be covered by Heather and a combination of part-time temporary LTAs and pages. The Mid-Management contract has been finalized and does contain furloughs. The QuestionPoint service

is now live and the Daily Democrat ran an extensive article about this service.

(1) Council meeting attendance: Alain and Heather attended the December 7, 2010 meeting where Measure E reallocation was discussed. The reallocation option adopted will have no impact on Measure E funds designated for the library.
(2) Individual Board reports: None

The meeting was adjourned at 5:35 pm.
The next meeting will be January 13, 2011
Minutes prepared by Kay Hodges

Attachment 1
Statement from Leo Grandos-Gersalia

Dear Board Members: Hi, my name is Leo Granados- Gersalia. I have been homeschooled off and on for the past seven years, and plan to continue to be homeschooled in Woodland until I graduate from high school. We belong to several homeschool groups in the area, as well as our local homeschool group, At Home in Woodland. Because there was a near 17% high school drop out rate in 2005 in Woodland, homeschooling is growing in this community all the time. (Woodland district's drop-out rate in 2008-09, is at 12.7%, http://www.dailydemocrat.com/news/ci_16815161) Homeschooling in this area was a lot easier for our homeschool groups to work together in a common environment, when the Leake Room was available at the Woodland Library. Many of us homeschoolers have used the Leake Room in the past for different events such as a Science Fair, plays and concerts and other activities. My mom has used the room for us to make valentines for the Valentine's for Veterans project. We hand delivered the homemade valentines to the veterans who were in the veteran's hospital, to thank them for their service and sacrifice to our country. We have always tried to follow all the rules and regulations set by the library, and tried to leave the room in a better shape than we had found it in. To the best of my knowledge, no one in our group has ever been banned from using it again. Since the Leake Room has been closed, we have tried to find other places to hold our events and classes without much luck. The Woodland Community and Senior Center should really be renamed to the Woodland Business and Senior Center, as it is priced out of the range of most the people in the community it serves. When we investigated the use of one of the rooms, we found the smallest room that holds 50 people cost $50.00 an hour, with a minimum of two hours, a $200 deposit and liability insurance. We checked into a using the room under a non-profit status which our homeschool group has in connection with Mindful Education. The cost would be $30 an hour with the same use requirements, deposit, and insurance. As most homeschool families are usually single income families, this is not affordable to any of us. With the 2006 median income in Woodland listed just over $50,000 a year, and almost 12% of Woodland's population annual incomes were below the poverty line, including 14% of those under age 18, it would be hard to believe that these rooms are affordable to most people living here in Woodland. We have checked into other places with event rooms, and they too, are out of our price range or not feasible for our group size or activities. We have heard many reasons why they closed the Leake Room. One included the cost of the librarian that needed to open and close the room and dump the trash. Our group is more than willing to help out the library anyway it can, including paying the hour's wage of the librarian, dumping the trash, or volunteering to do work in for the library in exchange for the use of the Leake Room. Please work with us so that we have this room to meet the needs of the Woodland homeschool community. As you will see, it would be a mutual benefit for our group and the library to work together. Since this is a

Carnegie library, I would like to leave you with part of the speech that Andrew Carnegie gave in his dedication of one of the Carnegie Libraries: "..The man who enters a library is in the best society this world affords; the good and the great welcome him, surround him, and humbly ask to be allowed to become his servants; and if he himself, from his own earnings, contributes to its support, he is more of a man than before." Thank you for your time and consideration. Leo Granados-Gersalia 14 year old Woodland Homeschooler

Attachment 2
Emails regarding meeting room

From: webmaster
Sent: Thursday, December 09, 2010 2:22 PM
Subject: Contact Us By Department Form Submission

This email was submitted via the Contact Us form on the City of Woodland website:

Area: Library
First Name: Catherine
Last Name: Bratton
Email: fourdogpac@pacbell.net
Phone: 530-400-8280
Comments: Please make the Leake Room available for use. It has a large impact on the homeschoolers in Woodland. I'm sure others will benefit too.

From: webmaster
Sent: Thursday, December 09, 2010 9:15 AM
Subject: Contact Us By Department Form Submission

This email was submitted via the Contact Us form on the City of Woodland website:

Area: Library
First Name: Kelly
Last Name: Lee
Email: kpwl@sbcglobal.net
Phone: 530-312-1714
Comments: Please open the Leake Room to public use. As a homeschooling family in Woodland we use the library quite a bit and especially have enjoyed homeschool activies such as choir performances, craft days, etc. in the Leake Room. This year we are unable to enjoy a Christmas event as we have no location large enough to host our group. Our family voted for the local tax to keep the library open, yet are not enjoying the full benefits the library has to offer. Thank you for your consideration. Sincerly, Kelly & David Lee, parents of Iain and Wyatt

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: Proclaim February as African American History Month

<u>Report in Brief</u>

Nationally, African American History Month is observed in February. We celebrate the many contributions that African Americans have made to American history in their struggles for freedom and equality and deepen our understanding of our Nation's history.

Staff recommends that the City Council adopt a Proclamation declaring the month of February as "African-American History Month".

Prepared by: Ana Gonzalez
City Clerk

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Mark G. Deven
City Manager

Attachment

City of Woodland

Proclamation

AFRICAN AMERICAN HISTORY MONTH
FEBRUARY 2011

WHEREAS, African American History Month recognizes the outstanding contributions of African Americans to this Nation; and,

WHEREAS, the origin of African American History Month can be traced back more than 80 years through the efforts of Carter G. Woodson, a historian and son of former slaves who founded the Association for the Study of Negro Life and History, renamed to the Association for the Study of Afro-American Life and History; and,

WHEREAS, through African American History Month, national attention is shown for the contributions of black people throughout American history which continues in strength today; and,

WHEREAS, the month of February was named as African American History Month to honor the birthdays of two men who had a strong impact on the American black population, Frederick Douglass and Abraham Lincoln; and,

WHEREAS, during African American History Month Americans bear proud witness to the progress, richness and diversity of African American achievement, the strength, humanity and ingenuity of African Americans in our past, present and future.

NOW, THEREFORE, the City Council of the City of Woodland does hereby proclaim the Month of February, 2011 as African American History Month.

Dated this 1st day of February, 2011.

Artemio Pimentel, Mayor

Marlin H. Davies, Vice-Mayor

Martie L. Dote, Council Member

William L. Marble, Council Member

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: Community Development Department's Monthly Status Report

Report in Brief

Attached is the Community Development Department's Monthly Status Report. The report highlights major development projects.

Prepared by: Evis Morales
Management Analyst

Reviewed by: Paul Siegel
Deputy Director CDD

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Mark G. Deven
City Manager

Attachment: CDD Monthly Project Status Report

MILESTONE EVENTS

CDD New Project Submittals and Project Activities	• Cinema West has decided to proceed on its own with developing a downtown multiplex theater at the Hoblit dealership site. The theater operator says he can finance the construction without financial assistance from the Agency. A site plan application has been submitted to the Planning Department. • The tenant improvements have been completed on the first floor of the Porter Building and they have requested a final building inspection from the City. • The Planning Commission recommended approval of a General Plan Amendment to remove Deep Flooding Policy 8.B.3 from the General Plan Policy Document at its regularly scheduled meeting on December 16, 2010.

DETAILED PROJECT LISTING

Changes will be highlighted in bold

PLANNING

Project: **Spring Lake**

Phase: n/a **PM:** Norris

Description: Proposed development is comprised of approximately 4,037 dwelling units on 665 acres, 11 acres of neighborhood commercial uses, over 280 acres of public and quasi-public land uses, about 34 acres of park land, and over 100 acres of major streets and roads. Overall, residential density will equate to about 6.1 units per acre. The Plan will result in a projected build-out of about 11,270 people.

Status: **(No Change)**
Spring Lake City Council Subcommittee Reviews

General Spring Lake Issues in process – BUA, Pay as You Go and Infrastructure Improvements

- The Staff recommendation regarding interpretation of the BUA Ordinance and a Pay as You Go financing methodology was presented to the City Council on October 6, 2009. The City Council recommended that staff proceed with measures to complete the financing proposal and allow release of “Second Release” Building Unit Allocations (BUAs).
- The update to the SLIF fees were approved by City Council on January 19, 2010 and updated fees became effective on January 20, 2010. The updated fee provides an increase of $809 per home. Final review of the SLIF Nexus study and fee update

Project: **Spring Lake**

was approved by the City Council on February 16, 2010 and the urgency ordinance was extended.

- Proposed amendments to the BUA Ordinance were approved as a first reading by City Council on October 5, 2010. The amendments allow the third release to move up the allocation date to be almost concurrent with second release; and the amendments allow the City to consider the possibility of increasing the maximum BUA allocation, subject to review of the General Plan growth cap policy.
- Staff is working with the development community to facilitate the completion of Pioneer improvements in front of Pioneer High School.

Project Application Review (Norris/Hanson/Contract Planner C. Gnos)

Three active applications to amend the Spring Lake Spring Lake Specific Plan land use have been received and are summarized below:

- R-15/R-3 Rezone: No Action by applicant.

- Heidrick 5 Acre (R-25): A funding agreement with Sacramento Mutual Housing Authority to allow development of 101 units was approved by City Council on July 20, 2010. Sac Mutual is in the process of applying for other funding as well.

- Pioneer Investors, Heidrick II: The applicant has submitted an application to amend an approved Development Agreement and map for a portion or the Heidrick II site. The application requests that a new phased map be allowed to develop a portion of the Heidrick II parcel (69 lots). The analysis must consider how to ensure infrastructure is completed in a phased manner and to ensure that an undue burden is not placed on the remaining lots (consultant C. Gnos has been retained through the liability account process to assist staff with preparation of reports and documents).

- Cal West Investors Site: The applicant has submitted a revised application based on a determination by the WJUSD that they no longer require the Cal West Seeds school site. This opens up 10 acres of potentially available land and possibly minimized the more complex issues of the park relocation and commercial land use amendment. Project site: West of County Rd 101, north of Farmers Central future extension, east of Hwy 113. Staff and the consultant are continuing to work on identification and analysis of key issues. The applicant submitted a revised conceptual plan layout that has been discussed on a preliminary level. Development Agreements will be required for both property owners: Cal West Seeds and Cal West Investors.

Project: **Gateway II**

Phase: n/a **PM:** Norris/Consultant Planner C. Gnos

Description:

The project site is currently located in Yolo County, south of the existing Gateway I center east of County Rd 102 and north of Gibson Rd. The project site encompasses approximately 154 acres in size and proposed a mix of retail and auto related uses. The current City of Woodland General Plan land use designation is Urban Reserve. The current Yolo County Zoning designation for the site is Agriculture (A-1). Surrounding land uses include the approved Woodland Gateway commercial center under construction in the City to the north, agricultural land in the County to the south, residential development in the City to the east,

Project: **Gateway II**

and the City Wastewater Treatment Plant to the west.

The proposed project includes an annexation, a General Plan Amendment to re-designate the site for General Commercial development, and a Prezoning of the site to General Commercial (C-2) in order to accommodate a future commercial development. In addition, a General Plan Amendment to modify the acceptable level of service from (LOS) from C to D for County Road 102 (CR 102) from Maxwell Avenue south to the City limits is also requested. The specifics of the commercial development are not in the project application. The Gateway II Draft EIR public comment period has been extended for an additional 45-day period. Comments will be taken through July 8, 2010. A public comment meeting will be held on May 20, 2010 at the Planning Commission meeting. Notices of the time extension and meeting date were mailed to all interested parties and published in the local paper.

Status:

(No Change) Seventeen (17) comments have been received in addition to comments provided at the public meeting. Staff and the consultant are in the process of reviewing those comments and providing responses. Work on a Master Tax sharing agreement will be required**.** The City has met with the County and both agree on a scope and consultant. Staff is waiting for the applicant to fund further work.

Summary:
The build out assumptions made for the purposes of completing the environmental analysis include up to 808,000 square feet of retail, three hotels, one sit down restaurant, three fast food pads, 80,000 square feet of auto mall uses, and 100,000 square feet of office. Detailed project design approvals will be part of a subsequent application**.** Phasing of development is being evaluated.

A Notice of Preparation of an Environmental Impact Report for the project was released on October 2, 2009 and a public scoping meeting held on October 21, 2009 at 6:00 PM in the City Council Chambers. Approximately 20 individuals attended. Staff has continued to receive written comments from agencies and individuals regarding the project.

The City has hired an outside consulting firm, Raney Planning and Management, funded by the applicant, to prepare the EIR and manage the processing of the application in conjunction with staff, including the annexation request. Analysis in the EIR will include assessment of individual and cumulative impacts. Technical studies to be used in the Woodland Gateway II EIR include:

- Traffic
- Ambient Air and Noise
- Climate Change and Greenhouse Gas
- Biological Resources
- Cultural Resources
- Wastewater and Odor
- Water Supply
- Drainage and Flooding
- Urban Decay and Fiscal Analysis

Project: **Historic Preservation Commission (HPC)**

Phase: n/a **PM:** Planning Staff

Description: An appointed Commission for review and oversight of the City's Historic resources

Status: **(No Change)** There are currently two vacancies on the Historic Preservation Commission. Interviews and appointments are forthcoming.

The HPC Commissioners presented Heritage Home Awards at their last meeting on July 21, 2010. The Heritage Home award is a public recognition of a remarkable family home and commemorates that home's contribution to the aesthetically and historically significant residential architecture of Woodland.

HPC is currently working on a revised edition of Chapter 12A – Historic Resources of the City Code. The current ordinance has been under review for the year as the Commission responds to comments provided by the State Office of Historic Preservation (OHP). The ultimate goal of the HPC is to have a revised Historic Resources Ordinance and an updated Historic Resources Inventory making the City eligible for Certified Local Government (CLG) status through OHP. This project has been suspended due to reduced staffing.

Project: **Prudler Project (formerly known as Four Seasons - The Mall Expansion Site)**

Phase: n/a **PM:** Hanson

Description: The proposed project, approximately 38 acres, would include 247 single-family homes and a clubhouse facility to serve the active adult homebuyer 55 years of age and above. The project proposes to be a gated community.

Status: **(No Change)** The draft Initial Study and Mitigated Negative Declaration was released for 30-day review. The applicant has submitted a $15,000 payment on February 5, 2010 for the Fiscal Study. The study will be conducted by Goodwin Consulting Group. Staff is working on the environmental document, an Initial Study, and staff report. The project will go before both the Planning Commission and City Council. The applicant is requesting the following entitlements from the City of Woodland:

- General Plan Amendment to re-designate the site from General Commercial (GC) to Medium-Low Density Residential (MLDR);
- Spring Lake Specific Plan Amendment to modify the East Street cross-section for the segment south of the County Fair Mall to County Road 24A;
- Rezone of the project site from General Commercial Zone (C-2) to Duplex Residential Zone/Planned Development (R-2)(P-D) and adopt Planned Development Standards;
- Conditional Use Permit for development within a PD Zone; and
- Tentative Subdivision Map to subdivide a 38-acre site into 247 lots plus common area lots, which includes internal roadway and utilities necessary to serve the development.

Project: **Gibson/Ogden General Plan and Specific Plan Amendments to request removal of a proposed pedestrian/bike overpass and class 1 bike path between the High School and Woodland Community College.**

Phase: Application Complete **PM:** Norris

Description: A tentative subdivision map to subdivide 14.47 acres into 77 single-family lots in the Southeast Area Specific Plan. This map application was approved by the Planning Commission on May 6, 2010.

Status: **(No Change)** The property has been purchased by Pulte Homes. Site grading is currently underway. An initial application for Design Review for the Centex homes on Gibson Ogden was received, but is not complete. The applicant has indicated that they intend to present design ideas for discussion. In addition, the applicant has submitted a request to remove the proposed bikeway improvements and overpass. This item is scheduled to be heard by the Planning Commission on October 21, 2010.

Project: **General Plan Amendment for Removal of Deep Flooding Policy 8.B.3 from the General Plan Policy Document**

Phase: n/a **PM:** Sokolow

Description: Policy 8.B.3 was established in 2002 and prohibits development in areas subject to deep flooding (i.e., over four feet) unless adequate mitigation is provided. A recent City storm drain analysis determined that the original basis for the policy is no longer valid and the policy can be removed. Removal of the policy may allow a number of commercial projects to move forward with the projects being developed in a manner consistent with Federal and state flood regulations.

Status: **The Planning Commission recommended approval of the General Plan Amendment at its regularly scheduled meeting of December 16, 2010. The City Council is scheduled to receive the Planning Commission's recommendation and take final action on the project at its January 18, 2011 meeting.**

REDEVELOPMENT

Project: **Downtown Multi-plex Theater**

Phase: Selection of Developer **PM:** Shallit

Description: Construction of a downtown 12-14-screen multi-screen theater on Main Street.

Project: **Downtown Multi-plex Theater**

Status: **Staff returned to the Agency Board with a status report on December 14, 2010. Since Cinema West is proposing to build a new multiplex at 801 Main Street without the use of Agency subsidies, the Board agreed to suspend the RFP process pending the outcome of the CinemaWest project application. Staff was also directed to develop a plan to restore and reuse the State Theater.**

Project: **New Woodland Courthouse**

Phase: n/a **PM:** Shallit/Sokolow

Description: Construction of 163,000 square foot courthouse at a cost of nearly $173 million to consolidate all of the court's operations at one location in downtown Woodland and increase the number of courtrooms to 16. The project will also include the provision of on- and off-site parking to support the new courthouse. The State Administrative Office of the Courts (AOC) is taking the lead for the courthouse portion of the project while the City/Redevelopment Agency is taking the lead for the property acquisition required by the project.

Status: **Agency staff revised the purchase and sale agreement (PSA) for the sale of the Agency-owned properties to the AOC for the court site (which is the 3.75-acre block bordered by Main, Fifth, Sixth, and Lincoln). The PSA is being reviewed by the AOC, Department of General Services, and the Department of Finance. The PSA is expected to be considered by the State Public Works Board (PWB) at its February meeting. PWB approval of the PSA and subsequent approval by the RDA will allow the Agency to complete the sale of the court properties to the State.**

Project: **Facade Grants**

Phase: n/a **PM:** Shallit

Description: Downtown storefront improvement program, which will award up to $30,000 in matching funds per applicant.

Status: **(No Change)** Porter Building (501-511 Main St) **–** Cambridge Junior College began classes on the first floor of Porter in September 2010 and the improvements necessary for Cambridge to fully occupy the first floor are almost complete. The façade improvements are nearing completion. The new window installation (for a portion of the second and third floors) represents the only outstanding façade item. The Agency approved a loan to the building owner in October 2010 through the Agency's Second Floor Retrofit Program to help the owner with the rehabilitation of the second and third floors as well as assisting with any remaining work necessary for Cambridge's full occupancy of the first floor.

Project: **Casa del Sol Mobile Home Park 621-709 East St.**

Phase: Construction **PM:** Shallit

Description: Rehabilitation of an approximate12.6 acre mobile home park. This project includes the construction and installation of improvements to infrastructure, including roads, water, and sewer, and the rehabilitation or acquisition of 156 mobile homes for very –low, low, and

Project: **Casa del Sol Mobile Home Park 621-709 East St.**

moderate income households. A new 15,000 square foot community center will also be built. Project costs for acquisition and rehabilitation total $16,628,113.

Status: **A new staff person at HCD has been assigned to the Casa Del Sol HOME loan application**. A target date for the HOME loan closing of October 17, 2010 was missed and a new date will need to be set. The thirty (30) new coaches cannot be ordered from Skyline until the loan is approved.

Project: **Casa Del Sol Off-site Streetscape Improvements, CIP 06-05**

Phase: Construction **PM:** Chavez (Engineering)

Description: Improvements to the east side of East Street between Oak and Gum streets near Casa del Sol. The project includes new curbs, gutters, sidewalks, a new bus turnout, and a bus enclosure. It also includes landscaping, new street lighting, and fencing. The total project cost is estimated to be $560,000.

Status: **(No Change)** Construction is complete. A bond has been filed by the contractor to replace the STOP notice issued by a subcontractor. Project is currently being closed out.

Project: **SACOG Community Design Program, Woodland Downtown Streetscape Project**

Phase: n/a **PM:** Shallit

Description: Grant application to fund construction of streetscape improvements (landscaping, sidewalks, bulb outs, traffic signal, etc.) on Main Street between Third and East Streets.

Status: **(No Change)** In January 2010, the SACOG Board of Directors approved $915,000 in grant funds under the SACOG Community Design Program for the City's project. SACOG has not yet made a determination on when the funding will be available for the City's project.

Project: **Rule 20A Project (Undergrounding utilities)**

Phase: n/a **PM:** Sokolow

Description: Staff is working through the process of declaring Dead Cat Alley between Third Street and Fifth Street (Freeman Park west end) as the City's 17th Undergrounding Utility District. PG&E's Rule 20A Program provides funding (credits) to underground utilities in a community.

Project: **Rule 20A Project (Undergrounding utilities)**

Status: Staff hired a land surveyor to complete the legal description and plat map to establish the district in Dead Cat Alley between Third and Fifth streets. **The City Council plans to hold a public hearing on the proposed District 17 and consider formation of the district at its February 1, 2011 meeting.** On January 29, 2010, the City's Undergrounding Committee met to discuss the project and future Rule 20A projects. The committee voted 5-0 to recommend this potential Rule 20A project to City Council.

Project: **CDBG Administration**

Phase: n/a **PM:** Ross

Description: Preparing documentation and project monitoring for CDBG funded activities. Also includes the community application process for funding.

Status: The FY 2011 CDBG allocation is $630,540; the amount is approximately $50,000 more than last year's $581,852. The 2010-2011 CDBG Action Plan was approved on May 4, 2010. Staff expects to receive notice from HUD approving the 2010-2014 Consolidated Plan and FY 10 Action Plan shortly. The funds will be available July 1, 2010.

(No Change) Utility Assistance Program - The FY11 Action Plan allocated $15,000 to a Utility Assistance Program that will provide a $15 discount on the flat rate portion of eligible household's utility bills for up to three consecutive months. The household must be enrolled in PG&E's CARE or FERA program to be eligible in addition to other restrictions. Applications will be available on July 1, 2010 at City Hall and on the City website.

(No Change) Annually, the CDBG Program is required to monitor all CDBG Subrecipients. To date, staff has completed all subrecipient monitoring for FY 2010.

(No Change) TANA/Hispanic Arts and Culture Center — Rehabilitation of a building for a Hispanic arts educational program. There was difficulty incorporating both UCD and Federal construction requirements in the bid documents, but the bid package has now been approved by UCD's legal department and released. Twelve bids were received January 20, 2009. A pre-construction meeting was held on Tuesday, March 10th. Construction began March 16th. Construction with the exception of a couple small change orders is complete. Yolo County Housing handed the building over to the UC Davis Chicano Studies Department on August 25, 2009. A ribbon cutting/press event has been scheduled for Wednesday, December 9th at 10am. UC Davis is collecting the final grant closeout documentation from the contractor. It is expected the grant will be closed out by March 2010. The project manager found errors in the project's certified payrolls. The discrepancy is less than $400, however the process of contacting the employees and paying them the corrected wages has been lengthy. The CDBG program will not release the remaining grant funds until the wage amounts to the laborers are resolved.

(No Change) YADHC Building Safety – Project includes repairing/replacing walkway and re-roofing at Yolo Adult Day Health Center (20 N. Cottonwood). The Project site is in the floodplain. The eight (8)-step process is complete. SHPO has approved the project and the environmental is now complete. An invitation to bid was published on April 9th and a job walk was scheduled on April 14th. The roof is complete. The lowest bidder for the concrete work could not obtain a bond and the project manager has decided to re-bid the project. The project was re-bid and construction is now complete. The subrecipient is currently collecting its final paperwork to closeout the grant.

Project: **CDBG Administration**

(No Change) St. John's Emergency Generator - Installation of an emergency generator at Stollwood Convalescent Hospital. The OSHPD review has been extremely lengthy. EPA has sent a notice that all interested parties were notified of the generator on October 7, 2009. St. John received OSHPD approval on November 30, 2009. The generator is estimated to take 90 days to build. The project is still experiencing delays due to OSHPD. Senator Wolk's office is now involved in getting this project to move forward. St. John's finally received OSHPD approval and the construction of the generator is finally underway. The generator is expected to be completed by the end of June. Final closeout of the project is expected by the end of July.

(No Change) CIP 08-06 Series Street Lighting – Design of the Series Street Lighting project (08-06) on Main Street from West to East Streets. It is expected at closeout that the grant will have $30,000 remaining; the CDBG Action Plan will be amended to reallocate these funds to another activity. On September 1, 2009, the remaining $30,000 was allocated to the City's Micro-loan Program. Due to changes in the project's design, the Engineering Division has requested that $15,000 from the 09-21 Series Street Lighting project be transferred to the 08-06 project. The project's revised grant amount is $46,101.

(No Change) CIP 09-21 -Series Street Lighting – Design of the Series Street Lighting project in the Gibson Area. The project's revised grant amount is $20,000 (see explanation above).

(No Change) Microenterprise Loan – Refrigeration Innovation is receiving a $30,000 loan from the City's CDBG Small Business Loan Program. Loan documents were signed on October 6th. With the help of this funding, the company will be releasing its newest product (an alarm system installed in refrigerators that alerts workers when temperatures get too high in the unit) next month and has secured a contract with a large grocery store chain to begin installation of their product early next year. The company has already requested 99% of its loan amount and will begin making loan repayments in April 2010. The first loan repayment was received. The new product was tested in two stores and has won 3 stores with Safeway for this year. The new product will be included in all new and remodel projects for Safeway in 2011. The new product also debuted in the largest Food Trade show in the U.S. in May at FMI 2010 Las Vegas. This debut is expected to increase sales and exposure of the new product and the company dramatically. There are two design flaws with the injection molds used to create the product. Therefore, new injection molds are required. Loan repayments have been suspended until January 1, 2011 to help Refrigeration Innovation complete the development of the new product.

(No Change) CommuniCare Peterson Clinic Design ($80,000) – CommuniCare has abandoned negotiations with Woodland Memorial Hospital after a viable agreement did not seem possible. CommuniCare is now looking at other options, including existing commercial sites or vacant land. CommuniCare has made an offer on another site and should finalize negotiations by December 2010.

(No Change) Yolo Community Care Continuum Supportive Housing Rehab ($90,200) – Some preliminary inspections for pest control and electrical are being conducted to prepare the scope of work. The environmental review is complete. YCCC has received one bid, but needs three bids per CDBG regulations. The project manager is working to obtain two more bids from general contractors.

(No Change) ADA Curb Ramps ($100,000) – The Engineering Division is designing and implementing this project. The project has been bid out and the notice to proceed will be released on July 6, 2010. **SHPO approval was received in October 2010 and a notice to proceed will be issued shortly.**

Project: **The American Recovery and Reinvestment Act/CDBG Administration**

Phase: n/a **PM:** Ross

Description: The American Recovery and Reinvestment Act allocated $1bill to the CDBG program. The City of Woodland will be receiving $154,946. The funds are to be used primarily for job creation and economic recovery type activities. In addition, 10% of the funds may be used for admin and 15% of the funds may be used for public service activities.

Status **(No Change)** The City has executed the grant agreement. All subrecipient agreements have been executed. The third report on CDBG-R was submitted on time. The next report will be due July 10th. To date, approximately $37,000 has been expended.

- ADA Improvement Project ($55,209) – the project is being combined with the 2009-10 project (see above).
- Homebuyer Assistance Program ($61,000) – All funds have been committed to homebuyers. One loan has closed.
- Foreclosure Prevention Project by Legal Services ($10,000) and Meals Program by the Yolo Wayfarer Center ($10,000) are proceeding as scheduled. The Vocational Assistance program ($3,242) by STEAC has not received the number of applicants that they expected. Staff is currently working with HUD to determine how to reallocate these funds to another activity.

Project: **Sale of Spring Lake Homes**

Phase: n/a **PM:** McLeod

Description: RDA's assistance with the sale of Spring Lake affordable homes.

Status: **(No Change)**

Developer	Unsold Units	Affordable Expiration Date On some units
None Available	0	

Staff will continue to send applications to interested family.

Project: **Inclusionary Housing Program**

Phase: Ongoing **PM:** McLeod

Description: These are affordable housing units made available for sale under the requirement of homes for low and moderate-income families.

Status: **(No Change)** Staff has finalized agreements with developers for Parkside and Gibson/Ogden.

Project: **Rochdale Grange**

Phase: Construction **PM:** McLeod/ Luevano

Description: Construction of a 44-unit very-low income apartment complex by Neighborhood Partners in Spring Lake. The land was dedicated to the project by Reynen and Bardis to fulfill a portion of their Inclusionary Housing requirement in Spring Lake. The main funding source for the project is a $4 million HOME grant.

Status: **(No Change)** The project is 51% complete. The buildings have been framed and roofed. A large amount of the remaining work is interior and should not be hampered by inclement weather.

BUILDING

Project: **Farm Credit West**

Phase: Construction **PM:** Luevano

Description: New Bank

Status: **Above t-bar has been completed. Final target date for completion is scheduled for January 31, 2011.**

Project: **Porter Building/Cambridge College Tenant Improvement**

Phase: Construction **PM:** Luevano

Description: Seismic Retrofit/Tenant Improvements

Status: **(No Change)** Cambridge College is now holding classes at the Porter Building Monday through Friday with approximately 90 students attending, while work on the building continues.

Project: **Marias Cantina**

Phase: Construction **PM:** Luevano

Description: Restaurant Remodel

Status: **Project is currently at framing stages of construction.**

Project: **Rochdale Grange**

Phase: Construction **PM:** Luevano

Description: 44 unit apartment complex

Status: **Buildings A through H are at drywall or finish stages of construction. The remaining buildings J & I are at frame stages of construction.**

Project: **Red Robin Restaurant**

Phase: Construction **PM:** Luevano

Description: Restaurant

Status: **Project is currently at framing stage of construction.**

Project: **Speed Oil Change and Tune-up**

Phase: Construction **PM:** Luevano

Description: Automotive Repair

Status: **CMU block construction has been completed and the interior framing is under construction. Final target date for completion is scheduled for March 18, 2011.**

Project: **Plan Review**

Phase: n/a **PM:** Essenwanger/Hanson

Description: Projects currently being plan checked in CDD's Building Inspection division.

Status: The following *large scale* projects are currently in plan review:

1. **The Woodland Opera House has been tentatively approved pending proposal and approval of revised gas meter location and backflow preventer location.**
2. **Standard Pacific Parkside subdivision Master Plans 2, 3, 4 & 5 have been resubmitted and approved.**
3. **Standard Pacific Parkside subdivision Master Plans 1, 6, 7 & 8 have been reviewed and comments were sent out. We are awaiting the resubmission of revised plans.**
4. **Wal-Mart Fuel Cell Project at 1720 E. Main Street has been resubmitted with revised scope reduced from 3 fuel cells to 1 fuel cell. Plans are awaiting plan review.**

Project: **Plan Review**

5. **Sun Foods Rice Flour Processing Plant at 420 N. Pioneer Avenue has been reviewed and comments were sent out. A foundation-only building permit has been issued and we are awaiting resubmission of revised building plans for the rest of the project.**
6. **Pulte-Centex Starlyn Park Master Plans 1, 2 & 3 have been reviewed and initial Building Division comments e-mailed to the applicants.**
7. **Yolo Transportation New Administration Building, Remodel of Existing Buildings and Site Improvements project at 350 Industrial Way was received and is in plan-check queue awaiting plan review.**
8. **The Target Distribution Center expansion project at 2050 E. Beamer Street Grading Permit was issued. We are awaiting submittal of building plans for the approximate 367,000-ft^2 expansion to the existing building.**

Project: **Code Enforcement**

Phase: n/a **PM:** Dennis

Description: Major code enforcement efforts.

Status: **(NO Change)**

ONGOING CASES

1. From October 8, 2010 to November 8, 2010 67 calls for service received, 51 cases opened, and nine (9) calls for substandard conditions (previously handled by Yolo County Environmental Health Department).
2. 521 Sunset – Illegal accessory buildings/structures/patio covers built without permits. Door hanger left.
3. 1615 Sixth St. – Inoperable vehicle (RV) with expired tags and sitting on flats located in driveway.
4. 75 W. Court Street (Q Shack) - Vacant commercial property with tall weeds and junk/debris accumulation. Call placed to listing agent.
5. 111 Main Street – Old Long John Silvers, vacant foreclosed building. Transient camp, junk, and debris accumulation.
6. 601 Main Street (Unit 304) – Substandard conditions, lack of hot water.
7. 555 Matmor – (Cross Road Village Apts.) Garbage accumulation in dumpster enclosures, A/C unit hanging from window.
8. 700 Springdale Drive – Foreclosure, junk/debris accumulation.

9. 601 Main Street (Capital Saloon) – Hours exceeding 10:30 pm requires a conditional use permit.

RECENTLY RESOLVED CASES

1. 648 Denise Drive – Junk and debris accumulation in front yard and driveway area. Administrative citation (warning) given, expires 8/16.
2. 175 Muir Street – Unsecured vacant home with broken back windows and sliding glass door. The interior of the property has been vandalized. Notice sent to bank.
3. 680 Thomas Street – Vacant foreclosed property with tall weeds and blight. Weeds have been removed and property cleared of all debris.
4. 428 Walnut Street – Substandard building (barn) has been demolished and all debris cleared from lot.
5. 976 Nelson – Tuffshed accessory building has been removed from driveway.

Project: **Code Enforcement**

6. 335 Quail Drive – Inoperable vehicles in driveway have been removed from property.
7. 174 Cleveland Street – Illegal camping on property has stopped and debris has been removed.
8. 1120 Gum Ave – Illegal residence in commercial building, inspected premise and verified and confirmed no residency.

ONGOING ISSUES

- Foreclosure monitoring: currently 398 foreclosures within city limits.
- Business license inspections and violations.

ENGINEERING

Project: **Spring Lake Implementation**

Phase: n/a **PM:** Pollard/ Fong

Description: Proposed development will be comprised of approximately 4,037 dwelling units on 665 acres, 11 acres of neighborhood commercial uses, over 280 acres of public and quasi-public land uses, about 34 acres of parkland, and over 100 acres of major streets and roads. Overall, residential density will equate to about 6.1 units per acre. The Plan will result in build-out to accommodate approximately 11,270 residents.

Status: **Staff is working on facilitating various developments in Spring Lake from the first and second release.**

Project: **Pulte/Centex/Beeghly**

Phase: n/a **PM:** Pollard

Description: Residential Subdivision on Beeghly Ranch Property.

Status: Staff and City Attorney working to resolve issues with Breach of Development Agreement City attorney working with Centex's attorney to draft amendment. Staff is also working on property acquisition and Quiet title action. The City put a demand letter on Centex and after meeting with Pulte, the City has since put the demand in abeyance. **Additional meetings are needed with Pulte, the Attorneys, and City Staff.**

Project: **On Site Civil Improvements**

Phase: Plan Check **PM:** Weichel

Description: Various projects in for plan check.

Project: **On Site Civil Improvements**
Status: 2011: **Three (3) Plan Checks in Process.**

Project: **Encroachment Permits**
Phase: Application Processing **PM:** Weichel

Description: Permitting for minor improvements within the public Right of Way.

Status: 2010: **158 Issued,** 2011: **four (4) in Process**.

Project: **Solara Ranch**
Phase: Pre Submittal **PM:** Fong

Description: 94 Residential units within (DR Horton) within Spring Lake

Status: **(No Change)** Had pre-submittal meeting at the request of the developer.

Project: **Gibson & Ogden**
Phase: Final Map/Construction of Improvements **PM:** Fong

Description: Residential Subdivision in the Southeast area.

Status: Construction started prior to final map (under improvement agreement). City sewer, water, and storm are complete. Underground joint utilities (PGE, ATT, and Wave Broadband) are underway. **Final map approved and recorded. Staff is working on reimbursement agreement requests.**

Project: **Miekle/Banks**
Phase: Pre Construction **PM:** Fong

Description: Extension of Miekle Avenue and Banks Way within the Spring Lake Area

Status: **Hardscape has been completed. Staff is preparing landscape plans, and reviewing & processing payments.**

Project:	**Pioneer Village – Unit 1 (AKA: Merritt Murphy)**		
Phase:	Plan Check	**PM:**	Fong
Description:	Residential Subdivision in Spring Lake.		
Status:	**(No Change)** Applicant has resubmitted improvement plans, preparing to update plans and check improvements.		

Project:	**Standard Specification Update**		
Phase:	Completed	**PM:**	Karoly
Description:	Updating Engineering Standard Specifications to reflect current desires and practices.		
Status:	**Addendum No. 1 to 2010 Engineering Standards issued. Staff is compiling suggestions for subsequent addendum.**		

Project:	**Gateway II**		
Phase:	Preparing Environmental Document	**PM:**	Pollard
Description:	Annexation of approximately 150 acres east of Road 102 for commercial development.		
Status:	**(No Change)** Assisting consultant in response to comments.		

Project:	**Prudler Sievers (formerly known as Four Seasons - The Mall Expansion Site)**		
Phase:	Tentative map	**PM:**	Pollard
Description:	38 acre Residential senior housing sub division south of the County Fair Mall.		
Status:	**(No Change)** Prepared revised comments, awaiting applicant's re-submittal of the tentative map.		

Project:	**Cal West Seeds**		
Phase:	Tentative Map	**PM:**	Pollard
Description:	109 SFD map plus R-15 site		
Status:	**Staff is reviewing lotting plan and scopes of work for technical studies**		

Project:	**Final Map Processing**		
Phase:	Processing final Maps	PM:	Hatch
Description:	Processing final Parcel Maps or Sub Division Maps for recordation and division of land		
Status:	2010: 3 Parcel Maps Complete1 Subdivision Map Complete; 2011: **1 Subdivision Map in Process**.		

Project:	**Transportation Permits**		
Phase:	Permit Issuance	PM:	Hatch
Description:	Receiving Requests, Processing, and issuing oversized truck permits		
Status:	2010: **Issued 273 permits;** 2011: **11 issued**		

Project:	**Sub Division 4675 Parkside**		
Phase:	Final Map and Plan Submittal	PM:	Fong/Pollard
Description:	Final map for a subdivision located in the Spring Lake with 162 Residential lots and over $7 million in public improvements.		
Status:	Construction underway with improvement agreement. Construction of sewer, water, and storm continues in September. The Final map is postponed pending offsite property acquisition and will go to Council along with reimbursement agreements when the issue has been resolved. **Staff is working with the Developer to prepare a final map for fewer lots (either 36 or 42) prior to land acquisition.**		

Project:	**Knaggs Annexation II**		
Phase:	Annexation	PM:	Pollard
Description:	Annexation of approximately 160 acres near East Main Street and Road 102.		
Status:	**Flood modeling, scoping traffic study, and utility studies have been completed.**		

Project:	**New Woodland Partners**		
Phase:	Zoning and Annexation	PM:	Pollard
Description:	Zoning and annexation of approximately 22 acres east of Gateway		
Status:	**The project was denied by the Planning Commission and is now awaiting result of appeal to City Council.**		

Project: **Hedrick II**

Phase: Final Map PM: Fong/Pollard

Description: Final of 69 lots on the Hedrick tentative map in Spring Lake.

Status: Applicant has requested plan review prior to map submittal. Plan review has been completed and returned to applicant. Draft agreements have been prepared for prospective buyer. Prepared revised conditions for Development Agreement Amendment. **Staff is reviewing the second submittal of improvement plans.**

Project: **Parkland Landscape Design**

Phase: Landscape Design for Parkland PM: Fong

Description: Landscape plans for Parkland Avenue between Heritage and Marston between Parkland and Road 101

Status: **(No Change)** Waiting for re-submittal of plans.

Project: **Widening Pioneer Avenue I (CIP 09-24)**

Phase: Design PM: Fong

Description: Widening Pioneer Avenue between Gibson Road and the Pioneer HS main entrance.

Status: **Staff is reviewing revised plans.**

Project: **Road 25A (CIP 09-25)**

Phase: Road Rehabilitation PM: Fong

Description: Overlay and widening to standard width of 24 feet plus shoulders.

Status: **(No Change)** Received funding for design from Pulte Homes and executed contract for services with Cunningham Engineering Corporation. Environmental document being prepared by consultant.

Project: **Extending Pioneer Avenue (CIP 09-27)**

Phase: Design PM: Fong

Description: Extending two lanes of arterial road from Farmers Central Road to Heritage Parkway.

Status: **(No Change)** Plans submitted and are under review. Staff has contacted property owners and has started property acquisition negotiations.

Project: **Capital Projects**

Phase: Pre-Design, Design, Bidding, Construction **PM:** Ayon, Brant, Burnham, Camacho, Chavez, Fisher, Heath, Karoly, Meyer, Scott, Sharp, Weiser, Wurzel

Description: Capital Projects

Status: **(No Change)** Capital Improvement Project Execution **-** Engineering staff is managing/designing 34 active projects (FY 10/11 budget = $24 million) and assisting with PW managed CIPs. For detailed summary of all Capital projects, please see the separate document "CDD Capital Project Status Report."

Project: **Development Projects Under Construction**

Phase: Construction, Warranty **PM:** Heath

Description: Development Projects Under Construction

Status: **Major developments under construction:**

- **Parkside (south of Matmor, east of East Street, north of Community & Senior Center**
- **Starlyn Park (west of Odgen, south of Brannigan, north of Gibson)**
- **Southerly extension of Miekle to Banks, includes portion of Banks**

Encroachment Permit Inspection –One (1) 2008 permit still active; nine (9) 2009 permits still active. 124 permits issued thus far in 2010, of which 31 are active.

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: Capital Budget Execution Status Report – Community Development Managed Projects

Report in Brief

The procedures approved with the Capital Budget authorized the City Manager to award design/consultant service contracts and to issue Invitations for Bid for construction contracts within approved scope and budget. A Capital Budget Execution Status Report is attached showing recent actions taken relative to the Capital Budget for projects managed within the Community Development Department. Projects managed by Public Works are included with their monthly report.

Staff is available to address any questions Council may have.

Prepared by: Michael Karoly, PE
Sr. Civil Engineer

Reviewed by: Brent Meyer, PE
Principal Civil Engineer

Reviewed by: Paul Siegel
Deputy Director CDD

____
Mark G. Deven
City Manager

Attachment: Capital Budget Status Report

MILESTONE EVENTS

08-58, Main Street Improvements (3rd to 5th/6th)	**Retained consultant to obtain survey information for design**
10-01, Parks Irrigation Rehab	**Executed Consultant Agreement for design**
10-07, East Kentucky (East to Harter)	**Retained consultants to obtain survey information and perform pavement rehab investigation**

DETAILED PROJECT LISTING

Project: **97-24, Interstate 5 & County Road 102 Interchange Improvement**

Phase: Construction **PM:** Ayon

Description: This project consists of the construction of a southbound I-5 on-ramp, modifications to the existing on-ramps and off-ramps, widening CR 102 from two to four lanes between the NB ramp terminal and the SB ramp terminal, and widening CR 102 to six lanes from the SB ramp terminal to Maxwell Avenue.

Status:

- Council awarded construction contract on June 29, 2010.
- Contractor started work during August 2010 and construction completion is expected in Fall 2011.
- **I**nstall**ed** irrigation and storm drainage crossings, **scheduling of** CR-102 widening **and the I-5 on ramp paving dependent on weather, bridge work will begin after the embankment for the overpass completes its settlement period**.

Project: **98-01, Matmor and E. Gum Traffic Signal**

Phase: Design **PM:** Camacho

Description: Install a new traffic signal at the intersection of E. Gum and Matmor. The project is a CEQA requirement of the Parkside development project. Project will install turn pockets and make any needed ADA improvements

Status:

- **Traffic Engineering staff is evaluating the layout of the parking restriction.**

Project: **00-04, Lemen, North and East Streets Realignment**

Phase: Design & RW **PM:** Ayon

Description: This is a Federal Aid project to realign Lemen Avenue opposite North Street, install a traffic signal, and construct a median on East Street at Court Street to prevent left turns to and from Court Street. Signal interconnects between Main Street and North Street will be included.

Project: **00-04, Lemen, North and East Streets Realignment**

Status:

- Right of Way acquisition: land acquisition is complete. Coordinating with the railroad and Yolo Telecom to obtain agreements needed prior to requesting Right-of-Way Certification from Caltrans.
- Railroad: Coordinated signal design with the railroad crossing equipment as well as placement of signal poles and curb ramps within RR R/W. Signal design incorporated the railroad's comments and is to be included in the railroad agreement process. **Caltrans notified City of PUC required involvement due to railroad crossing. Coordinating with PUC and determining requirements.**
- Completing design documents.
- Underground District: **Wave Broadband completed their undergrounding construction.** ATT **is** substantially complete except for one crossing of East Street which requires customer coordination for shut-down and switch over.
- Construction of roadwork is expected to begin during **summer** 2011.

Project: **00-06, I-5 and Highway 113 Interconnect, Phase 2**

Phase: Design **PM:** Ayon

Description: This project includes the construction of the freeway to freeway connector from northbound I-5 to southbound SR 113. This project is being designed and managed by Caltrans.

Status:

- Design is substantially complete.
- Caltrans is managing Right of Way acquisition and utility relocation; **4** parcels left to acquire for right-of-way and utility relocations. See Project No. 08-20 for city utility relocation work caused by conflicts with this project.

Project: **01-01, County Well Acquisition**

Phase: **Pre-Engineering** **PM:** **Karoly**

Description: **The City is pursuing purchase of the County Water Well at the Monroe Detention Center. The well will provide capacity for development and serves as a back-up well for the City.**

Status:

- **Transferred management of this project from PW to CDD due to changing work loads.**
- **Reviewing Draft Tech Memo by Brown & Caldwell and researching site constraints.**

Project: **01-04, Traffic Model Update**

Phase: Pre-Engineering **PM:** B. Meyer

Description: The project includes an update of the City's Traffic Model to reflect changes due to development, and zoning of new growth areas and the update of the Streets Master Plan to address changes in growth, zoning, and the general plan update.

Status:

- Council approval is planned for **Summer** 2011.

Project: **03-25, Springlake Fire Station**

Phase: Land **PM:** Johnson

Description: Acquire property (1 acre), improve site and construct neighborhood station with two bays to protect southeast corner of city. (Spring Lake Specific Plan Area).

Status:

- Design was completed based on prior Building Code; Design update required prior to bidding at future date to be determined.
- Land acquisition will continue with additional funds in FY 10/11.

Project: **05-09, Main Street widening (west bound), East to 6th Streets**
09-18, East & Main Storm Drain Deficiency Replacement/Repair

Phase: Construction **PM:** Chavez

Description: The 05-09 project will widen the north side of Main Street from East Street to Sixth Street by widening to allow two lanes of westbound traffic through the intersection.

The 09-18 project will construct new 18” storm main crossing of RR tracks to replace one of two 6” pipe crossings.

Status:

- Continuing coordination with railroad for roadway portion of improvements; process was initiated prior to bid. **Making minor modifications to plans based on UPRR comments.**
- City Manager awarded the contract with a delay of construction until spring 2011 since the upcoming winter will likely cause weather delays.

Project: **05-27, Springlake Neighborhood Park N2 (Jack Slaven Park)**

Phase: Completed **PM:** Burnham

Description: Development of a new 8-acre neighborhood park, which will include grading, drainage, play apparatus, turf areas, picnic area, restroom building and acquisition of land.

Status:

- Park opened to the public on May 4th.
- Permit issued for chemical storage structure. **Will finalize contract change order after council action. Scheduling Feb. 15 Council approval to extend construction contingency.**
- Contract acceptance delayed until chemical storage room is constructed.

Project: **06-09, SCADA System – Water**

Phase: **Construction** **CM:** **Heath**

Description: **Construction of a centralized control system for water system operational efficiencies.**

Status:

- **CDD staff will be assisting PW staff with construction management duties.**
- **See PW Monthly update for detailed report.**

Project:	**07-49, Water Tank Replacement**
Phase:	Completed **PM:** Heath
Description:	A tank assessment report indicated that the elevated tank is unsafe due to seismic concerns. The tank was constructed in 1952 and is not in compliance with existing building code for seismic safety. The tank is at the end of its designed useful life. The tank's age renders it too old for retrofit which would be more costly than a new tank. This project would study other tank sizes and types to accommodate future City growth and needs.
Status:	• Project is scheduled for Council acceptance as complete on **Feb. 15th.**

Project:	**08-06, Series Street Light Replacement, Phase 1**
Phase:	Construction **PM:** Chavez
Description:	This project will replace old "series" type street light wiring and install new lights. The first phase segments are on Main Street from West Street to Elm Street and from 3rd Street to 6th Street. Project extents will match existing street lighting circuitry.
Status:	• Construction contract awarded by Council award on June 29, 2010 to Tennyson Electric. • Construction is underway and is expected to continue through **January**. • **Post top mounted street lights installed during January. Delayed due to manufacturing material shortages.** • **Anticipate final inspection during late January. Council Acceptance in late February or March.**

Project:	**08-20, I-5/SR 113 Utility Relocation**
Phase:	Design **PM:** Burnham
Description:	Relocate water and sewer mains impacted by future construction of the I-5 to SR-113 loop connector (n/b to s/b).
Status:	• Caltrans is concentrating efforts and funding on relocating PGE High Tension lines. This project work is on hold until additional funding is allocated to the project. • **Project work to be filed for future completion.**

Project:	**08-58, Downtown Beautification**
Phase:	Design **PM:** Karoly
Description:	Enhance downtown's role as the government, dining, entertainment, cultural and retail/specialty center of the community. Also preserve, as appropriate, historic architectural features. Project limits are Main Street from East Street to Third Street. Possible improvements include curb bulb-outs at intersections, traffic signal at 5th and other features as appropriate or affordable. Applying for a SACOG 2010 Community Design Grant.
Status:	• SACOG has awarded the grant funding to the City for the Federal Fiscal Year 2015. Staff intends to design the project in FY 2011 so that the project will be eligible for advance funding if it becomes available. • **Consultant obtaining field survey data for design.**

Project:	**09-21, Series Street Light Replacement, Phase 3**		
Phase:	Pre-Engineering	**PM:**	Chavez
Description:	Perform preliminary engineering (scoping) and design to replace the existing series street lighting in the Gibson-College circuit. Develop construction cost estimate for future funding and/or grant applications.		
Status:	• A consultant contract has been executed with M. Neils Engineering to investigate existing conditions; prepare base maps for design purposes and assist staff with plan for street light circuitry conversion process.		

Project:	**09-22, Water Meter Phase 2**		
Phase:	Construction	**PM:**	Heath
Description:	Grant funded project to install water meters on existing unmetered water services throughout the city. Project design was managed by PW; Construction is managed by CDD. Grant is primarily funded by American Reinvestment and Recovery Act (A.R.R.A.) funds.		
Status:	• Work started on September 28, 2009; anticipate completion in January 2012. • The contractor has completed approximately **4,400** meter conversions out of 8,020 total meters in the contract. • PW staff is working with various homeowner associations to determine metering and billing details for condominiums.		

Project:	**09-24, Pioneer Avenue from Gibson Avenue to Farmers Central Road**		
Phase:	Design	**PM:**	Fong
Description:	Widen Pioneer Avenue to ultimate width (4 lanes) from Gibson to the future Collector 4 intersection (also High School entrance). Includes installing Traffic Signal at Pioneer/Collector 4, transitioning from full width road section north of Collector 4 to the existing two lanes south of Collector 4, and related sewer and storm drain improvements.		
Status:	• Project is under design; construction delayed until funding is resolved.		

Project:	**09-25, County Road 25A from County Road 101 to State Highway 113**		
Phase:	Design	**PM:**	Fong
Description:	Pavement rehabilitation and widening of County Road 25A between Highway 113 and County Road 101. Final configuration will be a 2-lane roadway.		
Status:	• Design funding provided by Pulte (Centex) in January 2010. • Project is under design		

Project: **09-26, Energy Efficiency Community Block Grant (A.R.R.A.)**

Phase: Pre-Design **PM:** Karoly

Description: Purchase and install LED Street Lights to replace existing HPS lights. The funding for this project is Federal Economic Recovery Act (A.R.R.A.).

Status:

- Consultant **concluded analysis and has presented final recommendation for** LED lighting requirements.
- **Reviewed LED lighting specifications prepared by consultant. Preparing Purchase documents to request quotes. Anticipate Council approval of LED light purchase in March.**

Project: **09-27, Pioneer Widening from Farmers Central Road to Heritage Parkway**

Phase: Design **PM:** Fong

Description: Construct 2-lane interim 2-lane roadway, including street lighting, along Pioneer Avenue, south of Farmer's Central Road to Pioneer/Parkland to Parkland/Heritage Parkway, to provide better connectivity within Springlake area.

Status:

- Design is nearly complete; awaiting RW dedication prior to finalizing plans and specifications.
- Anticipate construction during Summer 2011.
- Negotiating with property owner for right of way dedication.

Project: **10-01, Irrigation Rehabilitation Phase 2**

Phase: Pre-Design **PM:** Karoly

Description: This project will upgrade existing irrigation systems to conserve on energy and water use. Proposition 50 Grant funds must be spent by December 2012. Project work includes installing centralized irrigation control, booster pumps, replacing in-ground irrigation systems and turf repair/replacement.

Status:

- **Preparing plans and specifications for** Phase 1 work **(2011) to** include complete replacement of the irrigation systems at City and Harris Parks, installation of new booster pumps and centralized controllers at Cline, Douglass, and Schneider Parks and installation of controllers at Woodside, John Ferns, Crawford, Pioneer Klenhard and Campbell Parks. This work will be constructed during Summer 2011.
- Phase 2 **(2012)** work will include complete replacement of the irrigation systems at Beamer Park (& Circle), Freeman, Tredway Parks, and Buchignani Field (depending on budget since County owned), and installation of controllers at Everman, Clark Field, Roddy, Traynham, Streng Pond and Woodland Cemetery. This work will be constructed during Summer 2012.

Project: **10-06, 2010/11 ADA Improvements**

Phase: Design **PM:** **Camacho**

Description: Project will re-construct ADA required improvements such as curb ramps, driveways and sidewalk to improve existing pedestrian paths of travel in the public right of way.

Status:

- Design is currently underway
- Bidding and construction is anticipated for Spring 2011

Project:	**10-07, East Kentucky Rehab (East to Harter)**
Phase:	**Design** **PM:** **Burnham**
Description:	**Project will rehabilitate E. Kentucky from East Street to Harter Avenue; including adding bike lanes to close the bike system gap on Kentucky. The project will reconstruct the pavement, valley gutters and curb. This project is Federal-Aid funded by SACOG in 2013. Local funds are being used for design.**
Status:	• **Retained consultant to obtain topographic survey for design.** • **Retained consultant to investigate pavement condition and prepare rehab recommendations.**

Project:	**10-09, Gibson Ranch Landscaping; Spring Lake Ct. & Bourne Dr.**
Phase:	Design **PM:** Karoly
Description:	Install landscaping along the south side of Spring Lake Court and at the north end of Bourne Drive. These improvements are the last remaining portions of landscaping in the public right of way to be completed in the Gibson Ranch development.
Status:	• Construction will be coordinated with the Parks Irrigation Rehab (10-01) project.

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: Joinder to Agreement 88-133 between Yolo Emergency Communications Agency and the Yocha DeHe Wintun Nation

Report in Brief

The Yolo Emergency Communications Agency is seeking governing body approval from all YECA JPA member agencies authorizing the recognition of the Yocha Dehe Wintun Nation as a full partner in regional emergency services.

Staff recommends the City Council approve the Joinder to Agreement 88-133, as amended by 08-001, between Yolo Emergency Communications Agency (YECA) and the Yocha Dehe Wintun Nation.

Background

The Yocha Dehe Wintun Nation has been a contract member of the Yolo Emergency Communications Agency, partnering with the JPA for communications and dispatch needs since 2004; however, they are not official JPA members.

The Yocha Dehe Wintun Nation submitted a resolution that stated its interest in becoming a full member of the JPA. In the resolution it asked that all current JPA members garner their parent governing body's endorsement of the proposal. Those endorsements were secured by each member agency in March/April 2010.

Discussion

YECA has been collecting information on how the needs of the agency could be expanded to include other agencies that are currently contract members. Contract members are agencies that partner with the JPA for communications and dispatch needs but are not official JPA members. The Yocha Dehe Wintun Nation has been a contract member since 2004. They are vital partners in providing emergency services in the western part of the county. They have the only emergency medical team and full-time fire crews that respond to dispatched calls at any time. While they provide services to their casino business, most of the dispatched services are to provide mutual aid or first responder services to accidents on Highway 16, county back roads and Interstate 505.

In December 2010, the Yocha Dehe Fire Commission and Tribal Council approved the Joinder to Agreement 88-133. At the January 5, 2011 meeting of YECA, the Board approved the Joinder to Agreement 88-133 to grant membership to the Yocha Dehe Wintun Nation.

Granting the Yocha Dehe Wintun Nation full JPA membership will support the following emergency response and communication outcomes:

- Supports the growth and development of YECA;
- Increases operational cost effectiveness;
- Positively affects the public safety resources in the region;
- Provides full partnership to an emergency response agency that serves Yolo County;
- Enhances regional interoperability;
- Serves as a model of distinction to others.

Fiscal Impact

There is no fiscal impact to any City fund in association with this action.

Public Contact

Public notice of this agenda item occurred with the posting of the City Council agenda.

Recommendation for Action

Approve the Joinder to Agreement 88-133, as amended by 08-001, between Yolo Emergency Communications Agency (YECA) and the Yocha Dehe Wintun Nation.

Prepared by: Dan Bellini
Chief of Police

____
Mark G. Deven
City Manager

Attachments: YECA Letter
Joinder to Agreement 88-133
YECA JPA Agreement 08-001
YECA Agreement 09-1020

JOINDER TO AGREEMENT 88-133, AS AMENDED BY 08-001, BETWEEN THE YOLO EMERGENCY COMMUNICATIONS AGENCY (YECA) AND THE YOCHA DEHE WINTUN NATION (TRIBE)

THIS JOINDER TO AGREEMENT 88-133, as amended by 08-001 ("Joinder Agreement") is entered into this ___ day of ___________, 2011, among the YOLO EMERGENCY COMMUNICATIONS AGENCY, a joint powers agency ("YECA" or "YECA Parties"), and THE YOCHA DEHE WINTUN NATION ("Tribe"), a federally recognized Indian tribe located in the County of Yolo, State of California (collectively "Parties" or "Party").

RECITALS

A. YECA was formed in 1988 to provide 24-hour public safety dispatch services for police, fire, emergency medical, public works and other governmental functions.

B. YECA Parties are Yolo County cities and County who exercise powers jointly in the manner set forth in Agreement 88-133, as amended by 08-001.

C. Agreement 88-133, as amended by 08-001, provides for additional membership to be granted upon the unanimous acceptance of all Parties to the Agreement.

D. Agreement 88-133, as amended by 08-001, provides that the Parties will share the cost of operating and maintaining those mission critical operations as set forth in paragraph 2, which are primarily:

a. To provide dispatch and records management services for police, fire, medical, building inspection, animal control, public works and other governmental functions;
b. To provide a 911 public safety answering point;
c. To install, provide equipment service to engineer, maintain and repair microwave systems, radio-based and mobile systems in connection therewith; and

E. YECA and Tribe have entered into an Agreement dated October 20, 2009, for the provision of 24-hour safety dispatch services to their fire department, in conjunction with the Tribe's operation of a hotel and casino complex, a copy of which is attached hereto as Exhibit A. All defined terms used herein but not defined herein, shall have the meaning given for that term in Agreement 88-133, as amended by 08-001.

This Joinder Agreement sets forth the agreement of the YECA Parties to grant membership to the Tribe as an additional party to Agreement 88-133, as amended by 08-001.

The Parties therefore agree as follows:

AGREEMENT

1. Term of the Agreement. This Agreement shall commence upon the date of full execution by the Parties and remain in effect until terminated by any Party in accordance with the terms hereof.

2. Membership.

a. YECA is governed by a Governing Board, hereinafter referred to as "Board" comprised of one member appointed by the governing body of each party to this agreement upon recommendation by its chief administrative officer, to serve at the pleasure of each appointing governing body. The Tribe, as agreed herein, will be granted membership to the Governing Board, per paragraphs 4 and 23 of Agreement 88-133, as amended by 08-001, and will appoint one member according to the provisions therein with all of the rights and responsibilities therein.

b. Except as expressly set forth in this Joinder Agreement, the Tribe shall have all the same rights and obligations of the YECA Parties with respect to Agreement 88-133, as amended by 08-001, whether or not the Tribe is expressly named in the provisions of Agreement 88-133, as amended by 08-001.

3. <u>Budget and Contributions</u>. The procedure for setting forth the Tribe's proportional share of financial contribution to the mission of YECA shall be calculated as outlined in Section 9 (Budget and Contributions) of Agreement 08-001, a copy of which is attached hereto as Exhibit B.

4. <u>No Joint Exercise of Authority beyond Government Code §6500</u>. Nothing herein is intended to jointly exercise powers of any Party in excess of those authorized by law. This agreement is to exercise those powers authorized by law and with the specificity supported in this document.

5. <u>Exhibits</u>. All exhibits and attachments to which reference is made are deemed incorporated in this Agreement.

6. <u>Counterparts</u>. This Joinder Agreement may be executed in counterpart originals, each of which shall be deemed an original, but all of which, together shall constitute one and the same instrument.

IN WITNESS WHEREOF, YECA, Cities, County and Tribe are executing this Agreement as of the date first set forth above.

Yolo Emergency Communications Agency,

Attest: A Joint Powers Agency

____________________________ By: ______________________________

Patricia Williams, Executive Director

Carol Richardson, Chair
Governing Board

Yocha Dehe Wintun Nation

By: ______________________________
Marshall McKay, Chairman
Tribal Council

By: ______________________________
Tribal Legal Counsel

Attest:	City of Woodland, a municipal corporation
____________________ City Clerk	By: ________________________ Mayor
	By: ________________________ City Attorney City of Woodland

Attest:	City Of West Sacramento, a municipal corporation
____________________ City Clerk	By: ________________________ Mayor
	By: ________________________ City Attorney City of West Sacramento

Attest:	City Of Winters, a municipal corporation
____________________ City Clerk	By: ________________________ Mayor
	By: ________________________ City Attorney City of Winters

	County of Yolo
Attest: Clerk, Board of Supervisors	By: ________________________ Matt Rexroad, Chair Yolo County Board of Supervisors

By: ______________________
Deputy
(Seal)

Approved as to Form:

By: ______________________________
Robyn Truitt Drivon, County Counsel

Yolo Emergency Communications Agency (YECA)
35 N. Cottonwood St. Woodland, CA 95695 ♦ Bus. 530- 666- 8900 ♦ Fax 530- 666- 8909

Patricia Williams
Executive Director

Date: January 7, 2011

To: Yolo County Board of Supervisors
West Sacramento City Council
Winters City Council
Woodland City Council

Thru: Ray Groom, Director, Yolo County
Carol Richardson, Asst. City Mgr., West Sacramento
Bruce Muramoto, Police Chief, Winters
Dan Bellini, Police Chief, Woodland

From: Patricia Williams, Executive Director, YECA

Subject: Joinder to Agreement 88-133 between the Yolo Emergency Communications Agency and the Yocha Dehe Wintun Nation

<u>Recommended Action</u>

Approve the Joinder to Agreement 88-133, as amended by 08-001, between Yolo Emergency Communications Agency (YECA) and the Yocha Dehe Wintun Nation.

<u>Reason for Recommended Action</u>

At the January 5, 2011 meeting of YECA, the Board approved the Joinder to Agreement 88-133 (agenda item number 6), to grant membership to the Yocha Dehe Wintun Nation. In December 2010, the Yocha Dehe Fire Commission and Tribal Council approved the Joinder to Agreement 88-133.

This action is to obtain governing body approval from all YECA JPA member agencies thereby authorizing the recognition of the tribe as a full partner in regional emergency services.

The recommended action:

- Supports the growth and development of YECA
- Increases operational cost effectiveness
- Positively affects the public safety resources in the region
- Benefits the Yolo County citizenry
- Bodes well for regional interoperability
- Serves as a model of distinction to others

<u>Background</u>

YECA has been collecting information on how the needs of the agency could be expanded to include other agencies that are currently contract members. Contract members are agencies that partner with the JPA for communications and dispatch needs but are not official JPA members. The Yocha Dehe Wintun Nation has been a contract member since 2004. They are vital partners in providing emergency services in the western part of the county. They have the only emergency medical team and full-time fire crews that respond to dispatched calls at any time. While they provide services to their casino business, most of the dispatched services are to provide mutual aid or first responder services to accidents on Highway 16, county back roads and Interstate 505.

The Yocha Dehe Wintun Nation submitted a resolution that stated its interest in becoming a full member of the JPA. In the resolution it asked that all current JPA members garner their parent governing body's endorsement of the proposal. Those endorsements were secured by each member agency in March/April 2010.

<u>Attachments</u>

Joinder to Agreement 88-133
YECA JPA Agreement 08-001
YECA Agreement 09-1020
Yocha Dehe Wintun Nation Resolution No. TC-01-19-10-08

AGREEMENT NO. 08-001

JOINT POWERS AGREEMENT
OF THE
YOLO EMERGENCY COMMUNICATIONS AGENCY
JOINT POWERS AGENCY

1. This Amended Agreement is entered into this 1st day of January, 2008, by all cities and/or counties whose authorized mayoral or chair's signature is included on the signature page, representing their individual and respective public entity, mutually promise and agree as hereinafter set forth. This Agreement amends and supersedes the previous Joint Exercise of Powers Agreement Establishing Yolo County Communications Emergency Service Agency dated June 21, 1988.

2. PURPOSE. Each of the parties to this agreement, and such other entities as shall later join; possess some or all of the following powers:

   2.1 To provide a 911 public safety answering point;

   2.2 To provide dispatch and records management services for police, fire, medical, animal control, public works other governmental functions and to do all acts proper and necessary in the accomplishment of the same including assessing and collecting fees, taxes, assessments and/or special assessments as allowed by law;

   2.3 To install, provide equipment, service, engineer, maintain and repair public safety radio communications infrastructure used by member agencies;

2.4 To engineer and approve any equipment made a part of or joined to the public safety radio communications system of YECA or member agencies.

The purpose of this agreement is to exercise such powers jointly in the manner set forth in this agreement.

3. <u>CREATION OF AUTHORITY</u>. Pursuant to Government Code § 6500, et seq. (herein called the "Law"), and upon the effective date of this Agreement, there is established the YOLO EMERGENCY COMMUNICATIONS AGENCY (hereinafter referred to as "YECA" or "Agency"), a separate and distinct public entity which has the authority to exercise the common power provided for in this agreement and to administer or otherwise implement this agreement. The new name of this Agency (YOLO EMERGENCY COMMUNICATIONS AGENCY) is a change in name only and the Agency is a continuation of the YOLO COUNTY COMMUNICATIONS EMERGENCY SERVICE AGENCY subject to the terms and conditions of this Agreement.

4. <u>BOARD.</u>

YECA shall be governed by the Governing Board, hereinafter referred to as "Board" comprised of one member appointed by the governing body of each party to this agreement to serve at the pleasure of each appointing governing body. Each such governing body shall also appoint an alternate to serve on the Board in the absence of that governing body's regular board member.

A quorum of the Board shall consist of members representing at least a majority of the parties, except that less than a quorum may adjourn a meeting.

At its first meeting in each fiscal year, the Board shall elect a new Chairperson and Vice-Chairperson. The Board has established and shall maintain a set of bylaws, which are consistent with the applicable laws and terms of this Agreement.

Each Board member and each party shall receive a copy of the bylaws. The Board may adopt additional bylaws or regulations, which are not inconsistent either with the applicable law or with this agreement. The Executive Director shall promptly send to every Board member and to every party each bylaw amendment after its adoption by the Board.

At any meeting, including its organizational meeting, the Board may consider such matters, as it deems proper for carrying out the purpose of this Agreement, provided that the Board complies with the requirements of the Ralph M. Brown Act (Government Code §§ 54950 et seq.).

Action by the Board shall be valid and binding when a majority of all members vote accordingly.

5. <u>POWERS AND FUNCTIONS.</u> YECA shall have the common power of the parties as set forth in Section 2 above, and in the exercise of the power under this Agreement, YECA is authorized in its own name to:

 5.1 Employ agents and employees, establish salaries and benefits, and contract for professional services;

 5.2 Make and enter into contracts;

5.3 Incur debts, obligations, and liabilities; provided, however, the debts, obligations and liabilities incurred by YECA shall not be, nor shall they be deemed to be, debts, obligations, or liabilities of any party;

5.4 Acquire, hold and convey, construct, manage, maintain and operate buildings and improvements;

5.5 Accept contributions, grants or loans from any public agency, or the United States or any department, instrumentality, or agency thereof, for the purpose of financing the planning, acquisition, construction, maintenance, or operation of facilities and/or services. YECA may also accept contributions, grants, or loans from other than the foregoing sources;

5.6 Invest surplus money in the County Treasury, as provided in Section 10 of this agreement, that is not needed for immediate necessities, as the Board determines advisable, in the same manner and upon the same conditions as other local entities in accordance with Section 53601 of the Government Code;

5.7 Purchase insurance, join insurance pooling programs and/or develop and maintain a self-insurance reserve;

5.8 Do all other acts reasonable and necessary to carry out the purpose of this Agreement; and

5.9 Sue and be sued.

5.10 Render communication services and other assistance to the Yolo County Office of Emergency Services (OES) and to state or federal emergency agencies at the request and direction of the OES or County Administrator in emergency situations. YECA shall be held strictly accountable for all funds received by, held and disbursed by it.

5.11 Assess and collect fees, taxes, assessments and/or special assessments as allowed by law.

5.12 The powers to be exercised by YECA are subject to such restrictions upon the manner of exercising such powers as are imposed upon the County of Yolo in the exercise of similar powers.

5.13 YECA shall be held strictly accountable for all funds received held and disbursed.

6. EXECUTIVE DIRECTOR. The Board shall select an Executive Director who shall serve at its pleasure or upon the terms prescribed by it under the rules and regulations provided by the Board, the powers and duties of the Executive Director are:

6.1 To lead and coordinate the technical administrative responsibilities of YECA and to be responsible to the Board for proper administration of all affairs of YECA.

6.2 To appoint, assign, supervise and discipline, up to and including termination, YECA employees, subject to the Personnel Rules adopted by the Board.

6.3 To supervise and direct the preparation of the annual operating and capital improvement budgets for the Board and be responsible for their administration after adoption by the Board.

6.4 To formulate and present to the Board plans for communications and emergency facilities and/or services within the Agency and the means to finance them.

6.5 To supervise the planning, acquisition, construction, maintenance and operation of the communications and emergency services facilities or services of the Agency.

6.6 To attend all meetings of the Board and act as the secretary of the Board or designate an Agency staff member to act as secretary of the Board.

6.7 To execute transfers within major budget units, as long as the total expenditures of each major budget unit remains unchanged.

6.8 To act as purchasing agent and to purchase or contract for goods, equipment or services consisting less than $10,000 per order and to purchase fixed assets approved in the budget, without obtaining specific Board approval, as long as such expenditures are accommodated in the adopted budget. The YECA Board shall have the authority to increase this limit by a majority vote.

6.9 To perform such other duties as the Board may require in carrying out the policies and directives of the Board.

7. YECA PERSONNEL.

7.1 All YECA personnel shall be employees of YECA and eligible for membership in CALPERS (California Public Employees Retirement System).

7.2 All YECA personnel shall be subject to the Personnel Rules adopted by the YECA Board, all personnel policies and procedures implemented by the Executive Director and shall receive compensation and benefits as directed by the YECA Board.

8. FINANCING AND BUDGET. The fiscal period of the Agency shall be the year beginning July 1 and ending June 30. For each fiscal year, capital and operating budgets shall be proposed and adopted which are consistent with the funding ability of the member jurisdictions.

9. BUDGET AND CONTRIBUTIONS.

The procedure for adopting budgets is as set forth in this subsection.

9.11 The Executive Director shall propose an operating budget and capital budget to the Board on or before March 1 of each year.

9.12 After considering the proposed budgets, the Board shall, by the vote of members representing each party, adopt an operating budget and a capital budget.

9.121 The contribution of each party to the operating and capital budget shall be determined by the Board of YECA passed by majority vote. The contributions determined by the Board of YECA for each member entity shall reasonably reflect the share of costs incurred by YECA as a result of providing services to the particular member entity. The Board of YECA may adopt a formula or any other reasonable method for determining the respective contribution of each member entity.

Budgetary changes during the year may be approved by the Board through a simple majority vote, if the action does not increase any party's contribution. In the event that a budgetary change increases the contribution of any party, such change shall be subject to concurrence of the member representing that party.

Each party shall deposit its share of total party funding contributions with YECA in quarterly installments before the first day of each quarter, based on quarterly billing by the Executive Director. The quarter billing shall represent contribution for the following quarter for dispatch, 911 and emergency services service and for actual equipment service already received.

If a party is delinquent in paying the YECA and YECA financial obligations cannot be met as a result thereof, YECA may borrow such funds and the delinquent party shall be responsible to reimburse YECA for the delinquent amount plus finance charges and administrative expenses incurred in order to obtain the loan.

10. COUNTY SUPPORT SERVICES: TREASURER, AUDITOR, AUDIT.

Pursuant to the requirements of Section 6505.5 of the Government Code, the Treasurer of Yolo County is designated to be the depository and to have custody of all YECA funds, from whatever source, and to perform the following functions:

10.11 Receive and receipt for all money, including weekly checks resulting from collection services, for the YECA and place it in the Treasury of the County of Yolo to the credit of YECA;

10.12 Be responsible upon the Treasurer's official bond for the safekeeping, investment and disbursement of all YECA money so held;

10.13 Pay any sums due from the YECA or its assigns from YECA or any portion thereof, only upon warrant of the public officer performing the functions of auditor or controller who shall be so designated pursuant to this Agreement; and pursuant to the requirements of Section 6505.5 of the Government Code, the Auditor of County shall perform the functions of auditor/controller. The Treasurer shall draw warrants to pay demands against the YECA when the demands have been approved by the YECA.

There shall be strict accountability of all funds and the Auditor of County will report to the YECA all receipts and disbursements. In addition, Auditor of County will either make, or contract for, an audit of the accounts and records at least annually, as prescribed by Section 6505 of the Government Code. In each case, the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code, and the auditor shall conform to generally accepted auditing standards. The books of account shall include records of assets, liabilities, and contributions made by each party. County data processing services relative to financial accounting shall be provided.

The rate for said services shall be negotiated prior to the adoption of the operating budget for each fiscal year and be generally consistent with the cost allocation system established for other County departments.

In lieu of the designation of a treasurer and auditor as set forth above, the Board may appoint one of its officers or employees to either or both of such positions. Such offices may be held by separate officers or employees or combined and held by one officer or employee. Such person shall comply with the duties and responsibilities of the office or offices as set forth in subdivisions (a) to (d), inclusive, of Section 6505.5 of the Government Code.

> In the event the Board designates its officers or employees to fill the functions of treasurer or auditor, or both, such officers or employees shall cause an independent audit to be made by a certified public accountant in compliance with Section 6505 of the Government Code.

11. COUNTY SUPPORT SERVICES: OTHER.

11.1 The County of Yolo shall provide the following support services to YECA at rates agreed upon by the County and YECA:

Legal counsel, general services, garage services, office space, fueling services, parking, utilities, administrative support, personnel, payroll and other County support services. This section shall not prohibit YECA from seeking or obtaining such services from entities other than the County of Yolo.

12. 911 SERVICE. YECA may enter into any agreements with telecommunications providers or government entities necessary to the provision of 911 emergency services and the operation of a PSAP.

13. TRANSFER OF ASSETS. In addition, the County of Yolo hereby grants a YECA a license to occupy the Communications Center located at 35 North Cottonwood Street, Woodland, California, as is devoted to functions assumed by YECA so long as the County of Yolo is a party and subject to payment to the County for any services provided.

14. FREQUENCIES. Each party shall turn over to YECA for licensure or co-licensure as legally appropriate or required all public safety radio frequencies and licenses for the purposes of carrying out the provisions of this Agreement.

15. DEBTS AND LIABILITIES. The debts, liabilities, and obligations of the Agency shall not be debts, liabilities or obligations of the parties to this Agreement.

16. INDEMNITY. The Agency shall indemnify, defend and hold harmless the parties hereto and their officers, agents, servants, and employees free from any and all claims, losses, costs or liability resulting to any person, firm or corporation or any other public or private entity for damages of any kind, including, but not limited to, injury, harm, sickness or death to persons and/or property from any cause whatsoever arising from or in any way connected with the performance and exercise of its powers.

17. TERM OF THE AGREEMENT. This agreement shall become effective on the day and year first above written and shall continue in force until the effective date of the withdrawal of the last party or action of the governing body of each party.

18. WITHDRAWAL OF PARTIES. Any party may withdraw upon no less than three (3) years' prior written notice to the Board. The withdrawing party shall continue to be financially responsible for its share of financial obligations and liabilities incurred prior to the withdrawal date. Upon such withdrawal, no withdrawing party shall be entitled to any distribution or withdrawal of property or funds.

19. TERMINATION OF THE AGREEMENT. Upon the cancellation of this Agreement, its purposes shall be deemed completed and any surplus money on hand shall be returned to parties in proportion to the contributions made.

20. AMENDMENTS. This agreement may be amended by an agreement in writing adopted by each party.

21. SUCCESSORS. This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties.

22. SEVERABILITY. Should any part, term or provision of this Agreement be finally decided to be in conflict of any law of the United States or of the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement the parties intended to enter into in the first instance.

23. NEW PARTIES. New parties may join this agreement, provided that the existing parties vote unanimously to accept the new party, the new party is a public agency and subject to any conditions established by the Board upon which the new membership shall be approved.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their officers duly authorized as of the day and year first above written.

[SIGNATURES FOLLOW]

YOLO EMERGENCY
COMMUNICATIONS AGENCY,
a ~~Joint Powers~~ Authority

By:
Raymond A. Groom
Chairman of the Board, YECA

ATTEST:
Secretary to the Board, YECA
By:

COUNTY OF YOLO, a political subdivision
Of the State of California

By:
Mariko Yamada, Chair
Chairman of the Board of Supervisors

ATTEST:
CLERK OF THE BOARD OF SUPERVISORS

By: , Deputy

APPROVAL AS TO FORM:

Robyn Drivon
COUNTY COUNSEL
COUNTY OF YOLO

CITY OF WOODLAND, a municipal Corporation

By: ______________________
Mayor

ATTEST:
Susan L. Vannucci
CITY CLERK

APPROVAL AS TO FORM:

____
CITY ATTORNEY
CITY OF WOODLAND

CITY OF WEST SACRAMENTO, a municipal corporation

By: ______________________
Mayor

ATTEST:

____
CITY CLERK

APPROVE AS TO FORM:

____
CITY ATTORNEY
CITY OF WEST SACRAMENTO

CITY OF WINTERS, a municipal corporation

By: ______________________

Mayor

ATTEST:

____
CITY CLERK

APPROVAL AS TO FORM:

____
CITY ATTORNEY
CITY OF WINTERS

YECA AGREEMENT NO. 09- 1020

AGREEMENT BETWEEN THE YOLO EMERGENCY COMMUNICATIONS AGENCY AND THE YOCHA DEHE WINTUN NATION FOR THE PROVISION OF DISPATCH SERVICES TO THE YOCHA DEHE FIRE DEPARTMENT

This Agreement made and entered into this 20th day of OCTOBER, 2009, by and between the Yolo Emergency Communications Agency (YECA), a joint powers authority, and the Yocha Dehe Wintun Nation, sovereign Indian tribe federally-recognized and registered as Rumsey Indian Rancheria of Wintun Indians of California (hereinafter "Tribe"), located in the Capay Valley, County of Yolo, State of California.

Recitals

WHEREAS, YECA was formed in 1988 to provide 24-hour public safety dispatch services for police, fire, emergency medical, public works and other governmental functions; and

WHEREAS, the Tribe has established a fire department on its trust land in conjunction with its operation of a hotel and casino complex and seeks to have YECA provide 24-hour safety dispatch services to the their fire department, which for the purposes of this Agreement, is referred to as the Yocha Dehe Fire Department;

NOW, THEREFORE, YECA and the Tribe, hereto agree as follows:

Terms

1. YECA shall provide 24-hour safety dispatch services to the Yocha Dehe Fire Department as set forth in Exhibit A, attached hereto and incorporated herein by this reference.

2. For the dispatch services provided by YECA pursuant to this Agreement, the Tribe shall compensate YECA as set forth in Exhibit A.

3. The term of this Agreement shall be effective January 1, 2009, and unless terminated in accordance with its provisions, shall remain in effect until

December 31, 2013.

4. Either party may terminate this Agreement for failure to fully comply with the provisions of the Agreement by giving the other party written notice of a claim of such failure and giving the other party no less than 20 business days to cure the failure or to contest the claim of failure. Any disagreement as to whether there is a failure to fully comply shall first be discussed by the Executive Director of YECA and the Yocha Dehe Fire Department Chief within 15 business days of notice of the disagreement. If the YECA Executive Director and the Yocha Dehe Fire Department Chief are unable to resolve the disagreement, then the YECA Board and the Tribe's Council shall each appoint two members to meet within 30 business days in a further attempt to resolve the disagreement. If the disagreement remains unresolved, then the term of this Agreement shall end 60 calendar days from the date of the meeting between the respective members of the YECA Board and the Tribe's Council.

5. The Tribe shall indemnify, defend and hold harmless YECA, its officers, agents and employees (and those of its constituent member agencies) from and against any and all claims, demands, losses, damages, liabilities, costs and expenses of whatever nature, including court costs and counsel fees, accruing or resulting to any person, firm or corporation, who may be injured by any grossly negligent or intentional act or omission of the Tribe.

6. YECA shall indemnify, defend and hold harmless the Tribe, its officers, agents and employees from and against any and all claims, demands, losses, damages, liabilities, costs and expenses of whatever nature, including court costs and counsel fees, accruing or resulting to any person, firm or corporation, who may be injured by any grossly negligent or intentional act or omission of YECA.

7. Neither party shall have the right to assign the performance of the obligations of this Agreement. Any attempt at assignment by one party shall be grounds for immediate termination of this Agreement by the other party.

8. Any litigation between the parties hereto shall be filed in the Yolo Superior Court. The Tribe expressly and irrevocably waives its sovereign immunity (and any

defense based thereon) in favor of YECA as to any dispute between the parties which arises out of this Agreement. The Tribe consents hereby to the jurisdiction of the Yolo Superior Court for the purpose of enforcing the terms of this Agreement. This waiver applies to permit YECA to seek judicial relief against the Tribe in the Yolo Superior Court with respect to any dispute rising out of the Agreement or to enforce any court order or judgment against the Tribe and in favor of YECA within the limitations set forth in this paragraph. Without in any way limiting the generality of the foregoing, the Tribe expressly authorizes any governmental authorities who have the right and duty under applicable law to take any action authorized or ordered by any court, to take such action or otherwise give effect to any judgment entered; provided, however, that in no instance will any enforcement of any kind whatsoever be allowed against any assets of the Tribe other than the limited assets of the Tribe specified in this paragraph. The Tribe's waiver of sovereign immunity from suit is specifically limited to permitting, and does permit the following actions and judicial remedies:

a. The enforcement of an award of money and/or damages; provided that the arbitrator(s) and/or the court will have no authority or jurisdiction to order the execution against any assets or revenues of the Tribe except undistributed or future net revenues or accounts receivable, both as defined by Generally Accepted Accounting Principles, of the Casino or Hotel operated by the Tribe in Capay Valley. In no instance will any enforcement of any kind be allowed against any assets of the Tribe other than the limited assets of the Tribe specified in this paragraph.

b. The enforcement of a determination by an arbitrator or a court that the Tribe has breached this Agreement.

c. The enforcement of a determination by an arbitrator or a court that prohibits the Tribe from taking any action that would prevent YECA from performing its obligations pursuant to the terms of this Agreement, or that requires the Tribe to specifically perform any obligation under this Agreement (other than an obligation to pay money except as provided for in this paragraph).

9. The Tribe does not waive any aspect of its sovereign immunity with respect to actions by third parties.

10. Any notices required hereunder shall be in writing and shall be delivered in person or sent by first class United States Mail, postage prepaid, and addressed as follows:

For YECA: Yolo Emergency Communications Agency
35 N. Cottonwood St.
Woodland, CA 95695

For the Tribe: Yocha Dehe Fire Department Chief
P.O. Box 18
Brooks, CA 95606

11. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto. This writing (including any provisions incorporated herein by reference) constitutes the parties entire agreement. No understanding or agreements not incorporated herein, whether prior or contemporaneous, oral or written, shall be binding on any of the parties hereto.

12. This Agreement constitutes the entire agreement between YECA and the Tribe and supersedes all prior negotiations, representations, or other agreements between the same parties. In the event of a dispute between the parties as to the language of this Agreement or the construction or meaning of any term hereof, this Agreement will be deemed to have been drafted by the parties in equal parts so that no presumption or inferences concerning its terms or interpretation may be construed against any party to this Agreement.

IN WITNESS WHEREOF, by their authorized representatives, the parties hereto have executed this Agreement on the day and year set forth above.

Yolo Emergency Communications Agency

Bruce Muramoto, Chair

Board of Directors

Yocha Dehe Wintun Nation

Marshall McKay, Chairman

Tribal Council

EXHIBIT A

SERVICE AND COST PLAN:

YECA will provide 9-1-1 and non-emergency call answering services for the purpose of call notification to the fire department regarding fire, medical, rescue, and hazardous materials incidents. All calls for service should be routed through YECA for the purposes of appropriate service delivery and accurate record keeping.

YECA will assess the Tribe an annual fee, subject to the following:

1. Yearly calls for service;
2. Cost per call for service;
3. A prorated share of radio system infrastructure improvements incurred during the Agreement term.

For FY 2009 — 2010, the dispatch services contract fee totals $43,434.

Dispatch & Overhead:	$39,134
Radio Infrastructure:	$ 4,300
Total	$43,434

The remaining contract years will be calculated similarly, after YECA's annual budget for the upcoming fiscal year has been approved by its Governing Board.

YECA will seek prior authorization from the Tribe or its representative, for any project or service cost(s) outside of the scope defined above.

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: Revised Mechanic Series Job Descriptions

Report in Brief

Staff recently conducted a review of the job descriptions for classifications that provide fleet services for the City. Proposed changes were identified for driver's license and certification requirements.

Staff recommends that the City Council approve revisions in the job descriptions for the Senior Equipment Mechanic, Heavy Equipment Mechanic, Light Equipment Mechanic, and Equipment Services Worker as described herein.

Background

Fleet Services provides maintenance, repair, and service calls for over seven-hundred City vehicles, trailers, and miscellaneous equipment units. City service units that rely on their services include Public Works, Fire, Police, Parks & Recreation, Community Development, and Environmental Operations.

Employees working in Fleet Services work in the following job classifications: Senior Equipment Mechanic, Heavy Equipment Mechanic, Light Equipment Mechanic, Equipment Services Worker, and Equipment Services Clerk. The recent retirement of two individuals in this work group prompted a review of the job descriptions. It was determined that changes to the license and certification requirements were needed in all but one classification (Equipment Services Clerk).

Discussion

The principle revisions for the certification requirements for the equipment mechanic series focus on requiring various types and numbers of ASE certifications for each equipment classification. This change will strengthen and maintain the skill base of those in these classifications. It is also proposed to add the possession of a valid Air Conditioning Refrigerant Recovery and Recycling certificate requirement to all of the equipment mechanic classifications. It should be noted that the current employees in these classifications possess the proposed number and types of ASE certifications and the Air Conditioning Refrigerant Recovery and Recycling certificate.

The only proposed change to the Equipment Services Worker job description is adding the requirement, prior to permanent appointment, to obtain and maintain an Air Conditioning Refrigerant Recovery and Recycling certificate.

The revision to the equipment mechanic classifications (Senior, Heavy, and Light) related to driver's license requirements focus on changing the required driver's license at the time of hire to a Class C (instead of a Class A). Additionally, a Commercial Class A Driver's License with Tank Endorsements would then be required prior to permanent appointment. This change would allow those that have extensive mechanic experience, yet have not needed a Class A driver's license in prior positions, to meet the initial license requirements for this job classification.

All of the job description changes identified above also include the requirement that the licenses and certificates must be maintained during the course of employment.

On December 7, 2010, staff met with representatives from the Woodland City Employees Association (WCEA) and current employees in the affected classifications to discuss the proposed job description changes. WCEA agrees with the proposed changes for future employees. However, the City and WCEA will enter into a side letter agreement regarding how the proposed changes will affect employees currently in the affected classifications.

Fiscal Impact

The proposed revisions to the job description do not result in any salary changes; therefore, there is no fiscal impact.

Public Contact

Posting of the City Council agenda.

Recommendation for Action

Staff recommends that the City Council approve revisions in the job descriptions for the Senior Equipment Mechanic, Heavy Equipment Mechanic, Light Equipment Mechanic, and Equipment Services Worker as described herein.

Prepared by: Christine Engel
HR Analyst

Mark G. Deven
City Manager

Attachments: Senior Equipment Mechanic, Heavy Equipment Mechanic, Light Equipment Mechanic, and Equipment Services Mechanic Job Descriptions

City of Woodland

SENIOR EQUIPMENT MECHANIC

DEFINITION
To perform skilled maintenance and repair of vehicles and equipment; and to assist in administrative duties of the division. Provide technical and functional oversight over assigned skilled and semi-skilled personnel in the Equipment Services Division.

SUPERVISION RECEIVED AND EXERCISED
This is the lead supervisor class in the Mechanic series. Positions at this level are distinguished from other classes within the series by the level of responsibility assumed, and complexity of duties assigned. Employees perform the most difficult and responsible types of technical duties assigned to classes within this series, including performing technically complex maintenance and repair duties and/or providing technical and functional supervision over assigned staff. Employees at this level are required to be fully trained in all technical aspects of assigned area of responsibility. General supervision is provided by the Fleet and Facilities Manager. Responsibilities include providing lead supervision and technical training for skilled and semi-skilled personnel.

EXAMPLES OF DUTIES
The following are typical illustrations of duties encompassed by the position, not an all inclusive or limiting list**:**

ESSENTIAL JOB FUNCTIONS
Plan, schedule, prioritize and assign maintenance and repair work in consultation with the Fleet and Facilities Manager; communicate status of repairs to appropriate personnel in other City departments and divisions, working cooperatively to schedule repairs in accordance with established priorities and special operational priorities. Oversee and review the work of employees assigned to troubleshoot, overhaul, repair, and maintain heavy and light gasoline and diesel-powered vehicles and equipment; participate in performing routine maintenance and repair work. Inspect and evaluate equipment; estimate time and material requirements; provide technical assistance to assigned equipment maintenance personnel; review and monitor completed work. Perform difficult, technical, and complex equipment repair and maintenance tasks, including locating and diagnosing complex mechanical defects; fabricate special bodies, parts, and essentials as necessary. Inspect and evaluate to ensure quality control standards are met. Work cooperatively with others. Regular and consistent attendance.

OTHER JOB FUNCTIONS

Recommend special work required or necessary equipment maintenance; obtain estimates for required services and materials as directed. Train employees in work methods, use of tools and equipment, and relevant safety precautions. Ensure the proper maintenance, repair and storage of all shop tools and equipment. Ensure a clean and safe work environment for all division employees; recommend corrective action to the ~~Equipment Services~~Fleet and Facilities Manager when necessary. Order needed supplies; ensure maintenance of an adequate inventory to accomplish assigned jobs. Maintain required labor, equipment and material records and submits reports as directed; assists in developing budget figures for the division. Provide input into performance evaluations and disciplinary matters. Drive vehicles and operates a wide variety of equipment. Respond to emergency situations as necessary. Perform related duties as assigned.

QUALIFICATIONS

Knowledge of:

Principles, practices, techniques, methods, materials, tools and equipment used in the repair, overhaul, servicing and preventive maintenance of heavy and light gasoline and diesel-powered equipment, CAL/OSHA requirements, and other relevant codes and regulations. Use of flat rate manuals. Federal and State inspection requirements and procedures for heavy road equipment. Safe work methods and safety practices pertaining to the work. Operation and maintenance of a wide variety of equipment, hand, shop, and power tools used in the work. Lead supervision and basic principles of training.

Skills to:

Enter data into Fleet Management system. Locate and diagnose engine and other operating defects; use electronic and mechanical shop diagnostic equipment; make extensive repairs, and proper testing and adjustments. Operate a wide variety of power hand tools in a skillful manner. Use computer diagnostic equipment. Conduct safety inspections and establish safe procedures; inspect the work of others and maintain established quality control standards.

Ability to:

Plan, schedule, and oversee activities of an equipment maintenance program. Read and comprehend schematics, fabricate special bodies, parts and essentials as necessary. Identify and implement effective course of action to complete assigned work. Estimate needed materials and labor and secure sufficient quantities. Understand, follow and train others in proper and safe work procedures. Work effectively without immediate supervision. Understand, carry out and issue clear oral and written instructions. Prepare and maintain a variety of accurate records and reports. Establish and maintain cooperative and effective relationships with those contacted in the course of work.

Minimum Education and Experience:

Education:
High school diploma or equivalent, supplemented by technical or college level training in the automotive maintenance and repair field.

Experience:
Three years of journey level work in automotive and heavy equipment maintenance and repair, with broad exposure to a variety of trucks ~~(CCC, EEC-IV, EFI, DDEEC, CELECT, and PEEC)~~, diesels, specialized road equipment, and hydraulic systems. Prior lead work experience desirable.

License or Certificate:

Licenses

Required upon hire, possession of a valid Class C California Driver's License.

Required prior to permanent appointment and maintained during employment, possession of a valid California Commercial Class A Driver's License with Tank Endorsement.

Certificates

Required upon hire and maintained during employment, possession of a minimum of six valid ASE certifications, one of which must be A5 Automotive Brakes or T4 Heavy Duty Truck Brake Certification.

Required prior to permanent appointment and maintained during employment, possession of a valid Air Conditioning Refrigerant Recovery and Recycling certificate similar to ASE or MACS.

Possession of Fire Equipment Mechanic Certification and additional ASE certification is desirable.

~~Required upon hire, possession of a valid California Class A Driver's License and Automotive Service of Excellence certification~~.

COUNCIL ACTION: ~~June 20, 2006~~

City of Woodland

HEAVY EQUIPMENT MECHANIC

DEFINITION
To maintain and perform major mechanical repairs to automotive, power-driven, mechanical and heavy equipment.

SUPERVISION RECEIVED AND EXERCISED
This is an advanced journey level class in the Equipment Mechanic series. General supervision is provided by the Fleet and Facilit~~y~~ies Manager or his/her designee. May exercise technical or functional supervision over subordinate personnel.

EXAMPLES OF DUTIES
The following are typical illustrations of duties encompassed by the position, not an all inclusive or limiting list:

ESSENTIAL JOB FUNCTIONS
Inspect, diagnose and locate mechanical difficulties on automobiles, trucks and a variety of maintenance and construction equipment. Determine extent of necessary repairs including identifying major engine and transmission overhaul needs and prepare orders for required services. Road-test vehicles and determine the need for outsourcing to specialized vendors. Perform repairs and adjustments of gasoline and diesel engines, transmissions, differentials, clutches and brakes and hydraulic components. Tune up engines, diagnose computer controls, modules and air conditioning components using diagnostic equipment. Repair and/or replace all components of light and heavy frame assemblies, suspension systems drive trains, electrical systems, steering, braking, material handling, cap and drive, passenger comfort systems. Perform welding and brazing, fabricate and modify parts, equipment, miscellaneous structures and attachments. Maintain a variety of maintenance, repair and inventory records on the computerized fleet maintenance system. Maintain vehicle inspection records as required by the Department of Transportation. Adjust and repair air and hydraulic brake systems including high and low pressure systems. Clean, repair and replace fuel pumps, strainers, fuel lines, gasoline tanks and gauges. Operate equipment and vehicles with possession of all necessary licenses and certificates. Regular and consistent attendance.

OTHER JOB FUNCTIONS
Participate in division safety program. Diagnose, repair, expand and recondition electrical systems. Install and maintain special equipment on fire apparatus, including high volume water, hydraulic, foam and air pumps. Respond to emergency road calls,

field diagnose the problem and make field repairs as necessary. Maintain shop and shop equipment in a safe, clean and orderly condition. Perform related duties as assigned.

QUALIFICATIONS

Knowledge of:
Tools, equipment and procedures used in the service, maintenance, overhaul, repair and adjustment of gas and diesel-powered equipment. Operating and repair characteristics of the entire range of City owned vehicles and equipment, including heavy duty trucks and construction equipment. Operation and care of internal combustion engines, hydraulics and electrical components. Use of a variety of hand and power tools and equipment. Safe working practices. Computerized inventory and record fleet maintenance system.

Skill to:
Enter data into Fleet Management system. Perform advanced journey level equipment mechanic work. Inspect gas and diesel-powered equipment to locate difficulties and estimate the cost and time of repairs. Perform major and technically complex mechanical work on vehicles and mechanical equipment. Use a variety of tools and equipment. Diagnose and repair computer controlled engine components and replace/repair as necessary. Maintain a variety of maintenance, repair and inventory records on the computerized fleet record system.

Ability to
Understand and carry out both oral and written directions. Work independently in the absence of supervision and exercise initiative. Establish and maintain effective work relationships with those contacted in the performance of required duties

Minimum Education and Experience:

Education:
High School diploma or equivalent, supplemented by specialized training in the maintenance and repair of gas and diesel-powered equipment.

Experience:
Two years of increasingly responsible experience in the area of vehicles and equipment repair and maintenance performing duties comparable to those of a Light or Heavy Equipment Mechanic in the City of Woodland.

License and Certificates:

Licenses

Required upon hire and maintained during probation, possession of a valid Class C California Driver's License.

Required prior to permanent appointment and maintained during employment, possession of a valid California Commercial Class A Driver's License with Tank Endorsement.

Certificates

Required upon hire and maintained during employment, possession of a minimum of two valid ASE Truck certifications, one of which must be T4 Heavy Duty Truck Brake Certification.

Required prior to permanent appointment and maintained during employment, possession of a valid Air Conditioning Refrigerant Recovery and Recycling certificate similar to ASE or MACS.

~~Required upon hire, possession of a valid Class A California Driver's License with tank and trailer endorsements.~~ Possession of Fire Equipment Mechanic Certification is highly desirable.

COUNCIL ACTION: ~~June 20, 2006~~

City of Woodland

LIGHT EQUIPMENT MECHANIC

DEFINITION

To service, maintain and repair automotive and other power-driven and mechanical equipment.

SUPERVISION EXERCISED AND RECEIVED

This is a journey level class in the Equipment Mechanic series. General supervision is provided by the Fleet and Facilities Manager or his/her designee. May exercise technical or functional supervision over subordinate personnel.

EXAMPLES OF DUTIES

The following are typical illustrations of duties encompassed by the position, not an all inclusive or limiting list:

ESSENTIAL JOB FUNCTIONS

Inspect, diagnose and locate mechanical difficulties on automobiles, light trucks and a variety of maintenance, lawn care and construction equipment. Road test and diagnose vehicles, determine needed repairs or maintenance attention and schedule repairs. Inspect and diagnose all mechanical, hydraulic, electrical systems. Inspect operational and appearance of vehicles and recommend repair action. Respond to emergency road calls, field diagnose the problem and make field repairs as necessary. Perform welding and brazing, fabricate and modify parts, equipment, miscellaneous structures and attachments. Inspect lawn maintenance equipment, overhaul engines, transmissions, differentials, and hydraulic components. Do component change-out of same on automotive equipment. Adjust and repair air and hydraulic brakes, perform complete brake system overhauls. Diagnose and repair/replace electrical systems components. Service and repair small gasoline engines, lawn mowers and lawn mower decks. Regular and consistent attendance.

OTHER JOB FUNCTIONS

Participate in division safety program. Maintain shop and equipment in a safe, clean and orderly condition. Maintain a variety of maintenance, repair and inventory records on the computerized fleet maintenance system. Clean, repair and replace fuel pumps, strainers, fuel lines, gas/diesel tanks, and gauges. Handle hazardous materials and store or dispose as needed. Perform other duties as required.

QUALIFICATIONS

Knowledge of:
Tools, equipment and procedures used in the service, maintenance, repair and overhaul of automotive and other gas and diesel-powered equipment. Use of a variety of hand and power tools and equipment. Operating and repair characteristics of City-owned light vehicles and equipment. Operation and care of internal combustion engines, hydraulics and electrical components. Safe working practices. Diagnostic equipment and computerized engine components. Maintain a variety of maintenance and inventory records on the computerized fleet maintenance system.

Skill to:
Perform journey level equipment mechanic work. Inspect gas and diesel-powered equipment to locate difficulties and estimate the cost of time and repairs. Perform minor and major mechanical work on vehicles and mechanical equipment. Use a variety of tools and equipment. Work independently in the absence of supervision, exercising initiative. Diagnose and repair computer controlled engine components and replace/repair as necessary. Maintain a variety of maintenance, repair and inventory records. Understand and carry out both oral and written instructions.

Ability to:
Establish and maintain effective work relationships with those contacted in the performance of required duties.

Minimum Education and Experience:

Education:
High school diploma or equivalent. Specialized training or coursework in the maintenance and repair of gas and diesel-powered equipment is desired.

Experience:
Two years of increasingly responsible experience in the area of vehicle and equipment repair and maintenance performing duties comparable to those of an Equipment Service Worker in the City of Woodland.

License and Certificates:

Licenses
Required upon hire, possession of a valid Class ~~B~~ C California Driver's License. ~~ASE Master Certification is highly desirable.~~

Required prior to permanent appointment and maintained during employment, possession of a valid California Commercial Class A Driver's License with Tank Endorsement.

Certificates

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Required upon hire and maintained during employment, possession of a minimum of two valid ASE certifications, one of which must be either A5 Automotive Brakes or T4 Heavy Duty Truck Brake Certification.

Required prior to permanent appointment and maintained during employment, possession of a valid Air Conditioning Refrigerant Recovery and Recycling certificate similar to ASE or MACS.

Council Action: ~~**June 20, 2006**~~

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City of Woodland

EQUIPMENT SERVICE WORKER

DEFINITION
To service and perform minor repairs and a variety of semi-skilled preventative maintenance duties on a variety of automotive and other power-driven and mechanical equipment.

SUPERVISON RECEIVED AND EXERCISED
Direct supervision is provided by the Fleet and Facilities Manager or his/her designee. This position is entry level and exercises no supervision.

EXAMPLES OF DUTIES
The following are typical illustrations of duties encompassed by the position, not an all inclusive or limiting list:

ESSESNTIAL JOB FUNCTIONS
Follow a preventative maintenance schedule to assure vehicles are in good repair. Perform minor tune-ups, exhaust system repairs, brake replacements and repairs, and U-joint replacements. Check and replace tires. Wash and steam clean vehicles and parts. Inspect vehicles and equipment for loose or worn parts and hydraulic and exhaust leaks. Bring all needed repairs to the attention of supervisor. Keep routine records on maintenance services provided, parts used, and labor performed. Pick up and deliver vehicles and parts. Maintain maintenance shop and shop equipment in a safe, clean and orderly condition. Regular and consistent attendance.

OTHER JOB FUNCTIONS
Perform a wide variety of routine preventative maintenance duties on all automotive vehicles. Performs related duties as assigned.

QUALIFICATIONS

Knowledge of:
Oil, grease, and lubricating devices; materials and other tools used to maintain and service equipment. Standard Mechanic's hand tools. Common automotive parts and supplies. Hydraulic vehicle lift. Safe work practices.

Skill to:
Demonstrate a high degree of mechanical aptitude. Interpret and work from sketches and diagrams. Follow oral and written directions. Prepare service maintenance records. Establish and maintain effective work relationships with those contacted in the performance of required duties.

Ability to:
Read, interpret, understand, and apply automotive specifications and parts catalogs.

Minimum Education and Experience:

Education:
High School diploma or equivalent.

Experience:
One year of basic vehicle maintenance experience.

License and Certificate:
Required upon hire and maintained during employment, possession of a valid Class C California Driver's License.

Required prior to permanent appointment and maintained during employment, possession of a valid Air Conditioning Refrigerant Recovery and Recycling certificate similar to ASE or MACS.

Council Action: ~~June 20, 2006~~

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: Adopt Resolution to Approve Certain Terms and Conditions for Fire Mid Management Unit Employees

Report in Brief

On June 30, 2010, the labor agreement with the Fire Mid Management bargaining unit expired. The City has been in discussion with Fire Mid-Management since that time. These discussions have been collaborative as this unit understands the fiscal issues facing the City at this time.

Staff recommends that the City Council adopt Resolution No. ____ to implement a two year agreement (July 1, 2010 through June 30, 2012) with the Fire Mid Management Unit Employees as described herein.

Background

The Fire Mid Management Unit consists of Fire Battalion Chiefs and Deputy Fire Chief. As reported at the June 22, 2010 City Council meeting, when the Fiscal Year 11 budget was adopted, it was identified that employee concessions would be necessary in order to balance the City's budget and minimize the need for layoffs. All employee units have continued furloughs for this fiscal year with the exception of the Woodland Professional Firefighters Association (WPFA) (their agreement includes a 3% pay reduction with no furlough days).

Discussion

The most significant change in the agreement is suspending the furlough program and implementing a 3% pay reduction, similar to the WPFA. Other changes that are included are consistent with other adopted agreements (WPFA and Police Mid Management). The "extra time pay" was also increased by $1.00 per hour each year. This agreement ends on June 30, 2012.

Fiscal Impact

The adoption of this resolution will result in an overall budget savings for the City as a result of the salary reduction program.

Public Contact

Posting of the City Council agenda.

Recommendation for Action

Staff recommends that the City Council adopt Resolution No. ____ to implement a two year agreement (July 1, 2010 through June 30, 2012) with the Fire Mid Management Unit Employees as described herein.

Prepared by: Amy Buck
Human Resources Manager

____
Mark G. Deven
City Manager

Attachment: Fire Mid Management Unit Employees Resolution

MEMORANDUM OF UNDERSTANDING
CONCERNING
FIRE MID-MANAGEMEMENT UNIT EMPLOYEES
OF THE CITY OF WOODLAND

The City of Woodland and the Woodland Fire Mid-Management Unit Employees, comprising employees of the City of Woodland in the classifications of Deputy Fire Chief and Fire Battalion Chief, hereby ratify as and for a memorandum of understanding the attached Resolution entitled "A Resolution of the City Council of the City of Woodland Approving Certain Terms and Conditions for Fire Mid-Management Unit Employees" and the exhibits appended hereto, and recommend that the same be adopted by the City Council of the City of Woodland. Provisions outlined in this Resolution shall be incorporated into the City's adopted Personnel Rules and thereafter the attached Resolution shall be used for the purpose of interpreting the specific rules and regulations addressed. In resolving questions of interpretation the Resolution shall in all cases be the primary source.

DATED: ____________________

Woodland Fire Mid-Management | The City of Woodland

______________________________ | ______________________________

The foregoing Resolution and exhibits appended thereto hereby are approved by the City Council of the City of Woodland on this date, ______________________.

RESOLUTION NO.______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WOODLAND APPROVING CERTAIN TERMS AND CONDITIONS FOR FIRE MID-MANAGEMENT EMPLOYEES

TABLE OF CONTENTS

WOODLAND FIRE MID-MANAGEMENT MEMORANDUM OF UNDERSTANDING

ARTICLE I
GENERAL PROVISIONS

1.1 Application

1.1.1 This Resolution applies to employees employed by the City of Woodland in the classifications of Deputy Fire Chief and Fire Battalion Chief.

1.2 Term (MODIFIED)

1.2.1 Except where the context otherwise determines or otherwise provides, the provisions of this resolution shall apply from July 1, 2010 to June 30, 2012 and for such reasonable time thereafter as may be required to ratify, revise and supersede such provision by action taken by the Woodland City Council after good faith negotiations pursuant to the Meyers-Milias Brown (MMB) Act.

1.2.2 During the contract year, the City and Association have agreed to reopen negotiations on any provisions contained within this Memorandum of Understanding. The primary purpose of this provision to reopen negotiations would stem from the conclusion of negotiations with the Woodland Professional Firefighters Association.

1.3 Shift Designations

1.3.1 Fire Operations Shift. Employees assigned to work the Fire Operations Shift shall work a 56-hour workweek, consistent with the schedule and rotation of fire employees assigned to Fire Operations. Typically, shifts will be worked in a three-on/four-off schedule. Individuals on this shift will receive different holiday sick leave and vacation accrual benefits versus those on the Fire Staff Shift.

1.3.2 Fire Staff Shift. Employees assigned to work the Fire Staff Shift shall work a 40-hour workweek, consistent with the administrative and managerial schedule of the Department. Individuals on this shift will receive different holiday, sick leave and vacation accrual benefits versus those on the Fire Operations Shift.

1.3.3 Transition to/from Fire Operations Shift and Fire Staff Shift. Because of the differences in the accumulation of sick leave, vacation, administrative leave and holiday hours depending on which an individual is assigned, adjustments must be made at the time an individual changes from the Fire Operations Shift to the Fire Staff Shift (and vice versa). When an employee covered by this Resolution transitions from one to the other, accrued vacation, administrative leave, sick leave and use of holiday time will be adjusted according to the provisions of Attachment A, "Fire Department Conversion of Sick Leave and Vacation."

1.3.4 The Fire Department instituted a trial 48/96 schedule on January 1, 2009. This trial schedule will take precedence over the FLSA work period, MOU section 1.3.1 above and Section 315.01 of the Operations and Procedures Manual titled "Work Days" until such time an agreement is made regarding the permanent shift schedule.

ARTICLE II
COMPENSATION

2.1 Salary (MODIFIED)

2.1.1 A 20% salary separation shall be maintained between D Step Battalion Chief and Fire Captain at top step and a salary separation of 15% between Deputy Fire Chief and Battalion Chief at top step.

Effective January 1, 2011, base salaries shall be reduced by 3%; effective January 1, 2012 base salaries will be increased by 2% ; and effective June 30, 2012 base salaries will be increased by 2%.

2.1.2 Initial salary placement for employees promoted into the bargaining unit shall provide for a salary increase of at least 5% over the employees previous salary including pay differential incentives.

2.2 Furloughs (MODIFIED)

Effective January 1, 2011, furlough time accrual will be eliminated and usage suspended. Effective with the November 2011 paycheck furlough time accrued and unused will be cashed out.

2.3 Uniform Allowance

2.3.1 Employees covered by this Resolution who are required by the Fire Chief to wear a uniform, shall receive $900 in each year of this contract. Payments of $450 shall be made twice annually, in November and in May of each year of this agreement. Employees are responsible for purchasing safety footwear and NOMEX pants as part of the uniform allowance set forth herein.

2.3.2 This uniform allowance is paid in advance. Should a represented employee leave employment after payment, a pro-rated portion of the advance uniform allowance payment will be deducted from final payments made by the City. Prorating shall be calculated on a whole month basis.

2.4 Longevity Pay (MODIFIED)

2.4.1 Employees in all positions identified in Section 1.1 of this Resolution shall receive City longevity pay according to the following schedule, payable the last payday before Christmas each year:

10 years	$225 per year	25 years	$375
15 years	$275 per year	30 years	$425
20 years	$325 per year		

Effective July 1, 2011 Longevity Pay shall be amended as follows:

10 years $1,000.00 per year

2.5 Bilingual Pay

2.5.1 Bilingual employees, as designated by the City's bilingual pay policy, shall receive additional compensation above their regular salary at the rate of one hundred and fifty dollars ($150.00) per month.

2.6 Extra Time Pay (MODIFIED)

2.6.1 Battalion Chiefs required to work hours which are in addition to their normal work schedule for the purposes of emergency response coverage, such as shift vacancies as well as emergency response callbacks, shall be compensated for extra time at the agreed hourly stipend rate of $47.00 with a 2 hour minimum. Effective January 1, 2011 the hourly stipend shall be increased to $49.00. Effective January 1, 2012 the hourly stipend shall be increased to $50.00 and effective June 30, 2012 it shall be further increased to $51.00.

(a) The necessity to cover scheduled shifts: Available open shifts will first be offered to on duty "certified acting Battalion Chief" employees outside of this bargaining unit. If no "certified" member of this classification is on duty, or if this move causes overtime, this opening will be offered to the "Battalion Chiefs". If the Battalion Chiefs do not accept the offered extra time it shall then be offered to "certified" members outside this bargaining unit as dictated by the order on the overtime list.

(b) For Battalion Chiefs to qualify for time they must have successfully completed the department's Duty Chief Certification or as approved by the Fire Chief.

2.7 Out of Class Work (NEW)

2.7.1 Assignment to perform work of a higher level classification: Employees assigned by their supervisors to perform the essential duties of a higher level classification shall receive an additional five percent (5%) of base pay as out of class compensation. Payment shall continue for the term of the assignment to the higher level classification duties. Assignments shall be limited to six (6) months, which may be extended on approval of the City Manager.

2.7.2 Assignment as Acting Department Head: In the case of assignment as an acting department head, the compensation shall be an additional ten percent (10%) of the base pay. Payment shall continue for the term of the assignment to the higher level classification duties. Acting assignments shall be limited to six (6) months, which may be extended on approval of the City Manager.

2.7.3 Assignment of duties beyond the scope of employee's classification: Employees assigned to perform significant and additional duties outside the scope of their job description shall receive an additional five percent (5%) of base pay as special assignment pay.

ARTICLE III
RETIREMENT

3.1 Retirement

3.1.1 3% @ 50 Retirement. The City will continue its participation in the Public Employee's Retirement System during the term of this agreement. The formula in effect for Fire Mid-Management members is the 3% @ 50 formula.

3.1.2 Employee/Employer Contribution. The employee's retirement contribution shall be a total of 13% pursuant to Public Employee Retirement Law Section 20516. The City will continue to only pay 9%; safety employees shall pay the additional 4%. The City has adopted a resolution pursuant to IRS Code Section 4.14(h)(2) to allow this payment on a pre-tax basis. This additional 4% of salary is to help pay for the cost of the enhanced 3.0% @ 50 retirement formula.

3.1.3 Employer Paid Member Contribution (EPMC). The City shall continue reporting the employees' retirement contribution (nine (9%) for Safety as special compensation. Pursuant to Section 20023 (c)(4) of the Public Employees Retirement Law, these retirement contributions (nine (9%) percent shall then be considered compensation for retirement purposes

3.1.4 Disability Retirement. After receipt of Labor Code Section 4850 benefits to the extent of legal entitlement, an employee eligible for disability retirement under the Public Employees Retirement System (PERS) rules shall retire on the date set forth in the City's written request to the Public Employees' Retirement System without further use of accumulated sick leave. An employee eligible for both service and disability retirement may choose one or the other.

3.1.6 Survivor's Benefits. The City provides the 1959 Survivor's Security Benefit as specified in the Government Code, Section 21380 et. seq.

3.1.7 Sick Leave Conversion. The City provides the sick leave conversion benefit as specified in the Government Code, Section 20862.8.

3.1.8 Final Compensation Salary Computation. The City contracts with PERS (§20042) to compute employees' retirement based on the average full-time monthly pay rate for the highest twelve (12) consecutive months.

3.1.9 PERS Pre-Retirement Optional Settlement 2 Death Benefit. The City has contracted for the PERS Pre-Retirement Optional Settlement 2 Death Benefit option (Section 21548). The PERS Pre-Retirement Optional Settlement 2 Death Benefit option provides a monthly benefit allowance to an eligible spouse of a deceased employee equal to the amount the employee would have received if they had retired on the date of the death.

ARTICLE IV
BENEFITS

4.1 Medical Insurance (MODIFIED)

4.1.1 The City shall make available to all unit employees, the CalPERS medical insurance program. Employees shall have the option of enrolling in any of the plans provided by CalPERS.

4.1.2 For Employees **hired *before* July 1, 2006**, the City provides a two tier medical benefits program:

- Tier One: Employee Only and Employee plus One
- Tier Two: Employee plus Family

4.1.2.1 Employees hired before July 1, 2006 who provide proof of dual coverage under PERS or other medical insurance programs may decline to accept medical coverage. These employees shall be eligible for a payment of $565 per month.

4.1.2.2 Employees hired before July 1, 2006 who are enrolled in medical insurance programs shall be entitled to receive payment of the difference between the cost of the medical plan and the monthly amount listed below based on the tier in which the employee is enrolled:

- Tier One: Employee Only and Employee plus One $810
- Tier Two: Employee plus Family $1060

4.1.3 For Employees **hired *on or after* July 1, 2006**, the City provides a three tier medical benefits program:

- Tier One: Employee Only

- Tier Two: Employee plus One
- Tier Three: Employee plus Family

4.1.3.1 Employees hired after July 1, 2006 who provide proof of dual coverage under PERS or other medical insurance programs may decline to accept medical coverage. These employees shall be eligible for a payment of $405 per month.

4.1.3.2 Employees hired after July 1, 2006 who are enrolled in medical insurance programs shall be entitled to receive payment of the difference between the cost of the medical plan and the monthly amount listed below based on the tier in which the employee is enrolled:

- Tier One: Employee Only $405
- Tier Two: Employee plus One $810
- Tier Three: Employee plus Family $1060

4.1.4 The City shall contribute up to the following amounts towards employee medical insurance coverage and cafeteria plan benefit:

Effective July 1, 2010 through December 31, 2011, the City shall contribute the following amounts towards employee medical insurance coverage and cafeteria plan benefit:

Tier	**Medical Benefit**	**Cafeteria Plan Benefit**	**Total Benefit**
Employee only	$108.00	Note 3	$515
Employee plus one	$108.00	Note 3	$1020
Employee plus family	$108.00	Note 3	$1335

Note 1: Per paragraph 4.1.2 above, employees hired before October 26, 2006 who qualify for the "Employee only" tier shall receive medical insurance coverage and cafeteria plan benefit equal to the "Employee plus one" tier.

Note 2: The Medical Benefit will be equal to the minimum established by the CalPERS Board($108 from the January 2011 table). It is anticipated that this amount will be adjusted annually based on changes to the medical component of the CPI.

Note 3: Cafeteria Plan benefit will be equal to the difference between the Medical Benefit and the Total Benefit.

Effective January 1, 2012 the total benefit above will be increased by the dollar amount necessary for the City to pay the full cost of the third highest plan available in the region Woodland is included in, excluding PERS Care.

4.2 Medical Insurance Upon Retirement

4.2.1 Employees who retire from the City may be eligible for Medical Insurance in accordance with the CalPERS Medical Plan. Dental, Vision and Long Term Disability Insurance is not provided to retirees.

4.2.2 For employees who were **hired *before* July 1, 2006**, with five (5) or more years of service who either retire and are eligible to receive benefits under the City's PERS plan or retire for disability under PERS shall be eligible for continued health and life insurance coverage subject to the following terms and conditions:

4.2.2.1 Employees 50 years old or older who separate from City service but postpone application to receive PERS retirement benefits must pay the premiums for any continued insurance coverage until the application for benefits is approved;

4.2.2.2 Insurance benefits levels to retirees will be equal to the schedule reflected in paragraph 4.1.4 above. Retirees who were hired before July 1, 2006, will receive a benefit equal to the "Total Benefit" reflected in 4.1.4 above; however, provisions of paragraphs 4.1.2.1 and 4.1.2.2 do not apply to retired employees.

4.2.2.2.1 Retirees who were hired prior to July 1, 2006 have a vested right to receive full medical insurance benefits in retirement equal to the total medical benefit provided to active employees. In the immediate case, such retirees shall receive the combined value of the medical benefit and the cafeteria plan benefit to equal the total benefit. In future cases, should the City again restructure its health care benefits, such retirees shall continue to receive the full value provided to active employees for health benefits irrespective of how they may subsequently be structured.

4.2.2.3 Life Insurance will be continued with the same benefit level and conditions as active employees except as adjusted according to the schedule outlined in the City's "Life Insurance Outline of Benefits" or in any modifications or other plans that replace the current plan;

4.2.2.4 Health Insurance coverage will be coordinated with Medicare when retirees become eligible; and

4.2.2.5 Dental, Vision and Long Term Disability Benefits will not be offered or provided to retirees.

4.2.3 Employees who were **hired *on or after* July 1, 2006**, will receive medical insurance benefits in retirement as follows:

4.2.3.1 Insurance benefits levels to retirees who were hired after July 1, 2006, will receive a benefit equal only to the "Medical Benefit" reflected in 4.1.4 above; however, provisions of paragraphs 4.1.2.1 and 4.1.2.2 do not apply to retired employees.

4.2.3.2 Retirement Health Savings Plan. The City of Woodland has established a program in which employees participate to save, on a tax deferred basis, money to help pay the cost of healthcare once an individual retires. The Retirement Health Savings Plan (RHSP) may be used for medical, dental and vision care as well as other healthcare expenses.

4.2.3.2.1 For employees hired on or after July 1, 2006, participation in the City's RHSP is mandatory.

4.2.3.2.2 Contributions: The City shall contribute $50 per month to the employee's RHSP account; likewise, the employee shall contribute $50 per month to their RHSP account. These contributions shall start after an employee has successfully completed their initial probationary period.

4.2.3.2.3 Initial Probationary Period. During an employee's initial probationary period with the City, neither the employee nor the City shall contribute to the employee's RHSP account. The initial probationary period is that probationary period when an employee is first hired. A probationary period is also in effect when an individual changes classification or is promoted to a higher classification; City and employee contributions to RHSP accounts will continue during such promotional probationary periods.

4.2.3.2.4 Conversion of Sick Leave. Once an employee has accrued 500 hours of sick leave, the City shall convert 50% of additional sick leave earned to a cash contribution to an employee's RHSP account. This results in all sick leave earned above 500 hours being changed to 4 hours per month (versus 8 hours) with the value of 4 hours of salary being contributed to the employee's RHSP account.

4.3 Professional Growth Incentive (MODIFIED)

Employees covered by this Resolution are eligible to participate in the Professional Growth Incentive Program. Employees may receive a reimbursement for professional memberships, subscriptions, professional training (including travel, lodging and parking fees), attainment of academic degrees, and equipment limited to desktop computers or components (memory, hard drives, video cards, power supplies, mother boards), keyboards, monitors, computer mouse(s)/pointing devices, laptop/notebook/tablet computers, printers, City standard suite of office productivity software (currently Microsoft Office Suite), and personal digital assistants (PDA) and accessories, unless considered used mostly for personal entertainment. All such requests require advance approval by the City. Maximum reimbursement per fiscal year per employee shall be $625.00.

The professional growth incentives outlined above are suspended until January 1, 2012.

4.4 Life Insurance

4.4.1 Active Employees. The City shall continue to provide life insurance coverage in the amount of $50,000 to each employee in each position identified in Section 1.1 of this Resolution.

4.4.2 Retired Employees. Retirees shall be eligible for continued life insurance coverage subject to the following terms and conditions:

4.4.2.1 Employees. 50 years old or older who "retire" from City service but postpone application to receive PERS retirement benefits must pay the premiums for any continued life insurance coverage until the application for benefits is approved;

4.4.2.2 The City shall pay the premiums for eligible retired employees who have maintained the applicable life insurance coverage and whose application for PERS retirement benefits has been approved;

4.4.2.3 Life Insurance will be continued with the same benefit level and conditions as active employees except as adjusted according to the schedule outlined in the City's "Life Insurance Outline of Benefits" or in any modifications or other plans that replace the current plan.

4.5 Dental Insurance

4.5.1 City shall continue to provide employees identified in Section 1.1 of this Resolution and, at the employee's request, any eligible dependents, coverage in the City's dental insurance plan provided to other employees. The benefit shall be paid by the City except where the plan requires the employee to pay a deductible or co-payment.

4.6 Long Term Disability Insurance

4.6.1 The City shall continue to provide the long term disability insurance.

4.7 Vision/Optical

4.7.1 The City agrees to maintain in effect the vision insurance program for represented employees.

4.8 Flexible Spending Account

4.8.1 The City agrees to establish a provision allowed by Section 125 of the Internal Revenue Code. Such account shall provide for pre-tax treatment of employee obligations for medical and dependent care costs.

ARTICLE V
LEAVES

5.1 Vacation Leave

5.1.1 Each employee covered by this Resolution and who is assigned to the Fire Operations Shift shall accumulate vacation leave according to the following table:

Months of Service	Leave Earned Per Month
1-36	11 hours
37-60	13 hours
61-120	15 hours
121-180	18 hours
over 180	21 hours

5.1.2 Each employee covered by this Resolution and who is assigned to the Fire Staff Shift (40 hours work week) shall accumulate vacation leave according to the table below:

Years of Service	Vacation Earned Per Month
0 to 3 years	7.7 hours
4 to 5 years	9.7 hours
6 to 10 years	11 hours
11 to 15 years	13 hours
16 years and over	15 hours

5.2 Maximum Accumulation - Vacation Buy (MODIFIED)

5.2.1 Fire Operations Shift Employees

5.2.1.1 Fire Operations Shift employees shall be allowed a maximum accumulation of vacation leave of 624 hours past January 1 of each year. Should an employee request vacation leave within sixty (60) days of reaching the maximum accumulation allowed, and due to staffing needs, the department is unable to grant the vacation time off, the employee shall be granted a sixty (60) day extension within which to take the vacation leave. Provided an employee has submitted a timely vacation request pursuant to this MOU, no employee shall lose accumulated vacation time because of lack of departmental staffing.

5.2.1.2 Fire Operations Shift employees may buy back a maximum of ninety-six (96) hours of vacation per fiscal year provided that the employee has taken/scheduled at least seventy-two (72) hours of vacation during that fiscal year. Fire Operations Shift employee may buy back seventy-two (72) hours or less vacation for fiscal year provided that they have taken/scheduled at least an equal number of vacation hours during that fiscal year.

5.2.2 Fire Staff Shift Employees

5.2.2.1 Fire Staff Shift Employees with less than ten (10) years of service with the City may carry an unused balance of vacation leave of no more than 30 days (240 hours) past January 1st of each year. Employees with ten (10) years of service or more may carry an unused balance of vacation leave of no more than 38 days (304 hours) past January 1st of each year. During the term of this agreement, maximum accruals shall be increased to 336 and 400 hours respectively.

5.2.2.2 Fire Staff Shift Employees who have sufficient accrued vacation shall have the option of receiving pay in lieu of time off for eighty (80) hours of accrued time, provided that the employee is taking at least one (1) consecutive week vacation time off within the fiscal year. Payment will be made at the hourly rate in effect at the time of the request. No employee may buy-out more than eighty (80) hours of vacation per fiscal year.

5.3 Sick Leave

5.3.1 Sick leave may be used only for non-service connected illness or injury or until entering disability retirement after receipt of Labor Code Section 4850 benefits to the extent of Legal entitlement, as provided in sub-section 8.1.2 of this agreement, titled "Disability Retirement."

5.3.2 Accumulation and Deduction

5.3.2.1 Each represented employee working the Fire Operations Shift shall accumulate sick leave at the rate of 12 hours per month. Each represented employee assigned to the Fire Staff Shift shall accumulate at the rate of 8 hours per month.

5.3.2.2 Time on sick leave shall be deducted from accumulated sick leave in daily increments as used.

5.3.2.3 There shall be no limitation on the amount of sick leave which may be accumulated.

5.3.2.4 No lump sum payment shall be made for sick leave upon retirement, resignation, or discharge from employment with the City. Upon service retirement, however, accumulated sick leave shall be added to the length of time served for purposes of determining retirement benefits and shall include sick leave which accumulates during leave for non-service connected illness or injury.

5.4 Holidays

5.4.1 Fire Operations Shift. Employees covered by this Resolution who are scheduled to the Fire Operations Shift (56 hour workweek) shall be paid for 134.4 hours per year in lieu of holidays payable at the rate of eleven and two tenths (11.2) hours per month. Holiday-In-Lieu payment shall be made based on the employees' monthly salary.

5.4.2 Fire Staff Shift. Employees covered by this Resolution who are scheduled to work the Fire Staff Shift (a regular 40-hour workweek) shall observe the following holidays:

January 1st
Third Monday in January (Martin Luther King's Birthday)
Third Monday in February (Presidents Day)
Fourth Monday in May (Memorial Day)
July 4th
First Monday in September (Labor Day)
November 11th (Veteran's Day)
Thanksgiving Day
The Day after Thanksgiving Day
Christmas Eve – ½ day (observed last work day before Christmas)
December 25th (Christmas Day)

5.4.2.1 In addition, each represented employee who is scheduled to work the Fire Staff Shift (a regular 40-hour workweek) shall have 16 hours added to his/her vacation leave total as of July 1 each year.

5.5 <u>Administrative Leave Compensation</u>

5.5.1 All employees identified in SEC. 1-1 of this Resolution, shall receive administrative leave. Employees shall accrue administrative leave at a rate of 8 hours per month if assigned to the Fire Staff Shift or 11.2 hours per month if assigned to the Fire Operations Shift. This administrative leave shall be in addition to accrued vacation leave and other leaves provided by the City. Administrative leave shall be subject to the same rules for usage and accounting as vacation leave with the following exceptions:

5.5.2 Each employee may, upon request, have accrued unused hours of administrative leave paid directly to him/her at their hourly rate of pay in effect at the time of the request. On a fiscal year basis, the maximum amount will be 80 hours for Fire Staff Shift personnel and 112 hours for Fire Operations Shift personnel. Subject to the maximum payout amounts, unused administrative leave will be paid on June 30 of each year.

5.5.3 Represented members who were appointed to the rank of Battalion Chief or Deputy Fire Chief after July 1, 2006, shall also receive and be able to be paid for leave as specified in paragraphs 5.5.1 and 5.5.2 above, however, no such employee may carry over any administrative leave balances past June 30 of each year.

5.5.4 It is recognized that in some instances unit employees may be required to work extraordinarily long hours on special projects or unique circumstances. Should such an extraordinary occasion arise, the Department Director may recommend to the City Manager that the employee be granted additional Administrative Leave in addition to the 96 hours for fire staff shift personnel (134.4 hours for fire operations shift personnel) already provided subject to the following provisions:

5.5.4.1 Additional Administrative Leave hours granted cannot exceed 24 hours in any Fiscal Year.

5.5.4.2 Additional Administrative Leave hours must be approved by the Personnel Officer and specifically authorized by the City Manager.

5.5.4.3 Additional Administrative Leave shall not be construed to constitute overtime compensation nor be applied on an hour for hour basis.

5.6 Catastrophic Illness or Injury

5.6.1 Represented employees may donate portions of their vacation or administrative leave accumulations to other employees who have suffered catastrophic illness or injury. Employees receiving donation of time from other employees must first exhaust all available vacation, compensatory time, administrative leave and sick leave.

ARTICLE VI
WORKING CONDITIONS

6.1 Work Hours

6.1.1 Notwithstanding the establishment of the Fire Operations Shift and the Fire Staff Shift, work hours for each employee shall be those agreed to between the employee and the Fire Chief based on the shift the employee has been assigned by the Fire Chief.

6.2 Strike Team Participation

6.2.1 Unit employees participating in Strike Team or State OES Mutual Aid activities shall be compensated at time and one half for hours spent outside of regular duty hours when the City is being reimbursed at the time and one half rate.

ARTICLE VII
OTHER COMPENSABLE ITEMS

7.1 Other Compensable Items Not Set Forth Herein (MODIFIED)

7.1.1 Other items not set forth herein which are compensable as terms and conditions of employment of the employees covered by this Resolution shall continue to be compensated by the City of Woodland at the rate applicable on June 30, 2010 unless determined otherwise by the Woodland City Council in accordance with law required otherwise by law.

PASSED AND ADOPTED this __-__ day of _____________ 2011

AYES: COUNCIL MEMBER:

NOES: COUNCIL MEMBER:

ABSENT: COUNCIL MEMBER:

STATE OF CALIFORNIA)
)
COUNTY OF YOLO)

I, Ana Gonzalez, City Clerk of the City of Woodland in Yolo County, California, hereby certify this Resolution to be a full, true and correct copy of the record of the action taken by the City Council of the City of Woodland, by vote of the members present, as the same appears in the official minutes of said Council at its meeting.

DATED:______________________

____
Ana Gonzalez, Woodland City Clerk

Exhibit A
City of Woodland
FIRE MID-MANAGEMENT EMPLOYEES
Salary Schedule

Effective Date: July 1, 2010

Classification	Step A	Step B	Step C	Step D
Fire Battalion Chief	$7,469.72	$7,862.66	$8,276.69	$8,712.31
Deputy Fire Chief	$8,590.17	$9,042.29	$9,518.20	$10,019.16

Effective Date: January 1, 2012

Classification	Step A	Step B	Step C	Step D
Fire Battalion Chief	$7,619.11	$8,019.91	$8,442.22	$8,886.56
Deputy Fire Chief	$8,761.97	$9,223.14	$9,708.56	$10,219.54

Effective Date: June 30, 2012

Classification	Step A	Step B	Step C	Step D
Fire Battalion Chief	$7,771.50	$8,180.31	$8,611.07	$9,064.29
Deputy Fire Chief	$8,937.21	$9,407.60	$9,902.74	$10,423.93

ATTACHMENT A

FIRE DEPARTMENT
CONVERSION OF SICK LEAVE AND VACATION

- 56 Hour Week to 40 Hour Week
- 40 Hour Week to 56 Hour Week
- Sick Leave Conversion – Retirement

Conversion for sick leave and vacation when personnel are transferred from Fire Operations Shift to Fire Staff Shift or from Fire Staff Shift to Fire Operations Shift will be done with a factor of 1.4 ($56 \div 40 = 1.4$).

<u>Example #1</u>

Firefighter has 500 hours of accrued sick leave. Firefighter then transfers from Fire Operations Shift to Fire Staff Shift. The 500 hours of sick leave would become 357.14 hours, as the firefighter would be using it at a different rate than earned.

Accrued hours are divided by 1.4 ($500 \div 1.4 = 357.14$)

<u>Example #2</u>

Firefighter has 500 hours accrued vacation. Firefighter then transfers from Fire Staff Shift to Fire Operations Shift. The 500 hours would become 700 hours, as the firefighter would be using it at a different rate than earned.

Accrued hours are multiplied by 1.4 ($500 \times 1.4 = 700$)

In accordance with section 20862.8 of the Public Employees' Retirement Law, an employee shall be credited at his retirement with 0.004 years of service credit for each unused day of sick leave.

All hours accrued on a shift basis shall be converted to days for calculations of service credit and reported to PERS.

<u>Example #3</u>

A firefighter has 3719 hours accrued from shift work. The hours are converted by dividing by 1.4 conversion factor. The total number of hours is divided by 8 and the total days are multiplied by .004.

$3719 \div 1.4 = 2656.4$ hours
$2656.4 \div 8 = 352$ days
$352 \times .004 = 1.41$ years

Sick leave and vacation will be converted in the same manner on any transfer, temporary or permanent.

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: $20,000,000 Woodland Finance Authority Water Revenue Bonds, Series 2011

Report in Brief

Several capital projects associated with the Water Enterprise System are in need of completion in a timely manner in order to ensure proper system function and to take the steps necessary to prepare the system for implementation of the surface water project. These projects include completion of the second phase of water meter implementation, installation of a ground level water tank and water system repair and replacement. The issuance of bonds will generate the funds necessary to complete the projects. In addition, the proposed financing will refund water debt originally issued during 2008 which will allow the City to take advantage of more favorable finance market conditions. To support timely construction of the capital projects and refund the 2008 debt, staff is requesting the City Council and Woodland Finance Authority to authorize issuance of debt in an amount not to exceed $20,000,000.

Staff recommends that the City Council Conduct a Public Hearing and (1) the City Council adopt Resolution No. ___ approving the issuance of the 2011 Water Revenue Bonds in an amount not to exceed $20,000,000 and approval of the forms and authorization of execution and delivery of an Installment Purchase Contract, a First Supplemental Installment Purchase Contract and a Continuing Disclosure Certificate, and authorizing related actions and matters thereto; and (2) the Woodland Finance Authority adopt Resolution No. ___, approving forms and authorizing execution and delivery of the Installment Purchase Contract, First Supplemental Installment Purchase Contract, the Trust Agreement, the First Supplemental Trust Agreement, and the Bond Purchase Contract; authorizing the issuance of bonds, approving the form of the Official Statement and distribution thereof, and approving other actions related thereto.

Background

In November 2008, the City and Finance Authority issued, through private placement, the Series 2008 Water Revenue Bonds in the principal amount of $9.25 million. The 2008 Bonds were initially anticipated to provide $18 million in proceeds to fund a variety of capital projects related to the

Water System. However, the issuance of debt was downsized due to the collapse and ensuing crisis of the public financing market and only approximately half of the projects originally expected to move forward were allowed to do so. Staff is recommending a portion of the proceeds from the Series 2011 Bonds be used to refund the outstanding principal of approximately $9.4 million from the 2008 Bonds.

During the process for approving the fiscal year 2010/11 Capital Improvement Plan (CIP), staff included anticipated bond financing as a source of cash to complete approved projects. Issuance of this debt will provide an additional $7.6 million in proceeds to fund the following projects:

	Total
Meter Implementation	$1,700,000
Ground Level Water Tank	4,300,000
Well and Pipe Replacement/Rehabilitation	1,601,000
TOTAL	$7,601,000

Water Meter Implementation: This project will allow completion of Phase II installation of approximately 8,000 meters to users of the water system that were not included in Phase I. This funding is in addition to the American Reinvestment and Recovery Act funds that were received in 2009. The total Phase II Meter Implementation is programmed for $17,139,000 in the CIP showing funding of $14,839,000 from ARRA funds and $2,300,000 from water revenue. Staff anticipates only needing about $1,700,000 of water revenue to complete the project as opposed to the $2,3000,000 currently programmed in the approved CIP.

Ground Level Water Tank: This project consists of the design and construction of a ground level, three million gallon water tank and booster pump station. Construction of this tank will eliminate the need to replace at least three wells and is consistent with the requirements for utilization of surface water supplies when that project occurs. All of the funding associated with this project was assumed in the CIP to be generated by the proposed financing.

Well and Pipe Replacement/Rehabilitation: This project consists of the construction and replacement or rehabilitation of up to three wells and approximately two miles of pipelines throughout the City. All of the funding associated with this project was assumed in the CIP to be generated by the proposed financing as well as additional “pay as you go” water revenue.

Discussion

City water revenues are derived form three sources: (i) monthly service charges imposed, billed, and collected by the City; (ii) water service installation charges (connection fees and MPFP fees); and (iii) other miscellaneous sources including interest income.

The current water system rate structure was approved by the City Council on November 3, 2009 and the new consumptive rates became effective in early 2010. This revenue stream is insufficient to provide "pay-as-you-go" funding for the above mentioned projects. The issuance of the Series 2011 Bonds is recommended to provide the upfront funding necessary to complete these projects within the prescribed timeframes.

If approval is granted, the projects will be financed through the sale of Water Revenue Bonds issued by the Woodland Finance Authority. The City will pledge to make installment payments to the Authority from Net Revenues of the Water Enterprise defined as Gross Revenues less Operations & Maintenance (O&M). Gross Revenues include all revenues of the Enterprise including rate revenues, connection fees, Water MPFP fees charged to new development and other sources including interest income. Net Revenues will be sufficient to cover debt service at least 1.20 times. The City will have the capacity to issue additional bonds in the future upon meeting certain tests described in the bond documents.

In addition to the $7.6M of funding for new projects, the team is also recommending the refunding of the 2008 Bonds. Currently the interest rate on those bonds is 5.00% and will automatically convert to 8.00% on December 1, 2013. The retirement of the 2008 Bonds is expected to generate about $226k in total debt service savings and with assumed interest earnings at 3.00% on the new reserve fund (the 2008 Bonds did not require a reserve fund) could climb as high as $1.726M. This equates to savings equal to $966,000 in net present value or about 10.9% of the prior bonds and 9.2% of the new bonds.

The refunding also allows the team to structure legal covenants to avoid setting rates to create debt service coverage on existing and future loan programs that do not require such coverage. The City currently has loans that fit this category with the California Energy Commission and the State Revolving Fund. The restructured legal documents will help to enhance overall system debt capacity for funding future projects.

The financing team consisting of three underwriting firms: Southwest Securities, Inc., Brandis Tallman LLC and Wulff Hansen & Co. along with Del Rio Advisors, LLC as Financial Advisor, Kronick, Moskovitz, Tiedemann & Girard as Bond Counsel and Lofton & Jennings as Disclosure Counsel. This team has been assembled to prepare and present the 2011 Bonds to Council for consideration.

The financing team intends to pursue a bond rating from Standard & Poor’s Corporation (S&P) and bond insurance from the one remaining insurer. The Series 2008 Bonds were rated AA- by S&P. If bond insurance is unavailable and/or too expensive, it is anticipated that the team will sell the bonds with a stand-alone rating from S&P. The team is hoping to report the rating to the Council/Authority by the time of the meeting.

The following legal documents related to the Water Revenue Bonds, Series 2011 have been prepared in substantially final form and attached for Council and Authority review:

- Installment Sale Agreement: By and between the Woodland Finance Authority and the City of Woodland, whereby the City has determined to make certain improvements to its water system, and the Authority has agreed to finance the acquisition of those improvements and sell them to the City upon the terms and conditions set forth within the Agreement

- First Supplemental Installment Sale Agreement: Governs the terms and conditions related to sale of the 2011 Bonds specifically.
- Trust Agreement between the Woodland Finance Authority and U.S. Bank National Association, as Trustee in connection with the sale of respective series of Water Revenue Bonds.
- First Supplement Trust Agreement: Governs the terms and conditions of the City's relationship with U.S. Bank and the bondholders related to the sale of the 2011 Bonds specifically.
- Preliminary Official Statement: Primary marketing document used by a prospective bondholder describing the bonds and the Water Enterprise. Upon the successful sale a Final Official Statement will be sent to each bondholder who purchases the 2011 Bonds.
- Bond Purchase Contract: An agreement between the underwriters and the Woodland Finance Authority in connection with the sale and purchase of Water Revenue Bonds, Series 2011
- Continuing Disclosure Certificate: document whereby the City agrees to provide continuing information to the bondholders related to the Enterprise operations and other matters

If issuance of the proposed debt is approved, the 2011 Bonds will be the only outstanding indebtedness of the Water Enterprise Fund.

Fiscal Impact

Staff is requesting that Council and the Authority approve an issuance amount not to exceed $20 million, though it is unlikely that the total amount will be necessary. It is customary to request authorization in excess of the total bond proceed amount; this allows for changes in market conditions that could affect the various components of the bond size between Council/Authority approval and the date of actual debt issuance. The total allocation of principal is currently anticipated to be as follows:

Uses Of Funds	2008 Refunding	New Projects	Total
Deposit to Escrow Fund	9,387,353.45	-	9,387,353.45
Deposit to Project Construction Fund	-	7,601,000.00	7,601,000.00
Deposit to Debt Service Reserve Fund	725,688.84	587,713.16	1,313,402.00
Costs of Issuance	138,131.52	111,868.48	250,000.00
Underwriter's Discount (0.8%)	82,680.00	66,960.00	149,640.00
Rounding Amount	1,146.19	2,458.36	3,604.55
Total Uses	$10,335,000.00	$8,370,000.00	$18,705,000.00

Issuance of the Series 2011 Bonds was assumed in the ten year CIP and the ten year plan for the Water Enterprise Fund. Similar to all other enterprise funded debt, the City pledges to set rates sufficient enough to generate the necessary debt service coverage and meet all requirements identified in the documents related to the issuance of the Water Revenue Bonds, Series 2011. The water rate study approved by Council in November 2009 assumed long term debt financing of capital improvements; therefore, the anticipated debt service from the 2011 Bonds will be supported by existing water rates.

Public Contact

Posting of the City Council Agenda.

Alternative Courses of Action

1. Conduct a Public Hearing and adopt City Council Resolution No. ___ approving the issuance of the 2011 Water Revenue Bonds in an amount not to exceed $20,000,000 and approval of the forms and authorization of execution and delivery of an Installment Purchase Contract, a First Supplemental Installment Purchase Contract and a Continuing Disclosure Certificate, and authorizing related actions and matters thereto; and (2) adopt Woodland Finance Authority Resolution No. ___, approving forms and authorizing execution and delivery of the Installment Purchase Contract, First Supplemental Installment Purchase Contract, the Trust Agreement, the First Supplemental Trust Agreement, and the Bond Purchase Contract; authorizing the issuance of bonds, approving the form of the Official Statement and distribution thereof, and approving other actions related thereto.

2. Direct staff to seek alternative funding sources for the proposed Water Enterprise System projects, including water meter installation, construction of an above ground water tank, and repair and rehabilitation of wells and pipelines; do not refund the 2008 Bonds.

Recommendation for Action

Staff recommends that the City Council and Woodland Finance Authority approve Alternative No. 1.

Prepared by: Kimberly McKinney
Finance Officer

____

Mark G. Deven
City Manager
Attachments

CITY COUNCIL OF THE CITY OF WOODLAND

RESOLUTION NO. ______

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WOODLAND APPROVING THE ISSUANCE BY THE WOODLAND FINANCE AUTHORITY OF NOT TO EXCEED $20,000,000 AGGREGATE PRINCIPAL AMOUNT OF WOODLAND FINANCE AUTHORITY WATER REVENUE BONDS, SERIES 2011; APPROVING THE FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE CONTRACT, A FIRST SUPPLEMENTAL INSTALLMENT PURCHASE CONTRACT, A BOND PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE CERTIFICATE IN CONNECTION WITH CERTAIN WATER SYSTEM IMPROVEMENTS; AND AUTHORIZING RELATED ACTIONS AND MATTERS

WHEREAS, pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code, the City of Woodland (the "City") and the Redevelopment Agency of the City have established a joint exercise of powers agency, the Woodland Finance Authority (the "Authority"), for the purpose of, among other things, financing public improvements;

WHEREAS, significant public benefits, including more efficient delivery of local City services to the public, will be provided through the Authority's financing and refinancing improvements to the City's water supply and distribution facilities by issuing bonds pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code;

WHEREAS, the following documents and proposed agreements relating to the issuance, sale and delivery of the Authority's proposed water revenue bonds, which are incorporated herein by reference, have been presented to the City Council for its review and approval:

1. the Installment Purchase Contract (the "Installment Purchase Contract") between the Authority and the City, whereby the City may from time to time acquire water system improvements from the Authority under the general terms specified therein;

2. the First Supplemental Installment Purchase Contract (the "First Supplemental Installment Purchase Contract") between the Authority and the City, whereby the City will acquire the specific water system improvements described therein for the payments to be detailed therein;

3. the Bond Purchase Contract (the "Bond Purchase Contract") between the Authority, the City, and Southwest Securities, Inc., Wulff Hansen & Co., and Brandis Tallman LLC (the Underwriters"), whereby the Authority will sell the water revenue bonds to the Underwriters; and

4. the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") relating to the water revenue bonds;

WHEREAS, it appears to the City Council that the authorization, approval, execution, and delivery of the agreements described above or contemplated thereby or incidental thereto and the Authority's issuance, sale, and delivery of bonds are desirable and in the best interests of the City;

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

Section 1. Recitals. The foregoing recitals are true and correct and the City Council so finds and determines.

Section 2. Approval of Issuance of Bonds. The City hereby approves the issuance of the Woodland Finance Authority Water Revenue Bonds, Series 2011 (the "Series 2011 Bonds"), in an aggregate principal amount not to exceed $20,000,000. The date, respective principal amounts of each maturity, the interest rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption, and other terms of the Series 2011 Bonds, shall be as provided in the Trust Agreement between the Authority and U.S. Bank National Association, as finally executed.

Section 3. Authorization of Officers to Execute and Deliver Documents. The City Council hereby authorizes and directs the Mayor, the City Manager, the Finance Director, and the City Clerk (the "Designated Officers"), for and in the name of the City, to approve, execute, and deliver the following agreements and documents:

a. the Installment Purchase Contract;

b. the First Supplemental Installment Purchase Contract;

c. the Bond Purchase Contract; and

d. the Continuing Disclosure Certificate;

in substantially the form presented to the City Council at this meeting, which documents are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the document for the City. The execution of the foregoing documents by a Designated Officer or Officers shall constitute conclusive evidence of such officer's or officers' and the City Council's approval of any such changes, insertions, revisions, corrections, or amendments to the respective forms of documents presented to the City Council at this meeting.

Section 4. Retention of Financial Advisor, Bond Counsel, and Disclosure Counsel. Del Rio Advisors, LLC, is hereby appointed financial advisor to the City for the issuance and sale of the Series 2011 Bonds. Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, is hereby appointed bond counsel to the City for the issuance and sale of the Series 2011 Bonds. Lofton & Jennings is hereby appointed disclosure counsel to the City for the issuance and sale of the Series 2011 Bonds.

Section 5. Authorization of Officers to Execute Documents. The City Council hereby authorizes and directs the Designated Officers and other officers and agents of the City, and each of them individually, for and in the name of and on behalf of the City, to do any and all things and to execute and deliver any and all documents that they may deem necessary or advisable in order to complete the sale, issuance, and delivery of the Series 2011 Bonds and otherwise to carry out, give effect to, and comply with the terms and intent of this resolution. All actions heretofore taken by such officers and agents that are in conformity with the purposes and intent of this resolution are hereby ratified, confirmed and approved in all respects.

Section 6. Effective Date. This resolution shall take effect immediately upon its adoption.

APPROVED, PASSED, AND ADOPTED this 1st day of February 2011 by the City Council of the City of Woodland by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
Artemio Pimentel, Mayor

ATTEST:

____
Ana Gonzalez, City Clerk

WOODLAND FINANCE AUTHORITY

RESOLUTION NO. ________

RESOLUTION APPROVING THE FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF THE INSTALLMENT PURCHASE CONTRACT, THE FIRST SUPPLEMENTAL INSTALLMENT PURCHASE CONTRACT, THE TRUST AGREEMENT, THE FIRST SUPPLEMENTAL TRUST AGREEMENT, AND THE BOND PURCHASE CONTRACT; AUTHORIZING THE ISSUANCE OF BONDS; APPROVING THE FORM OF THE OFFICIAL STATEMENT AND THE DISTRIBUTION THEREOF, AND APPROVING OTHER ACTIONS RELATED TO THE WOODLAND FINANCE AUTHORITY WATER REVENUE BONDS, SERIES 2011

WHEREAS, the Woodland Finance Authority (the “Authority”) is a joint exercise of powers agency duly organized and operating pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”) and a joint exercise of powers agreement (the “Joint Powers Agreement”) between the City of Woodland (the “City”) and the Redevelopment Agency of the City of Woodland;

WHEREAS, Article 4 of the Act and the Joint Powers Agreement authorize the Authority to acquire and sell property and issue bonds to assist in financing public improvements for the City;

WHEREAS, to provide funds for the purpose of financing and refinancing improvements to the City’s water supply and distribution facilities, the Authority intends to issue its Woodland Finance Authority Water Revenue Bonds, Series 2011 (the “Series 2011 Bonds”), in an aggregate principal amount not to exceed $20,000,000;

WHEREAS, on February 1, 2011, the City adopted a resolution approving the financing of certain improvements to the City’s Water System by the Series 2011 Bonds and making a finding of significant public benefit;

WHEREAS, the following proposed agreements and documents relating to the issuance, sale and delivery of the Series 2011 Bonds by the Authority, which are incorporated herein by reference, have been presented to the Board of Directors (the “Board”) for its review and approval:

1. the Installment Purchase Contract (the “Installment Purchase Contract”) between the Authority and the City, whereby the City may from time to time acquire water system improvements from the Authority under the general terms specified therein;
2. the First Supplemental Installment Purchase Contract (the “First Supplemental Installment Purchase Contract”) between the Authority and the City, whereby the City will acquire the specific water system improvements described therein for the payments to be detailed therein;
3. the Trust Agreement (the “Trust Agreement”) between U.S. Bank National Association (the “Trustee”) and the Authority whereby the Bank has agreed to act as Trustee in order to provide for the authentication and delivery of water revenue

bonds and secure the payment of the principal of, premium if any, and interest on the bonds according to the terms and conditions set forth therein;

4. the First Supplemental Trust Agreement (the "First Supplemental Trust Agreement") between the Authority and the Bank, which will specify the specific terms of the Series 2011 Bonds;
5. the Bond Purchase Contract (the "Bond Purchase Contract") between the Authority, the City, and Southwest Securities, Inc., Wulff Hansen & Co., and Brandis Tallman LLC (the Underwriters"), whereby the Authority will sell the Series 2011 Bonds to the Underwriters;
6. the Official Statement relating to the Series 2011 Bonds (the "Official Statement").

WHEREAS, it appears to the Board that the authorization, approval, execution, and delivery of the agreements described above or contemplated thereby or incidental thereto and the issuance, sale, and delivery of the Series 2011 Bonds in accordance with the Trust Agreement are desirable and in the best interests of the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the Board of the Woodland Finance Authority, as follows:

Section 1. Recitals. The foregoing recitals are true and correct and the Board so finds and determines.

Section 2. Authorization of Officers to Execute and Deliver Documents. The Board hereby authorizes and directs the President, the Vice President, the Administrator, the Treasurer, and the Secretary of the Authority (the "Designated Officers"), for and in the name of the Authority, to approve, execute, and deliver the following agreements and documents:

a. the Installment Purchase Contract;
b. the First Supplemental Installment Purchase Contract;
c. the Trust Agreement;
d. the First Supplemental Trust Agreement;
e. the Bond Purchase Contract; and
f. the Official Statement;

in substantially the form presented to the Board at this meeting, which documents are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the document for the Authority. The execution of the foregoing documents by a Designated Officer or Officers shall constitute conclusive evidence of such officer's or officers' and the Board's approval of any such changes, insertions, revisions, corrections, or amendments to the respective forms of documents presented to the Board at this meeting. The date, respective principal amounts of each maturity, the interest rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption, and other terms of the Series 2011 Bonds, shall be as provided in the Trust Agreement and the Series 2011 Supplement as finally executed.

<u>Section 3</u>. <u>Authorization to Issue the Series 2011 Bonds</u>. The Board hereby authorizes the issuance of the Series 2011 Bonds in accordance with the terms of the Trust Agreement and the First Supplemental Trust Agreement as finally executed.

<u>Section 4</u>. <u>Authorization of Sale</u>. The Board hereby authorizes the sale of not to exceed $20,000,000 principal amount of the Series 2011 Bonds to the Underwriters pursuant to the Bond Purchase Contract. The Designated Officers are hereby authorized and directed to negotiate with the Underwriters the final terms of the sale and its timing. The Board hereby determines that the sale of the Bonds by negotiation would result in an overall lower cost.

<u>Section 5</u>. <u>Execution of the Series 2011 Bonds</u>. The Designated Officers are hereby authorized and directed to execute each of the Series 2011 Bonds on behalf of the Authority.

<u>Section 6</u>. <u>Distribution of Official Statement.</u> The Authority hereby authorizes the Financial Advisor and the Underwriters to distribute copies of the Official Statement in preliminary form to persons who may be interested in the purchase of the Series 2011 Bonds and authorizes and directs the Underwriters to deliver copies of the final Official Statement to all purchasers of the Series 2011 Bonds. The Board hereby authorizes and directs the Designated Officers, and each of them, to deliver to the Underwriters a certificate to the effect that the Authority deems the preliminary Official Statement, in the form approved by a Designated Officer to be final and complete as of its date, except for certain final pricing and related information that may be omitted pursuant to Rule 15c-12 of the Securities and Exchange Commission.

<u>Section 7</u>. <u>General Authorization</u>. The Board hereby authorizes and directs the Designated Officers and other officers and agents of the Authority, and each of them individually, for and in the name of and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents that they may deem necessary or advisable in order to complete the sale, issuance, and delivery of the Series 2011 Bonds and otherwise to carry out, give effect to, and comply with the terms and intent of this resolution. All actions heretofore taken by such officers and agents that are in conformity with the purposes and intent of this resolution are hereby ratified, confirmed and approved in all respects.

<u>Section 8</u>. <u>Effective Date</u>. This resolution shall take effect immediately upon its passage.

APPROVED, PASSED, AND ADOPTED on February 1, 2011, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ABSTAIN: Board Members:

____

Secretary of the Authority

DRAFT

FIRST SUPPLEMENTAL INSTALLMENT PURCHASE CONTRACT

between the

CITY OF WOODLAND

and the

WOODLAND FINANCE AUTHORITY

Dated February 1, 2011

relating to
Woodland Finance Authority
Water Revenue Bonds,
Series 2011

(supplemental to the Installment Purchase Contract dated February 1, 2011)

FIRST SUPPLEMENTAL INSTALLMENT PURCHASE CONTRACT

Woodland Finance Authority
Water Revenue Bonds,
Series 2011

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FIRST SUPPLEMENTAL
INSTALLMENT PURCHASE CONTRACT

This FIRST SUPPLEMENTAL INSTALLMENT PURCHASE CONTRACT, dated February 1, 2011, between the CITY OF WOODLAND, a municipal corporation duly organized and existing under and by virtue of the laws of the State of California (the “City”), and the WOODLAND FINANCE AUTHORITY, a joint exercise of powers agency established pursuant to the laws of the State of California (the “Authority”);

W I T N E S S E T H:

WHEREAS, the Authority has previously financed the acquisition of improvements to the City’s water supply and distribution facilities, which the City and the Authority intend to refinance, and the City has determined to make additional improvements, which the Authority has agreed to finance and sell to the City, such refinancing and financing to be made upon the terms and conditions set forth in the Installment Purchase Contract (the “Installment Purchase Contract”), dated February 1, 2011, between the Authority and the City, as supplemented herein;

WHEREAS, the installment payments hereunder will be applied by the Authority to secure and repay the bonds authorized pursuant to the Trust Agreement dated February 1, 2011, between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by the First Supplemental Trust Agreement dated February 1, 2011 (collectively, the “Trust Agreement”);

WHEREAS the Authority and the City have duly authorized the execution of this First Supplemental Installment Purchase Contract;

WHEREAS, all acts, conditions, and things required by law to exist, to have happened, and to have been performed precedent to and in connection with the execution and delivery of this First Supplemental Installment Purchase Contract do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this First Supplemental Installment Purchase Contract;

NOW, THEREFORE, the parties hereto agree as follows:

I. Definitions. For all purposes of this First Supplemental Installment Purchase Contract and of any certificate, opinion, or other document herein mentioned, unless the context otherwise requires or unless otherwise defined herein, all defined terms shall have the meanings set forth in the Trust Agreement.

II. Supplemental Provisions. The following Article and Sections are hereby added to the Installment Purchase Contract:

ARTICLE 9
SERIES 2011 PROJECT; SERIES 2011 INSTALLMENT PAYMENTS

SECTION 9.1. Acquisition of the Series 2011 Project. (A) Acquisition Process. The Authority hereby agrees to cause the Series 2011 Project to be acquired by the City as its agent. The City shall enter into contracts and provide for, as agent for the Authority, the complete acquisition of the Series 2011 Project. The City hereby agrees that it will deposit proceeds of the Series 2011 Bonds in the Series 2011 Project Fund as described in Section 12.03 (Application of Series 2011 Bond Proceeds) of the Trust Agreement, that it will cause the acquisition of the Series 2011 Project to be diligently performed, and that it will use its best efforts to cause the acquisition of the Series 2011 Project to be completed within three years from the date of execution of this First Supplemental Installment Purchase Contract, unforeseeable events or delays beyond the reasonable control of the City excepted. The City hereby agrees to take the actions described in Section 12.04 (Establishment and Application of Series 2011 Project Fund) of the Trust Agreement. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the Series 2011 Project and that all such costs and expenses shall be paid by the City, regardless of whether the funds deposited in the Series 2011 Project Fund are sufficient to cover all such costs and expenses.

(B) Changes to the Series 2011 Project. The City may substitute other capital items for those listed as components of the Series 2011 Project in Exhibit A hereto, but only if the City first files with the Authority and the Trustee a Statement of the City:

(i) identifying the capital items to be substituted and the capital items they replace in the Series 2011 Project; and

(ii) stating that the estimated costs of acquisition of the substituted capital items are not less than such costs for the capital items previously planned;

together with an Opinion of Bond Counsel to the effect that the substituted capital items will not adversely effect the exclusion from gross income for federal income tax purposes of interest on the Series 2011 Bonds.

(C) Title. All right, title and interest in each component of the Series 2011 Project shall vest in the City immediately upon acquisition thereof. Such vesting shall occur without further action by the Authority or the City and the Authority shall, if requested by the City or if necessary to assure such automatic vesting, deliver any and all documents required to assure such vesting.

SECTION 9.2. Restated Purchase of 2008 Project; Purchase of the Series 2011 Project. The Authority and the City hereby amend and restate the terms of the purchase of the 2008 Project set forth in the 2008 Installment Purchase Contract. The Authority hereby transfers its interest in and title to the Series 2008 Project and the Series 2011 Project to the City and the City purchases the Series 2008 Project and the Series 2011 Project from the Authority at the Purchase Price set forth in Section 9.3 (2011 Purchase Price).

SECTION 9.3. 2011 Purchase Price. (A) Purchase Price. The 2011 Purchase Price to be paid by the City hereunder for the Series 2008 Project and the Series 2011 Project is the sum of principal amount of the City's obligation hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Section 3.1 (Prepayment).

(B) Principal Component. The principal amount of the Series 2011 Installment Payments to be made by the City for the Series 2008 Project and the Series 2011 Project hereunder is ________________________ dollars ($[PAR AMOUNT]).

(C) Interest Component. The interest to accrue on the unpaid balance of such principal amount of Series 2011 Installment Payments is as specified in Exhibit B and shall be paid by the City as and constitutes interest paid on the principal amount of the City's obligations hereunder.

SECTION 9.4. Installment Payments. The Authority and the City hereby agree that the City shall pay the 2011 Purchase Price to the Trustee in Series 2011 Installment Payments on each Installment Payment Date in the amounts shown on Exhibit B, subject to any rights of prepayment provided in Section 3.1 (Prepayment). The Trustee will apply the Series 2011 Installment Payments for the payment of principal (whether at maturity or upon redemption or acceleration) of and interest on the Series 2011 Bonds, until all such amounts shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Trust Agreement.

The City shall pay the Series 2011 Installment Payments to the Trustee in immediately available funds for deposit in the Revenue Fund established pursuant to the Trust Agreement. If the City will not have sufficient Net Water Revenues to make all Installment Payments due on an Installment Payment Date, the City shall so notify the Trustee fifteen (15) Business Days before such Installment Payment Date. If the City fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the City until such amount shall have been fully paid, and the City agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2011 Installment Payments, respectively, if paid in accordance with their terms.

III. Provisions of the Installment Purchase Contract. Except as in this First Supplemental Installment Purchase Contract expressly provided, every term and condition contained in the Installment Purchase Contract shall apply to this First Supplemental Installment Purchase Contract with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this First Supplemental Installment Purchase Contract.

This First Supplemental Installment Purchase Contract and all the terms and provisions herein contained shall form part of the Installment Purchase Contract as fully and with the same effect as if all such terms and provisions had been set forth in the Installment Purchase Contract. The Installment Purchase Contract is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

IV. Separability of Invalid Provisions. If any one or more of the provisions contained in this First Supplemental Installment Purchase Contract shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this First Supplemental Installment Purchase Contract and such invalidity, illegality, or unenforceability shall not affect any other provision of this First Supplemental Installment Purchase Contract, and this First Supplemental Installment Purchase Contract shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City and the Authority each hereby declares that it would have adopted this First Supplemental Installment Purchase Contract and each and every other Section, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this First Supplemental Installment Purchase Contract may be held illegal, invalid, or unenforceable.

V. Effect of Headings and Table of Contents. The headings or titles of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this First Supplemental Installment Purchase Contract.

VI. Execution in Counterparts. This First Supplemental Installment Purchase Contract may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this First Supplemental Installment Purchase Contract by their officers thereunto duly authorized as of the day and year first written above.

WOODLAND FINANCE AUTHORITY

By ______________________________________
Mark Deven, Administrator

ATTEST:

____
Ana Gonzalez, Secretary

CITY OF WOODLAND

By ______________________________________
Art Pimentel, Mayor

ATTEST:

____
Ana Gonzalez, City Clerk

APPROVED AS TO FORM:

Andrew Morris, City Attorney

EXHIBIT A

DESCRIPTION OF THE SERIES 2011 PROJECT

The Series 2011 Project consists of the following components:

[insert general description of each of the components of the project]

EXHIBIT B

SERIES 2011 INSTALLMENT PAYMENTS*

Installment Payment Dates	Amount Attributable to Principal	Amount Attributable to Interest	Total
Total			

* Installment Payments are due three Business Days prior to the Installment Payment Date.

DRAFT

INSTALLMENT PURCHASE CONTRACT

between the

WOODLAND FINANCE AUTHORITY

and the

CITY OF WOODLAND

Dated February 1, 2011

relating to
Woodland Finance Authority
Water Revenue Bonds

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INSTALLMENT PURCHASE CONTRACT

This INSTALLMENT PURCHASE CONTRACT, made and entered into as of February 1, 2011, by and between the CITY OF WOODLAND, a municipal corporation duly organized and existing under and by virtue of the laws of the State of California (the "City"), and the WOODLAND FINANCE AUTHORITY, a joint exercise of powers agency established pursuant to the laws of the State of California (the "Authority");

W I T N E S S E T H:

WHEREAS, the City has determined to make certain improvements to its water supply and distribution facilities, and the Authority has agreed to finance the acquisition of those improvements and sell them to the City upon the terms and conditions set forth herein;

WHEREAS, the City and the Authority have duly authorized the execution of this Installment Purchase Contract;

WHEREAS, all acts, conditions, and things required by law to exist, to have happened, and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Contract do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Contract;

NOW, THEREFORE, in consideration of these premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

SECTION 1.1. Definitions. Unless the context otherwise requires, for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein:

(A) The terms defined in this Section shall have the meanings herein specified and include the plural as well as the singular.

(B) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(C) All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of applicability thereof.

(D) All references herein to "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Installment Purchase Contract as originally executed.

(E) The words "herein," "hereof," "hereby," "hereunder," and other words of similar import refer to this Installment Purchase Contract as a whole and not to any particular Article, Section, or other subdivision.

(F) Words of any gender shall mean and include words of all other genders.

(G) Unless otherwise defined in this Installment Purchase Contract, all terms used herein shall have the meanings assigned to such terms in the Trust Agreement dated February 1, 2011, between the Authority and U.S. Bank National Association, as trustee, or the Act.

SECTION 1.2. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely

City: City of Woodland
300 First Street
Woodland, California 95695
Attention: Finance Director

Authority: Woodland Finance Authority
c/o City of Woodland
300 First Street
Woodland, California 95695
Attention: Treasurer/Controller

SECTION 1.3 Form and Content of Documents Delivered Hereunder. Every certificate or opinion provided for in this Installment Purchase Contract with respect to compliance with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto, (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority or the City may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, or an independent consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion, or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant, or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority or the City, respectively) upon a certificate or opinion of or representation by an officer of the Authority or the City, as the case may be, unless such counsel, accountant, or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority or the City, or the same counsel, or accountant, or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Installment Purchase Contract, but different officers, counsel, accountants, or independent consultants may certify to different matters, respectively.

SECTION 1.4. Effect of Headings and Table of Contents. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.

SECTION 1.5. Successors and Assigns. Whenever either the City or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the City or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 1.6. Benefits of Installment Purchase Contract. Nothing contained herein, expressed or implied, is intended to give to any person other than the City or the Authority any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the City or the Authority shall be for the sole and exclusive benefit of the other party.

SECTION 1.7. Liability of City Limited to Net Water Revenues Received. Notwithstanding any other provisions contained herein, the City shall not be required to advance any moneys derived from any source of income other than the Net Water Revenues and the other funds provided herein for the payment of the Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The City may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the City for such purpose.

The obligation of the City to make the Installment Payments is a special obligation of the City payable solely from such Net Water Revenues and other funds and does not constitute a debt of the City, the Authority, or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

SECTION 1.8. No Personal Liability for Installment Payments. No Councilmember, officer, or employee of the City shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any Councilmember, officer, or employee of the City from the performance of any official duty provided by any applicable provisions of law or hereby.

SECTION 1.9. Separability Clause. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the City or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The City and the Authority hereby declare that they would have executed the Installment Purchase Contract, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 1.10. Governing Law. The Installment Purchase Contract shall be construed and governed in accordance with the laws of the State of California.

SECTION 1.11. Effective Date. The Installment Purchase Contract shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made pursuant to Article 4 (Discharge of Obligations) and to the written satisfaction of the Authority).

SECTION 1.12. Execution in Counterparts. The Installment Purchase Contract may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

ARTICLE 2
PURCHASE OF PROJECTS; INSTALLMENT PAYMENTS

SECTION 2.1. Purchase of Projects. The Authority may from time to time transfer its interest in and title to a Project to the City and the City shall purchase the Project from the Authority at the Purchase Price set forth in a Supplemental Installment Purchase Contract.

SECTION 2.2. Purchase Price. The Purchase Price of a Project to be paid by the City hereunder to the Authority is the sum of the aggregate principal amount of the City's obligations under the related Supplemental Installment Purchase Contract plus the interest to accrue on the unpaid balance of such principal amount from the effective date thereof over the term thereof, subject to prepayment as provided in Article 3 (Prepayment of Installment Payments).

SECTION 2.3 Installment Payments. The City shall, subject to any rights of prepayment provided in Article 3 (Prepayment of Installment Payments), pay the Trustee, on behalf of the Authority, the Purchase Price of a Project in Installment Payments three (3) Business Days prior to each Interest Payment Date for the payment of the principal of (whether at maturity or upon redemption or acceleration) and redemption premium, if any, and interest on the Bonds issued to finance or refinance a Project, until the principal of, redemption premium, if any, and interest on those Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Trust Agreement, in immediately available funds, for deposit in the Revenue Fund established pursuant to the Trust Agreement.

Each Installment Payment shall be paid to the Trustee in lawful money of the United States of America. If the City will not have sufficient Net Water Revenues to make the Installment Payment due on an Installment Payment Date, the City shall so notify the Trustee fifteen (15) Business Days before such Installment Payment Date. If the City fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the City until such amount shall have been fully paid, and the City agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Installment Payments if paid in accordance with their terms.

SECTION 2.4. Additional Payments. (A) Amount. The City shall pay to the Authority as Additional Payments hereunder such amounts in each year as shall be required

(1) Costs and Expenses: by the Authority for the payment in full of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement hereof or any assignment hereof, or of the Trust Agreement, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority in connection with this Installment Sale Agreement; all taxes, assessments and governmental charges of any nature whatsoever hereafter levied or imposed by any governmental authority against the payments required to be made by the City hereunder; and all expenses, compensation, and indemnification of the Trustee payable under the Trust Agreement, fees of auditors, accountants, attorneys, engineers, or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to comply with the terms of the Bonds or of the Trust Agreement.

(2) Reserve Account Valuation Deficiencies: for the restoration of the amount on deposit in each Reserve Account to the related Series Required Reserve if the deficiency was due to the valuation of investments (rather than a withdrawal of funds from the Reserve Account) in accordance with the schedule described in Section 6.07(C) (Replenishment of Reserve Accounts) of the Trust Agreement;

(3) Reserve Account Replenishment: for the restoration of the amount on deposit in each Reserve Account to the related Series Required Reserve and for reimbursement to the issuer of a Reserve Facility delivered by the City to satisfy the Series Required Reserve, on the schedule described in Section 6.07(C) (Replenishment of Reserve Accounts) of the Trust Agreement, of amounts drawn under a Reserve Facility;

(4) Rebate Amounts: for deposit into the Rebate Fund as required under Section 7.09 (Rebate Fund) of the Trust Agreement; and

(5) Other Amounts. for the payment of any other amounts owed by the Authority to the Insurer hereunder or under the Trust Agreement.

(B) Billing. Such Additional Payments shall be billed to the City by the Authority from time to time, together with a statement certifying that the amount so billed has been paid by the Authority for one or more of the items above described, or that such amount is then payable by the Authority for one or more of such items, and all amounts so billed shall be due and payable by the City to or upon the order of the Authority within thirty (30) days after receipt of the bill by the City (or in accordance with the payment schedules with respect to required deposits to the Reserve Fund). The City hereby consents to and agrees to pay, as Additional Payments, directly to the Trustee, within thirty (30) days of a receipt of a bill therefor, the fees and expenses of the Trustee payable under the Trust Agreement.

SECTION 2.5. Obligation to Pay. The obligation of the City to make the Installment Payments from the Net Water Revenues is absolute and unconditional; and, until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article 4 (Discharge of Obligations)), the City will not abate, discontinue, or suspend any Installment Payments required to be made by it under this section when due, whether or not any related Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, whether by reason of material damage to, material destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power), material title defect, or other reason. The Installment Payments hereunder shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

SECTION 2.6. Net Contract. The Installment Purchase Contract shall be deemed and construed to be a net contract, and the City shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without any abatement, diminution, or set-off whatsoever.

ARTICLE 3
PREPAYMENT OF INSTALLMENT PAYMENTS

SECTION 3.1. Prepayment. The City may or shall, as the case may be, prepay the principal component of the unpaid Installment Payments hereunder at the times of and subject to the terms and conditions for the redemption of the Bonds payment of which is secured by such principal components, as provided in the Trust Agreement.

ARTICLE 4
DISCHARGE OF OBLIGATIONS

SECTION 4.1. Discharge of Obligations. (A) Payment of All Installment Payments. If the City shall pay or cause to be paid all the Installment Payments at the times and in the manner provided herein and also pay or cause to be paid all other sums payable hereunder by the City, then the right, title and interest of the Authority herein shall cease, terminate, become void, and be completely discharged and satisfied. Notwithstanding the satisfaction and discharge of this Installment Purchase Contract, the covenants of the City to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes contained in Section 6.5 (Federal Income Tax Covenants) shall survive.

(B) Prepayment Escrow. All or any portion of unpaid Installment Payments shall, prior to their scheduled payment dates, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section (except that the City shall remain liable for the Installment Payments, but only out of the money or securities deposited with the Trustee as described below for their payment), if there shall have been deposited with the Trustee sufficient moneys and Defeasance Securities the principal of and interest on which when due will provide money sufficient to pay such Installment Payments when due or prepay such Installment Payments in accordance with Section 3.1 (Prepayment).

ARTICLE 5
NET WATER REVENUES

SECTION 5.1. Pledge of Net Water Revenues. All Net Water Revenues are hereby irrevocably pledged by the City to the payment of the Installment Payments and City Revenue Bonds as provided herein; provided that out of the Net Water Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge shall constitute a lien on the Net Water Revenues and (subject to the application of amounts on deposit therein for the payment of Operation and Maintenance Costs and as otherwise permitted herein) the Water Revenue Fund and the other funds and accounts created hereunder for the payment of the Installment Payments, Operation and Maintenance Costs of the Water System, and all other Contracts and City Revenue Bonds in accordance with the terms hereof and of the Trust Agreement.

SECTION 5.2. Allocation of Water Revenues. In order to carry out and effectuate the pledge and lien on the Net Water Revenues contained herein, the City agrees and covenants that all Water Revenues shall be received by the City in trust hereunder and shall be deposited when and as received in the "Water Revenue Fund," which fund the City agrees and covenants to maintain so long as any Installment Payments or City Revenue Bonds remain unpaid. Moneys in the Water Revenue Fund shall be applied and used as provided herein.

The City shall, from the moneys in the Water Revenue Fund, pay all Operation and Maintenance Costs as they become due and payable. All remaining moneys in the Water Revenue Fund shall be set aside by the City at the following times in the following respective special funds in the following order of priority and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section:

(A) Revenue Fund. On or before each Installment Payment Date, the City shall, from the moneys in the Water Revenue Fund, transfer to the Trustee for deposit in the Revenue Fund a sum equal to the Installment Payment coming due on such Installment Payment Date (less any amount available as capitalized interest). The City shall also, from the moneys in the Water Revenue Fund, transfer to the Trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other debt service payments made in accordance with the provisions of the City Revenue Bond, Contract, resolution or indenture relating thereto.

No deposit need be made in the Revenue Fund as Installment Payments if the amount in the Revenue Fund is at least equal to the amount of the Installment Payment due and payable on such Installment Payment Date.

(B) Reserve Fund. On or before each Installment Payment Date, the City shall, from the remaining moneys in the Water Revenue Fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the Trustee for deposit in each Reserve Account in the case of the Installment Payments and deposit into such reserve fund or account as may be provided therefor, in the case of City Revenue Bonds or Contracts relating to other than the Installment Payments, the amount necessary to restore each Reserve Account to an amount equal to the related Series Required

Reserve or such other reserve fund or account for City Revenue Bonds or Contracts to an amount equal to the amount required to be maintained therein; provided, however, that the City may provide for any Reserve Account by a Reserve Facility complying with the terms specified in Section 6.07 (Funding and Application of Reserve Fund) of the Trust Agreement.

No transfer of moneys for deposit to any Reserve Account in connection with the Installment Payments need be made if the amount contained therein is at least equal to the related Series Required Reserve.

(C) Surplus. On each Installment Payment Date, moneys on deposit in the Water Revenue Fund not necessary to make any of the payments required above may be expended by the City at any time for any purpose with respect to the Water System.

SECTION 5.3. Rate Stabilization Fund. The City may, but is not required to, establish a fund designated as the "Rate Stabilization Fund." From time to time, the City may deposit in the Rate Stabilization Fund any available funds, including such Net Water Revenues as the City shall determine are not needed to pay Installment Payments. Deposits for each Fiscal Year may be made until (but not after) the date that is one hundred twenty (120) days after the end of such Fiscal Year. The City may withdraw amounts from the Rate Stabilization Fund only for inclusion in Water Revenues, such withdrawals to be made until (but not after) the date that is one hundred twenty (120) days after the end of such Fiscal Year. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Water Revenues. Notwithstanding the foregoing, no deposit of Water Revenues to the Rate Stabilization Fund may be made if such Water Revenues were included in the Engineer's Report or Accountant's Report submitted pursuant to Section 6.13 (Eminent Domain Proceeds) hereof.

SECTION 5.4. Additional Contracts and City Revenue Bonds. The City may at any time execute any Contracts or issue any City Revenue Bonds, as the case may be, in addition to the Supplemental Installment Purchase Contract of even date herewith, in accordance with this Installment Purchase Contract; provided the City satisfies (1) the debt service feasibility and (2) the reserve funding requirements described below:

(A) Debt Service Feasibility. The debt service feasibility requirements for Project financings are as described below under (1) Project Financings, and the debt service feasibility requirements for refundings are as described below under (2) Refundings.

(1) Project Financings. With respect to the financing of the acquisition or construction of a Project, the City may satisfy either the historical coverage test or the projected coverage test. The City need not satisfy both coverage tests.

(i) Historical Coverage. The historical coverage test is satisfied if the Net Water Revenues for either the most recent Fiscal Year for which audited financial statements are available or a period of twelve (12) consecutive months during the eighteen (18) months immediately preceding the date of adoption (the "adoption date") by the City Council of the resolution authorizing the execution of such Contracts or the issuance of such City Revenue Bonds (the "measurement period"), as evidenced by both a calculation prepared by the City and a Coverage

Report on such calculation on file with the City, shall have produced a sum equal to at least one hundred twenty per cent (120%) of Annual Debt Service on all Outstanding Contracts and City Revenue Bonds and the Contracts or City Revenue Bonds to be executed or issued in each of the five (5) full Fiscal Years next succeeding the adoption date or in each of the three (3) full Fiscal Years next succeeding the date through which interest with respect to the Contracts or City Revenue Bonds to be executed or issued has been capitalized, whichever period ends later. In calculating debt service coverage for this purpose, Net Water Revenues for the measurement period may be increased by:

(a) the estimated amount of additional Net Water Revenues that would have accrued to the Water System from each new connection to the Water System that was made after the commencement of the measurement period and prior to the adoption date had such connection been made at the commencement of the measurement period; and

(b) the estimated amount of additional Net Water Revenues that would have accrued to the Water System from any increases in rates and charges that became effective after the commencement of the measurement period and prior to the adoption date had such increases been in effect during the entire measurement period;

(ii) Projected Coverage. The projected coverage test is satisfied if the projected Net Water Revenues for each of the five (5) full Fiscal Years next succeeding the earlier of (x) the date through which interest with respect to the Contracts or City Revenue Bonds to be executed or issued has been capitalized or the execution date or issue date if no interest has been capitalized and (y) the date on which all Projects are expected to commence operations shall be at least one hundred twenty per cent (120%) of Annual Debt Service in each such Fiscal Year on all Contracts and City Revenue Bonds to be Outstanding, as evidenced by both a calculation prepared by the City and a Coverage Report on such calculation on file with the City. In calculating debt service coverage for this purpose, projected Net Water Revenues may include:

(a) the estimated amount of additional Net Water Revenues to accrue to the Water System from any increases in rates and charges that have been finally approved as required by law and will be in effect in such Fiscal Year; and

(b) the estimated amount of additional Net Water Revenues to accrue to the Water System from new customers anticipated to be served during such five-year period by additions or improvements to or extensions of the Water System;

(2) Refundings. If any such Contracts are executed or City Revenue Bonds are issued for the purpose of discharging or defeasing Contracts or City Revenue Bonds then unpaid and outstanding, the debt service feasibility requirements will be satisfied if, upon

such execution or issuance, either (a) the City meets the requirements of subsection (A)(1) above or (b) a Coverage Report is filed with the City to the effect that Annual Debt Service on all Contracts and City Revenue Bonds to be Outstanding in each future Fiscal Year following such discharge or defeasance would not exceed one hundred ten per cent (110%) of Annual Debt Service in that Fiscal Year had such discharge or defeasance not occurred.

(B) Reserve Funding. The reserve funding requirement hereunder will be satisfied if the City establishes and funds a separate reserve for such Contracts or City Revenue Bonds in accordance with the reserve funding requirements (if any) of such Contracts or City Revenue Bonds.

SECTION 5.5. O&M Obligations. The City may at any time execute any O&M Obligations; provided that the City satisfies the debt service feasibility requirements described in Section 5.4(A)(1) (Project Financings), but applying such requirements by subtracting the maximum amount payable under the O&M Obligations in any Fiscal Year from the Net Water Revenues for each twelve-month period tested and comparing the Net Water Revenues as so adjusted to Annual Debt Service on all outstanding Contracts and City Revenue Bonds.

SECTION 5.6. Investments. Any moneys held by the City in the Water Revenue Fund shall be invested in Investment Securities that 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 on deposit in the Water Revenue Fund shall be retained in such fund (except as provided in the Tax Certificate). All investment earnings from moneys on deposit in the Rate Stabilization Fund shall be deposited in accordance with Section 5.3 (Rate Stabilization Fund) hereof.

The City may commingle any of the funds or accounts (except for funds held in the Rebate Fund, which shall be held separately) established pursuant hereto into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the City hereunder shall be accounted for separately notwithstanding such commingling. For the purpose of determining the amount in any such fund or account, all Investment Securities credited to such fund or account shall be valued at their market value.

ARTICLE 6
COVENANTS OF THE CITY AND THE AUTHORITY

SECTION 6.1. Compliance with Installment Purchase Contract and the Trust Agreement. The City will punctually pay the Installment Payments in strict conformity with the terms hereof and will faithfully observe and perform all the agreements, conditions, covenants, and terms contained herein required to be observed and performed by it. The City and the Authority will not terminate the Installment Purchase Contract for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration; destruction of or damage to a Project; commercial frustration of purpose; any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either; any failure of the Authority to observe or perform any agreement, condition, covenant, or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability, or obligation arising out of or connected herewith; the insolvency, or deemed insolvency, bankruptcy, or liquidation of the City; or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The City will faithfully observe and perform all the agreements, conditions, covenants, and terms contained in the Trust Agreement required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to the Installment Purchase Contract and the Trust Agreement that, subject to Section 1.9 (Separability Clause) hereunder, each of the agreements, conditions, covenants, and terms contained in each such contract and agreement is an essential and material term of the purchase of and payment for a Project by the City pursuant to, and in accordance with, and as authorized under the Act.

SECTION 6.2. Compliance with Law; Preservation of Rights. The Authority and the City will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board, or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right, or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights, and privileges shall be maintained and preserved and shall not become abandoned, forfeited, or in any manner impaired.

SECTION 6.3. Against Additional Prior Lien Obligations and Other Encumbrances; Subordinate Obligations. (A) Additional Prior Lien Obligations. The City hereby covenants and agrees that it shall not incur any obligations that are secured by a pledge and lien on the Net Water Revenues that is senior to the pledge and lien on the Net Water Revenues contained herein; provided that the City may incur O&M Obligations as permitted herein.

(B) Other Encumbrances. The City will not make any pledge of or place any lien on the Water Revenues except as provided herein.

(C) Subordinate Obligations. The City may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose that are payable from and secured by a pledge of and lien on any moneys transferred to other funds of the City (as provided in Section 5.2(C) (Allocation of Water Revenues -- Surplus)), provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien on the Net Water Revenues provided herein.

SECTION 6.4. Against Sale or Other Disposition of Property. The City will not sell, lease, or otherwise dispose of the Water System or any part thereof essential to the proper operation of the Water System or to the maintenance of the Water Revenues. The City will not enter into any agreement or lease that impairs the operation of the Water System or any part thereof necessary to secure adequate Water Revenues for the payment of the Installment Payments or that would otherwise impair the rights of the Authority with respect to the Water Revenues or the operation of the Water System. Any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of the Water System, or any material or equipment that has become worn out, may be sold in accordance with the provisions of the Act. The City shall deposit the proceeds of such sale in the Water Revenue Fund.

SECTION 6.5. Federal Income Tax Covenants. The City and the Authority shall at all times do and perform all acts and things permitted by law and this Installment Purchase Contract that are necessary or desirable in order to assure that interest on Bonds that at the time of their issuance was excludable from gross income for federal income tax purposes continues to be so excludable and shall take no action that would result in such interest's not being so excludable. Without limiting the generality of the foregoing, the City and the Authority agree to comply with the provisions of the Tax Certificate. This covenant shall survive the defeasance of this Installment Purchase Contract or payment in full of the Installment Payments.

SECTION 6.6. Operation and Maintenance of the Water System. The City will maintain and preserve the Water System in good repair and working order at all times and will operate the Water System in an efficient and economical manner and will pay all Operation and Maintenance Costs of the Water System as they become due and payable.

SECTION 6.7. Payment of Claims. The City will pay and discharge any and all lawful claims for labor, materials or supplies that, if unpaid, might become a lien on the Water Revenues or any part thereof or on any funds in the hands of the City prior or superior to the lien of the Installment Payments or that might impair the security of the Installment Payments.

SECTION 6.8. Compliance with Contracts. The City will comply with, keep, observe and perform all agreements, conditions, covenants, and terms (express or implied) required to be performed by it contained in all contracts for the use of the Water System and all other contracts affecting or involving the Water System to the extent that the City is a party thereto.

SECTION 6.9. Insurance; Application of Net Revenues.

(A) Casualty Insurance. The City will procure and maintain or cause to be procured and maintained insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with water systems similar to the Water System so long as such insurance is available from reputable insurance companies. In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair, or replacement of the damaged or destroyed portion of the Water System. The City shall begin such reconstruction, repair, or replacement promptly after such damage or destruction shall occur; shall continue and properly complete such reconstruction, repair, or replacement as expeditiously as possible; and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair, or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens. If such Net Proceeds exceed the costs of such reconstruction, repair, or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of Installment Payments as provided in Article 3 (Prepayment of Installment Payments) and in part to such other fund or account as may be appropriate and used for the retirement of City Revenue Bonds and Contracts in the same proportion that the aggregate unpaid principal balance of Installment Payments then bears to the aggregate unpaid principal amount of such City Revenue Bonds and Contracts. If such Net Proceeds are sufficient to enable the City to retire the entire obligation evidenced hereby prior to the final due date of the Installment Payments as well as the entire obligations evidenced by City Revenue Bonds and Contracts then remaining unpaid prior to their final respective due dates, the City may elect not to reconstruct, repair, or replace the damaged or destroyed portion of the Water System, and thereupon such Net Proceeds shall be applied to the prepayment of Installment Payments as provided in Article 3 (Prepayment of Installment Payments) and to the retirement of such City Revenue Bonds and Contracts.

(B) Other Insurance. The City will procure and maintain such other insurance that it deems advisable or necessary to protect its interests and the interests of the Authority, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with Water systems similar to the Water System.

(C) Self-Insurance. Any insurance required to be maintained pursuant to paragraph (A) above and any insurance maintained pursuant to paragraph (B) above may be maintained under a self-insurance or pooled risk program so long as such self-insurance or pooled risk program is maintained in the amounts and manner usually maintained in connection with Water systems similar to the Water System.

(D) Notice of Cancellation. All policies of insurance required to be maintained herein shall provide that the Authority shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

SECTION 6.10. Protection of Security and Rights of the Authority. The City will preserve and protect the security hereof and the rights of the Authority to the Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

SECTION 6.11. Payment of Taxes and Compliance with Governmental Regulations. The City will pay and discharge all taxes, assessments, and other governmental charges that may hereafter be lawfully imposed upon the Water System or any part thereof or upon the Water Revenues 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 Water System 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.

SECTION 6.12. Amount of Rates and Charges. The City will fix, prescribe, and collect rates and charges for the Water Service that are reasonably fair and nondiscriminatory and that will be at least sufficient to yield during each Fiscal Year (a) Net Water Revenues that are equal to one hundred twenty per cent (120%) of the Debt Service for such Fiscal Year, (b) any amounts necessary to replenish the Reserve Fund and any similar reserve fund established with respect to any City Revenue Bonds or Contracts to their required amounts, and (c) any amounts necessary to pay all amounts owed to any issuer of a Reserve Facility and any similar credit instrument obtained with respect to any City Revenue Bonds or Contracts. The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Water

Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

SECTION 6.13. Eminent Domain Proceeds. If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(A) If (1) the City obtains and files with the Authority an Engineer's Report or Accountant's Report showing (i) the estimated loss of annual Net Water Revenues, if any, suffered or to be suffered by the City by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions, or improvements to the Water System proposed to be acquired and constructed by the City from such Net Proceeds, and (iii) an estimate of the additional annual Net Water Revenues to be derived from such additions, betterments, extensions, or improvements, and (2) the City, on the basis of such Engineer's Report or Accountant's Report filed with the Authority, determines that the estimated additional annual Net Water Revenues will sufficiently offset the estimated loss of annual Net Water Revenues resulting from such eminent domain proceedings so that the ability of the City to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive) then the City shall promptly proceed with the acquisition and construction of such additions, betterments, extensions, or improvements substantially in accordance with such Engineer's Report or Accountant's Report and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the City for such purpose shall be deposited in the Water Revenue Fund.

(B) If (1) the City obtains and files with the Authority an Engineer's Report or Accountant's Report containing an estimate of annual Net Water Revenues after the taking by eminent domain and (2) the City, on the basis of such Engineer's Report or Accountant's Report, determines that Net Water Revenues will equal at least one hundred twenty per cent (120%) of Debt Service for each Fiscal Year in which City Revenue Bonds and Contracts are Outstanding, then the City may use such Net Proceeds for any lawful purpose.

(C) If the conditions of neither of the foregoing subsections are met, then such Net Proceeds shall be applied in part to the prepayment of Installment Payments as provided in Article 3 (Prepayment of Installment Payments) and in part to such other fund or account as may be appropriate and used for the retirement of City Revenue Bonds and Contracts in the same proportion as the aggregate unpaid principal balance of Installment Payments then bears to the aggregate unpaid principal amount of such City Revenue Bonds and Contracts.

SECTION 6.14. Further Assurances. The City will adopt, deliver, execute, and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

SECTION 6.15. Indemnification of the Authority. The City shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save, and keep harmless the Authority and its directors, officers, and employees from and against any and all liability, obligations, losses, claims, and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Installment Purchase Contract or the Trust Agreement or any other agreement entered into in connection herewith or therewith, the design or ownership of the Projects, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any part of a Project, or any accident in connection with the operation, use, condition, possession, storage, or return of any item of the Project resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the City or the Authority; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations under this Installment Purchase Contract or the termination of the term of this Installment Purchase Contract for any reason. The City and the Authority mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

ARTICLE 7
INSTALLMENT PURCHASE CONTRACT DEFAULTS AND REMEDIES OF THE AUTHORITY

SECTION 7.1. Installment Purchase Contract Defaults and Acceleration of Maturities. If one or more of the following Installment Purchase Contract Defaults shall happen, that is to say:

(A) if default shall be made in the due and punctual payment of any Installment Payment or any Contract or City Revenue Bond when and as the same shall become due and payable;

(B) if default shall be made by the City in the performance of any of the other agreements or covenants required herein to be performed by it, and such default shall have continued for a period of sixty (60) days after the City shall have been given notice in writing of such default by the Authority; or

(C) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, 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 its property;

then and in each and every such case during the continuance of such Installment Purchase Contract Default specified in clause (A) above, the Authority shall, and for any other such

Installment Purchase Contract Default the Authority may, by notice in writing to the City, declare the entire principal amount of the Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This section, however, is subject to the condition that if, at any time after the entire principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Installment Payments or the unpaid payment of any other Contract or City Revenue Bond referred to in clause (A) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Installment Payments or such Contract or City Revenue Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

SECTION 7.2. Application of Funds Upon Acceleration. All moneys in the Water Revenue Fund upon the date of the declaration of acceleration by the Authority as provided in Section 7.1 (Installment Purchase Contract Defaults and Acceleration of Maturities) and all Water Revenues thereafter received shall be applied in the following order:

First, to the payment of the Operation and Maintenance Costs of the Water System;

Second, to the payment, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, of the fees, costs and expenses of the Authority and the Trustee, if any, in carrying out the provisions of this Article, including reasonable compensation to its accountants and counsel; and

Third, to the payment of the entire principal amount of the unpaid Installment Payments and the unpaid principal amount of all City Revenue Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Installment Payments and such City Revenue Bonds and Contracts if paid in accordance with their respective terms.

SECTION 7.3. Other Remedies of the Authority. The Authority shall have the right:

(A) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any director, officer or employee thereof, and to compel the City or any such director, officer or employee to perform and carry out its or such person's duties under the Act and the agreements and covenants required to be performed by it or such person contained herein;

(B) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Authority; or

(C) by suit in equity upon the happening of an Installment Purchase Contract to require the City and its Councilmembers, officers, and employees to account as the trustee of an express trust.

SECTION 7.4. Non-Waiver. Nothing in this Article or in any other provision hereof shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Water Revenues and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the City and the Authority shall be restored to their former positions, rights, and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

ARTICLE 8
ASSIGNMENT; AMENDMENTS

SECTION 8.1 Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights under this Installment Purchase Contract, including the right to receive payments hereunder, and the Authority hereby directs the City to make the payments required hereunder directly to the Trustee. The City hereby consents to such assignment and agrees to make payments directly to the Trustee without defense or set-off by reason of any dispute between the City and the Authority or the Trustee.

SECTION 8.2 Contract Represents Complete Agreement; Amendments. This Installment Purchase Contract represents the entire agreement between the parties. This Installment Purchase Contract may not be effectively amended, changed, modified, altered, or terminated except by the written agreement of the City and the Authority and the concurring written consent of the Trustee given in accordance with the provisions of the Trust Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Contract by their officers thereunto duly authorized as of the day and year first written above.

WOODLAND FINANCE AUTHORITY

By ______________________________

Mark Deven, Administrator

ATTEST:

____

Ana Gonzalez, Secretary

CITY OF WOODLAND

By ______________________________

Art Pimentel, Mayor

ATTEST:

____

Ana Gonzalez, City Clerk

APPROVED AS TO FORM:

____

Andrew Morris, City Attorney

TRUST AGREEMENT

between the

WOODLAND FINANCE AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated February 1, 2011

Relating to
Woodland Finance Authority
Water Revenue Bonds

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THIS TRUST AGREEMENT, dated February 1, 2011 (the "Trust Agreement"), between U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee") and the WOODLAND FINANCE AUTHORITY (the "Authority"), a joint exercise of powers agency, duly organized and existing pursuant to an Agreement entitled "Joint Exercise of Powers Agreement" between the City of Woodland (the "City") and the Redevelopment Agency of the City of Woodland (the "Joint Powers Agreement");

W I T N E S S E T H:

WHEREAS, the Authority is a joint exercise of powers agency duly organized and operating pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act");

WHEREAS, Article 4 of the Act and its Joint Powers Agreement authorizes the Authority to acquire property and issue bonds (the "Bonds") to assist the City in financing public improvements;

WHEREAS, the Authority and the City have entered into an Installment Purchase Contract dated February 1, 2011 (the "Installment Purchase Contract"), pursuant to which the City may purchase from the Authority facilities for the City's water supply system in exchange for the installment payments described therein, which are payable solely from the revenues of the City's water supply system;

WHEREAS, the Authority will issue water revenue bonds (the "Bonds") pursuant to this Trust Agreement to finance the costs of the water system facilities to be sold to the City pursuant to the Installment Purchase Contract;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement;

WHEREAS, all acts and proceedings required by law necessary to constitute this Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Trust Agreement have been in all respects duly authorized;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that, in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Trust Agreement, 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 herein contained 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 Authority 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 AND OTHER PROVISIONS OF GENERAL APPLICABILITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

Accountant's Report means a report signed by an Independent Certified Public Accountant.

Accreted Value means, with respect to any Capital Appreciation Bonds or Capital Appreciation Certificates, as of the date of calculation, the initial amount thereof plus the interest accrued thereon to such date of calculation, compounded from the date of initial delivery at the approximate interest rate thereof on each compounding date, as determined in accordance with the table of accreted values for any Capital Appreciation Bonds or Capital Appreciation Certificates prepared by the City at the time of sale thereof, assuming in any year that such Accreted Value increases in equal daily amounts on the basis of a year of three hundred sixty (360) days composed of twelve (12) months of thirty (30) days each.

Act means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

Additional Bonds means any Bonds of an additional Series issued pursuant to Section 3.01 (Issuance of Additional Series of Bonds) and secured on a parity with all other Bonds issued hereunder.

Additional Payments means the additional payments payable by the City under and pursuant to Section 2.4 (Additional Payments) of the Installment Purchase Contract.

Ancillary Obligations means any Liquidity Facility or Financial Products Agreement designated in a Supplemental Trust Agreement as an Ancillary Obligation for purposes of this Trust Agreement.

Authority means the Woodland Finance Authority created pursuant to the Act and its successors and assigns in accordance herewith.

Annual Debt Service means the total of Debt Service with respect to the Bonds, City Revenue Bonds, or Contracts to which reference is made coming due in the Fiscal Year to which reference is made.

Authorized Denomination for any Series of Bonds means, unless otherwise specified in the Supplemental Trust Agreement that establishes the terms and provisions of such Series of Bonds, (1) with respect to any Current Interest Bond, $5,000 principal amount and, (2) with respect to any Capital Appreciation Bond, $5,000 Accreted Value at maturity or, with respect to both, any integral multiple thereof.

Average Annual Debt Service means the total of Debt Service for each Fiscal Year during which the Bonds to which reference is made are Outstanding divided by the number of Fiscal Years such Bonds are Outstanding.

Beneficial Owner means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Bonds means all bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article II (Issuance of Bonds).

Business Day means any day on which the Trustee is open for business at its Corporate Trust Office.

Capital Appreciation Bonds means any Bonds described as such when issued and with respect to which interest thereon is compounded and paid at maturity or on prior redemption.

Capital Appreciation Certificates means any certificates of participation in Installment Payments described as such when issued and with respect to which interest represented thereby is compounded and paid at maturity or on prior redemption.

Certificate, **Statement**, **Request**, **Requisition**, or **Order** of the Authority or the City mean, respectively, a written certificate, statement, request, requisition, or order signed in the name of the respective entity, in the case of the Authority, by the President, Administrator, Treasurer/Controller, or Secretary of the Authority or by any other officer of the Authority duly authorized by the Administrator for that purpose and, in the case of the City, by the Mayor, City Manager, or Finance Director of the City or by any other officer of the City duly authorized by the City Manager for that purpose.

Certificates means any certificates of participation, executed and delivered by the Trustee under and pursuant to a trust agreement, representing interests in payments to be made by the City, which payments are payable from Net Water Revenues on a parity with the payment of the Installment Payments.

City means the City of Woodland, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State.

City Revenue Bonds means all revenue bonds of the City authorized, executed, issued and delivered by the City under and pursuant to applicable law, the interest and principal and redemption premium, if any, payments under and pursuant to which are payable from Net Water Revenues on a parity with the payment of the Installment Payments.

Closing Date with respect to any Series of the Bonds means the date of delivery of such Series to the initial purchaser thereof.

Code means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

Continuing Disclosure Agreement means that certain Continuing Disclosure Agreement, dated February 1, 2011, by and between the City and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Contracts means all installment sale contracts, capital leases or similar obligations of the City authorized and executed by the City under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from Net Water Revenues on a parity with the payment of the Series 2011 Installment Payments. An O&M Obligation shall be deemed not to be a Contract.

Corporate Trust Office means the corporate trust office of the Trustee located at One California Street, Suite 2550, San Francisco, California 94111, provided that for registration, transfer, exchange, payments and surrender of the Bonds, Corporate Trust Office means the corporate trust operations office in St. Paul, Minnesota, or such other office or offices as the Trustee shall designate from time to time.

Costs of Issuance means all items of expense directly or indirectly payable by or reimbursable to the Authority or the City and related to the original authorization, issuance, sale, and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, title insurance premiums, rating agency fees, municipal bond insurance premiums, fees and charges for preparation, execution, transportation, and safekeeping of Bonds, and any other cost, charge, or fee in connection with the original delivery of Bonds.

Coverage Report means a debt service coverage report signed by an Independent Certified Public Accountant, an Independent Engineer, or an Independent Financial Consultant and filed with the City pursuant to Section 5.4 (<u>Additional Contracts and City Revenue Bonds</u>) of the Installment Purchase Contract.

Current Interest Bonds means any Bonds described as such when issued and that pay interest at least semiannually to the Owners thereof (excluding the first payment of interest thereon).

Credit Facility means the insurance policy, letter of credit, or other credit facility of the Credit Provider provided with respect to a Series of the Bonds.

Credit Facility Account means the account by that name established pursuant to Section 6.16 (<u>Credit Facility Account and Liquidity Facility Account</u>).

Credit Provider means any provider of a Credit Facility with respect to a Series of the Bonds and its successors and assigns. **Credit Providers** means, collectively, the providers of each Credit Facility with respect to the Bonds and their successors and assigns.

Debt Service means, for any Fiscal Year, the sum of:

(1) with respect to Bonds or City Revenue Bonds:

(a) the interest accruing during such Fiscal Year on all outstanding bonds, assuming that all outstanding Serial Bonds are retired as scheduled and that all outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any bonds),

(b) that portion of the principal amount of all outstanding Serial Bonds maturing on the next succeeding principal payment date that would have accrued during such Fiscal Year if such principal amount were deemed to accrue daily in equal amounts from the next preceding principal payment date or during the year preceding the first principal payment date, as the case may be,

(c) that portion of the principal amount of all outstanding Term Bonds required to be redeemed or paid on the next succeeding redemption date (together with the redemption premiums, if any, thereon) that would have accrued during such Fiscal Year if such principal amount (and redemption premiums) were deemed to accrue daily in equal amounts from the next preceding redemption date or during the year preceding the first redemption date, as the case may be, and

(2) with respect to Contracts, that portion of the Installment Payments required to be made at the times provided in the Contracts that would have accrued during such Fiscal Year if such Installment Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding Installment Payment Date of interest or principal or the date of the pertinent Contract, as the case may be;

provided, that:

(a) Accreted Value: if any of such Bonds or City Revenue Bonds are Capital Appreciation Bonds or if the Installment Payments due under any of such Contracts are evidenced by Capital Appreciation Certificates, then the Accreted Value payment shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond or Capital Appreciation Certificate;

(b) Variable Rates: if any of such Bonds or City Revenue Bonds or if the Installment Payments due under any such Contracts bear interest payable pursuant to a variable interest rate formula, the interest rate on such Bonds, City Revenue Bonds, or Contracts for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the greater of:

(i) the actual rate on the date of calculation, or if such Bonds, Contracts, or City Revenue Bonds are not yet outstanding, the initial rate (if then established and binding), and

(ii) if the Bonds, Contracts, or City Revenue Bonds have been outstanding for at least twelve (12) months, the average rate over the twelve (12) months immediately preceding the date of calculation, and

(c) Debt Secured by Letter of Credit: if any of such Bonds, Contracts, or City Revenue Bonds are secured by an irrevocable letter of credit issued by a bank having a combined capital and surplus of at least one hundred million dollars ($100,000,000), the principal payments or deposits with respect to such Bonds, Contracts, or City Revenue

Bonds nominally due in the last Fiscal Year in which such Bonds, Contracts, or City Revenue Bonds mature may, at the option of the City, be treated as if they were due as specified in any loan agreement or reimbursement agreement issued in connection with such letter of credit or pursuant to the repayment provisions of such letter of credit and interest on such Bonds, Contracts, or City Revenue Bonds after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan agreement or reimbursement agreement or repayment provisions;

(d) Balloon Debt: if any of such Bonds, Contracts, or City Revenue Bonds are not secured by a letter of credit as described in clause (c) of this definition and 20% or more of the original principal of such Bonds or City Revenue Bonds or the Installment Payments due under such Contracts is not due until the final stated maturity of such Bonds or City Revenue Bonds or the Installment Payments due under such Contracts, such principal may, at the option of the Authority or the City, be treated as if it were due based upon a level amortization of such principal over the term of such Bonds, City Revenue Bonds, or Installment Payments or thirty (30) years, whichever is greater;

(e) Paired Obligations: (i) if any of such Bonds, Contracts, or City Revenue Bonds bear interest at a variable rate and the payments received and made by the City under a Financial Products Agreement with respect to such Bonds, Contracts, or City Revenue Bonds are expected to produce a fixed rate to be paid by the Authority or the City, then such Bonds, Contracts, or City Revenue Bonds together with the Financial Products Agreement shall be treated as a single obligation of the Authority or the City that bears interest at such fixed rate; or (ii) if any such Bonds, Contracts, or City Revenue Bonds bear interest at a fixed rate and the payments received and made by the Authority or the City under a Financial Products Agreement with respect to such Bonds, Contracts, or City Revenue Bonds are expected to produce a variable rate to be paid by the Authority or the City, then such Bonds, Contracts, or City Revenue Bonds together with the Financial Products Agreement shall be treated as a single obligation of the Authority or the City that bears interest at such variable rate;

(f) Deduction of Available Amounts: principal and interest payments with respect to Bonds, Contracts, or City Revenue Bonds shall be excluded to the extent such payments are to be paid from (i) amounts on deposit with the Trustee or other fiduciary in escrow specifically therefor, (ii) the proceeds of Bonds, Contracts, or City Revenue Bonds held by the Trustee or other fiduciary as funded (capitalized) interest specifically to pay such interest, or (iii) amounts received or expected to be received from a governmental entity that are related to the payment thereof (such as refundable credits payable by the U.S. Treasury);

(g) Available Reserve Amounts: the amount on deposit in a debt service reserve fund with respect to Bonds, Contracts, or City Revenue Bonds on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of such Bonds, Contracts, or City Revenue Bonds; and, to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in inverse order of due date, until such amount is exhausted.

Defeasance Securities means the following:

1. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – (SLGs)).

2. Direct obligations of the U.S. Treasury that have been stripped by the U.S. Treasury itself, CATS, TIGRS and similar securities.

3. The interest component of Resolution Funding Corp. (REFCORP) strips that have been stripped by request to the Federal Reserve Bank of New York in book-entry form

4. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poors. If, however, the issue is only rated by S&P (*i.e.*, there is no Moody's rating) then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

5. Obligations issued by the following agencies that are backed by the full faith and credit of the U.S.:

   a. *U.S. Export-Import Bank* (Eximbank)
      Direct obligations or fully guaranteed certificates of beneficial ownership

   b. *Farmers Home Administration (FmHA)*
      Certificates of beneficial ownership

   c. *Federal Financing Bank*

   d. *General Services Administration*
      Participation Certificates

   e. *U.S. Maritime Administration*
      Guaranteed Title XI financing

   f. *U.S. Department of Housing and Urban Development (HUD)*
      Project Notes
      Local Authority Bonds
      New Communities Debentures – U.S. government guaranteed debentures
      U.S. Public Housing Notes and Bonds – U.S. government-guaranteed public housing notes and bonds

Engineer's Report means a report signed by an Independent Engineer.

Event of Default means any of the events described in Section 8.01 (Events of Default) hereof as an "Event of Default."

Financial Products Agreement means an interest rate swap, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, however denominated, identified to the Trustee in a Certificate of the City as having been entered into with a Qualified Provider not for investment purposes but with respect to City Revenue Bonds or Contracts (which City

Revenue Bonds or Contracts shall be specifically identified in the Certificate of the City) for the purpose of (1) reducing or otherwise managing the risk of interest rate changes or (2) effectively converting interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure or from a variable rate exposure to a fixed rate exposure.

Fiscal Year means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles means the uniform accounting and reporting procedures set forth in publications of the Financial Accounting Standards Board or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Independent Certified Public Accountant means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the City, and who, or each of whom:

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

Independent Engineer means a registered engineer or firm of registered engineers generally recognized to be well-qualified in engineering matters relating to water systems, appointed and paid by the City, and who:

(1) is in fact independent and not under the domination of the City or any member thereof;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as an officer or employee of the City or any member thereof, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

Independent Financial Consultant means a financial consultant qualified in the field of municipal finance, appointed and paid by the City, and who:

(1) is in fact independent and not under the domination of the City or any member thereof;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as an officer or employee of the City or any member thereof, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

Information Service means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 17302, Attention: Editor, or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

Installment Payment Date means any date on which Installment Payments are scheduled to be paid by the City under and pursuant to any Contract.

Installment Payments means the installment sale, rental or other periodic payments scheduled to be paid by the City under and pursuant to the Contracts.

Installment Purchase Contract means the Installment Purchase Contract dated February 1, 2011, between the Authority and the City, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Installment Purchase Contract Default means any of the events described in Section 7.1 (Installment Purchase Contract Defaults and Acceleration of Maturities) of the Installment Purchase Contract as an "Installment Purchase Contract Default."

Insurance Consultant means an individual or firm, employed by the City, including the Risk Manager of the City, that has actuarial-experienced personnel in the field of risk management.

Interest Payment Date with respect to Bonds of any Series means the date or dates specified in such Bonds on which interest on such Bonds is due and payable.

Joint Powers Agreement means the Joint Exercise of Powers Agreement by and between the City and the Redevelopment Agency of the City of Woodland, dated as of November 1, 1996, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Liquidity Facility means a commitment of a Liquidity Provider to provide liquidity for the purchase of a Series of the Bonds in form and substance satisfactory to the Credit Providers. A Liquidity Facility may be included as part of a Credit Facility.

Liquidity Facility Account means the account by that name established pursuant to Section 6.16 (Credit Facility Account and Liquidity Facility Account).

Liquidity Facility Agreement means the agreement pursuant to which a Liquidity Provider provides a Liquidity Facility.

Liquidity Provider means any institution issuing a Liquidity Facility then in effect with respect to a Series of the Bonds. **Liquidity Providers** means, collectively, the institutions issuing each Liquidity Facility then in effect with respect to the Bonds.

Liquidity Provider Bonds means Bonds purchased with amounts drawn under a Liquidity Facility and owned by a Liquidity Provider or its transferees.

Mandatory Sinking Account Payment means, with respect to Bonds of any Series and maturity, the amount required by a Supplemental Trust Agreement hereto to be deposited by the Agency in a Sinking Account for the payment of Term Bonds of such Series and maturity.

Maximum Annual Debt Service means the greatest amount of Debt Service with respect to the Bonds, City Revenue Bonds, or Contracts to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

Moody's means Moody's Investors Service, Inc., and its successors and assigns, except that if Moody's no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but only so long as a nationally recognized rating agency then maintains a rating on the Bonds.

Net Proceeds means, when used with respect to any condemnation award or with respect to any insurance proceeds, the amount of such condemnation award or such insurance proceeds remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such award or such proceeds.

Net Water Revenues means, for any Fiscal Year, the Water Revenues during such Fiscal Year less the Operation and Maintenance Costs during such Fiscal Year.

Operation and Maintenance Costs means (1) the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with Generally Accepted Accounting Principles, including (without limitation) the costs of purchasing water, all reasonable expenses of maintenance and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and all administrative costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof or of any resolution authorizing the issuance of any City Revenue Bonds or of such City Revenue Bonds, or of any resolution authorizing the execution of any Contract or of such Contract, such as compensation, reimbursement and indemnification of the trustee for any such City Revenue Bonds or Contracts and fees and expenses of Independent Certified Public Accountants, Independent Engineers, Independent Financial Consultants, Insurance Consultants, and the City's financial advisor, and (2) all payments under an O&M Obligation; but excluding in all cases (a) depreciation, replacement and obsolescence charges or reserves therefor, amortization of intangibles, losses or gains on subsidiaries accounted for on any equity basis, or other bookkeeping entries of a similar nature, (b) intergovernmental transfers by the City that are not reimbursements or payments for overhead or other administrative expenses incurred by the City, and (c) all interest charges and charges for the payment of principal or amortization of bonded or other indebtedness of the City.

Opinion of Counsel means a written opinion of counsel experienced in the field of law relating to municipal bonds, appointed and paid by the Authority or the City.

Outstanding, when used as of any particular time with reference to Bonds, means all Bonds except

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of Section 5.01(A) (Discharge of Trust Agreement -- Payment of Bonds); and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant hereto.

Owner means any person who shall be the registered owner of any Outstanding Bond.

~O&M Obligation means a contract entered into by the City with the State or the United States of America the payments under which are secured by a pledge of Water Revenues but that does not include a covenant restricting the issuance of additional obligations or require the City to maintain rates and charges in amounts any greater than required to meet the repayment obligations under such contract. The SRF Contract shall be deemed to be an O&M Obligation.

Permitted Investments means any of the following to the extent permitted by the laws of the State (the Trustee is entitled to rely on any Written Request of the Authority directing investments as a certification to the Trustee that such investments are so permitted):

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

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership

Farmers Home Administration (FmHA)
Certificates of beneficial ownership

Federal Financing Bank

Federal Housing Administration (FHA)
Debentures

General Services Administration
Participation certificates

Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (participation certificates)

U.S. Maritime Administration
Guaranteed Title XI financing

U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures – U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

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

Federal Home Loan Bank System
Senior debt obligations

Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation Certificates
Senior debt obligations

Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations

Resolution Funding Corp. (REFCORP)
obligations

Farm Credit System
Consolidated systemwide bonds and notes.

(4) Money market funds, including funds of the Trustee or any affiliate, registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor’s of AAAm-G; AAAm; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2.

(5) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. Such certificates must be issued by commercial banks, savings associations or mutual savings banks. The collateral must be held by a third party and the Trustee, on behalf of Owners, must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits, including deposits in the Trustee or any affiliate, that are fully insured by the Federal Deposit Insurance Corporation, including BIF and SAIF.

(7) Investment Agreements, including guaranteed investment contracts, forward purchase agreements, and reserve fund put agreements acceptable to the Credit Providers.

(8) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by Standard & Poor's.

(9) Bonds or notes issued by any state or municipality that are rated by Moody's and Standard & Poor's in one of the two highest Rating Categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank that has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by Standard & Poor's.

(11) Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date. Repurchase Agreements ("repos") with a term that exceeds 30 days must be acceptable to the Credit Providers. Repos with a term of 30 days or less must satisfy the following criteria:

<u>Repos must be between the Trustee and a dealer bank or securities firm</u>

<u>Primary dealers</u> on the Federal Reserve reporting dealer list that are rated A or better by Standard & Poor's and Moody's, or

<u>Banks</u> rated "A" or above by Standard & Poor's and Moody's.

<u>The written repo contract must include the following</u>:

<u>Securities that are acceptable for transfer are</u>:

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

<u>The term of the repo may be up to 30 days</u>

The collateral must be delivered to the Trustee (if Trustee is not supplying the collateral) or third party acting as agent for the Trustee before/simultaneous with payment (perfection by possession of certificated securities).

Valuation of Collateral

The securities must be valued weekly, marked-to-market at current market price plus accrued interest. The value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

Legal opinion that must be delivered to the Authority:
Repo meets guidelines under state law for legal investment of public funds.

(12) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's. If, however, the issue is only rated by Standard & Poor's (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

(13) The Local Agency Investment Fund referred to in Section 16429.1 of the California Government Code.

(14) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California that invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended (California Asset Management Program).

Person means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Principal Fund means the fund by that name established pursuant to Section 6.04 (Allocation of Revenues).

Principal Payment Date with respect to Bonds of any Series means the date or dates specified in such Bonds on which installments of principal of such Bonds are due and payable or Mandatory Sinking Account Payments are due and payable.

Project means any additions, betterments, extensions, or improvements to the Water System designated by the City Council as a designated Project, the acquisition and construction of which is to be paid for by the proceeds of any Bonds, City Revenue Bonds, or Contracts.

Project Fund means a fund of that name established by a Supplemental Trust Agreement to hold the proceeds of a Series of Bonds or a portion thereof prior to expenditure on a Project.

Purchase Price means the principal amount plus the interest thereon owed by the City to the Authority under the conditions and terms hereof for the repayment of the costs of the design, acquisition and construction of the Water Projects and the incidental costs and expenses related thereto paid by the Authority.

Qualified Provider means any financial institution or insurance company that is a party to a Financial Products Agreement. The general unsecured obligations of any Qualified Provider must have a long-term rating of A or better from Standard & Poor's and of A2 from Moody's.

Rate Stabilization Fund means the fund by that name established pursuant to Section 5.3 (Rate Stabilization Fund) of the Installment Purchase Contract.

Rating Agencies means Standard & Poor's and Moody's or, in the event that Standard & Poor's or Moody's no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as Standard & Poor's, Moody's or other nationally recognized rating agency then maintains a rating on the Bonds.

Rating Category means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

Redemption Fund means that means the fund by that name established pursuant to Section 6.08 (Application of Redemption Fund) hereof.

Redemption Price means, with respect to any Bond (or portion thereof) the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Trust Agreement.

Regular Record Date means the fifteenth day of the month immediately preceding an Interest Payment Date, whether or not such day is a Business Day.

Reserve Facility means any letter of credit, insurance policy, surety bond or other credit source deposited with the Trustee pursuant to Section 6.07 (Funding and Application of Reserve Accounts).

Reserve Fund means the fund by that name established pursuant to Section 6.07 (Funding and Application of Reserve Fund) hereof.

Responsible Officer of the Trustee means any Vice President, Assistant Vice President or Trust Officer of the Trustee having regular responsibility for corporate trust matters related to this Trust Agreement.

Revenue Fund means the fund by that name established pursuant to Section 6.03 (Receipt and Deposit of Revenues in the Revenue Fund) hereof.

Revenues means all Installment Payments paid by the City and received by the Authority and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) pursuant to Section 6.10 (Investments of Money in Accounts and Funds) hereof.

Securities Depositories means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; or such other addresses and/or such other securities depositories as the Authority may designate.

Serial Bonds means Bonds or City Revenue Bonds for which no scheduled mandatory redemptions are provided.

Series, whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, issued in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption, and other provisions, and any Bonds thereafter issued upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

Series Required Reserve means, as of any date of calculation:

(a) for the Series 2011 Bonds, the least of (i) Maximum Annual Debt Service in any Bond Year on the Series 2011 Bonds Outstanding, (ii) 125% of Average Annual Debt Service in any Bond Year on the Series 2011 Bonds Outstanding, and (iii) 10% of the original principal amount of the Series 2011 Bonds; and

(b) for any other Series of Bonds the amount specified in the Supplemental Trust Agreement that establishes the terms and provisions of such Series of Bonds, which amount shall not exceed the least of (i) Maximum Annual Debt Service in any Bond Year on all Bonds of such Series Outstanding, (ii) 125% of Average Annual Debt Service in any Bond Year on all Bonds of such Series Outstanding, and (iii) 10% of the original principal amount of such Series of Bonds;

provided that, if the Supplemental Trust Agreement providing for the issuance of an additional Series of Bonds provides that such Series shall be secured by the Reserve Account established for a previously issued Series of Bonds, then a single Series Required Reserve shall be calculated on a combined basis for those Series and shall mean the least of (i) Maximum Annual Debt Service in any Bond Year on all Bonds of those Series Outstanding, (ii) 125% of Average Annual Debt Service in any Bond Year on all Bonds of those Series Outstanding, and (iii) 10% of the original principal amount of each of those Series of Bonds.

Sinking Accounts means the accounts in the Principal Fund so designated and established pursuant to Section 6.06 (Application of Principal Fund) for the payment of Term Bonds.

Special Record Date for the payment of any defaulted interest on the Bonds means a date fixed by the Trustee pursuant to Section 2.07 (Payment of Interest on the Bonds; Interest Rights Preserved).

SRF Contract means the Funding Agreement No. AR09FP04 between the State of California Department of Public Health and the City.

Standard & Poor's means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and its successors and assigns, except that if Standard & Poor's no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency, but only so long as a nationally recognized rating agency then maintains a rating on the Bonds.

State means the State of California.

Supplemental Trust Agreement means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

Tax Certificate means the Tax Certificate delivered by the Authority at the time of the issuance and delivery of the Bonds, as the same may be amended or supplemented in accordance with its terms.

Term Bonds means Bonds or City Revenue Bonds that are subject to scheduled mandatory redemptions on or before their respective maturities calculated to retire such bonds on or before their specified maturity dates.

Trust Agreement means this Trust Agreement, dated February 1, 2011, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

Trustee means U.S. Bank National Association, or any other association or corporation that may at any time be substituted in its place as provided in Section 9.09 (Removal and Resignation; Appointment of Successor).

Water Revenue Fund means the fund by that name established pursuant to Section 5.2 (Allocation of Water Revenues) of the Installment Purchase Contract.

Water Revenues means all gross income and revenue received or receivable by the City from the ownership or operation of the Water System, determined in accordance with Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing:

(1) all rates, fees and charges (including connection fees and charges) received by the City for the Water Service and the other services of the Water System and all other income and revenue howsoever derived by the City from the ownership or operation of the Water System or arising from the Water System (including developer impact fees for Water System facilities),

(2) the earnings on and income derived from the investment of all such income, rates, fees, charges, or other moneys to the extent that the use of such earnings and income is limited to the Water System by or pursuant to law,

(3) the proceeds derived by the City directly or indirectly from the sale, lease, or other disposition of a part of the Water System,

(4) the payments received under a Financial Products Agreement, and

(5) deposits to the Water Revenue Fund from amounts on deposit in the Rate Stabilization Fund, but only as and to the extent specified in Section 5.3 (Rate Stabilization Fund) of the Installment Purchase Contract,

but excluding in all cases any proceeds of taxes and any refundable deposits made to establish credit and advances or contributions in aid of construction.

Water Service means the water furnished, made available, or provided by the Water System.

Water System means all facilities for the treatment and conveyance of water now owned by the City and all other properties, structures or works hereafter acquired and constructed by the City and determined to be a part of the Water System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Trust Agreement shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

SECTION 1.03. Acts of Owners. Any request, consent or other instrument required or permitted by this Trust Agreement to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent, or other instrument 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.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond delivered in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

SECTION 1.04. Notices, etc., to Authority and Trustee. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Corporate Trust Office. Any notice to or demand upon the Authority shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the Authority at 300 First Street, Woodland, CA 95695, Attention: Treasurer/Controller (or such other address as may have been filed in writing by the Authority with the Trustee).

SECTION 1.05. Notices to Owners; Waiver. In any case where notice to Owners is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Owners shall affect the sufficiency of such notice with respect to other Owners.

Where this Trust Agreement provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.06. Form and Content of Documents Delivered to Trustee. Every certificate or opinion provided for in this Trust Agreement with respect to compliance by or on behalf of the City or the Authority with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto, (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority or the City may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, or an independent consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant, or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority or the City, as the case may be) upon a certificate or opinion of or representation by an officer of the Authority or the City, unless such counsel, accountant, or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority or the City, or the same counsel, or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Trust Agreement, but different officers, counsel, accountants, or independent consultants may certify to different matters, respectively.

SECTION 1.07. Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Trust Agreement.

SECTION 1.08. Successors and Assigns. Whenever herein either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof, whether so expressed or not.

SECTION 1.09. Benefits of the Trust Agreement. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the City, the Trustee and the Owners any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the City, the Trustee, and the Owners of the Bonds.

SECTION 1.10. Payments/Actions Otherwise Scheduled on Non-Business Days. Except as specifically set forth in a Supplemental Trust Agreement, any payments or transfers that would otherwise become due on any day that is not a Business Day shall become due or shall be made on the next succeeding Business Day. When any other action is provided for herein to be done on a day named or within a specified time period and the day named or the last day of the specified period falls on a day other than a Business Day, such action may be performed on the next succeeding Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 1.11. No Personal Liability For Debt Service. No City Council member, governing board member, officer, or employee of the Authority or the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

SECTION 1.12. Separability Clause. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 1.13. Governing Law. This Trust Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State.

SECTION 1.14. Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

ARTICLE II
ISSUANCE OF BONDS

SECTION 2.01. Title; Issuable in Series; General Limitations. The general title of the Bonds of all Series shall be "Woodland Finance Authority Water Revenue Bonds." With respect to the Bonds of any particular Series, the Authority may incorporate into or add to the general title of such Bonds any words, letters, or figures designed to distinguish that Series.

The Authority may issue Bonds in Series hereunder, in book-entry form or otherwise, as from time to time authorized by the Authority Board, subject to the covenants, provisions, and conditions contained in this Trust Agreement.

The maximum principal amount of Bonds that the Authority may issue hereunder is not limited; subject, however, to the right of the Authority, which is hereby reserved, to limit the aggregate principal amount of Bonds that may be issued or Outstanding hereunder.

SECTION 2.02. Terms of Particular Series. Each Series of Bonds shall be created by a Supplemental Trust Agreement establishing the terms and provisions of such Series of Bonds and the form of the Bonds of such Series. The several Series of Bonds may differ from each other in any respect not in conflict with the provisions of this Trust Agreement and as may be prescribed in the Supplemental Trust Agreement creating such Series.

The Authority shall determine, at the time of issuance of each Series of Bonds, the terms thereof, including the interest rate or rates at which interest is borne by the Bonds of such Series or the manner in which the interest rate or rates are determined (not to exceed the maximum rate of interest permitted by law), the intervals at which interest on the Bonds of such Series shall be payable, the date or dates on which and the year or years in which the Bonds of such Series shall mature and become payable, and the manner in which principal of and interest on the Bonds of such Series shall be payable.

SECTION 2.03. Forms and Denominations. The form of the Bonds of each Series shall be established by the provisions of this Trust Agreement creating such Series. The Bonds of each Series shall be distinguished from the Bonds of other Series as may be determined by the officers of the Authority executing particular Bonds, as evidenced by their execution thereof. The Bonds may carry such legends as may be required to indicate restrictions on their transfer, if any.

The Authority may issue the Bonds of any Series (i) in such denominations as it specifies at the time of issuance thereof and (ii) in fully registered form without coupons or in fully registered book-entry form.

SECTION 2.04. Execution, Authentication, Delivery, and Dating. The Bonds shall be executed in the name and on behalf of the Authority by the President of the Authority and attested by its Secretary or an Assistant Secretary of the Authority. The signature of any of these officers on the Bonds may be facsimile or manual. Unless otherwise provided in any Supplemental Trust Agreement, the Bonds shall then be delivered to the Trustee for authentication by it.

In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or attested shall have been authenticated, or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered, and issued and, upon such authentication, delivery, and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority. Any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of execution such Bond shall be the proper officers of the Authority although at the nominal date of such Bond any such person shall not have been such officer of the Authority.

Except as may be provided in any Supplemental Trust Agreement, no Bond shall be valid or obligatory for any purpose or entitled to the benefits of this Trust Agreement unless there appears on such Bond a certificate of authentication substantially in the form provided for herein, manually executed by the Trustee. Such certificate of authentication when manually executed by the Trustee shall be conclusive evidence, and the only evidence, that such Bond has been duly executed, authenticated, and delivered hereunder.

SECTION 2.05. Registration, Transfer, and Exchange. The Trustee will keep or cause to be kept a register (herein sometimes referred to as the "Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration and transfer of Bonds. The Bond Register shall at all times be open to inspection during normal business hours by the Authority with reasonable notice.

Upon surrender of a Bond for transfer at the Corporate Trust Office, the Authority shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same Series, tenor, and maturity and for an equivalent aggregate principal amount.

Bonds of any Series may be exchanged for an equivalent aggregate principal amount of Bonds of other authorized denominations of the same Series, tenor, and maturity, upon surrender of the Bonds for exchange at the Corporate Trust Office. Upon surrender of Bonds for exchange, the Authority shall execute and the Trustee shall authenticate and deliver the Bonds that the Owner making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this Trust Agreement shall be promptly cancelled by the Trustee and thereafter disposed of as provided for in Section 2.09 (Cancellation).

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Authority, evidencing the same debt, and entitled to the same security and benefits under this Trust Agreement, as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall be accompanied by a written instrument of transfer, in a form approved by the Trustee, that is duly executed by the Owner or by his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange of Bonds, but the Trustee shall require the Owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Authority.

The Trustee shall not be required to transfer or exchange (i) Bonds of any Series during the period established by the Trustee for the selection of Bonds of such Series for redemption or (ii) any Bond that has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in whole or in part.

SECTION 2.06. Mutilated, Destroyed, Stolen or Lost Bonds. If (i) any mutilated Bond is surrendered to the Trustee, or the Authority and the Trustee receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Authority and the Trustee such security or indemnity as may be required by them to save each of them harmless, then the Authority shall execute, and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Series and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of any new Bond under this Section, the Authority may require payment of a sum sufficient to pay the cost of preparing such Bond, any tax or other governmental charge that may be imposed in relation thereto, and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the Authority, whether or not the destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Trust Agreement equally and ratably with all other Outstanding Bonds secured by this Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the new Bond and the Bond it replaces as being Outstanding for the purpose of determining the principal amount of Bonds that may be issued hereunder, but both the new Bond and the Bond it replaces shall be treated as one and the same.

SECTION 2.07. Payment of Interest on the Bonds; Interest Rights Preserved. Interest represented by any Bond that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Owner thereof as of the close of business on the Regular Record Date for such interest specified in the provisions of this Trust Agreement.

Any interest represented by any Bond that is payable but is not punctually paid or duly provided for on any Interest Payment Date shall forthwith cease to be payable to the Owner on the relevant Regular Record Date. Such defaulted interest shall be paid to the Person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee. In the name of the Authority and at the expense of the City, the Trustee shall cause notice of the payment of such defaulted interest and the Special Record Date to be mailed, first-class postage prepaid, to each Owner of a Bond at his address as it appears in the Bond Register not fewer than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Bond. Each such Bond shall bear interest from such date that neither loss nor gain in interest shall result from such transfer, exchange, or substitution.

SECTION 2.08. Persons Deemed Owners. The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the owner thereof for all purposes of the Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority. The ownership of Bonds shall be proved by the Bond Register. The Trustee may establish a record date as of which to measure consent of the Owners in order to determine whether the requisite consents are received.

SECTION 2.09. Cancellation. All Bonds surrendered for payment, redemption, transfer, or exchange, if surrendered to the Trustee, shall be promptly cancelled by the Trustee and, if surrendered to any person other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee.

The Authority shall deliver to the Trustee for cancellation any Bonds acquired in any manner by the Authority, and the Trustee shall promptly cancel such Bonds.

No Bond shall be executed in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Trust Agreement. The Trustee shall destroy all cancelled Bonds.

SECTION 2.10. Book-Entry Provisions. Notwithstanding any provision of this Trust Agreement to the contrary, if the Bonds of a Series are issued as book-entry only bonds, then the following provisions shall apply:

(A) Limitations on Transfer. Registered ownership of Bonds of such Series, or any portions thereof, may not be transferred except:

(1) To any successor of The Depository Trust Company or its nominee, or to any substitute depository designated pursuant to clause (2) of this subsection ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) To any substitute depository not objected to by the Trustee, upon (a) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Authority that The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) To any person as provided below, upon (a) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository if no substitute depository that is not objected to by the Trustee can be obtained, or (b) a determination by the Authority that it is in the best interests of the Authority to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its function as depository.

(B) Execution and Delivery of New Bonds. In the case of any transfer pursuant to clause (1) or clause (2) of subsection 2.10(A) (Book-Entry Provisions -- Limitations on Transfer) hereof, upon receipt of all Outstanding Bonds of such Series by the Trustee, together with a Certificate of the Authority to the Trustee, a single new Bond for each maturity of Bonds of such Series in the aggregate principal amount of the Bonds of such maturity then Outstanding shall be executed and delivered, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the Authority. In the case of any transfer pursuant to clause (3) of subsection 2.10(A) (Book-Entry Provisions -- Limitations on Transfer) hereof, upon receipt of all Outstanding Bonds of such Series by the Trustee together with a Certificate of the Authority to the Trustee, new Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such Certificate of the Authority, subject to the limitations of Section 2.05 (Registration, Transfer, and Exchange) hereof; provided that the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a Certificate of the Authority.

(C) Notation of Reduction of Principal. In the case of partial redemption, cancellation or a refunding of any Bonds evidencing all or a portion of the principal maturing in a particular year, The Depository Trust Company shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(D) No Responsibility to Persons Other Than Owners. The Authority and the Trustee shall be entitled to treat the person in whose name any book-entry only Bond is registered as the Owner thereof for all purposes of the Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of such Bonds. Neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the Owner of any Bond.

(E) Payments to Depository. So long as all Outstanding Bonds of such Series are registered in the name of "Cede & Co." or its registered assign, the Authority and the Trustee shall cooperate with "Cede & Co.", as sole registered Owner of such Bonds, and its registered assigns in effecting payment of the principal of and redemption premium, if any, and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

SECTION 2.11. Establishment and Application of Project Funds. With respect to each Series of Bonds that funds the payment of the costs of a Project, the City shall establish and maintain a separate fund designated as the "_______ Project Fund" (inserting therein the Series designation of such Bonds). The City shall use the moneys in a Project Fund to pay the costs of acquiring, constructing, furnishing, and equipping a Project (or reimbursing the City for such costs) and to pay the Costs of Issuance of the Bonds. All earnings from the investment of moneys in a Project Fund shall be deposited therein. Upon completion of a Project, the City shall notify the Trustee in writing of such completion and transfer any amounts remaining in the related Project Fund to the Trustee for deposit in the Revenue Fund.

ARTICLE III
ISSUANCE AND DELIVERY OF ADDITIONAL SERIES OF BONDS

SECTION 3.01. Issuance of Additional Series of Bonds. The Authority may by Supplemental Trust Agreement establish one or more additional Series of Bonds, secured under this Trust Agreement equally and ratably with Bonds previously issued, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of Section 3.02 (Proceedings for Issuance of Additional Series of Bonds) (except that any Series of Bonds delivered under a Supplemental Trust Agreement of even date herewith may be executed and delivered upon compliance by the Authority and the City with the requirements of paragraph 6 of Section 3.02(B) (Proceedings for Issuance of Additional Series of Bonds -- Documentation) and without further condition) and any additional requirements set forth in the related Supplemental Trust Agreement and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(A) No Default. No Event of Default shall have occurred and then be continuing.

(B) Principal Amount. The aggregate principal amount of Bonds issued hereunder shall not exceed any limitation imposed by law or by any Supplemental Trust Agreement.

(C) Payment Dates. If and to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Bond to be issued, the principal payments of such additional Series of Bonds shall be due on March 1 in each year in which principal is to be paid and, if the interest on such Series of Bonds is to be paid semiannually, such interest payments shall be due on March 1 and September 1 in each year, as appropriate.

(D) Debt Service. The Installment Purchase Contract shall have been amended so as to increase the Installment Payments payable by the City thereunder by an amount at least sufficient to pay the interest on and principal of such Additional Bonds as the same become due.

(E) Debt Service Coverage. The City shall have satisfied the requirements of subsection (A) (Debt Service Feasibility) of Section 5.4 (Additional Contracts and City Revenue Bonds) of the Installment Purchase Contract.

(F) Reserve Account. Subject to the provisions of Section 6.07 (Funding and Application of Reserve Fund), the Supplemental Trust Agreement providing for the issuance of such Series shall require that, forthwith upon the receipt of the proceeds of the sale of such Series, either (1) the Reserve Account for such Series be funded in the amount of the Series Required Reserve for such Series (if greater than zero), or (2) if the Authority provides in the Supplemental Trust Agreement providing for the issuance of such Series that such Series will be secured by the Reserve Account established with respect to another Series of Bonds, the balance in the Reserve Account be increased, if necessary, to an amount at least equal to the Series Required Reserve with respect to all Bonds of all Series to be secured by that Reserve Account that are to be considered Outstanding upon the issuance of such Series. The deposit may be made from the proceeds of the sale of such Series or from other funds of the City or from both such sources or in the form of a Reserve Facility as described in Section 6.07 (Funding and Application of Reserve Fund), as provided in such Supplemental Trust Agreement.

Nothing in this Section or in this Trust Agreement contained shall prevent or be construed to prevent the Supplemental Trust Agreement providing for the issuance of an additional Series of Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by this Trust Agreement, additional security for the benefit of such additional Series of Bonds or any portion thereof.

SECTION 3.02. Proceedings for Issuance of Additional Series of Bonds. (A) Supplemental Trust Agreement. Whenever the Authority shall determine to issue a Series of Bonds pursuant to Section 3.01 (Issuance of Additional Series of Bonds), the Authority shall authorize the execution of a Supplemental Trust Agreement specifying the principal amount and prescribing the forms of Bonds of such additional Series and providing the terms, conditions, distinctive designation, denominations, methods of numbering, date, maturity date or dates, interest rate or rates (or the manner of determining the same), redemption provisions, and place or places of payment of principal or Redemption Price, if any, of and interest on such Bonds, and any other provisions respecting the Bonds of such Series not inconsistent with the terms of this Trust Agreement.

(B) Documentation. Before such additional Series of Bonds shall be issued and delivered, the Authority shall file the following documents with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Bonds have been satisfied):

(1) Supplemental Trust Agreement. An executed copy of the Supplemental Trust Agreement authorizing such Series.

(2) Supplemental Installment Purchase Contract. An executed copy of the Supplemental Installment Purchase Contract the payments under which will provide debt service on the Additional Bonds;

(3) Authority Certificate. A Certificate of the Authority stating that that each of the requirements of subsections (A) through (F) of Section 3.01 (Issuance of Additional Series of Bonds) has been met.

(4) Debt Service Certificate. A Certificate of an Independent Financial Consultant or the underwriter of the proposed Additional Bonds stating that the requirements of Section 3.01(D) (Issuance of Additional Series of Bonds -- Debt Service) have been satisfied.

(5) Debt Service Coverage. The calculation and Coverage Report required by Section 5.4 (Additional Contracts and City Revenue Bonds) of the Installment Purchase Contract.

(6) Opinion of Counsel. An Opinion of Counsel to the effect that the execution of the Supplemental Trust Agreement has been duly authorized by the Authority in accordance with this Trust Agreement; that the aggregate principal amount of Bonds issued hereunder does not exceed any limitation imposed by law or by any Supplemental Trust Agreement; that such Series, when duly executed by the Authority and authenticated and delivered by the Trustee, will be valid and binding limited obligations of the Authority; that upon the delivery of such Series the aggregate principal amount of Bonds then Outstanding will not exceed the amount permitted by law or by this Trust Agreement; and that the Supplemental Installment Purchase Contract will be a valid and binding obligation of the City.

(7) Redemption Instructions. In the case of issuance of Additional Bonds for refunding purposes, if any of the Bonds to be refunded are to be redeemed prior to their stated maturity dates, irrevocable instructions to the Trustee to give the applicable notice of redemption or a waiver of the notice of redemption signed by the Owners or owners of all or the portion of the Bonds to be redeemed, or proof that such notice has been given by the Authority; provided, however, that, in lieu of such instructions or waiver or proof of notice of redemption, the Authority may cause to be deposited with the Trustee all of the Bonds proposed to be redeemed (whether cancelled or uncancelled) with irrevocable instructions to the Trustee to cancel the Bonds so to be redeemed upon the exchange and delivery of the refunding Bonds; and provided further that no provision of this Trust Agreement shall be construed to require the redemption of Bonds prior to their respective maturity dates in connection with the refunding thereof.

SECTION 3.03. Refunding Bonds. Notwithstanding anything to the contrary herein, the Authority may issue Additional Bonds to retire or defease any Bonds Outstanding without complying with the requirements of Section 3.01(D) (Issuance of Additional Series of

Bonds -- Debt Service) if the Debt Service on all Bonds to be Outstanding in each future Fiscal Year following such retirement or defeasance would not exceed one hundred ten per cent (110%) of such Debt Service in any future Fiscal Year had such retirement or defeasance not occurred.

ARTICLE IV
REDEMPTION OF BONDS

SECTION 4.01. General Applicability of Article. Bonds that are redeemable before their respective stated maturities shall be redeemable in accordance with their terms and in accordance with this Article.

SECTION 4.02. Notice to Trustee. In the case of any redemption at the election of the Authority of less than all the Outstanding Bonds, the Authority shall, at least forty-five (45) days prior to the date fixed for redemption (unless a shorter notice shall be satisfactory to the Trustee) notify the Trustee of such redemption date and of the principal amount of Bonds to be redeemed.

SECTION 4.03. Selection by Trustee of Bonds to be Redeemed. If less than all the Outstanding Bonds of any maturity are to be redeemed, not more than sixty (60) days prior to the redemption date the Trustee shall select the particular Bonds to be redeemed (in whole or in part) from the Outstanding Bonds that have not previously been called for redemption, in minimum denominations of $5,000, at random in any manner that the Trustee in its sole discretion shall deem appropriate and fair. For purposes of selection, each $5,000 portion of a Bond shall be deemed to be a separate Bond.

The Trustee shall promptly notify the Authority in writing of the Bonds so selected for redemption and, in the case of a Bond selected for partial redemption, the principal amount represented thereby to be redeemed.

For all purposes of this Trust Agreement, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal represented by such Bond that has been or is to be redeemed.

SECTION 4.04. Notice of Redemption. Notice of redemption shall be mailed (first class postage prepaid) by the Trustee, not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date, to (i) the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond Register, (ii) the Securities Depositories (if the Bonds are not then in book-entry form), and (iii) the Information Service. Notice of redemption to the Securities Depositories shall be given by registered or overnight mail.

Each notice of redemption shall state the date of such notice, the date of issue of the Bonds, the redemption date, the amount of any redemption premium, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, 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 represented thereby to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said

Bonds the principal amount thereof or specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with premium (if any) and interest thereon accrued to the date fixed for redemption, 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. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to the Information Service or any of the Securities Depositories or failure of any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice to any one or more of the respective Owners of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owner or Owners to whom such notice was mailed.

SECTION 4.05. Deposit of Redemption Price; Payment of Amounts to Reserve Facility Providers. Prior to any date for redemption of Bonds, the Authority shall deposit with the Trustee an amount of money sufficient to pay the Redemption Price of all the Bonds that are to be redeemed on that date. Such money shall be held in trust for the benefit of the persons entitled to such Redemption Price. Prior to any date for optional redemption of Bonds, the Authority or the City shall have paid in full all amounts due to each issuer of a Reserve Facility.

SECTION 4.06. Bonds Payable on Redemption Date. Notice of redemption having been duly given as aforesaid and moneys for payment of the Redemption Price of the Bonds so to be redeemed being held by the Trustee, on the redemption date designated in such notice (i) the Bonds so to be redeemed shall become due and payable at the Redemption Price specified in such notice, (ii) interest on such Bonds shall cease to accrue, (iii) such Bonds shall cease to be entitled to any benefit or security under this Trust Agreement, and (iv) the Owners of such Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by Trustee at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable to the Owners of the Bonds on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 2.07 (Payment of Interest on the Bonds; Interest Rights Preserved).

SECTION 4.07. Bonds Redeemed in Part. Upon surrender of any Bond redeemed in part only, the Authority 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 authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

ARTICLE V
DEFEASANCE

SECTION 5.01. Discharge of Trust Agreement. (A) Payment of Bonds. Any Bond may be paid in any of the following ways:

(1) by paying or causing to be paid the principal of and interest on the Bond, as and when the same become due and payable;

(2) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 5.03 (Deposit of Money or Securities with Trustee)) to pay or redeem the Bond; or

(3) by delivering the Bond to the Trustee for cancellation.

(B) Consequence of Payment of All Bonds. If all Bonds that are Outstanding have been paid and the Authority has also paid or caused to be paid all other sums payable hereunder and the City has paid or caused to be paid all other sums payable under the Installment Purchase Contract by the City, then and in that case, at the election of the Authority, evidenced by a Statement of the Authority filed with the Trustee signifying the intention of the Authority to discharge all such obligations and this Trust Agreement, and notwithstanding that any Bonds shall not have been surrendered for payment, this Trust Agreement, the pledge of assets made hereunder, all covenants and agreements and other obligations of the Authority under this Trust Agreement, and the rights and interests created hereby (except as to any surviving rights of transfer or exchange of Bonds as provided in Section 2.05 (Registration, Transfer, and Exchange) and rights to payment from moneys deposited with the Trustee as provided in Section 5.02 (Discharge of Liability on Bonds)) shall cease, terminate, become void, and be completely discharged and satisfied. Notwithstanding the satisfaction and discharge of this Trust Agreement, the obligations to the Trustee under Section 9.07 (Compensation and Indemnification of Trustee), the provisions of Section 9.09 (Removal and Resignation; Appointment of Successor), and the covenants of the Authority to preserve the exclusion of interest represented by the Bonds from gross income for federal income tax purposes contained in Section 7.07 (Federal Income Tax Covenants) shall survive.

(C) Delivery of Excess Funds. In such event, upon Request of the Authority, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver to the Authority all moneys or securities or other property held by it pursuant to this Trust Agreement that, as evidenced by a verification report (upon which the Trustee may conclusively rely) from an Independent Certified Public Accountant, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption; subject to the provisions of Section 7.07 (Federal Income Tax Covenants) and the Tax Certificate with respect to moneys in the Rebate Fund.

(D) Notice of Defeasance. If moneys or Permitted Investments are deposited with and held by the Trustee as provided above, the Trustee shall within thirty (30) days after such money or Permitted Investments shall have been deposited with it mail a notice, first class postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.05 (Registration, Transfer, and Exchange) hereof, (a) setting forth the maturity date or date fixed for redemption, as the case may be, of the Bonds, (b) giving a description of the Permitted Investments, if any, so held by it, and (c) stating that this Trust Agreement has been discharged in accordance with the provisions of this Section.

SECTION 5.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, escrow agent, or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 5.03 (Deposit of Money or Securities with Trustee)) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article V (Redemption of Bonds) provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate, and be completely discharged, except that thereafter (i) the Owner thereof shall be entitled to payment of the principal of and interest on such Bond and premium, if any, thereon by the Authority and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 5.04 (Payment of Bonds After Discharge of Trust Agreement) and (ii) the Owner thereof shall retain its rights of transfer or exchange of Bonds as provided in Section 2.05 (Registration, Transfer, and Exchange).

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously executed and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 5.03. Deposit of Money or Securities with Trustee. Whenever in this Trust Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Trust Agreement and shall be:

(A) Cash. Lawful money of the United States of America in an amount equal to all unpaid principal of and interest on such Bonds to maturity, except that, in the case of Bonds that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article V (Redemption of Bonds) provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be all unpaid principal of and interest on the Bonds to the redemption date and any redemption premium thereon; or

(B) Defeasance Securities. Defeasance Securities the principal of and interest on which when due will, together with the money (if any) deposited with or held by the Trustee at the same time, in the opinion of an Independent Certified Public Accountant delivered to the

Trustee (upon which opinion the Trustee may conclusively rely), provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date, as the case may be, on (and any redemption premium on) the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article V (Redemption of Bonds) provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Trust Agreement or by Request of the Authority) to apply such money to the payment of such principal or Redemption Price of and interest on such Bonds.

SECTION 5.04. Payment of Bonds After Discharge of Trust Agreement. Any moneys held by the Trustee in trust for the payment of the principal of or interest or redemption premium on any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Trust Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon Request of the Authority, be repaid to the Authority free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that, before the repayment of such moneys to the Authority as aforesaid, the Trustee shall (solely at the request and cost of the Authority) first mail to the Owners of any Bonds remaining unpaid at the addresses shown on the Bond Register a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal of or premium or interest on Bonds, whether at redemption, acceleration, or maturity, shall be held uninvested 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 the Owners or any other person for any interest earned on, moneys so held.

ARTICLE VI
REVENUES

SECTION 6.01. Liability of Authority Limited to Revenues. Notwithstanding anything to the contrary contained herein, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring any indebtedness.

SECTION 6.02. Pledge of Revenues; Assignment of Installment Purchase Contract. (A) Pledge of Revenues. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of this Trust Agreement, and subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Authority hereby pledges all of the Revenues and any other amounts (including proceeds of the sale of Bonds) held in any fund or account established pursuant to this Trust Agreement, other than amounts on deposit in the Rebate Fund. This pledge shall constitute a first pledge of and charge and lien upon such assets for the payment of the Bonds in accordance with their terms and shall be valid and binding from and after issuance of the Bonds, without any physical delivery thereof or further act. The pledge herein made shall be irrevocable until all of the Bonds are no longer Outstanding.

(B) Assignment of Installment Purchase Contract.

(1) The Authority hereby transfers, assigns, and sets over to the Trustee all of the Installment Payments and any and all rights and privileges it has under the Installment Purchase Contract, including, without limitation, the right to collect and receive directly all of such Installment Payments and the right to hold and enforce any security interest, and any such Installment Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee.

(2) The Trustee shall take all steps, actions, and proceedings required to be taken, as provided in any Opinion of Counsel delivered to it, reasonably necessary to maintain in force for the benefit of the Owners the Trustee's rights in and priority to the following security granted to it for the payment of the Bonds: the Trustee's rights as assignee of the Installment Payments under the Installment Purchase Contract and as beneficiary of any other rights to security for the Bonds that the Trustee may receive in the future.

SECTION 6.03. Receipt and Deposit of Revenues in the Revenue Fund. The Trustee shall forthwith deposit the Revenues into a trust fund, designated as the "Revenue Fund," which fund the Trustee shall establish and maintain, when and as received by the Trustee. All moneys at any time held in the Revenue Fund shall be held in trust for the benefit of the Owners and shall be disbursed, allocated, and applied solely for the uses and purposes set forth in Section 6.04 (Allocation of Revenues).

SECTION 6.04. Allocation of Revenues. (A) Allocations for Debt Service. So long as any Bonds are Outstanding, the Trustee shall set aside the moneys in the Revenue Fund in the following respective funds or accounts (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Owners of the Bonds) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of moneys sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority:

(1) Interest Fund. On each Interest Payment Date, the Trustee shall set aside in the Interest Fund an amount equal to the aggregate amount of interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest due and payable on such Interest Payment Date upon all of the Bonds then Outstanding (but excluding any moneys on deposit in the Interest Fund from the proceeds

of the Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Date).

(2) Principal Fund; Sinking Accounts. On each Principal Payment Date, the Trustee shall deposit in the Principal Fund an amount equal to (a) the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds and (b) the aggregate principal amount of Bonds to be redeemed on such date from the respective Sinking Accounts for the Term Bonds.

No deposit need be made into the Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the principal of all Serial Bonds then Outstanding and maturing by their terms on such Principal Payment Date plus (ii) the aggregate principal amount of all Term Bonds required to be redeemed on such Principal Payment Date, but less any amounts deposited into the Principal Fund during the preceding twelve-month period and theretofore paid from the Principal Fund to redeem or purchase Term Bonds during such twelve-month period.

(3) Redemption Fund. The Trustee, on the date specified in a Written Request of the City filed with the Trustee, at the time that any prepaid Installment Payment is paid to the Trustee, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Installment Payments designated as prepaid Installment Payments. Except as provided in Section 7.07 (Federal Income Tax Covenants) hereof, moneys in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and the redemption premiums, if any, on and principal of the Bonds to be redeemed.

(4) Surplus Amounts. Any moneys remaining in the Revenue Fund after the foregoing transfers described in (1), (2), and (3) of Subsection (A) above shall be deposited, in order of priority, (i) into each Reserve Account to the extent that the amount therein is less than the Series Required Reserve, and (ii) into the Rebate Fund if so directed by the Authority. Amounts not required to be so deposited shall be transferred on the same Business Day to the City, except that any amounts representing delinquent Installment Payments shall remain on deposit in the Revenue Fund. The City may use and apply any moneys when received by it for any purpose with respect to the Water System, including the redemption of Bonds upon the terms and conditions set forth herein and the purchase of Bonds as and when and at such prices as it may determine.

SECTION 6.05. Application of Interest Fund. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

SECTION 6.06. Application of Principal Fund. (A) Use of Amounts in Principal Fund. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable, except that all amounts in the Sinking Account shall be used and withdrawn by the Trustee solely to purchase or redeem or pay Bonds at maturity, as provided herein.

(B) Sinking Accounts. The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Bonds of each maturity, designated as the "______ Sinking Account," inserting therein the maturity designation of such Bonds. On any date upon which Term Bonds are subject to mandatory redemption, the Trustee shall transfer the amount of the principal then redeemable from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each mandatory redemption date established for such Sinking Account, the Trustee shall apply the amount required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of such maturity for which such Sinking Account was established, upon the notice and in the manner provided herein; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the City, apply moneys in such Sinking Account to the purchase (in whole or in part) of 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 Fund) as is directed by the City, except that the purchase price (excluding accrued interest) shall not exceed the principal amount represented thereby. If, during the twelve-month period immediately preceding said mandatory redemption date, the Trustee has purchased Term Bonds of such maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the City has deposited Term Bonds of such maturity with the Trustee, or Term Bonds of such maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said mandatory redemption, such Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount represented thereby, to reduce the amount required for deposit on the mandatory redemption date in the Sinking Account.

Any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer Outstanding shall be withdrawn by the Trustee and transferred to the City to be used for any lawful purpose.

All Bonds purchased from a Sinking Account or deposited by the City with the Trustee in a twelve-month period ending September 1, shall be allocated first to the next succeeding mandatory redemption for such maturity of Term Bonds, then as a credit against such future mandatory redemptions for such maturity of Term Bonds as may be specified in a Request of the City. All Term Bonds redeemed by the Trustee from the Redemption Fund shall be credited to such future mandatory redemptions for such maturity of Term Bonds as may be specified in a Request of the City.

SECTION 6.07. Funding and Application of Reserve Fund. (A) Funding of the Reserve Fund. The Trustee shall establish and maintain a separate fund designated as the "Reserve Fund." With respect to each Series of Bonds for which the Series Required Reserve is greater than zero, the Trustee shall establish and maintain in the Reserve Fund a separate account designated as the "Series ______ Reserve Account" (inserting therein the Series designation or designations (if the Reserve Account secures more than one Series) of such Bonds). Upon the delivery of each Series of Bonds, if required by subsection (F) of Section 3.01 (Issuance of Additional Series of Bonds – Reserve Account), the City shall deposit into the Reserve Account for the Series either the amount of the Series Required Reserve (if the Reserve Account secures a single Series of Bonds) or the amount necessary to increase the balance in the Reserve Account to the Series Required Reserve with respect to all Bonds of all Series secured by that Reserve Account (if the Reserve Account secures more than one Series).

(B) Substitution of Cash. The City may at any time substitute cash for all or part of the amount available to be paid to the Trustee under any Reserve Facility delivered pursuant to this Section to satisfy the Series Required Reserve.

(C) Replenishment of Reserve Accounts. The Trustee shall deposit (from amounts received pursuant to Subsection 2.4(A)(2) (Additional Payments -- Reserve Account Valuation Deficiencies) and Subsection 2.4(A)(3) (Additional Payments -- Reserve Account Replenishment) of the Installment Purchase Contract) as soon as possible in each month in each Reserve Account, except as otherwise provided in this Section, upon the occurrence of any deficiency therein, one-twelfth (l/12th) of the aggregate amount of each unreplenished prior withdrawal from that Reserve Account and one-fourth (1/4) of the aggregate amount of any deficiency due to any required valuations of the investments in that Reserve Account until the total of the cash balance in the Reserve Account and the amount available under any Reserve Facility is at least equal to the Series Required Reserve.

(D) Letter of Credit.

(1) In lieu of making the Series Required Reserve replenishment deposits in compliance with subsection (C) of this Section, or in replacement of moneys then on deposit in a Reserve Account (which shall be transferred by the Trustee to the City), the City may deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated in one of the two highest Rating Categories of Moody's and Standard & Poor's, in an amount, together with moneys, Permitted Investments, or Reserve Facilities (as described in subsection (E) of this Section) on deposit in the Reserve Account, equal to the Series Required Reserve. Such letter of credit shall have a term of no less than three (3) years or, if less, until the maturity of the Bonds and shall provide by its terms that it may be drawn upon as provided in this Section. In addition, the letter of credit must be acceptable to the Credit Providers. If a drawing is made on the letter of credit, the City shall make such payments as may be required by the terms of the letter of credit or any obligations related thereto (but no less than quarterly pro rata payments) so that the letter of credit shall, absent the delivery to the Trustee of a Reserve Facility satisfying the requirements contained in subsection (E) of this Section or the deposit in the Reserve Account of an amount sufficient to increase the balance in the Reserve Account to the Series Required Reserve, be reinstated in the amount of such drawing within one year of the date of such drawing.

(2) At least one year prior to the stated expiration of such letter of credit, the City shall either (i) deliver a replacement letter of credit acceptable to the Credit Providers, (ii) deliver an extension of the letter of credit for at least an additional year or, if less, the maturity of the Bonds, or (iii) deliver to the Trustee a Reserve Facility satisfying the requirements of subsection (E) of this Section. Upon delivery of such replacement letter of credit, extended letter of credit, or Reserve Facility, the Trustee shall deliver the then-effective letter of credit to or upon the order of the City. If the City shall fail to deposit a replacement letter of credit, extended letter of credit, or Reserve Facility with the Trustee, the City shall immediately commence to make quarterly deposits with the Trustee so that an amount equal to the Series Required Reserve will be on deposit in the Reserve Account no later than the stated expiration date of the letter of

credit. If an amount equal to the Series Required Reserve as of the date following the expiration of the letter of credit is not on deposit in the Reserve Account one week prior to the expiration date of the letter of credit (excluding from such determination the letter of credit), the Trustee shall draw on the letter of credit to fund the deficiency resulting therefrom in the Reserve Account.

(E) Other Reserve Facility. In lieu of making the Series Required Reserve replenishment deposits in compliance with subsection (C) of this Section, or in replacement of moneys then on deposit in the Reserve Account (which shall be transferred by the Trustee to the City), the City may also deliver to the Trustee an insurance policy, surety bond, or other Reserve Facility securing an amount, together with moneys, Permitted Investments or letters of credit on deposit in the Reserve Account, no less than the Series Required Reserve issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies or surety bonds) are rated in the highest Rating Category of Moody's and Standard & Poor's and, if rated by A.M. Best & Company, must also be rated in the highest rating category by A.M. Best & Company. Such Reserve Facility shall have a term of no less than the maturity of the Bonds in connection with which such Reserve Facility was obtained. In addition, the Reserve Facility must be acceptable to the Credit Providers. In the event that such Reserve Facility for any reason lapses or expires, the City shall immediately implement (i) or (iii) of the preceding paragraph or make the required deposits to the Reserve Account.

(F) Use of Amounts in Reserve Fund.

(1) Payment of Debt Service Deficiencies. All amounts in a Reserve Account (including all amounts that may be obtained from Reserve Facilities on deposit in that Reserve Account) shall be used and withdrawn by the Trustee, as hereinafter provided, solely for the purpose of paying debt service on the Bonds of the related Series in the event of any deficiency in the Interest Fund or the Principal Fund, or (together with any other moneys available therefor) for the payment or redemption of all Bonds of such Series then Outstanding, or for the payment of the final principal and interest payment with respect to the Bonds of any Series of Bonds secured by that Reserve Account (provided that following such payment the amounts in the Reserve Account (including the amounts that may be obtained from Reserve Facilities on deposit therein) will equal the Series Required Reserve). The Trustee shall first draw on the portion of the Reserve Account held in cash or Permitted Investments and then, on a pro rata basis with respect to amounts held in the form of Reserve Facilities (calculated by reference to the maximum amounts of such Reserve Facilities), draw on or collect under each Reserve Facility issued with respect to the Reserve Account, in a timely manner and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the principal of and interest on the Bonds of such Series when due.

(2) Repayment of Amounts Recovered as Preferences in Bankruptcy. If the Trustee has notice that any payment of principal or interest represented by a Bond has been recovered from an Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having

competent jurisdiction, the Trustee, pursuant to and provided that the terms of the Reserve Facility, if any, securing that Bond so provide, shall so notify the issuer thereof and draw on or collect under such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility in order to pay to such Owner the principal and interest so recovered. If and to the extent that the Series Required Reserve is satisfied by a deposit of cash or Permitted Investments and one or more Reserve Facilities (or any combination thereof), the Trustee shall first draw on the portion of the Reserve Account held in cash or Permitted Investments and then make drawings on or collect under such Reserve Facilities on a pro rata basis (calculated by reference to the maximum amounts of such Reserve Facilities).

(3) Reimbursement to Reserve Facility Providers. If the Trustee draws on or collects under a Reserve Facility, the Trustee shall use amounts deposited in the related Reserve Account by the City following such draw or collection first to make the payments required by the terms of the Reserve Facility or related reimbursement or loan agreement so that the Reserve Facility shall, absent the delivery to the Trustee of a substitute Reserve Facility acceptable to the Credit Providers that satisfies the requirements of this Section or the deposit in that Reserve Account of an amount sufficient to increase the balance in the Reserve Account to the Series Required Reserve, be reinstated in the amount of such draw or collection within one year of the date of the draw or collection. After such reinstatement, the Trustee shall use amounts deposited in that Reserve Account by the City for the replenishment of the portion of the Reserve Account held in cash or Permitted Investments.

(G) Transfer of Excess Amounts. Any amounts in a Reserve Account in excess of the Series Required Reserve (as calculated by the City) shall be transferred by the Trustee to the City on the last Business Day of March and September of each year; provided that such amounts shall be transferred only from the portion of the Reserve Account held in the form of cash or Permitted Investments and further provided that the City is not then in default under the Installment Purchase Contract.

SECTION 6.08. Application of Redemption Fund. The Trustee shall establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the City with the Trustee for the purpose of redeeming Bonds shall, unless otherwise directed by the City, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner, at the times and upon the terms and conditions specified herein; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of a Request of the City, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is directed by the City, except that the purchase price (exclusive of such accrued interest) may not exceed the Redemption Price then applicable to such Bonds. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such maturity of Term Bonds as may be specified in a Request of the City.

SECTION 6.09. Rebate Fund. The Trustee shall establish and maintain a fund designated as the "Rebate Fund" separate from any other fund held by the Trustee. The Trustee shall deposit moneys into and disburse moneys from the Rebate Fund pursuant to written instructions from the City. The Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if it follows the instructions of the City, including to supply all necessary information in the manner specified in the Tax Certificate. In the absence of written instructions from the City, the Trustee shall not be required to take any action with respect to the Rebate Fund or the Tax Certificate and shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate.

SECTION 6.10. Investments of Money in Accounts and Funds. (A) Investment in Permitted Investments. All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Trust Agreement shall be invested solely as directed by the Authority, solely in Permitted Investments. All Permitted Investments shall, as directed by the Authority in writing or by telephone, promptly confirmed in writing, be acquired subject to the limitations set forth in Section 7.07 (Federal Income Tax Covenants), the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Authority and not inconsistent with the fiduciary duties of the Trustee. If and to the extent the Trustee does not receive investment instructions from the Authority with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Trust Agreement, such moneys shall be invested in Permitted Investments described in clause (4) (Money Market Funds) of the definition thereof and the Trustee shall thereupon immediately request investment instructions from the Authority for such moneys.

(B) Maturity of Investments. Moneys in a Reserve Account shall be invested in Permitted Investments maturing within five years of the date of such investment, but in no event later than the final maturity of the Bonds of the Series secured thereby, or, in the case of Investment Agreements, available by the terms thereof for withdrawal at the times and for the purposes required for the application of funds in the Reserve Account. Moneys in the remaining funds and accounts shall be invested in Permitted Investments maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

(C) Deposit of Earnings. All interest, profits, and other income received from the investment of moneys in any fund or account held by the Trustee hereunder, other than the Rebate Fund, shall be transferred to the Revenue Fund when received. All interest, profits, and other income received from the investment of moneys in the Rebate Fund shall be deposited therein, except as otherwise directed by the Authority. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account from which such accrued interest was paid.

(D) Valuation. All Permitted Investments credited to the Reserve Fund shall be valued as of each Interest Payment Date at their fair market value determined to the extent practical by reference to the closing bid price thereof published in the Wall Street Journal or any other financial publication or quotation service selected by the Trustee in its discretion, including such pricing services as may be available to the Trustee within the Trustee's regular accounting system.

(E) Accounting; Acquisition and Disposition. The Trustee may commingle any of the funds or accounts established pursuant to this Trust Agreement into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Trust Agreement. The Trustee and its affiliates may act as sponsor, advisor, depository, principal, or agent in the making or disposing of any investment and, with the prior written consent of the Authority, may impose its customary charge therefor. The Authority acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the Authority the right to receive brokerage confirmations or security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee may sell at the best price reasonably obtainable, or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal, or disbursement from the fund or account to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

SECTION 6.11. Funds and Accounts. Any fund required by this Trust Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

SECTION 6.12. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal, or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held uninvested in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 5.04 (Payment of Bonds After Discharge of Trust Agreement).

SECTION 6.13. Draws Under Credit Facilities. Prior to the termination thereof, the Trustee shall draw on a Credit Facility in an amount and at such times (as such times shall be set forth in the Credit Facility) as shall be required to pay in full the principal of and interest on the Bonds (excluding any Liquidity Provider Bonds registered in the name of the Credit Provider or its designee or Bonds registered in the name of the Authority). If the Credit Facility is a direct-pay letter of credit, the Trustee shall make such draw at such time as is required to receive amounts needed on each Interest Payment Date, maturity date, mandatory sinking fund redemption date, other redemption date and the date (if any) on which the Installment Payments securing the Bonds are declared due and payable pursuant to Section 8.02 (Acceleration of Maturities) due to the occurrence of an Event of Default hereunder. If the Credit Facility is an insurance policy, the Trustee shall make such draw in accordance with the terms of such insurance policy to pay the principal of and interest on the Bonds following non-payment thereof from Installment Payments on any Interest Payment Date, maturity date, mandatory sinking fund redemption date or, with the consent of the Credit Provider, other redemption date and following a recovery of payments of principal of and interest on the Bonds pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction. If the Credit Facility is a direct-pay letter of credit, the Trustee shall pay the principal of and interest on the Bonds (excluding any Outstanding Liquidity Provider Bonds registered in the name of the Credit Provider or its designee) when due and payable solely from moneys drawn under the Credit Facility.

SECTION 6.14. Credit Facility Provisions. (A) The Trustee shall hold and maintain each Credit Facility for the benefit of the Owners until the Credit Facility terminates in accordance with its terms. The Trustee shall diligently enforce all terms, covenants and conditions of each Credit Facility, including payment when due of any claims under each Credit Facility, and will not consent to or agree to or permit any amendment or modification thereof that would materially adversely affect the rights or security of Owners. If at any time during the term of the Credit Facility any successor Trustee shall be appointed and qualified under this Trust Agreement, the resigning or removed Trustee shall request that the Credit Provider transfer the Credit Facility, if required, by the Credit Facility, to the successor Trustee. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment.

(B) Notwithstanding anything contained herein to the contrary, all provisions hereof regarding consents, approvals, directions, waivers, appointments, requests or other actions by the Credit Providers shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Providers were not mentioned therein (1) during any period during which there is a payment default under the related Credit Facility, or (2) after the related Credit Facility shall at any time for any reason cease to be valid and binding on the related Credit Provider in the reasonable judgment of the Agency, or shall be declared to be null and void by final non-appealable judgment of a court of competent jurisdiction; provided, however, that the payment of amounts due to the related Credit Provider pursuant to the terms hereof shall continue in full force and effect. The foregoing shall not affect any other rights of such Credit Provider.

SECTION 6.15. Liquidity Facility Provisions. (A) The Trustee shall hold and maintain each Liquidity Facility for the benefit of the Owners until the Liquidity Facility expires in accordance with its terms. The Trustee shall enforce all terms, covenants and conditions of each Liquidity Facility, including drawing on a Liquidity Facility as required to provide for the purchase price of Bonds (other than Liquidity Provider Bonds or Bonds owned by the Agency), and the provisions relating to the payment of draws on, and reinstatement of amounts that may be drawn under, a Liquidity Facility, and will not consent to, agree to or permit any amendment or modification of a Liquidity Facility that would materially adversely affect the rights or security of the Owners of the Bonds. If at any time during the term of any of the Liquidity Facilities any successor Trustee shall be appointed and qualified under this Trust Agreement, the successor Trustee shall succeed to the rights of the resigning or removed Trustee under the Liquidity Facility. The resigning or removed Trustee shall request that the Liquidity Providers take any action necessary to effect the assignment to the successor Trustee.

(B) The Trustee shall draw moneys under the Liquidity Facility for the related Series of the Bonds in accordance with the terms thereof in an amount necessary to make full and timely payments of the purchase price of Bonds of such Series required to be made pursuant to this Trust Agreement.

SECTION 6.16. Credit Facility Account and Liquidity Facility Account. (A) Credit Facility Account. The Trustee shall create within the Revenue Fund a separate account called the "Credit Facility Account," into which all moneys drawn under the Credit Facilities shall be deposited and disbursed (with separate sub-accounts for different Series of the Bonds and Credit Facilities). The Credit Facility Account shall be established and maintained by the Trustee and held in trust apart from all other moneys and securities held under this Trust Agreement or otherwise, and the Trustee shall have the exclusive and sole right of withdrawal from the Credit Facility Account for the exclusive benefit of the Owners of the Bonds with respect to which such drawing was made. Moneys drawn on the Credit Facility and deposited in the Credit Facility Account for the payment of debt service with respect to a particular Series of Bonds shall be used only to pay debt service with respect to such Series of Bonds. Moneys in the Credit Facility Account shall be held in cash and shall not be invested. Any amounts remaining on deposit in the Credit Facility Account Fund and not required for the purpose for which drawn shall be promptly repaid to the Credit Provider.

(B) Liquidity Facility Account. The Trustee shall create within the Revenue Fund a separate account called the "Liquidity Facility Account," into which all moneys drawn under the Liquidity Facilities shall be deposited and disbursed (with separate sub-accounts for different Series of the Bonds and Liquidity Facilities). The Agency shall not have any right title or interest in the Liquidity Facility Account. The Liquidity Facility Account shall be established and maintained by the Trustee and held uninvested and in trust apart from all other moneys and securities held under this Trust Agreement or otherwise, and over which the Trustee shall have the exclusive and sole right of withdrawal for the exclusive benefit of the Owners of the Bonds with respect to which such drawing was made.

ARTICLE VII
COVENANTS OF THE AUTHORITY

SECTION 7.01. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to enter into the Trust Agreement, authorize the issuance of the Bonds, and pledge the Revenues under this Trust Agreement in the manner and to the extent provided in this Trust Agreement. The Bonds and the provisions of this Trust Agreement are and will be the valid and binding limited obligations of the Authority in accordance with their terms.

SECTION 7.02. Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and the principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained herein and in the Bonds.

SECTION 7.03. Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided herein, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Bonds.

SECTION 7.04. Amendments to Installment Purchase Contract. The Authority shall not supplement, amend, modify or terminate any of the terms of the Installment Purchase Contract, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee. The Trustee shall give such written consent only if (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the Owners or result in any material impairment of the security hereby given for the payment of the Bonds or (b) the Trustee first obtains the written consents of the Owners of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided that no such supplement, amendment, modification or termination shall reduce the amount of Installment Payments to be made to the Authority or the Trustee by the City pursuant to the Installment Purchase Contract or extend the time for making such payments without the written consents of all of the Owners of the Bonds then Outstanding.

SECTION 7.05. Extension of Time for Payment of Bonds. The Authority will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement. If the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Trust Agreement, unless the principal represented by all of the Bonds and of all claims for interest represented thereby that shall not have been so extended have been paid in full. Nothing in this Section shall be deemed to limit the right of the Authority to cause the delivery of Bonds for the purpose of refunding any Outstanding Bonds, and such delivery shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 7.06. Preservation of Rights of Owners. The Authority shall at all times, to the extent permitted by law, defend, preserve, and protect the pledge and assignment of Installment Payments and other assets and all the rights of the Owners under this Trust Agreement against all claims and demands of all persons whomsoever.

SECTION 7.07. Federal Income Tax Covenants. The Authority shall at all times do and perform all acts and things permitted by law and this Trust Agreement that are necessary and desirable in order to assure that interest paid on the Bonds will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Authority agrees to comply with the provisions of the Tax Certificate. This covenant shall survive the defeasance or payment in full of the Bonds.

SECTION 7.08. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES OF OWNERS

SECTION 8.01. Events of Default. The following events shall be Events of Default:

(A) Payment Default. Default in the due and punctual payment of the interest on any Bond or the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption when and as the same shall become due and payable;

(B) Breach of Covenant. Default by the Authority in the observance or performance of any covenant, condition, agreement, or provision in this Trust Agreement on its part to be observed or performed, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority by the Trustee;

(C) Installment Purchase Contract Payment Default. A default by the City in the payment of Installment Payments or Additional Payments under the Installment Purchase Contract.

(D) Bankruptcy. A declaration of bankruptcy by the Authority.

SECTION 8.02. Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained herein or in the Bonds to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, including without limitation fees and expenses of its attorneys and agents, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of 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 Owners of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Owners of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

SECTION 8.03. Application of Funds Upon Acceleration. All money in the Project Fund, the Revenue Fund, the Interest Fund, the Principal Fund, and the Reserve Fund upon the date of the declaration of acceleration by the Trustee and all Revenues (other than Revenues on deposit in the Rebate Fund) thereafter received by the Authority hereunder shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the fees, costs and expenses of the Trustee in providing for the declaration of such Event of Default and then to the payment of the costs and expenses of the Owners, if any, in providing for the declaration of such Event of Default, and in carrying out the provisions of this article, including reasonable compensation to their accountants and counsel; and

Second, 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, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal; provided that the money in any Reserve Account shall be applied only to the payment of principal of and interest on Bonds of the Series for which such Reserve Account was established.

SECTION 8.04. Institution of Legal Proceedings by Trustee. If one or more of the Events of Default shall happen and be continuing, the Trustee may, and upon the written request of the Owners of a majority in 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 the Owners of Bonds under this Trust Agreement and under the Installment Purchase Contract by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder. The Trustee may exercise its rights under this Trust Agreement to collect its fees and expenses without the consent of the Owners of any Bonds so long as such exercise does not result in the acceleration of any Bonds.

SECTION 8.05. Non-Waiver. Nothing in this Article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Owners of the Bonds at the respective dates of maturity or upon prior redemption as provided herein from the Revenues as provided herein pledged for such payment, or shall affect or impair the right of such Owners, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Owner to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Owners by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority and any Owner shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 8.06. Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit that any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, whether or not the Trustee is a Owner, and the Trustee is hereby appointed (and the successive Owners, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Owners as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

SECTION 8.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

SECTION 8.08. Limitation on Owners' Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default as defined in Section 8.01 (Events of Default) hereunder; (b) the Owners of at least a majority in aggregate principal amount of all 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) said Owners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of security or 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; 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 enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

ARTICLE IX
THE TRUSTEE

SECTION 9.01. Appointment of the Trustee. U.S. Bank National Association is hereby appointed as Trustee under this Trust Agreement and hereby accepts the trust imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Trust Agreement.

SECTION 9.02. Certain Duties and Responsibilities. (A) When No Default is Continuing. Prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred,

(1) Duties Limited to Those Specified. the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied covenants shall be read into this Trust Agreement against the Trustee;

(2) Reliance on Documents. in the absence of bad faith on its part the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Trust Agreement.

(B) During Continuance of Default. During the existence of any Event of Default (that has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement and use the same degree of care and skill in their exercise as a reasonable person would exercise or use under the circumstances in the conduct of such person's own affairs.

(C) Immunities of Trustee. No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection A of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) 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 not less than a majority (or any lesser amount that may direct the Trustee under this Trust Agreement) in aggregate principal amount of the Bonds at the time Outstanding 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 Trust Agreement; and

(4) no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(D) Immunities Applicable to All Provisions of Trust Agreement. Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article X (The Trustee).

SECTION 9.03. Notice of Defaults. Within forty-five (45) days after the occurrence of any default hereunder, the Trustee shall transmit by mail to all Owners of Bonds as their names and addresses appear on the Bond Register notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of or premium, if any, or interest on any Bond or in the payment of any sinking fund installment, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Owners; and provided further that in the case of any default of the character specified in Section 8.01(B) (Events of Default -- Breach of Covenant) no such notice to Owners shall be given until at least thirty (30) days after the occurrence thereof. For purposes of this Section, the term "default" means any event that is, or after notice or lapse of time or both would become, an Event of Default.

SECTION 9.04. Certain Rights of Trustee; Liability of Trustee. Except as otherwise provided in Section 9.02 (Certain Duties and Responsibilities):

(A) Reliance on Documents Believed Genuine. The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, requisition, consent, order, bond, note, 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) Documentation of Authority's or City's Directions. Any request or direction of the Authority or the City mentioned herein shall be sufficiently evidenced by a Certificate, Statement, Request, Requisition, or Order of the Authority or the City, as the case may be;

(C) Reliance on Authority Statement. Whenever in the administration of the trusts imposed upon it by this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Statement of the Authority, 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) Reliance on Advice of Counsel. The Trustee may consult with counsel, including, without limitation, counsel of or to the Authority or the City, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

(E) Security for Costs. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Trust Agreement, including, without limitation, the provisions of Article IX (Events of Default and Remedies of Owners) hereof, unless such Owners shall have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred therein or thereby.

(F) Investigation of Factual Matters. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Authority or the City, personally or by agent or attorney.

(G) Performance of Duties by Agents. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Trustee shall be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it; provided that the Trustee shall not be answerable for the negligence or misconduct of any attorney-in-law or certified public accountant selected by it with due care.

(H) Knowledge of Event of Default. The Trustee shall not be deemed to have knowledge of, and shall not be required to take any action with respect to, any Event of Default other than an Event of Default described in Section 8.01(a) (Events of Default – Payment Default) unless a Responsible Officer of the Trustee shall have actual knowledge of such event.

(I) No Responsibility for Disclosure Material. The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(J) Extension of Immunities. The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(K) No Duty. The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty.

SECTION 9.05. Trustee Not Responsible for Recitals, Validity of Bonds, or Application of Proceeds.

(A) Trustee Makes No Representations. The recitals of facts herein and in the Bonds contained (other than the Certificate of Authentication on the Bonds) shall be taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Trust Agreement or of the Bonds, as to the sufficiency of the Installment Payments or the priority of the lien of this Trust Agreement thereon, or as to the financial or technical feasibility of any project and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly assigned to or imposed upon it herein or in the Bonds.

(B) Trustee Not Responsible for City's Use of Certain Moneys and Other Actions. The Trustee shall not be responsible for:

(1) the application or handling by the City of any moneys transferred to or pursuant to any Requisition or Request of the City in accordance with the terms and conditions hereof;

(2) the application and handling by the City of any fund or account designated to be held by the City hereunder or under the Installment Purchase Contract;

(3) any error or omission by the City in making any computation or giving any instruction pursuant to the Tax Certificate and the Trustee may rely conclusively on any computations or instructions furnished to it by the City in connection with the requirements of the Tax Certificate; or

(4) the construction, operation, or maintenance of any project or facilities by the City.

SECTION 9.06. Trustee May Hold Bonds. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action that any Owner of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under this Trust Agreement. The Trustee may in good faith hold any other form of indebtedness of the Authority or the City; own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority or the City and make disbursements for the Authority or the City; and enter into any commercial or business arrangement therewith, without limitation.

SECTION 9.07. Compensation and Indemnification of Trustee. The Authority agrees, but solely from Additional Payments received from the City and subject to the provisions of Section 6.01 (Liability of Authority Limited to Revenues):

(A) Compensation. to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder;

(B) Reimbursement. except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provision of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel (including internal counsel)), except any such expense, disbursement, or advance as be attributable to the Trustee's negligence or willful misconduct; and

(C) Indemnification. to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the trusts created hereby, including the costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder or with respect to the Installment Purchase Contract.

The rights of the Trustee and the obligations of the Authority under this Section shall survive the discharge of the Bonds and this Trust Agreement.

SECTION 9.08. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder, which shall be a federally chartered savings association or institution, trust company, or bank having the powers of a trust company authorized to do business in the State, having a combined capital and surplus of at least fifty million dollars ($50,000,000), and subject to supervision or examination by federal or state authority. If such federally chartered savings association or institution, bank, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purpose of this Section the combined capital and surplus of such federally chartered savings association or institution, bank, 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. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Article.

SECTION 9.09. Removal and Resignation; Appointment of Successor.

(A) Effectiveness of Resignation or Removal. No removal or resignation of the Trustee and appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 9.10 (Acceptance of Appointment by Successor).

(B) Trustee's Right to Resign. The Trustee may resign at any time by giving written notice of such resignation to the Authority and the City and by giving the Owners notice of such resignation by mail at the addresses shown on the Bond Register. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

(C) Authority's Right to Remove Trustee. The Authority may, and upon Request of the City shall, remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, by giving written notice of such removal to the Trustee.

(D) Mandatory Removal of Trustee. The Authority shall remove the Trustee if at any time,

(1) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing),

(2) the Trustee shall cease to be eligible in accordance with Section 9.08 (Corporate Trustee Required; Eligibility) and shall fail to resign after written request therefor by the Authority, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

in each case by giving written notice of such removal to the Trustee.

(E) Appointment of Successor. If the Trustee shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Authority shall promptly appoint a successor Trustee by an instrument in writing. If no successor Trustee shall have been so appointed by the Authority and accepted appointment in the manner hereinafter provided within thirty (30) days after such resignation, removal, or incapability or the occurrence of such vacancy, the Owners may, by an instrument or instruments signed by the Owners of a majority in principal amount of the Bonds, appoint a successor Trustee, or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

(F) Performance of Duties by Treasurer. If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer, or designee, of the Authority in trust for the benefit of the Owners.

(G) Notice of Removal or Resignation. The Authority, at the expense of the City, shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Owners as their names and addresses appear in the Bond Register. Each notice shall include the name of the successor Trustee and the address of its corporate trust office. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

SECTION 9.10. Acceptance of Appointment by Successor. Any successor Trustee appointed under this Trust Agreement shall execute and deliver to the Authority, to the City and to its predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, rights, powers, trusts, and duties of the predecessor Trustee; but, at the Request of the Authority or the request of the successor Trustee, the predecessor Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to the successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under this Trust Agreement and shall duly assign, transfer, and deliver to the successor Trustee all property and money held by the predecessor Trustee hereunder. Upon request of any successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, properties, rights, powers, trusts, and duties.

SECTION 9.11. Merger or Consolidation. Any company or entity into which the Trustee may be merged or converted or with which it may be consolidated or any company or entity resulting from any merger, conversion, or consolidation to which it shall be a party or any company or entity to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company or entity shall be eligible under Section 9.08 (Corporate Trustee Required; Eligibility), shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. In case any Bonds shall have been executed, but not delivered, by the Trustee then in office, any successor by merger, conversion, or consolidation to such executing Trustee may adopt such execution and deliver the Bonds so executed with the same effect as if such successor Trustee had itself executed such Bonds.

SECTION 9.12. Preservation and Inspection of Documents. So long as any of the Bonds are Outstanding, all documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the City and any Owner, and their agents and representatives duly authorized in writing, at reasonable times and under reasonable conditions.

SECTION 9.13. Accounting Records and Reports. The Trustee will keep or cause to be kept proper books of record and accounts prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues. The Trustee shall also maintain adequate records, verified with the respective issuer of a Reserve Facility, as to the amount available to be drawn under each Reserve Facility and as to the amounts paid and owing to each issuer of a Reserve Facility. Such books shall be available for inspection by the Authority, the City, the Credit Providers, and the issuers of any Reserve Facilities at reasonable hours and under reasonable conditions.

ARTICLE X
AMENDMENT OF THE TRUST AGREEMENT

SECTION 10.01. Supplemental Trust Agreements without Consent of Owners. This Trust Agreement and the rights and obligations of the Authority, of the Trustee, and of the Owners of the Bonds may be modified or amended from time to time and at any time by a Supplemental

Trust Agreement, which the Authority and the Trustee may enter into without the consent of any Owners but only with the consent of the City and only to the extent permitted by law and only for any one or more of the following purposes:

(A) Additional Security: to add to the covenants and agreements of the Authority contained in this Trust Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(B) Curative Provisions: to make such provisions for the purpose of curing any ambiguity, inconsistency, or omission, or of curing or correcting any defective provision, contained in this Trust Agreement, or in regard to matters or questions arising under this Trust Agreement, or to make any other revisions or additions to this Trust Agreement as the Authority may deem necessary or desirable, and that shall not materially and adversely affect the interests of the Owners of the Bonds;

(C) Trust Indenture Act Qualification: to modify, amend, or supplement this Trust Agreement in such manner as to permit the qualification hereof under the Trust Agreement 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, and that shall not materially and adversely affect the interests of the Owners of the Bonds;

(D) Additional Series. to create any Series of Bonds and make such other provisions as provided in Article III (Issuance and Delivery of Additional Series of Bonds);

(E) Redemption Notification: to modify or supplement the procedures for giving notice of redemption of Bonds in order to comply with regulations promulgated by the United States Securities and Exchange Commission;

(F) Credit Enhancement and Liquidity: to make modifications or adjustments necessary, appropriate, or desirable to accommodate Credit Facilities, Reserve Facilities, and Liquidity Facilities delivered in connection with a Series of Bonds;

(G) Book-Entry Modifications: to amend, modify, or eliminate the book-entry registration system for the Bonds;

(H) Preservation of Tax-Exemption: to make such provisions as are necessary or appropriate to ensure the exclusion of interest on the Bonds from gross income for purposes of federal income taxation; and

(I) No Material Effect: for any other purpose that does not materially and adversely affect the interests of the Owners of the Bonds.

SECTION 10.02. Supplemental Trust Agreements with Consent of Owners or Credit Enhancers. (A) Consent of Owners This Trust Agreement and the rights and obligations of the Authority, the Owners of the Bonds, and the Trustee may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Authority and the Trustee may enter into when the written consent of the City and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee; provided that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section.

(B) Consent of Credit Providers. This Trust Agreement and the rights and obligations of the City and of the Owners of the Bonds and of the Trustee may also be modified or amended at any time by a Supplemental Trust Agreement entered into by the Authority and the Trustee, which shall become binding when the written consents of the City and each Credit Provider shall have been filed with the Trustee, provided that at such time the payment of all the principal of and interest on all Outstanding Bonds shall be insured by a Credit Facility the Credit Provider of which shall be a financial institution or association having unsecured debt obligations rated, or insuring or securing other debt obligations rated on the basis of such insurance or letters of credit, in one of the two highest Rating Categories of Moody's and Standard & Poor's.

(C) Limitations on Amendments. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the principal amount thereof, or extend the time of payment or reduce the amount of any mandatory redemption payment provided for any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of principal of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Trust Agreement prior to or on a parity with the lien created by this Trust Agreement, or deprive the Owners of the Bonds of the lien created by this Trust Agreement on such assets (in each case, except as expressly provided in this Trust Agreement), without the consent of the Owners of all of the Bonds then Outstanding.

(D) Form of Consent. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 10.03. Notice of Amendment. Promptly after the execution and delivery by the Trustee and the Authority of any Supplemental Trust Agreement pursuant to this Section, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Trust Agreement, or attaching a copy thereof, to the Owners of the Bonds at the addresses shown on the Bond Register. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

SECTION 10.04. Execution of Supplemental Trust Agreements. In executing, or accepting the additional trusts created by, any Supplemental Trust Agreement permitted by this Article or the modification thereby of the trusts created by this Trust Agreement, the Trustee shall be entitled to receive, and, subject to Section 9.02 (Certain Duties and Responsibilities), shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Trust Agreement is authorized or permitted by this Trust Agreement. The Trustee may, but shall not be obligated to, enter into any such Supplemental Trust Agreement that affects the Trustee's own rights, duties, or immunities under this Trust Agreement or otherwise.

SECTION 10.05. Effect of Supplemental Trust Agreements. From and after the time any Supplemental Trust Agreement becomes effective pursuant to this Article, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Trust Agreement of the Authority, the Trustee, and all Owners of Bonds Outstanding 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 such Supplemental Trust Agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

SECTION 10.06. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Trust Agreement becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Trust Agreement, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Trust Agreement shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Trust Agreement, shall be prepared and executed by the Trustee and, upon demand of the Owners of any Bonds then Outstanding and upon surrender for cancellation of such Bonds, shall be exchanged at the Corporate Trust Office, without cost to any Owner, for Bonds then Outstanding in equal aggregate principal amounts of the same tenor and maturity.

SECTION 10.07. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE XI
CREDIT FACILITIES

SECTION 11.01. Credit Provider Consent Rights. Notwithstanding any contrary provision hereof, the Credit Providers shall have the following rights hereunder:

(A) Any provision of this Trust Agreement expressly recognizing or granting rights in or to a Credit Provider may not be amended in any manner that affects the rights of such Credit Provider hereunder without the prior written consent of such Credit Provider. Each Credit Provider reserves the right to charge the Authority a fee for any consent or amendment to this Trust Agreement while its Credit Facility, as applicable, is outstanding.

(B) Unless otherwise provided in this Section, the consent of the Credit Providers shall be required in lieu of the consent of the Owners of Bonds insured by them, when the consent of such Owners is required, for the following purposes: (i) execution and delivery of any amendment or supplement to the Trust Agreement or the Installment Purchase Contract, (ii) removal of the Trustee and selection and appointment of any successor Trustee; and (iii) initiation or approval of any action not described in (i) or (ii) above that requires the consent of any such Owner.

(C) Any reorganization or liquidation plan with respect to the Authority must be acceptable to the Credit Providers. In the event of any reorganization or liquidation, each Credit Provider shall have the right to vote on behalf of the Owners of all Bonds insured by it, absent a default by such Credit Provider under the applicable Credit Facility.

SECTION 11.02. Credit Provider Remedies. Anything in this Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, each Credit Provider shall be entitled to exercise all rights and remedies, with respect to the enforcement and control of proceedings, that have been granted to the Owner of any Bond insured by it, as if it were such Owner and for the benefit of such Owner under this Trust Agreement.

SECTION 11.03. Notice Rights.

(A) Upon request of a Credit Provider and while the applicable Credit Facility is in effect, the Authority shall send the following items to such Credit Provider, addressed to the "Surveillance Department" or equivalent:

(1) a copy of any financial statement, audit and/or annual report of the Authority;

(2) a copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Trust Agreement relating to the security for the Bonds;

(3) All notices to be delivered pursuant to any continuing disclosure agreement entered into by the Authority with respect to any Bonds; and

(4) such additional information it may reasonably request.

(B) While a Credit Facility is in effect, the Authority or the Trustee, as applicable, shall furnish the following items to the applicable Credit Provider, addressed to the "General Counsel" or equivalent:

(1) Written notice from the Authority to each Credit Provider of any failure of the Authority to provide relevant notices or certificates pursuant to this Trust Agreement, if it has actual knowledge of such failure;

(2) Notwithstanding any other provision of this Trust Agreement, written notice from the Trustee to each Credit Provider if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder;

(3) All notices to be delivered pursuant to any continuing disclosure agreement entered into by the Authority with respect to any Bonds; and

(4) such additional information it may reasonably request.

(C) The Authority will permit each Credit Provider to discuss the affairs, finances and accounts of the Authority or any information such Credit Provider may reasonably request regarding the security for the Bonds with appropriate officers of the Authority. The Authority will permit each Credit Provider to have access to any public facilities in the City and have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

SECTION 11.04. Effect of Credit Facility Payments. Notwithstanding anything herein to the contrary, if the principal and/or interest due on any Bond shall be paid by a Credit Provider pursuant to its Credit Facility, such Bond shall remain Outstanding for all purposes, not be defeased or otherwise satisfied, and not be considered paid by the Authority, and the pledge of the Revenues and all covenants, agreements and other obligations of the Authority to the Owner thereof shall continue to exist and shall run to the benefit of such Credit Provider, and such Credit Provider shall be subrogated to the rights of such Owner.

IN WITNESS WHEREOF, the WOODLAND FINANCE AUTHORITY has caused this Trust Agreement to be signed in its name by its duly authorized officer and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

WOODLAND FINANCE AUTHORITY

By____
Mark Deven, Administrator

ATTEST:

____
Ana Gonzalez, Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By____
Authorized Officer

FIRST SUPPLEMENTAL TRUST AGREEMENT

between the

WOODLAND FINANCE AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated February 1, 2011

relating to
Woodland Finance Authority
Water Revenue Bonds, Series 2011

(supplemental to the Trust Agreement dated February 1, 2011)

FIRST SUPPLEMENTAL TRUST AGREEMENT

Woodland Finance Authority
Water Revenue Bonds, Series 2011

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FIRST SUPPLEMENTAL TRUST AGREEMENT

This First Supplemental Trust Agreement (the “First Supplement”), dated February 1, 2011, between U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States (the "Trustee"), and the WOODLAND FINANCE AUTHORITY, a public agency duly established and existing under the laws of the State of California (the "Authority");

W I T N E S S E T H:

WHEREAS, the City of Woodland (the “City”) has determined that the issuance by the Authority of bonds under the Trust Agreement dated February 1, 2011 (the “Trust Agreement”), between the Authority and the Trustee to finance and refinance improvements to the City’s domestic water supply system will result in significant public benefits;

WHEREAS, the Authority has authorized the issuance of its Water Revenue Bonds, Series 2011 (the “Series 2011 Bonds”) in an aggregate principal amount of $[PAR AMOUNT] to finance the improvements;

WHEREAS, the Authority has determined to enter into this First Supplement in order to provide for the issuance of the Series 2011 Bonds, to establish and declare the terms and conditions upon which the Series 2011 Bonds shall be delivered and secured, and to secure the payment of the principal thereof and the premium (if any) and interest thereon;

WHEREAS, all acts, conditions, and things required by law to exist, to have happened, and to have been performed to make the Series 2011 Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Authority payable in accordance with their terms, and to constitute this First Supplement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its terms, do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this First Supplement;

NOW, THEREFORE, the parties hereto agree as follows:

I. **Definitions**. Capitalized terms used herein and not defined herein shall have the definitions ascribed to such terms by the Trust Agreement. Unless the context otherwise requires, the additional terms defined below shall for all purposes hereof and of any amendment hereof or supplement hereto and any certificate, opinion, or other document herein mentioned have the meanings specified herein.

First Supplemental Installment Purchase Contract means the First Supplemental Installment Purchase Contract dated February 1, 2011, between the City and the Authority.

Series 2008 Project means the capital facilities purchased pursuant to the 2008 Installment Purchase Contract.

Series 2011 Installment Payments means the installment payments of interest and principal and the redemption premiums, if any, payable by the City under and pursuant to the Installment Purchase Contract as supplemented by the First Supplemental Installment Purchase Contract and described in Section 9.4 (Installment Payments) thereof.

Series 2011 Project means the capital facilities to be constructed as described on Exhibit A to the First Supplemental Installment Purchase Contract.

2008 Installment Purchase Contract means the Installment Purchase Contract dated November 1, 2008, between the City and the Authority.

2011 Purchase Price means the principal amount plus interest thereon owed by the City to the Authority under the terms of the First Supplemental Installment Purchase Contract for the Series 2011 Project and the Series 2008 Project.

II. Supplemental Provisions. The following Article and Sections are hereby added to the Trust Agreement:

ARTICLE XII
THE SERIES 2011 BONDS

SECTION 12.01. Terms and Form of Series 2011 Bonds. (A) Creation of Series 2011. The Authority hereby creates a first Series of Bonds and additionally designates them "Series 2011" At any time after the execution and delivery of this First Supplement, the Authority may execute and the Trustee shall authenticate and deliver the Series 2011 Bonds in the aggregate principal amount of $[PAR AMOUNT] upon the Order of the Authority.

(B) Form of Series 2011 Bonds. The form of the Series 2011 Bonds shall be substantially as set forth in Exhibit A with such insertions, omissions, substitutions, and variations as may be determined by the officers executing the same, as evidenced by their execution thereof, to reflect the applicable terms of the Series 2011 Bonds established by this Article.

(C) Book-Entry Form; Denominations. The Series 2011 Bonds shall be issued in fully registered form, in Authorized Denominations and shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company. The Series 2011 Bonds shall be evidenced by one Series 2011 Bond maturing on each of the maturity dates with respect to the Series 2011 Bonds in a denomination corresponding to the total principal amount represented by the Series 2011 Bonds payable on such date. Registered ownership of the Series 2011 Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.10 (Book-Entry Provisions). The Series 2011 Bonds shall bear such distinguishing numbers and letters as may be specified by the Trustee.

(D) Date; Interest Accrual; Maturity Dates; Interest Rates. The Series 2011 Bonds shall be dated their date of delivery, shall mature in the following amounts on the following dates, and shall bear interest from their date at the following rates per annum:

Maturity Date (March 1)	Principal Amount	Interest Rate

* Term Bond Maturity

Interest on the Bonds shall be calculated on the basis of a 360-day year comprising twelve 30-day months.

(E) Principal and Interest Payments. The principal or Redemption Price of the Series 2011 Bonds shall be payable to the Owner thereof upon surrender thereof in lawful money of the United States of America at the Corporate Trust Office or, as provided in Section 2.10(E) (Payments to Depository), by wire transfer on each principal and mandatory redemption payment date to "Cede & Co." or its registered assign, as sole registered Owner. Interest on the Series 2011 Bonds shall be payable on September 1, 2011, and thereafter semiannually on March 1 and September 1 of each year by check mailed on the Interest Payment Date or, as provided in Section 2.10(E) (Payments to Depository) and upon the written request received by the Trustee at least five (5) days before the applicable Record Date of any Owner of $1,000,000 or more in aggregate principal amount of Bonds who has provided the Trustee with wire transfer instructions, by wire transfer on each Interest Payment Date to the Owner thereof at the close of business on the Regular Record Date. Any such written request shall remain in effect until rescinded in writing by the Owner. Any Owner that requests payment by wire transfer shall pay the associated wire charges. The Regular Record Date for the Series 2011 Bonds shall be the fifteenth (15th) day of the calendar month immediately preceding the relevant Interest Payment Date.

(F) Cessation of Interest Accrual. Interest on any Series 2011 Bond shall cease to accrue (i) on the maturity date thereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount thereof, plus interest accrued thereon to such date; or (ii) on the redemption date thereof, provided there has been irrevocably deposited with the Trustee an amount sufficient to pay the redemption price thereof, plus interest accrued thereon to such date. The Owner of such Bond shall not be entitled to any other payment, and such Bond shall no longer be Outstanding and entitled to the benefits of this Trust Agreement, except for the payment of the purchase price, principal amount or redemption price, of such Bond, as appropriate, from moneys held by the Trustee for such payment.

SECTION 12.02. Redemption of Series 2011 Bonds. (A) General. The Bonds shall be subject to redemption as provided in Article V (Redemption of Bonds).

(B) Casualty Loss or Governmental Taking. The Bonds shall be subject to redemption prior to maturity as a whole on any date or in part (in such maturities as may be specified by the City and at random within a maturity) on any Interest Payment Date, from prepaid Installment Payments made by the City from funds received by the City due to a casualty loss, material title defect, or governmental taking of the Water System or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed herein and in the Installment Purchase Contract, at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

(C) Optional Redemption. The Bonds are also subject to redemption prior to their respective stated maturities at the option of the Authority at the direction of the City, from moneys deposited by the Authority or the City from any source of available funds, as a whole or in part (in such maturities as may be specified by the City and at random within a maturity) on any date, on or after March 1, 20__, at a redemption price equal to the principal amount of Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

(D) Mandatory Sinking Account Redemption. (1) 20__ Term Bonds. The Term Bonds maturing on March 1, 20__, are subject to redemption prior to their stated maturity, in part, at random from amounts deposited into the 20__ Sinking Account in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all Term Bonds optionally redeemed:

Mandatory Redemption Dates (March 1)	**Principal Amount**

* *Maturity*

954061.2 9127. 187187

(2) 20__ Term Bonds. The Term Bonds maturing on March 1, 20__, are subject to redemption prior to their stated maturity, in part, at random from amounts deposited into the 20__ Sinking Account in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all Term Bonds optionally redeemed:

Mandatory Redemption Dates (March 1)	**Principal Amount**

____

* *Maturity*

SECTION 12.03. Application of Series 2011 Bond Proceeds. Upon receipt of the purchase price of the Series 2011 Bonds from the purchaser in the amount of $_____________, the Trustee shall transfer or deposit said proceeds as follows:

(A) transfer to the City for deposit in the Series 2011 Project Fund established pursuant to Section 12.04 (Establishment and Application of Series 2011 Project Fund), the amount of $____________;

(B) deposit into the Reserve Fund established pursuant to Section 6.07 (Funding and Application of Reserve Fund), the amount of $___________;

(C) pay to Capital One Public Funding, LLC, the owner of the Woodland Finance Authority Water Revenue Bonds, Series 2008 (the "Series 2008 Bonds"), the amount of $_____________, which is the redemption price of the Series 2008 Bonds.

The Trustee may establish a temporary account in its records to facilitate such transfers.

SECTION 12.04. Establishment and Application of Series 2011 Project Fund. The City shall establish and maintain a separate fund designated as the "Series 2011 Project Fund." The moneys in the Series 2011 Project Fund shall be used and withdrawn by the City to pay the costs of acquiring and constructing the Series 2011 Project and to pay Costs of Issuance of the Series 2011 Bonds (or reimbursing the City for such costs). All earnings from the investment of moneys in the Series 2011 Project Fund shall be deposited therein. Upon completion of the Series 2011 Project, the City shall transfer any amounts remaining in the Series 2011 Project Fund to the Trustee for deposit in the Revenue Fund.

SECTION 12.05. Validity of Bonds. The recital in the Series 2011 Bonds that they are delivered pursuant to the constitution and statutes of the State shall be conclusive evidence of their validity and of compliance with provisions of law in their issuance and delivery.

SECTION 12.06. Continuing Disclosure. The City hereby covenants that it will comply with and carry out all the provisions of the Continuing Disclosure Agreement.

III. **Provisions of the Trust Agreement.** Except as in this First Supplement expressly provided, every term and condition contained in the Trust Agreement shall apply to this First Supplement and to the Series 2011 Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this First Supplement.

This First Supplement and all the terms and provisions herein contained shall form part of the Trust Agreement as fully and with the same effect as if all such terms and provisions had been set forth in the Trust Agreement. The Trust Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

IV. **Separability of Invalid Provisions**. If any one or more of the provisions contained in this First Supplement or in the Bonds shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this First Supplement and such invalidity, illegality, or unenforceability shall not affect any other provision of this First Supplement, and this First Supplement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority and the Trustee each hereby declares that it would have adopted this First Supplement and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the execution and delivery of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this First Supplement may be held illegal, invalid, or unenforceable.

V. **Effect of Headings and Table of Contents**. The headings or titles of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this First Supplement.

VI. **Execution in Counterparts**. This First Supplement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this First Supplemental Trust Agreement by their officers thereunto duly authorized as of the day and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ____________________________________
Authorized Officer

WOODLAND FINANCE AUTHORITY

By: ____________________________________
Mark Deven, Administrator

ATTEST:

____
Ana Gonzalez, Secretary

EXHIBIT A

FORM OF SERIES 2011 BOND

WOODLAND FINANCE AUTHORITY
WATER REVENUE BONDS, SERIES 2011

R- _____ $__________

MATURITY DATE	INTEREST RATE PER ANNUM	ORIGINAL ISSUE DATE	CUSIP:
March 1, 20__.	_____%	**[closing date]**	______________

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: $______________________

The WOODLAND FINANCE AUTHORITY, a joint exercise of powers agency duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from their original issue date specified above until the principal hereof shall have been paid at the interest rate per annum specified above, payable on September 1, 2011, and semiannually thereafter on each March 1 and September 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable by check mailed by first class mail to the registered owner hereof or, upon the written request of any owner of $1,000,000 or more in aggregate principal amount of bonds (in accordance with the terms of the Trust Agreement described below), by wire transfer. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee").

This Bond is one of a duly authorized issue of bonds of the Authority designated as its "Water Revenue Bonds, Series 2011" (the "Series 2011 Bonds") in the aggregate principal amount of $[PAR AMOUNT], all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement dated February 1, 2011 (the "Trust Agreement"), between the Authority and the Trustee (copies of which are on file at the corporate trust office of the Trustee).

The Bonds are issued to provide funds to finance the cost of the acquisition, construction and equipping of water supply system facilities for the City. The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts pursuant to the Trust Agreement and the revenues (the "Revenues") derived from Installment Payments and other payments made by the City of Woodland (the "City") pursuant to an installment purchase contract dated February 1, 2011 (the "Installment Purchase Contract"), by and between the Authority and the City. The Authority is not obligated to pay interest on and principal of the Bonds except from the Revenues. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge of and charge and lien upon the Revenues. The Revenues constitute a trust fund for the security and payment of the interest on and principal of the Bonds as provided in the Trust Agreement.

The full faith and credit of the Authority and the City of Woodland are not pledged for the payment of the interest on or principal of the Bonds. No tax shall ever be levied or collected to pay the interest on or principal of the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues. Neither the payment of the interest on nor principal of the Bonds is a debt, liability or general obligation of the Authority.

Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds). All the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Authority and the registered owner of this Bond. The registered owner of this Bond, by acceptance hereof, agrees and consents to all the provisions of the Trust Agreement.

The Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, as a whole on any date, or in part (in such maturities as may be specified by the City and at random within a maturity) on any interest payment date, from prepaid Installment Payments made by the City from funds received by the City due to a casualty loss, material title defect, or governmental taking of the Water System or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed in the Trust Agreement and in the Installment Purchase Contract, at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Bonds maturing on March 1, 20__, March 1, 20__, and March 1, 20__, are also subject to mandatory redemption prior to their respective stated maturities, in part by lot, commencing on March 1, 20__, March 1, 20__, and March 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, in accordance with the schedule set forth in the Trust Agreement.

The Bonds are also subject to redemption prior to their respective stated maturities at the option of the Authority at the direction of the City, from moneys deposited by the Authority or the City from any source of available funds, as a whole or in part (in such maturities as may be specified by the City and at random within a maturity) on any date on or after March 1, 20__, at a redemption price equal to the principal amount of Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Notice of redemption of this Bond shall be given by first class mail not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof, subject to and in accordance with provisions of the Trust Agreement with respect thereto. If notice of redemption has been duly given as aforesaid and money for the payment of the above-described redemption price is held by the Trustee, then this Bond shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated, interest on this Bond shall cease to accrue and the registered owner of this Bond shall have no rights with respect hereto except to receive payment of the redemption price hereof.

If an event of default, as defined in the Trust Agreement, 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 Trust Agreement, except that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Bond is transferable by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount in authorized denominations will be issued to the transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication attached hereto shall have been executed and dated by the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

The rights and obligations of the Authority and of the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon terms provided in the Trust Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of Bonds.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Woodland Finance Authority has caused this Bond to be executed in its name and on its behalf by the President of the Authority and countersigned by the Secretary of the Authority, and has caused this Bond to be dated as of the original issue date specified above.

WOODLAND FINANCE AUTHORITY

By____
Art Pimentel, President

Countersigned:

____
Ana Gonzalez, Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS]

This is one of the Bonds described in the within mentioned Trust Agreement which has been authenticated on ______________.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By____
Authorized Officer

[FORM OF ASSIGNMENT TO
APPEAR ON BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____________________ the within Bond and do(es) hereby irrevocably constitute and appoint ___________________ attorney, to transfer the same on the bond register of the Trustee, with full power of substitution in the premises.

Dated: _______________

____
NOTE: The signature(s) to this Assignment must correspond with the name(s) on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature(s) Guaranteed by:

____
NOTE: Signature(s) must be guaranteed by an eligible guarantor institution (being banks, stock brokers, savings and loan associations, and credit unions with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17A(d)15.

Social Security Number, Tax Identification Number, or other identifying number of Assignee: ____

[FORM OF LEGAL OPINION – SERIES 2011]

The following is a true copy of the opinion rendered by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds described therein. A signed copy is on file in my office.

____

Secretary of the Authority

[closing date]

Members of the Board
Woodland Finance Authority
300 First Street
Woodland, California 95695

Re: Woodland Finance Authority
Water Revenue Bonds, Series 2011
(Final Opinion of Bond Counsel)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Woodland Finance Authority (the "Authority") of $[PAR AMOUNT] aggregate principal amount of its Water Revenue Bonds, Series 2011 (the "Bonds"). The Bonds are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985 (the "Act") (Article 4, Chapter 5, Division 7, Title 1 of the California Government Code) and all laws of the State of California supplemental thereto and pursuant to the provisions of the Trust Agreement, as supplemented by the First Supplemental Trust Agreement (collectively, the "Trust Agreement"), both dated February 1, 2011, between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Trust Agreement.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the Authority and the City contained in the Trust Agreement, the Installment Purchase Contract, and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Authority has been duly created and is validly existing as a public agency of the State of California with full power and authority to enter into the Installment Purchase Contract and the Trust Agreement; to perform the other agreements on its part contained in the Trust Agreement; and to issue the Bonds.

2. The Trust Agreement, including the First Supplemental Trust Agreement, has been duly executed and delivered by the Authority and is a valid and binding obligation of the Authority. The aggregate principal amount of Bonds issued under the Trust Agreement does not exceed any limitation imposed by law or by the Trust Agreement.

3. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues, as such term is defined in the Trust Agreement, and all other amounts held in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement, to the extent set forth in the Trust Agreement and subject to the provisions of the Trust Agreement that permit the Authority to apply the Revenues and other amounts for the purposes and on the terms and conditions set forth in the Trust Agreement. The Trust Agreement also creates a valid assignment to the Trustee, for the benefit of the holders from time to time of the Bonds, of the right, title and interest of the Authority in the Installment Purchase Contract, to the extent more particularly described in the Trust Agreement.

4. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Trust Agreement.

5. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge and assignment. Neither the faith and credit nor the taxing power of the City, the State of California, or any subordinate entity or political subdivision of either is pledged to the payment of the principal of or interest on the Bonds. The Authority has no taxing power. The Bonds are not a debt of the City, the State of California, or any other political subdivision of the State of California, none of which is liable for the payment thereof.

6. The Installment Purchase Contract, including the First Supplemental Purchase Contract, has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority and the City.

7. The obligation of the City to make Installment Payments pursuant to the Installment Purchase Contract is a limited obligation of the City payable solely out of the Net Water Revenues. The Installment Purchase Agreement does not constitute a debt of the City or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation or for which the City has levied or pledged any form of taxation.

8. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the City have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of

the Bonds. We express no opinion regarding other federal tax consequences, arising with respect to the accrual or receipt of interest on, or the ownership or disposition of the Bonds.

9. Interest on the Bonds is exempt from State of California personal income taxes.

The opinions set forth above are further qualified as follows:

a. The rights of the holders of the Bonds and the enforceability of the Bonds, the Installment Purchase Contract, and the Trust Agreement are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights generally, the application of general principles of equity, including without limitation concepts of materiality, reasonableness, good faith, and fair dealing, the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and the limitations on legal remedies imposed on actions against public agencies in the State of California.

b. We express no opinion as to the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party.

c. We express no opinion as to the effect or availability of any specific remedy provided for in the Trust Agreement or the Installment Purchase Contract under particular circumstances, except that we believe such remedies are, in general, sufficient for the practical realization of the rights intended thereby.

d. We express no opinion as to the enforceability of any indemnification, contribution, choice of law, choice of forum, or waiver provisions contained in the Trust Agreement or the Installment Purchase Contract.

e. We undertake no responsibility for the accuracy, completeness, or fairness of any offering materials relating to the Bonds and express no opinion herein with respect thereto.

f. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine or to inform any person whether any such actions are taken or omitted or events do occur. We disclaim any obligation to update this opinion for events occurring after the date hereof.

Very truly yours,

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") is executed and delivered by the City of Woodland (the "City") in connection with the issuance by the Woodland Finance Authority of $_________ aggregate principal amount of Woodland Finance Authority Water Revenue Bonds Series 2011 (the "Bonds") pursuant to a Trust Agreement dated as of February 1, 2011 (the "Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee, made by the City, and in connection therewith the City agrees and covenants as follows:

SECTION 1. Purpose of the Continuing Disclosure Certificate. This Continuing Disclosure Certificate is being executed and delivered by the City for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Continuing 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 Continuing Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the ___________ of the City or such other official as may be designated in writing to the Dissemination Agent (if other than the City) from time to time.

"Dissemination Agent" shall mean U. S. Bank Trust National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 1 5c2- 1 2(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1 934, as the same may be amended from time to time.

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The City shall, not later than seven (7) months following the end of each Fiscal Year, commencing with the Fiscal Year ending on June 30, 2011, provide to each Repository an Annual Report that is consistent with the requirements hereof, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference any other information (as provided in Section 4 (Content of Annual Reports) hereof); provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report. The City's current fiscal year ends June 30. If the fiscal year of the District changes, it shall give notice of such change in the same manner as for a Listed Event under this Continuing Disclosure Certificate.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Disclosure Report to the MSRB, the City shall provide the Annual Disclosure Report to the Dissemination Agent (if other than the City). The City shall provide, or cause the preparer of the Annual Disclosure Report to provide, a written certificate with each Annual Disclosure Report furnished to the Dissemination Agent to the effect that such Annual Disclosure Report constitutes the Annual Disclosure Report required to be furnished to it hereunder. The Dissemination Agent may conclusively rely upon such certification and shall have no duty or obligation to review such Annual Disclosure Report.

(c) If the City is unable to provide the Annual Report to the Dissemination Agent by the date specified herein, the City shall send a notice to the MSRB in substantially the form attached as in Exhibit "A."

(d) The Dissemination Agent shall:

1. If not previously filed by the City, send a notice to the MSRB in substantially the form attached as Exhibit A, if the City is unable to provide to the Annual Disclosure Report to the MSRB by the date required in subsection (a).

2. File a report with the City certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The adopted budget of the Water Enterprise System of the City for the then current fiscal year, the audited financial statements of the Water Enterprise System of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements set forth in Table 11 in the final Official Statement and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) a description of the Bonds issued by the City and outstanding as of the date of such report;

(c) the principal amount of a surety bond, if any, and/or the amount on deposit in the Reserve Account relating to the Bonds as of the end of the prior fiscal year;

(d) schedule of Bond redemptions and the source of funds for such redemptions; and

(e) Annual updates of the following Tables:

1) Table 2 – Debt Service Schedule;
2) Table 3 – Estimated Debt Service Coverage;
3) Table 65 – Customer Base By Type of Account;
4) Table 9 – Ten Largest Users By Water Consumption;
5) Table 10 – Delinquency Rate by Type of Account;
6) Table 11 – Historical and Current Water System Rates;
7) Table 14 –Development Fee Revenues;
8) Table 15 – Statement of Net Assets;
9) Table 16– Historical Statement of Revenues and Expenses and Changes in Fund Net Assets; and
10) Table 18– Statement of Cash Flows.

The City's current fiscal year ends June 30. The City may adjust such fiscal year by providing written notice of the change of fiscal year to each then existing National Repository and the State Repository, if any.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been made available to the public on the MSRB website. 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 Continuing Disclosure Certificate, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes; or

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person. This event is considered to occur upon the happening of any of the following: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in Section 5(a)(v) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of the Bond holders;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution, or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the City obtains knowledge of the occurrence of a Significant Event, it shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of an event listed in Section 5(a) above or determines that knowledge of the occurrence of an event listed in Section 5(b) above would be material under applicable federal securities laws, the City shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Significant Events described in Section 5(a)(vii) and Section 5(b)(iii) above need not be given any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

SECTION 6. <u>Termination of Reporting Obligation</u>. The City's obligations under this Continuing Disclosure Certificate shall terminate upon the date of legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as that for giving notice of the occurrence of a Significant Event under Section 5(c). Notwithstanding the foregoing, notice of Significant Events described in Section 5(a)(vii) and Section 5(b)(iii) above need not be given any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any provision hereof, the City may amend or waive this Continuing Disclosure Certificate, and any provision of this Continuing Disclosure Certificate, provided the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing contained herein shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth herein 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 hereby. If the City chooses at any time to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required hereby, the City shall have no obligation hereunder 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 to comply with any provision hereof, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations hereunder; provided that a default hereunder shall not be deemed an event of default under the Trust Agreement, and the sole remedy hereunder in the event of any failure of the City to comply with the agreements and covenants contained herein shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and 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 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 shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Continuing Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriters, and the holders and beneficial owners from time to of the Series Bonds, and shall create no rights in any other person or entity

DATE: ____________, 2011

CITY OF WOODLAND

By:_______________________________
Finance Officer

EXHIBIT "A"

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

Name of Issuer: City of Woodland

Name of Bond Issue: Woodland Finance Authority Water Revenue Bonds, Series 2011

Date of Issuance: ____________, 2011

NOTICE IS HEREBY GIVEN that the City of Woodland has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed on the date of issuance of the Bonds by the City, and the City anticipates that the Annual Report will be filed by ______________________.

Dated: [Date of Notice]

CITY OF WOODLAND

By:_______________________________
Finance Officer

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 2, 2011

NEW ISSUE–BOOK-ENTRY ONLY **S&P __**
(See "RATING[S]")

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon an analysis of existing statutes, regulations, rulings and court decisions and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2011 Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Series 2011 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2011 Bonds. See "TAX MATTERS."

$__,___,000*
WOODLAND FINANCE AUTHORITY
WATER REVENUE BONDS
SERIES 2011

Dated: Date of Delivery — Due: March 1, as shown below

The Woodland Finance Authority Water Revenue Bonds, Series 2011 in the principal amount of $__,___,000* (the "Series 2011 Bonds") are being issued by the Woodland Finance Authority (the "Authority") to: (i) refund on a current basis[, together with other available funds,] all of the $8,875,000 outstanding principal amount of Woodland Finance Authority Water Revenue Bonds, Series 2008 (the "Series 2008 Bonds"); (ii) finance the costs of acquiring, installing and constructing certain improvements (the "2011 Project") to the water system (the "Water System") of the City of Woodland (the "City"); (iii) fund a reserve account within the Reserve Fund in the amount of the Series Required Reserve (each as defined herein); and (iv) pay certain costs associated with the issuance and delivery of the Series 2011 Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS." Following the refunding of the Series 2008 Bonds, the Water System will have no other outstanding debt secured by Water Revenues.

The Series 2011 Bonds are limited obligations of the Authority payable solely from revenues of the Authority, consisting primarily of Series 2011 Installment Payments (as defined herein) made by the City to the Authority pursuant to an Installment Purchase Contract dated February 1, 2011 (the "Master Installment Purchase Contract"), as amended and supplemented by the First Supplemental Installment Purchase Contract dated February 1, 2011 (the "First Amendment to Installment Purchase Contract" and together with the Master Installment Purchase Contract, the "Installment Purchase Contract") for the installment purchase of the 2011 Project.

The Series 2011 Bonds are issued pursuant to the terms of the Trust Agreement dated February 1, 2011 (the "Master Trust Agreement"), as amended and supplemented by the First Supplemental Trust Agreement dated February 1, 2011 (the "First Supplemental Trust Agreement" and together with the Master Trust Agreement, the "Trust Agreement"), each by and between the Authority and U.S. Bank National Association., as trustee (the "Trustee"). The principal of the Series 2011 Bonds is payable upon their respective stated maturities on March 1 of each year. Interest on the Series 2011 Bonds will be payable semiannually on March 1 and September 1, commencing September 1, 2011.

The Series 2011 Bonds will be issued in book-entry form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Series 2011 Bonds. Ownership interests in the Series 2011 Bonds may initially be purchased, in denominations of $5,000 or any integral multiple thereof, in book-entry only form as described herein. So long as Cede & Co is the registered owner of the Series 2011 Bonds, payments of principal and interest will be made to Cede & Co., as nominee for DTC. DTC is required in turn to remit such payments to DTC Participants for subsequent disbursements to Beneficial Owners. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants as more fully described herein. See APPENDIX F–"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Series 2011 Bonds are subject to optional, mandatory and extraordinary redemption as described herein. See "THE SERIES 2011 BONDS–Redemption Provisions."

THE SERIES 2011 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, CONSISTING PRIMARILY OF SERIES 2011 INSTALLMENT PAYMENTS AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT AS DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, THE COUNTY OF YOLO, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SERIES 2011 BONDS. THE OBLIGATION OF THE CITY TO MAKE SERIES 2011 INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION PAYABLE SOLELY FROM NET WATER REVENUES AND CERTAIN OTHER LEGALLY AVAILABLE FUNDS AS PROVIDED IN THE INSTALLMENT PURCHASE CONTRACT AND DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE CITY FOR WHICH IT IS OBLIGATED TO LEVY OR PLEDGE, OR FOR WHICH IT HAS LEVIED OR PLEDGED, ANY FORM OF TAXATION. THE SERIES 2011 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

[The scheduled payment of principal of and interest on the bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2011 Bonds by _______________. See "BOND INSURANCE" and APPENDIX G–"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."]

[Insurer Logo]

This cover page contains information for quick reference only. It is ***not*** a complete summary of the Series 2011 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. **See "CERTAIN RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2011 Bonds.**

The Series 2011 Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Authority and the City by the City Attorney and by Lofton & Jennings, San Francisco, California, Disclosure Counsel. It is anticipated that the 2011 Bonds will be available for delivery in book-entry only form through the facilities of DTC in New York, New York on or about __________, 2011.

Southwest Securities, Inc.

Brandis Tallman LLC **Wulff, Hansen & Co.**

Dated: ___________, 2011.

____

* Preliminary, subject to change.

MATURITY SCHEDULE

$_________ Serial Bonds

Maturity (March 1)	Principal Amount	Interest Rate	Initial Price or[1] Yield[1]	CUSIP No.[2]

$_______ ____% Term Bonds due March 1, 20__–Price[1]: _____%–Yield[1]: ____% – CUSIP No. [2]_______
$_______ ____% Term Bonds due March 1, 20__–Price[1]: _____%–Yield: [1] ____% – CUSIP No. [2]_______

____
(1) Initial prices and yields were provided by the Underwriters.
(2) Copyright 2011, American Bankers Association. CUSIP data herein is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the City takes any responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the Authority, the City, or the Underwriters to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2011 Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there at any time does not imply that the information contained herein is correct as of any time subsequent to its date.

The information set forth herein has been obtained from sources that are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Authority, the City or the Underwriters. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City or the Water System since the date hereof.

This Official Statement contains forecasts, projections, estimates and other forward-looking statements that are based on current expectations. The words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, changes in social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, seismic events and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to such forward-looking statements contained herein if or when the expectations, events, conditions or circumstances on which such statements are based, occur, or if actual results, performance or achievements are materially different from any results, performance or achievements described or implied by such forward-looking statements.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Series 2011 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2011 Bonds to certain dealers and banks at prices lower than the initial public offering prices stated on the inside cover page and such public offering prices may be changed from time to time by the Underwriters.

All summaries of the Trust Agreement and the Installment Purchase Contract (each as defined herein), and to other statutes and documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement including any amendment or supplement hereto is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Series 2011 Bond and the Authority, the City or the Underwriters.

The issuance and sale of the Series 2011 Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities. The registration or qualification of the Series 2011 Bonds in accordance with applicable provisions of securities laws of the states in which these Series 2011 Bonds have been registered or qualified, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof. None of these states or any of their agencies have passed upon the merits of the securities or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

WOODLAND FINANCE AUTHORITY
PRESIDENT AND BOARD
AND
CITY OF WOODLAND
MAYOR AND CITY COUNCIL

Art Pimentel, *Member and Mayor*
Marlin H. "Skip" Davies, *Member and Vice Mayor*
Martie L. Dote, *Member and Councilmember*
William L. Marble, *Member and Councilmember*
Vacant†, *Member and Councilmember*

AUTHORITY AND CITY STAFF

Mark Deven, *Administrator and City Manager*
Kimberly McKinney, *Finance Officer*
Ana B. Gonzalez, *Secretary and City Clerk*
Andrew Morris, *Counsel to the Authority and City Attorney*
Gregor G. Meyer, *Public Works Director*

SPECIAL SERVICES

Kronick, Moskovitz, Tiedemann & Girard,
a Professional Corporation
Sacramento, California
Bond Counsel

Lofton & Jennings
San Francisco, California
Disclosure Counsel

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

Del Rio Advisors, LLC
Modesto, California
Financial Advisor

† Due to a resignation, this position became vacant on December 18, 2010. The City Council has until February 16, 2011 to make an appointment or call a special election to fill this vacancy.

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Water System Map

$__,___,000*
WOODLAND FINANCE AUTHORITY
WATER REVENUE BONDS
SERIES 2011

INTRODUCTION

*The description and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the Trust Agreement (defined below). See also, APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–*DEFINITIONS.*"*

General

This Official Statement, including the cover page, the inside cover page and the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the Woodland Finance Authority (the "Authority") of $__,___,000* aggregate principal amount Woodland Finance Authority Water Revenue Bonds Series 2011 (the "Series 2011 Bonds").

The Series 2011 Bonds are being issued pursuant to a Trust Agreement dated February 1, 2011 (the "Master Trust Agreement"), as amended and supplemented by the First Supplemental Trust Agreement dated February 1, 2011 (the "First Supplemental Trust Agreement" and together with the Master Trust Agreement, the "Trust Agreement"), each by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Pursuant to the Trust Agreement, the Authority will pledge to the Trustee, for the benefit of the Owners of the Series 2011 Bonds (as defined herein), all of the Revenues, consisting primarily of payments (the "Series 2011 Installment Payments") made by the City of Woodland (the "City") to the Authority for the installment purchase of the 2011 Project (as defined herein).

The Authority and the City will enter into an Installment Purchase Contract dated February 1, 2011 (the "Master Installment Purchase Contract"), as amended and supplemented by the First Supplemental Installment Purchase Contract dated February 1, 2011 (the "First Amendment to Installment Purchase Contract" and together with the Master Installment Purchase Contract, the "Installment Purchase Contract"), pursuant to which the Authority agrees to acquire the 2011 Project and sell the 2011 Project to the City. See "THE 2011 PROJECT." The Series 2011 Bonds are limited obligations of the Authority payable solely from Revenues.

The Series 2011 Installment Payments made by the City to the Authority under the Installment Purchase Contract are equal to the scheduled debt service on the Series 2011 Bonds.

Purpose

The proceeds of the Series 2011 Bonds will be used to: (i) refund on a current basis[, together with other available funds,] all of the $8,875,000 outstanding principal amount of Woodland Finance Authority Water Revenue Bonds, Series 2008 (the "Series 2008 Bonds"); (ii) finance the costs of acquiring, installing and constructing certain improvements (the "2011 Project") to the City's Water System (the "Water System"); (iii) fund a reserve account within the Reserve Fund in the amount of the Series Required Reserve (each as defined herein); and (iv) pay certain costs associated with the issuance and delivery of the Series 2011 Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

* Preliminary, subject to change.

Redemption

The Series 2011 Bonds are subject to optional, mandatory and extraordinary redemption prior to their respective stated maturities. See "THE SERIES 2011 BONDS–Redemption Provisions."

Security and Sources of Payment for the Series 2011 Bonds

General. The Authority will pay the principal of, redemption premium, if any and interest on the Series 2011 Bonds solely from Revenues, consisting of Series 2011 Installment Payments made by the City. The obligation of the City to make the Series 2011 Installment Payments from Net Water Revenues (defined herein) is absolute and unconditional and until the Series 2011 Bonds are paid in full and may not be abated, discontinued or suspended whether or not the 2011 Project or any part thereof is operating or operable or has been completed, or its use suspended, interfered with reduced or curtailed or terminated in whole or in part. The payments made by the City under the Installment Purchase Contract are scheduled in both time and amount to provide sufficient funds to pay, when due, the principal of and interest on the Series 2011 Bonds. **No funds or properties of the City, other than the Net Water Revenues, are pledged to pay the Series 2011 Installment Payments.** See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS–Installment Purchase Contract."

O&M Obligations. The City may at any time enter into contracts with the State or the United States of America the payments under which are secured by a pledge of Water Revenues that is senior to the obligation to make the Series 2011 Installment Payments, provided that such contract does not include a covenant restricting the issuance of additional obligations or require the City to maintain rates and charges in amounts any greater than required to meet the repayment obligations under such contract. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS–Pledge of Revenues."

Parity Obligations. The City may at any time execute Contracts or issue City Revenue Bonds (each as defined herein) that are payable from and secured by a pledge of Water Revenues that are on a parity with the obligation to make the Series 2011 Installment Payments from Net Water Revenues as provided in the Installment Purchase Contract. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS–Parity Obligations."

Subordinate Obligations. The City may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose that are payable from and secured by a pledge of Net Water Revenues, provided that such pledge and lien is subordinate in all respects to the pledge of and lien on the Water Revenues as provided in the Installment Purchase Contract.

THE SERIES 2011 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, CONSISTING PRIMARILY OF SERIES 2011 INSTALLMENT PAYMENTS AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT AS DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, THE COUNTY OF YOLO, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SERIES 2011 BONDS. THE OBLIGATION OF THE CITY TO MAKE SERIES 2011 INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION PAYABLE SOLELY FROM NET WATER REVENUES AND CERTAIN OTHER LEGALLY AVAILABLE FUNDS AS PROVIDED IN THE INSTALLMENT PURCHASE CONTRACT AND DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE CITY FOR WHICH IT IS OBLIGATED TO LEVY OR PLEDGE, OR FOR WHICH IT HAS LEVIED OR PLEDGED, ANY FORM OF TAXATION. THE SERIES 2011 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

[Bond Insurance]

[As additional security for the Series 2011 Bonds, payment of principal of and interest on the Series 2011 Bonds when due will be guaranteed under an insurance policy (the "Bond Insurance Policy") to be issued concurrently with the delivery of the Series 2011 Bonds by ________ (the "Bond Insurer"). See "BOND INSURANCE" and APPENDIX K–"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."]

Reserve Fund

The Trust Agreement establishes a Reserve Fund. A separate account (the "Series 2011 Reserve Account") is established within the Reserve Fund in an amount equal to the Series Required Reserve, which is, as of any date of calculation, equals the least of: (i) Maximum Annual Debt Service in any Bond Year on the Series 2011 Bonds, (ii) 125% of Average Annual Debt Service in any Bond Year on the Series 2011 Bonds, and (iii) 10% of the original principal amount of the Series 2011 Bonds. The Trust Agreement permits the City to satisfy the Reserve Fund funding requirement by delivering a surety bond or letter of credit securing the amount of the Reserve Fund Requirement to the Trustee. On the date of the delivery of the Series 2011 Bonds, the Authority will deposit [proceeds in the amount of $________ / a debt service reserve policy (the "Reserve Fund Surety Policy") issued by the Bond Insurer] into the Series 2011 Reserve Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS–Reserve Fund."

No Outstanding Debt

Following the refunding of the Series 2008 Bonds, the Water System will have no other outstanding debt secured by Net Water Revenues other than the Series 2011 Bonds.

Risk Factors

Certain events could affect the ability of the City to pay debt service on the Series 2011 Bonds when due. See "CERTAIN RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2011 Bonds.

Continuing Disclosure

The City has covenanted for the benefit of Owners and Beneficial Owners to provide certain financial information and operating data relating to the City not later than seven months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2011 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of material events will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access site. The specific nature of the information to be contained in the Annual Report and the notices of material events is set forth in APPENDIX E–"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Additional Information

This Official Statement contains brief descriptions of the Series 2011 Bonds, the security for the Series 2011 Bonds, the Trust Agreement, the Installment Purchase Contract, the Authority, the City, the Water System and certain other information relevant to the issuance of the Series 2011 Bonds. All references herein to the Trust Agreement are qualified in their entirety by reference to the complete text thereof and all references to the Series 2011 Bonds are further qualified by reference to the form thereof contained in the Trust Agreement. The proposed form of legal opinion of Bond Counsel for the Series 2011 Bonds is set forth in APPENDIX D. All capitalized terms used in this Official Statement, unless noted otherwise, shall have the same meanings as set forth in the Trust Agreement. See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS

OF THE PRINCIPAL LEGAL DOCUMENTS–DEFINITIONS." The information set forth herein and in the Appendices hereto has been furnished by the Authority and the City and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by the Authority or the City. Copies of documents referred to herein and information concerning the Series 2011 Bonds are available upon written request from the Finance Officer of the City, City Hall, 300 First Street, Woodland, California 95695; telephone: 530-661-5800. The City may impose a charge for copying, mailing and handling.

PLAN OF FINANCE

2011 Project

The 2011 Project consists of financing the costs of planning, construction and installation of improvements to the Water System to increase reliability, quality and delivery of water within the Service Area. The improvements are identified in Capital Improvement Program (the "CIP") described below and include the acquisition, construction, installation and modification of water wells, to increase the reliability of the Water System; destruction of old wells; construction of monitoring wells to protect and monitor the quality of the water supply; construction of storage and pumping facilities; and installation of new or replacement transmission service lines to improve delivery, as described below.

Water Meters. As required by the Water Measurement Law (defined herein), urban water suppliers, including the City, are required to begin consumption based water service for all dwellings and buildings constructed after January 1, 1992. In order to ease the transition to metered billing, and in compliance with the Water Measurement Law, the City elected to install or retrofit existing water meters with an Automated Meter Reading System (an "AMR") in two phases. Phase I which consisted of installing and/or retrofitting approximately 5,000 water meters with AMRs, was completed in early 2010. See also "–Refunding."

Phase II, which is a component of the 2011 Project, consists of the installation of approximately 8,000 water meters to the remaining users of the Water System. This component of the 2011 Project commenced in 2009 and is expected to be completed in fall 2011. See also "WATER SYSTEM–Water Supplies and Facilities–*Water Supply Demand Measures ad Conservation Efforts*."

Ground Level Water Tank Construction. This component of the 2011 Project consists of the design and construction of a ground level, three million gallon water tank and a booster pump station. Construction of this component of the 2011 Project is expected to commence in spring 2011 and be completed in spring 2012.

Well Replacement or Rehabilitation and Pipe Replacement or Rehabilitation. This component of the 2011 Project consists of the construction and replacement or rehabilitation of up to three wells, and replacement or rehabilitation of approximately two miles of pipelines throughout the City. It is expected that this component of the 2011 Project will commence in spring 2011 and be completed in fall 2012.

The various components comprising the 2011 Project are expected to be bid separately under procedures established in the CIP and regulated by the State Public Contracts Code.

Contractors and Construction Contracts. The bid packages for general contractors for the 2011 Project are expected to be available in early 2011. Construction contracts for the various components of the 2011 Project are expected to be awarded to the lowest responsive bidders in spring 2011 and spring 2012.

Set forth in Table 1 below are the estimated costs of the 2011 Project.

Table 1
City of Woodland
Estimated Costs of the 2011 Project[1]

Component	
Meter Implementation	$1,700,000
Ground Level Water Tank	4,300,000
Well Replacement/Rehabilitation/Ground Level Tank Construction and Pipe Replacement/Rehabilitation	1,601,000
TOTAL	$7,601,000[2]

(1) Costs are estimated based upon estimates and cost proposals submitted by engineers for the 2011 Project and well drilling operators.
(2) Includes a 15% contingency based upon the total amount of the 2011 Project.
Source: City of Woodland.

Environmental and Other Approvals. In connection with each component of the 2011 Project, the City Council made the requisite findings and filed or will file the required filings under CEQA. It is anticipated that the components of the 2011 Project will either be declared exempt from CEQA or mitigated negative declarations will be filed prior to preceding with the acquisition, construction or installation of those. It is expected that the other permits and approvals, including conditional use permits, zoning variances, building permits, etc. required or necessary for each component of the 2011 Project will be received in due course.

Seismic Standards. Each component of the 2011 Project is designed to meet or exceed current seismic standards for municipal water systems.

Refunding

The Series 2008 Bonds were issued pursuant to a Trust Agreement dated as of November 1, 2008, as supplemented by a First Supplement to Trust agreement, dated as of November 1, 2008 (together, the "Series 2008 Trust Agreement"), each by and between the Authority and U.S. Bank National Association, as trustee (the "Series 2008 Trustee"). The proceeds of the Series 2008 Bonds were used to acquire, install and construct certain improvements to the Water System consisting of Phase I of the acquisition and installation of 5,000 water meters with AMRs; construction, installation and modification of three wells; construction, replacement and installation of a 400,000 gallon elevated water tank repair and replacement of service lines and pipes; and the acquisition and installation of monitoring and auditing systems. With the exception of the installation of the AMRs that was completed in early 2010, all of these improvements were completed in fall 2010.

A portion of the proceeds of the Series 2011 Bonds will be deposited with U.S. Bank National Association, in its capacity as escrow agent (the "Escrow Agent") under an Escrow Agreement dated February 1, 2011, between the Authority and U.S. Bank National Association. The amounts deposited with the Escrow Agent will be held in cash, and will be sufficient to pay the redemption price of, including interest, on the Series 2008 Bonds on ________, 2011.

Upon the deposit of cash with the Escrow Agent, the Series 2008 Bonds will no longer be deemed outstanding under the Series 2008 Trust Agreement.

THE SERIES 2011 BONDS

Description

The Series 2011 Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Series 2011 Installment Payments to be made by the City to the Authority pursuant to the terms of the Installment Purchase Contract.

The Series 2011 Bonds will be issued in fully registered form, in denominations of $5,000 each or any integral multiple thereof within a single maturity. The Series 2011 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2011 Bonds. Individual purchases will be made in book-entry only form. Underwriters will not receive physical certificates representing their beneficial ownership interest in the Series 2011 Bonds. So long as the Series 2011 Bonds are registered in the name of the nominee, payment of principal of, premium, if any, and interest on the Series 2011 Bonds will be payable to DTC or its nominee. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F–"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Series 2011 Bonds will be dated the date of delivery, and will mature on the dates and in the principal amounts and will bear interest at the rates per annum set forth on the cover page of the Official Statement. Interest on the Series 2011 Bonds will be payable on March 1 and September 1 each year (each an "Interest Payment Date"), commencing [September] 1, 2011. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Purpose

For a description of the purpose of the Series 2011 Bonds, see "THE 2011 PROJECT."

Redemption Provisions

Optional Redemption. The Series 2011 Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority at the direction of the City, from moneys deposited by the Authority or the City from any source of available funds, as a whole or in part (in such maturities specified by the City and by lot within a maturity), on any date on or after March 1, 20__ at a redemption price equal to 100% of the principal amount of Bonds called for redemption, plus accrued interest with respect thereto to the date fixed for redemption, without premium.

Mandatory Sinking Account Redemption. The Series 2011 Bonds maturing on March 1, 20__ (the "20__ Term Bonds"), are subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot, from amounts on deposit in the 20__ Term Bonds Sinking Account at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest on to the date fixed for redemption, without premium, as specified below:

20 Term Bonds

Mandatory Redemption Dates (March 1)	Principal Amount
†	

† Maturity.

The Series 2011 Bonds maturing on March 1, 20__ (the "20__ Term Bonds"), are subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot, from amounts on deposit in the 20__ Term Bonds Sinking Account at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest on to the date fixed for redemption, without premium, as specified below:

20 Term Bonds

Mandatory Redemption Dates (March 1)	Principal Amount
†	

† Final Maturity.

Extraordinary Redemption Due to Casualty Loss or Governmental Taking. The Series 2011 Bonds are subject to redemption prior to maturity as a whole on any date or in part (in the maturities specified by the City and by lot within a maturity) on any Interest Payment Date, from prepaid Series 2011 Installment Payments made by the City from funds received due to a casualty loss, material title defect, or governmental taking of the Water System or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms set forth in the Trust Agreement and the Installment Purchase Contract, at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, without premium. See APPENDIX D–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–INSTALLMENT PURCHASE CONTRACT–Particular Covenants of the City–Insurance; Application of Net Proceeds," and "–Eminent Domain Proceeds."

Notice of Redemption. The Trustee is required to give notice of redemption by first class mail, postage prepaid, no fewer than 30 nor more than 60 days prior to the redemption date, to (i) the respective Owners of any Series 2011 Bonds designated for redemption at their addresses appearing on the Bond Register, (ii) the Securities Depositories (if the Series 2011 Bonds are not then in book-entry form) by registered or overnight mail, and (iii) the Information Service.

Each notice of redemption is required to state the date of such notice, the date of issue of the Series 2011 Bonds, the redemption date, the amount of any redemption premium, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Series 2011 Bonds of such maturity to be redeemed and, in the case of Series 2011 Bonds to be redeemed in part only, the respective portions of the principal amount represented thereby to be redeemed. Each such notice is also required to state that on said date there will become due and payable on each of said Series 2011 Bonds the principal amount thereof or specified portion of the principal amount thereof in the case of a Series 2011 Bond to be redeemed in part only, together with premium (if any) and interest thereon accrued to the date fixed for redemption, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Series 2011 Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Failure by the Trustee to give notice to the Information Service or any of the Securities Depositories or failure of any Owner to receive notice or any defect in any such notice will not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice to any one or more of the respective Owners of any Series 2011 Bonds designated for redemption will not affect the sufficiency of the proceedings for redemption with respect to the Owner or Owners to whom such notice was mailed.

Selection of Series 2011 Bonds for Redemption. If less than all the Outstanding Series 2011 Bonds of any maturity are to be redeemed, not more than 60 days prior to the redemption date the Trustee is required to select the particular Series 2011 Bonds to be redeemed (in whole or in part) from the Outstanding Series 2011 Bonds that have not previously been called for redemption, in minimum denominations of $5,000, at random in any manner that the Trustee in its sole discretion shall deem appropriate and fair.

DEBT SERVICE SCHEDULE

The following table shows scheduled semiannual debt service on the Series 2011 Bonds, without regard to any optional redemption. See also Table 3–"Estimated Debt Service Coverage."

Table 2
Debt Service Schedule

Payment Date	Principal	Interest	Total	Fiscal Year Total
September 1, 2011				
March 1, 2012				
September 1, 2012				
March 1, 2013				
September 1, 2013				
March 1, 2014				
September 1, 2014				
March 1, 2015				
September 1, 2015				
March 1, 2016				
September 1, 2016				
March 1, 2017				
September 1, 2017				
March 1, 2018				
September 1, 2018				
March 1, 2019				
September 1, 2019				
March 1, 2020				
September 1, 2020				
March 1, 2021				
September 1, 2021				
March 1, 2022				
September 1, 2022				
March 1, 2023				
September 1, 2023				
March 1, 2024				
September 1, 2024				
March 1, 2025				
September 1, 2025				
March 1, 2026				
September 1, 2026				
March 1, 2027				
September 1, 2027				
March 1, 2028				
September 1, 2028				
March 1, 2029				
September 1, 2029				

Table 2
Debt Service Schedule

Payment Date	Principal	Interest	Total	Fiscal Year Total
March 1, 2030				
September 1, 2030				
March 1, 2031				
September 1, 2031				
March 1, 2032				
September 1, 2032				
March 1, 2033				
September 1, 2033				
March 1, 2034				
September 1, 2034				
March 1, 2035				
September 1, 2035				
March 1, 2036				
September 1, 2036				
March 1, 2037				
September 1, 2037				
March 1, 2038				
September 1, 2038				
March 1, 2039				
September 1, 2039				
March 1, 2040				
September 1, 2040				
March 1, 2041				
TOTAL	$__,___,000*			

* Preliminary, subject to change.

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Estimated Debt Service Coverage

Table 3 sets forth estimated annual debt service for the Series 2011 Bonds, based on scheduled payments of principal of and interest on the Series 2011 Bonds.

Table 3
Woodland Finance Authority
Estimated Debt Service Coverage
Fiscal Years 2010-11 through 2014-15

Fiscal Year	A. Total Debt Service[(1)*]	B. Estimated Available Revenues[(2)]	C. Estimated Debt Service Coverage[(3)*]
2010-11	$324	$2,499	7.70x
2011-12	1,314	3,972	3.02
2012-13	1,315	5,506	4.19
2013-14	4,439	5,499	1.24
2014-15	4,440	5,987	1.35
TOTAL	$11,823	$23,463	1.98[(4)]

* Preliminary, subject to change.

(1) Represents debt service on the Series 2011 Bonds at an estimated average interest rate equal to 5.75% net of projected earnings on the Series 2011 Reserve Account at a rate equal to 2.00% and debt service on approximately $45,925,000 principal amount of bonds expected to be issued in 2013 at an estimated interest rate equal to 6.0%. See also "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS–Future Debt Issuances."

(2) Represents Net Water Revenues of the City available to make the Series 2011 Installment Payments under the Installment Purchase Contract, including development fees. See "THE WATER SYSTEM–Rates, Fees and Charges–*Development Fees.*"

(3) Represents column B divided by column A. For estimated debt service coverage excluding development fees, see "THE WATER SYSTEM–Revenues, Expenses and Debt Service Coverage–*Projected Revenues and Expenses and Debt Service Coverage.*"

(4) Average estimated debt service coverage for the five Fiscal Years.

Sources: HDR Engineering for the estimated available revenues and Del Rio Advisors LLC for the remaining information.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS

Pledge of Revenues

The Series 2011 Bonds are limited obligations of the Authority payable solely from the Revenues and other assets pledged under the Trust Agreement. The term "Revenues" is defined in the Trust Agreement to mean all Series 2011 Installment Payments paid by the City and received by the Authority pursuant to the Installment Purchase Contract and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund established under the Trust Agreement).

The obligation of the City to make the Series 2011 Installment Payments under the Installment Purchase Contract from Net Water Revenues is absolute and unconditional and until the Series 2011 Purchase Price for the 2011 Project is are paid in full, may not abate, discontinue or suspend any Series 2011 Installment Payments whether or not the 2011 Project or any part thereof is operating or operable or has been completed, or its use suspended, interfered with, reduced or curtailed or terminated in whole or in part.

> "*Net Water Revenues*" is defined in the Trust Agreement as, for any Fiscal Year, the Water Revenues during such Fiscal Year less Operation and Maintenance Costs during such Fiscal Year.

"*Water Revenues*" means all gross income and revenue received or receivable by the City from the ownership or operation of the Water System, determined in accordance with Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing: (i) all rates, fees and charges (including connection fees and charges) received by the City for the Water Service and the other services of the Water System and all other income and revenue howsoever derived by the City from the ownership or operation of the Water System or arising from the Water System (including developer impact fees for Water System facilities), (ii) the earnings on and income derived from the investment of all such income, rates, fees, charges, or other moneys to the extent that the use of such earnings and income is limited to the Water System by or 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 Water System, (iv) the payments received under a Financial Products Agreement, and (v) all income from the deposit or investment of any money in the Water Revenue Fund and the Rate Stabilization Fund and (vi) deposits to the Water Revenue Fund from amounts on deposit in the Rate Stabilization Fund, but only as and to the extent specified in the Installment Purchase Contract, but excluding in all cases any proceeds of taxes and any refundable deposits made to establish credit and advances or contributions in aid of construction. See "–Rate Covenant; Collection of Rates and Charges" and "–Rate Stabilization Fund."

"*Operation and Maintenance Costs*" is defined in the Trust Agreement (i) the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including all administrative costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms of the Trust Agreement or of any resolution authorizing the issuance of additional bonds, or of any resolution authorizing the execution of any trust agreement, indenture or contract secured by a pledge of Net Water Revenues, such as compensation, reimbursement and indemnification of the trustee for any such trust agreement, indenture or contract and fees and expenses of Independent Certified Public Accountants and Independent Engineers, Insurance Consultants and the financial advisor to the City; and (ii) all payments under an O&M Obligation, but excluding in all cases (A) depreciation, replacement and obsolescence charges or reserves therefor, amortization of intangibles losses or gains on subsidiaries accounted for on any equity basis, or other bookkeeping entries of a similar nature, (B) intergovernmental transfers by the City that are not reimbursements or payments for overhead or other administrative expenses incurred by the City, and (C) all interest charges and charges for the payment of principal or amortization of bonded or other indebtedness of the City.

"*O&M Obligation*" is defined in the Trust Agreement as a contract entered into by the City with the State or the United States of America the payments under which are secured by a pledge of Water Revenues but that does not include a covenant restricting the issuance of additional obligations or require the City to maintain rates and charges in amounts any greater than required to meet the repayment obligations under such contract. The CEC Loan and the SRF Contract are each deemed to be an O&M Obligation under the Trust Agreement.

"*CEC Loan*" is a defined in the Trust Agreement as Loan Number 025-03-ECB in the principal amount of $2,150,000 made by the California Energy Resources Conservation and Development Commission to the City pursuant to the Energy Conservation Assistance Account Loan Agreement executed by the City on March 25, 2004.

"*SRF Contract*" is defined in the Trust Agreement as the Funding Agreement No. AR09FP04 between the State of California Department of Public Health and the City.

The obligation of the City to make the Series 2011 Installment Payments is limited to Net Water Revenues. The Series 2011 Installment Payments are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the City or any of its income or receipts, except the Net Water Revenues. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the principal of, premium, if any, or interest on the Series 2011 Bonds. No tax or other sources of funds, other than the Net Water Revenues, is pledged to pay Series 2011 Installment Payments.

The payments made by the City under the Installment Purchase Contract are scheduled in both time and amount to provide sufficient funds to pay, when due, the principal of and interest on the Series 2011 Bonds. **No funds or properties of the City, other than the Net Water Revenues, are pledged to pay the Series 2011 Installment Payments.**

Rate Covenant; Collection of Rates and Charges

The City covenants in the Installment Purchase Contract to fix, prescribe and collect rates and charges for the Water Service during each Fiscal Year that are reasonably fair and nondiscriminatory that will be at least sufficient to yield: (i) Net Water Revenues that, together with other revenues of the City (including special taxes and assessments not pledged to debt service on other obligations of the City) equal to 120% of Debt Service payable on the Series 2011 Bonds, (ii) any amounts necessary to replenish the Reserve Fund, and any similar reserve fund established with respect to any City Revenue Bonds or Contracts to the required amounts; and (iii) any amounts necessary to pay all amounts owed to any issuer of a Reserve Facility and any similar credit instrument obtained with respect to any City Revenue Bonds or Contracts. The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Water Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements described in the preceding sentence.

> "*City Revenue Bonds*" is defined in the Trust Agreement to mean all revenue bonds of the City authorized, executed, issued and delivered by the City under and pursuant to applicable law, the interest and principal and redemption premium, if any, payments under and pursuant to which are payable from Net Water Revenues on a parity with the payment of the Series 2011 Installment Payments.

> "*Contracts*" is defined in the Trust Agreement to mean all installment sale contracts, capital leases or similar obligations of the City authorized and executed by the City under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from Net Water Revenues on a parity with the payment of the Series 2011 Installment Payments. An O&M Obligation *is not* deemed to be a Contract.

Deposit of Revenues; Funds and Accounts

Pursuant to the Installment Purchase Contract, the Authority transfers to the City and the City purchases from the Authority the 2011 Project at a price equal to the aggregate principal amount of the Series 2011 Bonds, plus accrued interest on the unpaid balance. To secure payment to the Authority of the purchase price, the City pledges all Net Water Revenues, the Water Revenue Fund and the other amounts held in any fund or account established under the Installment Purchase Contract to the payment of the Series 2011 Installment Payments.

Pursuant to the Trust Agreement, the Authority irrevocably pledges to the payment of the Series 2011 Bonds all "Revenues" (consisting primarily of the Series 2011 Installment Payments), and any other amounts (including proceeds of the sale of the Series 2011 Bonds) held by the Trustee in any fund or account established under the Trust Agreement, other than amounts on deposit in the Rebate Fund, to the payment of interest on and principal of the Series 2011 Bonds.

So long as any Series 2011 Bonds are Outstanding, the Trustee is required to set aside the moneys in the Revenue Fund in the following respective funds or accounts (each of which is established, maintained and held in trust for the benefit of the Owners of the Series 2011 Bonds) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of moneys sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority:

First:	Interest Fund
Second:	Principal Fund
Third:	Redemption Fund
Fourth:	Surplus Fund

Interest Fund. On each Interest Payment Date, commencing September 1, 2011, the Trustee is required to set aside in the Interest Fund an amount equal to the aggregate amount of interest becoming due and payable on the Outstanding Series 2011 Bonds on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest due and payable on such Interest Payment Date upon all of the Series 2011 Bonds then Outstanding (but excluding any moneys on deposit in the Interest Fund from the proceeds of the Series 2011 Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Date).

All money in the Interest Fund will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2011 Bonds as it shall become due and payable (including accrued interest on any Series 2011 Bonds purchased or redeemed prior to maturity).

Principal Fund. On each Principal Payment Date, commencing March 1, 2012, the Trustee is required to deposit in the Principal Fund an amount equal to (a) the aggregate amount of principal becoming due and payable on the Outstanding Series 2011 Serial Bonds and (b) the aggregate principal amount of Series 2011 Bonds to be redeemed on such date from the respective Sinking Accounts for the Term Bonds.

No deposit need be made into the Principal Fund so long as there is in such fund: (i) moneys sufficient to pay the principal of all Serial Bonds then Outstanding and maturing by their terms on such Principal Payment Date *plus* (ii) the aggregate principal amount of all Term Bonds required to be redeemed on such Principal Payment Date, but *less* any amounts deposited into the Principal Fund during the preceding 12-month period and paid from the Principal Fund to redeem or purchase Term Bonds during such 12-month period. All amounts in the Principal Fund will be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Series 2011 Bonds when due and payable, except that all amounts in the Sinking Account will be used and withdrawn by the Trustee solely to purchase or redeem or pay Series 2011 Bonds at maturity, as provided in the Trust Agreement.

Redemption Fund. On the date specified in a Written Request of the City filed with the Trustee, at the time that any prepaid Installment Payment is paid to the Trustee, the Trustee is required to deposit in the Redemption Fund that amount of moneys representing the portion of the Installment Payments designated as prepaid Installment Payments. Moneys in the Redemption Fund will be used and withdrawn by the Trustee solely for the purpose of paying the interest and the redemption premiums, if any, on and principal of the Series 2011 Bonds to be redeemed.

Surplus Fund. Any moneys remaining in the Revenue Fund following transfers to the Interest Fund, the Principal Fund and the Redemption Fund are required to be deposited, in order of priority, *First* into each Reserve Account to the extent that the amount therein is less than the Series 2011 Reserve Account, and

Second into the Rebate Fund if so directed by the Authority. Amounts not required to be so deposited will be transferred on the same Business Day to the City, except that any amounts representing delinquent Installment Payments shall remain on deposit in the Revenue Fund. The City may use and apply any moneys when received by it for any purpose with respect to the Water System, including the redemption of Series 2011 Bonds upon the terms and conditions set forth in the Trust Agreement and the purchase of Series 2011 Bonds as and when and at such prices as it may determine.

Reserve Fund

Funding. Pursuant to the Trust Agreement, the Series 2011 Reserve Account is established and held by the Trustee within the Reserve Fund as security for the Series 2011 Bonds. On the date of delivery of the Series 2011 Bonds [proceeds in the amount of $_______ / the Reserve Fund Surety Policy in the amount equal to the Series Required Reserve will be issued by the Bond Insurer and deposited into the Reserve Fund. See "–Reserve Fund Surety Policy."] The "Series Required Reserve" with respect to the Series 2011 Bonds is defined in the Trust Agreement to mean, as of any date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service in any Bond Year on the Series 2011 Bonds, (ii) 125% of average annual Debt Service in any Bond Year on the Series 2011 Bonds, and (iii) 10% of the original principal amount of the Series 2011 Bonds. As required by the Trust Agreement, the Reserve Fund Surety Policy satisfies the requirements of a "Reserve Facility."

Pursuant to the Trust Agreement, the Authority may issue additional Series of Bonds that may be secured by the Series 2011 Reserve Account, in which case the balance in the Series 2011 Reserve Account is required to be increased, if necessary, to an amount at least equal to the Series Required Reserve with respect to all Outstanding Bonds secured by the Series 2011 Reserve Account. See "–Parity Obligations–*Series Required Reserve*" and APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–TRUST AGREEMENT–Funding and Application of Reserve Fund."

[***Reserve Fund Surety Policy.***] Pursuant to the Trust Agreement, the Series Required Reserve may be satisfied with the acquisition of a letter of credit, insurance policy, surety bond or other credit source deposited with the Trustee meeting the requirements of a "Reserve Facility" set forth in on the date of delivery of the Series 2011 Bonds, the Reserve Fund Surety Policy.

Replenishment of the Reserve Account. The Trustee is required under the Trust Agreement to deposit from Additional Payments received from the City pursuant to the Installment Purchase Contract as soon as possible in each month in the Series 2011 Reserve Account, except as otherwise provided in the Trust Agreement, upon the occurrence of any deficiency therein, 1/12th of the aggregate amount of each unreplenished prior withdrawal from in the Series 2011 Reserve Account and 1/4 of the aggregate amount of any deficiency due to any required valuations of the investments in the Series 2011 Reserve Account until the total of the cash balance in the Series 2011 Reserve Account and the amount available under any Reserve Facility is at least equal to the Series Required Reserve.

Use of Amounts in the Reserve Fund. All amounts in the Series 2011 Reserve Account (including any amounts that may be obtained from Reserve Facilities on deposit therein) will be used and withdrawn by the Trustee solely for the purpose of paying debt service on the Series 2011 Bonds in the event of any deficiency in the Interest Fund or the Principal Fund, or (together with any other moneys available therefor) for the payment or redemption of all Series 2011 Bonds then Outstanding or for the payment of the final principal and interest payment with respect to the Series 2011 Bonds. The Trustee is required to first draw on the portion of the Series 2011 Reserve Account held in cash or Permitted Investments and then, on a pro rata basis with respect to amounts held in the form of Reserve Facilities (calculated by reference to the maximum amounts of such Reserve Facilities), draw on or collect under any Reserve Facility issued with respect to the Series 2011 Reserve Account, in a timely manner and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the principal of and interest on the Series 2011 Bonds when due.

Transfer of Excess Amounts. Any amounts in the Series 2011 Reserve Account in excess of the Series Required Reserve (as calculated by the City) will be transferred by the Trustee to the City on the last Business Day of **[**March] and [September**]** of each year; provided that such amounts shall be transferred only from the portion of the Series 2011 Reserve Account held in the form of cash or Permitted Investments and further provided that the City is not then in default under the Installment Purchase Contract.

Rate Stabilization Fund

The City may, but is not required to, establish a Rate Stabilization Fund which is held and maintained by the City. From time to time the City may deposit in the Rate Stabilization Fund from any available funds, including such Net Water Revenues as the City determines are not needed to make Installment Payments, provided that deposits for each Fiscal Year may be made until (but not after) 120 days following the end of such Fiscal Year. The City may withdraw amounts from the Rate Stabilization Fund for inclusion in Water Revenues for any Fiscal Year, such withdrawals to be made until (but not after) 120 days following the end of such Fiscal Year. All interest or other earnings on deposits in the Rate Stabilization Fund will be withdrawn therefrom and accounted for as Water Revenues.

Parity Obligations

The City may at any time execute installment sale contracts, capital leases or similar obligations of the City authorized and executed by the City under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from Net Water Revenues either senior to or on a parity with the payment of the Series 2011 Installment Payments (collectively, "Contracts") or issue revenue bonds of the City authorized, executed, issued and delivered by the City under and pursuant to applicable law, the interest and principal and redemption premium, if any, payments under and pursuant to which are payable from Net Water Revenues on a parity with the payment of the Series 2011 Installment Payments (the "City Revenue Bonds") to fund improvements to the Water System, *provided* the City satisfies the debt service feasibility *and* reserve funding requirements described below*:*

***Debt Service Feasibility Requirements*.** With respect to financing for the acquisition or construction of a project, the City may satisfy *either* the historical coverage test *or* the projected coverage test. The City need not satisfy both coverage tests.

<u>Historical Coverage Test</u>. The historical coverage test is satisfied if: Net Water Revenues for either the most recent Fiscal Year for which audited financial statements are available or a period of 12 consecutive months during the 18 months preceding the date of adoption (the "adoption date") by the City Council of a resolution authorizing the execution of such Contracts of Bonds (the "measurement period"), as evidenced by both a calculation prepared by the City and a Coverage Report on such calculation filed with the City, equals at least 120% of Annual Debt Service on all Outstanding Contracts and Bonds and the Contracts or Bonds to be executed in each of the five full Fiscal Years next succeeding the adoption date or in each of the three full Fiscal Years next succeeding the date through which interest with respect to the Contracts or City Revenue Bonds to be executed or issued has been capitalized, whichever period ends later. In calculating debt service coverage for this purpose, Net Water Revenues for the measurement period may be increased by:

> (i) the estimated amount of additional Net Water Revenues that would have accrued to the Water System from each new connection to the Water System that was made after the commencement of the measurement period and prior to the adoption date had such connection been made at the commencement of the measurement period; and
>
> (ii) the estimated amount of additional Net Water Revenues that would have accrued to the Water System from any increases in rates and charges that became effective after the

commencement of the measurement period and prior to the adoption date had such increases been in effect during the entire measurement period;

Projected Coverage Test. The projected coverage test is satisfied if the projected Net Water Revenues for each of the five full Fiscal Years next succeeding the earlier of: (x) the date through which interest with respect to the Contracts or the City Revenue Bonds to be executed or issued has been capitalized or the execution date or issue date if no interest has been capitalized and (y) the date on which all Projects are expected to commence operations shall be at least one hundred 120% of Annual Debt Service in each such Fiscal Year on all Contracts and City Revenue Bonds to be Outstanding, as evidenced by both a calculation prepared by the City and a Coverage Report on such calculation on file with the City. In calculating debt service coverage for this purpose, projected Net Water Revenues may include:

(i) the estimated amount of additional Net Water Revenues to accrue to the Water System from any increases in rates and charges that have been finally approved as required by law and will be in effect in such Fiscal Year; and

(ii) the estimated amount of additional Net Water Revenues to accrue to the Water System from new customers anticipated to be served during such five-year period by additions or improvements to or extensions of the Water System.

Series Required Reserve. The reserve funding requirement under the Trust Agreement is satisfied if the City establishes and funds a separate reserve for such Contracts or City Revenue Bonds in accordance with the reserve funding requirements, if any, of such Contracts or City Revenue Bonds.

Default

If the City defaults under the Installment Purchase Contract, the Authority is required, in the event of a default in the due and punctual payment of any Installment Payment and may, in the event of any other default, declare the entire principal amount of the unpaid Series 2011 Installment Payments and accrued interest thereon to be due and payable immediately. See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–INSTALLMENT PURCHASE CONTRACT–Installment Purchase Contract–Defaults; Acceleration Maturities." See "CERTAIN RISK FACTORS–Limitations on Exercise of Remedies" for a discussion on the limitations on the Trustee's ability to exercise certain remedies if the City defaults under the Installment Purchase Contract.

Future Debt Issuances

In addition to the Series 2011 Bonds, the Authority expects to issue up to $____ principal amount of commercial paper notes (the "Commercial Paper Notes") secured in whole or in part by a pledge and lien of Net Water Revenues on a parity with the pledge and lien securing the Series 2011 Bonds. The Commercial Paper Notes will be issued to provide interim financing of CIP Projects and are expected to be refunded through the issuance of the long-term [fixed rate] bonds on a parity with the Series 2011 Bonds in 2013.

[BOND INSURANCE]

[TO COME]

ESTIMATED SOURCES AND USES OF FUNDS

Table 4 sets forth the estimated sources and uses of funds received from the sale of the Series 2011 Bonds:

Table 4
Woodland Finance Authority
Water Revenue Bonds
Series 2011
Estimated Sources and Uses of Funds

Sources of Funds:	
Principal Amount of the Series 2011 Bonds	$__,___,000*
Plus: Original Issue Premium	
TOTAL SOURCES	
Uses of Funds:	
Deposit to Series 2011 Acquisition Account(1)	
Refunding of Series 2008 Bonds(1)	
[Deposit to Reserve Fund]	
Original Issue Discount	
Costs of Issuance(2)	
TOTAL USES	

(1) See "PLAN OF FINANCE."
(2) Includes fees of Bond Counsel, Disclosure Counsel and the Financial Advisor; Underwriters' discount; [Bond Insurance and Reserve Fund Surety Policy premiums] printing costs and other miscellaneous costs of issuance. For details regarding the Underwriters' discount, see "UNDERWRITING."
* Preliminary, subject to change.

WATER SYSTEM

Overview

The Water System is one of three utility systems maintained and operated by the City's Public Works Department. The two other utility systems are the wastewater and stormwater systems. The Water System serves a geographical area of approximately 15 square miles, with a population of 56,000 and 14,500 combined residential and commercial water service connections as of January 1, 2010.

The service area for the Water System includes all areas within the 15 square-mile City limits. The City of Woodland is committed to providing and improving water quality and service for all of its customers.

Water Supplies and Facilities

Water Supplies

Current Supplies. The City currently relies on groundwater wells for all of its water supply. Notable hydrologic features in the area include Yolo Bypass and Sacramento River two miles east, Willow Slough located to the south and Cache Creek one mile north of the City. A groundwater aquifer underlies the City and serves as the sole municipal water supply for the Water System at this time. The water supplied by the Water System does not pass through a central water treatment facility but is filtered naturally by the sand and gravel of the aquifer. Disinfection is provided at each well site by the addition of sodium hypochlorite (chlorine). The Water System produces over five billion gallons of safe drinking water per year.

The City also holds an application ("Application 30358B") from the State of California Water Resources Control Board (the "SWRCB") to appropriate ___ acre-feet per year from the Sacramento River.

Future Supplies. Since 2004, the City and the City of Davis have been working collaboratively on the Davis-Woodland Water Supply Project (the "Water Supply Project") to secure a long-term, reliable source of high-quality water. When constructed, the Water Supply Project will divert water from the Sacramento River, convey water to a water treatment plant and convey the treated water to the City and the City of Davis, and if it decides to participate, the University of California, Davis. to satisfy the water utility needs of each entity. A final Environmental Impact Report for the Water Supply Project, which included the need of the two cities to secure supplemental water during the summer months, was certified in 2007. In 2009, the City and the City of Davis executed a joint powers agreement (the "JPA Agreement") that created the Woodland-Davis Clean Water Agency (the "Agency"). The Agency was formed to pursue the development, construction and operation of the Water Supply Project.

The primary objectives of the Water Supply Project are to: (i) provide a new water supply to meet existing and future needs; (ii) improve drinking water quality; and (iii) improve the quality of treated wastewater discharges. The Water Supply Project will supplement existing groundwater sources and will increase the reliability and long-term sustainability of the City's water supply portfolio. In addition, supplementing groundwater supplies with surface water is the most cost-efficient solution for the City to meet increasingly stringent State and federal drinking water standards and treated wastewater discharge regulations. The Water Supply Project will be funded by future utility user fee increases and State and federal funding, when available.

In connection with the Water Supply Project, the City assigned all of its right, title and interest in Application 30358B to the Agency and the City of Davis also assigned its right, title and interest in its water appropriation application with the SWRCB for ___ acre feet per year to the Agency. The allocation of surface water to each city from the Water Supply Project and the reallocation of unneeded supply in any year is governed by the terms of the JPA Agreement.

The Agency has negotiated various agreements in connection with the Water Supply Project, including: (i) a Water Agreement between the Agency and a private party (the "Water Agreement") for the purchase and acquisition of certain senior rights to divert water from the Sacramento River and real property interests in a joint river/intake/diversion facility for the Water Supply Project; (ii) a Joint Intake Agreement between the Agency and Reclamation District 2035 to share an intake site and jointly design, construct, operate and maintain a screened water intake structure on the Sacramento River, raw water pipelines connecting to a new regional water treatment plant and separate pipelines delivering treated water to the City and the City of Davis; (iii) a Real Property Agreement to acquire an intake site, a pipeline and other easements for the Water Supply Project; and (iv) two separate Installment Purchase Agreements, one between the Agency and the City and one between the Agency and the City of Davis. Each of the agreements described in this paragraph are expected to be executed on or before ______________.

The Water Agreement will, among other things, permit the Agency to purchase 10,000 acre/feet per year (reduced to 7,500 acre/feet per year in critical dry years) for 24 years commencing in 2016 when the Water Supply Project is expected to be completed and water delivery begins. The total cost for this water purchase is $79,096,000, or which the City will be responsible for the payment of 53.9% (or $42,632,744) and the City of Davis will be responsible for the payment of the remaining 46.1% (or $36,463,256), which percentages correspond to the percent of water each city is entitled to draw from the Water Supply Project. Pursuant to the Installment Purchase Agreements, the obligation of each city to pay for its share of the Water

Agreement costs is established and each city commits to fix and collect water rates to cover the installment purchase obligation of the Agency under the Water Agreement.

Facilities. The Water System is comprised of 19 groundwater wells located throughout the City, approximately 250 miles of water mains, 8,500 valves, 3,500 fire hydrants, one newly constructed 400,000 gallon elevated water storage tank, 16 water sampling stations, 53 end of the line blow-off valves and 1,000 backflow devices monitored by the City's back-flow testing program.

Power Supply. Power for the groundwater wells and pumps is supplied by Pacific Gas & Electric. The Water System operates eight diesel powered back-up generators at well sites throughout the City.

Water Supply Demand Measures and Conservation Efforts. The City has an active water conservation program to encourage and assist residents and businesses in using water efficiently. These efforts ensure compliance with state and federally mandated water conservation requirements and help ensure an adequate long-term water supply for the City. Water conservation efforts include financial incentives for residents and businesses such as rebates for water-conserving appliances, ultra-low flush toilets and weather-based irrigation controllers, and distribution of free low-flow showerheads and garden hose nozzles. Additional conservation efforts include public outreach programs on water-wise landscaping and water conservation measures, and school information programs on ways to reduce water usage. The water conservation staff also works with all City departments to lower the City's overall water consumption.

To encourage water conservation within the State and prevent waste, Assembly Bill 2572 (the "Water Measurement Law") was enacted in 2004. The Water Measurement Law requires urban water suppliers, including the City, to: (i) install meters, establish rates and fees and begin consumption-based billing (based on volume of water consumed) for all buildings constructed after January 1, 1992; and (ii) install water meters and begin consumption-based billing as a condition of water service for all customers on or before January 1, 2025.

The Water System initiated the installation of water meters throughout the Service Area in two phases. Phase I was completed in early 2010 and included the installation and/or retrofit of approximately 5,000 meters with Automatic Meter Reading Systems ("AMR") to permit automated billing. Completion of Phase I brought the City into compliance with the requirements of the Water Measurement Law that all water users in buildings constructed after 1992 be billed for the actual volume of water consumed. Phase II, which includes the installation of approximately 8,000 meters on the remainder of Water System connections, began in 2009 and is expected to be completed in fall 2011. Completion of Phase II will permit the Water System to initiate consumption based-billing of all customers in advance of the 2025 deadline established in the Water Measurement Law and offer customers the opportunity to increase their water conservation.

SB No. 7. On November 10, 2009, the Governor signed into law Senate Bill No. 7, "Sustainable Water use and Demand Reduction" ("SB 7") SB 7 requires, among other things, that the State achieve a 20% reduction in urban per capita water use by December 31, 2020, by reducing per capita water use by at least 10% over baseline use, on or before December 31, 2015. SB 7 also requires each urban retail water supplier (including the City) to develop urban water use targets and an interim water use target in accordance with specified requirements. The City has contracted with an environmental engineering firm, West Yost Associates, to determine interim and final per capita water use targets, identify the appropriate base year, evaluate and recommend an appropriate method for developing the urban water use targets and assist with the public hearing process required to adopt the baseline method to be used. The City expects to hold a public hearing and adopt a per capita water use target by July 2011 after the State of California releases its final determination on baseline calculation methods.

Water Quality, Treatment and Regulatory Requirements

As described above, the drinking water is supplied from groundwater sources and, as is standard practice throughout the State for groundwater well systems, does not pass through a central water treatment facility but is filtered naturally by the sand and gravel as it travels through the aquifers; disinfection is provided at each well site by the addition of sodium hypochlorite (chlorine) to the water.

Public drinking water suppliers in the State, including the Water System, are subject to increasingly stringent state and federal water quality standards. The Water System's drinking water is sampled and tested on a regularly scheduled basis from all components of the system to ensure that it meets or surpasses all primary (health-related) and secondary (aesthetic) regulatory standards established by the EPA and the Department of Public Health. The Department of Public Health is the state regulatory agency responsible for enforcing federal drinking water standards and regulations as well as any additional or more stringent state regulations and requirements.

In accordance with United States Environmental Protection Agency (the "EPA") and State of California Department of Public Health (the "Department of Public Health") regulatory requirements, the Water System conducts numerous regularly scheduled tests and studies on the quality of water supplied to its customers to ensure that supplied tap water is safe to drink. These State and federal requirements limit the amount of certain contaminants, and include testing for the presence of more than 180 inorganic, biological, radioactive, volatile organic and synthetic organic constituents. Each year the City samples and analyzes the water supply to ensure the system meets or exceeds all regulatory requirements for health standards. The City issues an annual Water Quality Report to all residents and consumers in compliance with these requirements. The Annual Water Quality Report each year reflects that the Water System continues to meet or exceed all current primary and secondary quality standards without violation.

Federal Requirements. The Water System is subject to regulations imposed by the federal Safe Drinking Water Act, as amended (the "Act"), which is administered by the EPA. In 1986, the United States Congress passed amendments to the Act, wherein 83 potential contaminants of potable water were to be regulated by no later than 1989, with 25 new contaminants to be added, prioritized and regulated every three years thereafter. In 1996, the Act was again amended, reducing the number of new regulated contaminants to be added to five every five years. The 1996 amendments also require that each regulation be reviewed every six years to determine if a revision is warranted. In addition to setting maximum levels for contaminants, the Act also includes regulations to require water treatment plants to meet defined "Treatment Techniques."

State Requirements. The City is responsible for complying with all State regulations and requirements for water system operations including regular water sampling and testing; standards and regulations related to operation, delivery and maintenance; design and construction standards for wells, water tanks, distribution systems and pipelines; regulations for control of cryptosporidium and other microbial contaminants, and other water safety factors; and training, certification and other regulatory requirements for water treatment and distribution operators. Failure to meet these standards can subject the City to civil or criminal sanctions.

The Department of Public Health also requires water providers to conduct a periodic source water assessment (an "SWA") to protect the quality of current and future water supplies. The SWA is an investigatory report that describes the source of the drinking water, and lists any polluting activities that may threaten the City's source water quality and evaluates the vulnerability of the water to those threats.

Master Planning for the Water System

The Water System has initiated and adopted a number of studies and plans to identify improvements to the Water System infrastructure and operations to achieve these goals.

The City adopted a master plan for the Water System in 1999 (the "Water Master Plan") to plan for acquisition, installation and construction of improvements to meet increasing standards for drinking water and to improve reliability of the delivery system. The City recently updated and verified the hydraulic model of the City's water production and distribution system and used the updated demand estimates and system evaluations to develop a Water Focus Study. The Water Focus Study is a planning tool to update operational requirements and goals identified in the Water Master Plan. It identifies existing system deficiencies and required system improvements and uses this information to formulate a comprehensive capital improvement program (a "CIP") to provide the highest quality water and most sustainable and reliable supplies and service to existing and future customers.

In accordance with State Water Code, the City adopted a Groundwater Management Plan for optimization and management of its groundwater supplies in December 2010. The City is also finalizing an Urban Water Management Plan (a "UWMP") for adoption in 2011 in compliance with State Water Code requirements. The UWMP provides a long-term resource planning tool to ensure adequate water supplies are available to meet existing and future water demands.

The City is an active member of the Water Resources Association of Yolo County (the "WRA") which focuses on regional planning and management of water resources. In 2007, the WRA prepared and submitted to the State Department of Water Resources an Integrated Regional Water Management Plan. In September 2009, the City of Woodland, City of Davis and UC Davis entered into a Joint Powers Agreement to pursue implementation of a project to bring high-quality surface water from the Sacramento River to supplement groundwater supplies for all three parties.

A City-wide balanced 10-year CIP consistent with departmental master plans, including the Water Master Plan, is re-evaluated annually by the City Council, together with a three year appropriations request. The most recent three year appropriations request (the "2010-13 Capital Budget") was adopted by the City Council on June 22, 2010, and included approximately $43 million in Water System projects consisting of: approximately $1.7 million to complete Phase II of the water meter installation program; approximately $2.65 million to replace several water wells that are in poor condition; approximately $4.3 million to install an above ground water tank; approximately $30 million for on-going surface water study and design for a proposed surface water acquisition program to supplement ground water supplies and assist the City in meeting mandated wastewater discharge requirements; the remaining approximately $4.35 million is for various water line repairs and replacement and major repairs to existing water wells.

Water Rate Study. The City contracted with HDR Engineering to complete a Water Rate Study (the "Rate Study") in 2009. In accordance with the California state law, requiring that billing for water service be based on water consumption, the Water System used the results of the Rate Study to establish equitable rate schedules for both consumption-based and flat- rate water usage. The Rate Study included review of a 10-year CIP to ensure adequate future revenue to construct and maintain the Water System infrastructure. The Rate Study was finalized in late 2009 and new water rates were adopted by City Council November 3, 2009. See "WATER SYSTEM FINANCES–Rates, Fees and Charges."

The City committed to providing six months of water use data or "sample billing" to newly-metered customers prior to implementation of consumption-based billing to give the newly-metered customers the opportunity to adjust their water usage patterns and/or address leaks which might affect water consumption.

Insurance on the Water System

In addition to the insurance required to be maintained on the 2011 Project, the City also maintains insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with systems similar to the Water System.

The City manages risk by participating in a 10-member public agency risk pool which is known as the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA). YCPARMIA was formed in 1979 to develop an effective risk management program to reduce the amount and frequency of losses by pooling the agencies' self-insurance losses and jointly purchasing excess insurance. A risk manager was hired to administer the YCPARMIA program. YCPARMIA provides workers' compensation insurance coverage up to the statutory limit set by the State per accident per employee, above the City's self insurance limit of $1,000 per occurrence, and general and auto liability coverage of $40,000,000, above the City's self insurance limit of $1,000 per occurrence, boiler and machinery insurance up to $100,000,000, above the City's deductible of $1,000 per claim, and property damage insurance up to $714,356,856, above the City's deductible of $1,000 per other occurrence.

YCPARMIA is a joint exercise of powers agency governed by a board consisting of representatives from member public agencies. The board controls the operations of YCPARMIA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. During Fiscal Year 2009-10, the City contributed $1,217,493 for coverage.

The City provides for the uninsured portion of the claims and judgments in the Self-Insurance Internal Service Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portions of these claims.

Organization and Management of the Water System

Overview. The Water System is operated by the City as an enterprise fund under the authority of the City Council. Operations of the Water System are under the supervision of the Public Works Department. The Public Works Department is administered by the Department Director who provides management oversight support and direction for all operations, including coordination and evaluation of programs undertaken by Public Works and preparation and monitoring of operating and capital budgets. As of July 1, 2010, the Public Works Department–Operation and Maintenance–Utilities consists of approximately 31 full time equivalent employees ("FTEs") of which 21 FTEs are assigned to the Water Division that operates and maintains the Water System.

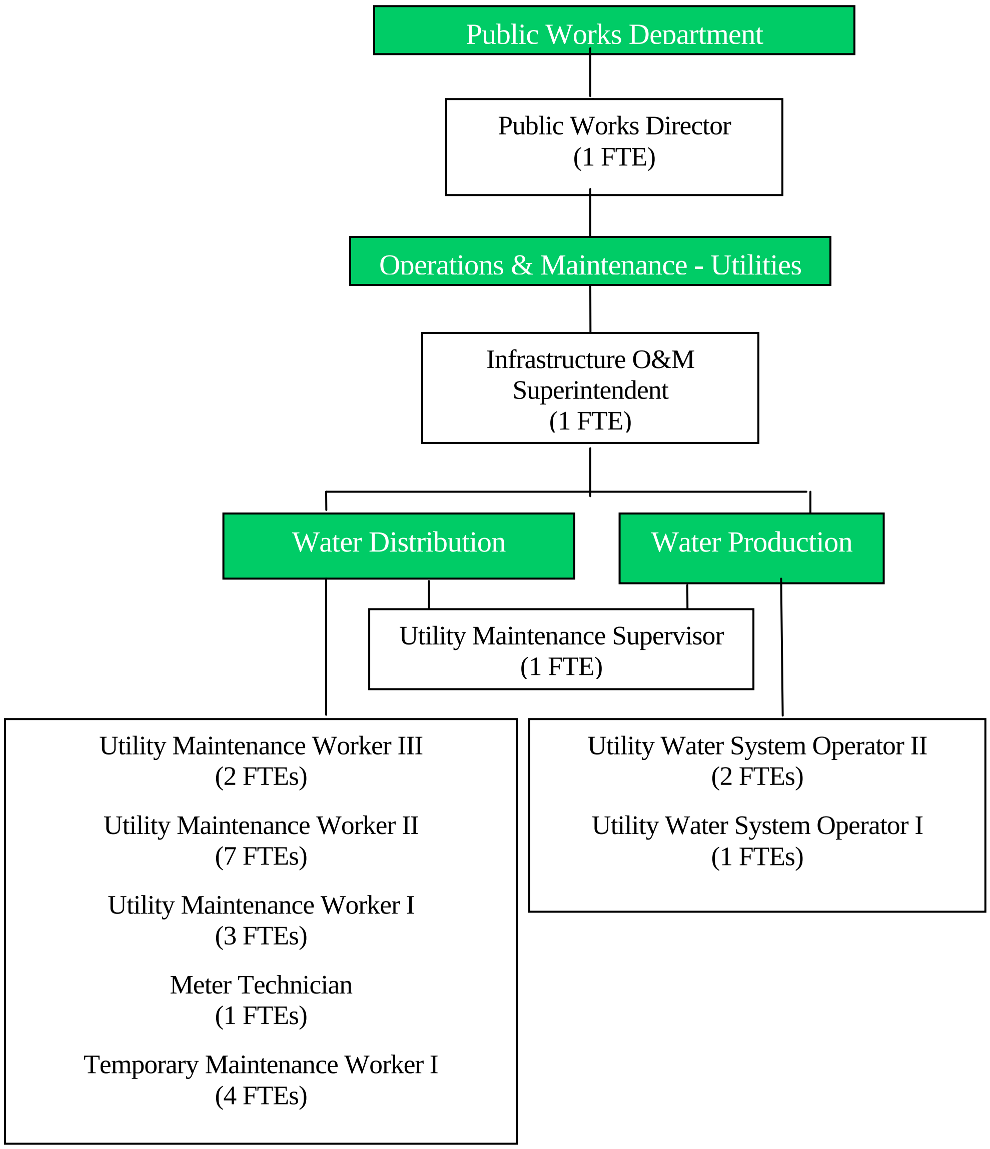
The Water System employees are organized into bargaining units.

Table 5
City of Woodland
Public Works Department-Operation and Maintenance-Utilities
Water System Bargaining Units

Bargaining Units	Number of FTEs	Contract Termination Date
Mid-Management Professional Association	1	December 7, 2011
Woodland City Employees Association	20	October 31, 2011
TOTAL	21	

Source: City of Woodland.

Public Works Department - Operations and Maintenance Division
Branches and Positions Related to the Water System



Senior Management. Brief resumes for the Senior Management of the Public Works Department are set forth below:

Gregor G. Meyer, Public Works Director. Mr. Meyer was appointed Public Works Director in June 2008. Before this appointment, he served as the Public Works Deputy Director for two and one-half years. Mr. Meyer joined the City in October 2005 after 25 years career in Public Works and the City Manager's Office with the City of Salinas, California, where, he served as the Operations and Development Manager. Prior to that, he worked in Public Works for the City of Watsonville. Mr. Meyer has a Bachelors degree in business management from St. Mary College in Moraga, California.

Tim Lloyd, Utility Superintendent: Mr. Lloyd joined the City in April 2010 and is responsible for overall management of the water production and distribution system, storm water drainage system and sanitary sewer collection system. Prior to this appointment, Mr. Lloyd worked for Sacramento County Water Quality for 31 years. During his tenure at Sacramento County, he was promoted from field supervision and section management to the position of Maintenance and Operations Superintendent and served in that capacity for 11 years. Mr. Lloyd holds an Associate of Arts Degree in Water/Wastewater Management from Sacramento City College and a Bachelor's Degree in Business Management from Saint Mary's College, Moraga, California.

Dave Settles, Utility Maintenance Supervisor. Mr. Settles joined the City in March 1981 as a Maintenance Worker II and was promoted to Maintenance Worker III in October 1985. Mr. Settles was then promoted to Maintenance Supervisor in November 2004 and as Utility Maintenance Supervisor in June 2006. He holds a State of California Water Distribution Operator's license Grade 4. Mr. Settles is responsible for the operation and maintenance of the City's water distribution system and 20 ground water wells. He is the City's chief operator and also oversees the City's safe drinking water monitoring program and reporting to the State.

Douglas Baxter, P.E., Principal Civil Engineer. Mr. Baxter was hired by the City in September 2003 as the Senior Civil Engineer in charge of Utility Engineering and promoted to Principal Civil Engineer in 2009. Mr. Baxter supervises the Utility Engineering Branch in the Public Works Department and is responsible for engineering assessment for the Utility system and providing long-term capital improvement planning. From February 2005 to October 2005 he served as Acting Deputy Director of Public Works, Operations and Maintenance. Mr. Baxter has both Bachelor of Science and a Master of Science degrees in Civil Engineering from Brigham Young University and is a registered professional engineer in the State. For the 23 years prior to joining the City, Mr. Baxter was employed as a State Office Engineer for the United States Department of Agriculture (Rural Development) where he was responsible for the feasibility reviews of water and wastewater treatment and collection projects that averaged $40 million in construction cost per year.

Akintunde Okupe, M.B.A., P.E., Senior Civil Engineer. Mr. Okupe joined the Infrastructure/ Engineering Utility Branch in the Public Works Department in June 2007. Mr. Okupe holds a Bachelors Degree in Civil Engineering from University of Ibadan, Nigeria and a Masters Degree in Business Administration (Financial emphasis) from the Graduate School of Business, University of Capetown, South Africa. Prior to joining the City, he worked for the California Department of Transportation for several months in 2002, before joining the El Dorado Irrigation District where he worked from 2002 to 2007. He also worked for various civil engineering consulting firms in South Africa from 1992 to 2000. Mr. Okupe is a Registered Civil Engineer in California and Arizona.

Health and Retirement Benefits

The City provides health and retirement benefits to all full-time employees of the Water System, the costs of which are reflected in the operating budgets. Retirement benefits are provided through a contract with the California Public Employees' Retirement System. See also "WATER SYSTEM FINANCES–Health Benefits," "–Retirement System" and "–Post-Employment Benefits."

Customer Base

During of Fiscal Year 2009-10, the Water System served more than 14,580 residential, commercial and industrial connections. Approximately 90% of the customer base is residential accounts, representing approximately 60.9% of consumption. Table 6 presents customer base by type of account, Table 6 presents gross annual water consumption and Table 7 shows consumption by type of account. The 10 largest users of the Water System by consumption are set forth in Table 8 and the 10 largest users of the Water System by revenues are presented in Table 15.

Table 6
City of Woodland
Water System
Customer Base by Type of Account
(Fiscal Years)

Type of Account	Number of Connections 2005-06 Number	2005-06 Percent	2006-07 Number	2006-07 Percent	2007-08 Number	2007-08 Percent	2008-09 Number	2008-09 Percent	2009-10† Number	2009-10† Percent
Residential	12,466	93.84%	12,696	93.16	12,915	91.92%	12,946	90.12%	13,134	90.08%
Commercial	796	5.99	908	6.66	1,109	7.89	1,394	9.70	1,419	9.73
City Owned	23	0.17	24	0.18	26	0.19	26	0.18	27	0.19
TOTAL	13,285	100.00%	13,628	100.00%	14,050	100.00%	14,366	100.00%	14,580	100.00%

† Estimated.
Source: City of Woodland, Public Works Department.

Water Consumption

The table below shows the gross water consumption in cubic feet of water ("centi-cubic feet" or "CCUFT") for last seven Fiscal Years.

Table 7
City of Woodland
Water System
Gross Water Consumption
(Fiscal Years)

Fiscal Year	Annual Consumption (gallons)	Annual Consumption (CCUFT)	Average Daily Consumption (CCUFT)
2005-06	5,082,391,983	6,794,642	18,615
2006-07	5,521,541,260	7,381,740	20,224
2007-08	5,423,105,612	7,250,141	19,863
2008-09	5,147,153,757	6,881,222	18,853
2009-10	4,660,911,704	6,231,165	17,072

(1) The City began installing meters in 2010. The figures for consumption represent actual water production, of which approximately 25% of such consumption may be due to water loss due to leakage within the Water System infrastructure.
(2) CCF = one hundred cubic feet.
Source: City of Woodland, Public Works Department.

Table 8
City of Woodland
Water System
Consumption by Type of Account
(Fiscal Years)

Type of	2005-06		2006-07		2007-08		2008-09		2009-10	
Account	CCUFT	Percent	CCUFT	Percent	CCUFT	Percent	CCUFT	Percent	CCUFT	Percent
Residential[1]	6,604,133	88.61%	5,769,981	84.31%	4,483,114	60.73%	4,146,030	60.25%	3,793,983	60.89%
Commercial	719,005	10.51	1,010,301	14.76	1,031,138	13.97	996,720	14.48	860,102	13.80
Industrial	60,176	0.88	63,504	0.93	22,053	0.30	18,166	0.26	19,289	0.31
Water Loss[2]	(3)	–	(3)	–	1,845,435	25.00	1,720,306	25.00	1,557,791	25.00
TOTAL	6,843,314	100.00%	6,843,786	100.00%	7,352,941	100.00%	6,881,222	100.00%	6,231,165	100.00%

(1) Residential data is estimated (City does not have historical metering data for residential customers)
(2) Represents water loss due to leakage within the Water System infrastructure. While the City is able to determine the amount of water produced and track or reasonably estimate customer usage, there is a certain amount of water that is unaccounted for due to leakage within the aging infrastructure of the Water System.
(3) Data is not available.
Source: City of Woodland, Public Works Department.

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The table below summarizes the 10 largest users of the Water System by consumption and their respective percentages of total Fiscal Year consumption.

Table 9
City of Woodland
Water System
Ten Largest Users by Water Consumption
Fiscal Year 2007-08 through Fiscal Year 2009-10†

	Annual Wastewater Use					
	Fiscal Year 2007-08		Fiscal Year 2008-09		Fiscal Year 2009-10†	
User Name	(CCUFT)	Percent	(CCUFT)	Percent	(CCUFT)	Percent
Woodland Biomass Power Ltd	239,987	3.26%	199,106	2.89%	271,611	4.36%
Woodland School District	–	–	36,696	0.53	60,592	0.97
Woodland Memorial	28,352	0.39	34,104	0.50	35,998	0.58
Whittle & Associates Inc.	–	–	30,941	0.45	27,176	0.44
Woodmark Apt Associates LP	–	–	25,664	0.37	22,720	0.36
Yolo County Housing Authority	–	–	–	–	20,838	0.33
Idle Wheel/Royal Palm, LP	–	–	–	–	17,798	0.29
Lefever Mattson Property Mgmt	–	–	14,888	0.22	17,402	0.28
USA Properties Fund	–	–	16,012	0.23	16,528	0.27
Costco Wholesale #1003	–	–	–	–	15,233	0.24
Laughton Properties	–	–	14,779	0.21	–	–
Morris Maclyn L. Trustee	–	–	13,314	0.19	–	–
Courtwood Apts	–	–	–	–	–	–
County Fair Mall	17,815	0.24	–	–	–	–
Woodland Oaks Apartments	15,059	0.20	–	–	–	–
Marsol Mgmt Apartments	10,657	0.14	–	–	–	–
Pacific Coast Producers	9,852	0.13	–	–	–	–
Vanetti Trustee (Apts)	9,804	0.13	–	–	–	–
The Californian	9,770	0.13	–	–	–	–
Westwood Apts	9,402	0.13	–	–	–	–
Mid Peninsula Management	9,375	0.13	–	–	–	–
Subtotal Top 10	360,073	4.90	399,703	5.81	505,896	8.12
All Others	6,992,868	95.10	6,481,519	94.19	5,725,269	91.88
TOTAL	7,352,941	100.00%	6,881,222	100.00%	6,231,165	100.00%

† Estimated.
Source: City of Woodland, Finance Department.

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WATER SYSTEM FINANCES

Rate Setting, Billing and Collection Procedures

Users of the Water System who are connected to the City's Water System are billed separately for water service and sewer service, on a combined bill, by the City's Finance Department. The fee for either service may not be paid separately from the other. Users of the Water System who are not connected to the City's sewer system are billed for water service only.

Rate Setting Procedure. In accordance with California law, the City Council may, from time to time and at its discretion, fix, alter, change, amend or revise any user fees, connection charges and all other fees related to the Water System.

In November 1996, citizens of the State passed a Constitutional amendment known as Proposition 218. This amendment changed the process for increasing property-related fees within the state. See "CONSTITUTIONAL LIMITATIONS ON TAXES AND WATER RATES AND CHARGES–Articles XIII C and XIII D of the California Constitution" herein. While it is still uncertain if water rates are governed under Proposition 218 as a property-related fee, the City has in the past chosen to modify rates pursuant to Proposition 218 and require a protest hearing by the property owners prior to instituting a rate increase. Under the protest hearing process, property owners within the service area are mailed a rate increase notice and protest form detailing the proposed rate increase. To oppose the rate increase, the property owner must return the protest form to the City. To support the rate increase, there is no action required on the part of the property owner. If a majority of protests are returned to the City no later than the end of the protest hearing, the City may not approve the proposed rate increase. If the protest fails with 50% or less, then the City can approve a rate increase not to exceed the rate increase detailed in the protest form. Proposition 218, passed by the California electorate in 1996, potentially 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 under Proposition 218. See "CONSTITUTIONAL LIMITATIONS ON TAXES AND WATER RATES AND CHARGES–Articles XIII C and XIII D of the California Constitution."

Billing Procedure. Commercial accounts are billed monthly and residential accounts are billed monthly for advance payment of utility service. Residential customers that have transitioned to consumption based billing are billed monthly for water consumption for the previous month. Bills are due and payable within 15 days of the billing date. Section 23C-2-6(f) of the City Code provides that in the event any bill for Water Service and Sewer service remains unpaid for 60 days after mailing, the account is deemed delinquent and service may be terminated within 10 days following the mailing of the notice of delinquency. Premises disconnected for the non-payment of Water Service or sewer service fees are not reconnected until all current and delinquent fees and penalties are paid in full. Enforcement effectively takes place at the time of the next billing cycle.

Set forth in Table 10 is a summary of the number of delinquent Water System accounts for the last five Fiscal Years. For a discussion of construction and foreclosure activity within the City, see APPENDIX A–"GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION CONCERNING THE CITY OF WOODLAND–Construction" and "–Foreclosure Activity."

Table 10
City of Woodland
Water System
Delinquency Rate by Type of Account
(Fiscal Years)

	Number of Delinquent Accounts									
	2005-06		2006-07		2007-08		2008-09		2009-10†	
Type of Account	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Residential	441	3.32%	649	4.76%	869	6.19%	1,363	9.49%	1,292	8.86%
Commercial	57	0.43	58	0.43	58	0.41	73	0.51	71	0.49
City Owned	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
TOTAL DELINQUENT	498	3.75	707	5.19	927	6.60	1,436	10.00	1,363	9.35
Non-Delinquent	12,787	96.25	12,921	94.81	13,123	93.40	12,930	90.00	13,217	90.65
TOTAL ACCOUNTS	13,285	100.00%	13,628	100.00%	14,050	100.00%	14,366	100.00%	14,580	100.00%

† Estimated.
Source: City of Woodland, Finance Department.

Rates, Fees and Charges

Water Revenues are derived from three sources: (i) monthly service charges and pretreatment charges imposed billed and collected by the City; (ii) Water Service installation charges; and (iii) other miscellaneous charges, including interest income.

Service Charges. Customers of the Water System are billed for monthly water service based on a user classification system. Service charges include the direct and indirect costs of operating, maintaining and repairing, and the capital replacement and improvement costs related to the Water System.

The City began installing water meters in residential properties in 2008. In accordance with State law, residences built after 1992 are required to be billed based upon on consumption in 2010; these properties are known as "Phase I" of meter installation in the City. Beginning March 2010, Phase I customers began receiving sample bills in addition to their flat rate bills. The sample bills illustrated the total utility bill that would be due under consumption rates. Beginning in December 2010, Phase I customers are billed based upon actual consumption other customers will remain on flat rate bills until their meters are installed and they receive six months of samples bills. The City expects all accounts to be on consumption based by the end of Fiscal Year 2012-13.

Residential users that remain on flat rates are charged based upon the size of the residence. Metered commercial and industrial accounts are charged monthly rates based upon the size and type of the meter and are charged a volume charge per 100 cubic feet (CCF) (which is equivalent to 748 gallons) of water consumed per month. Non-metered commercial and industrial accounts (representing approximately 12% of the commercial and industrial accounts) are charged flat rates. See Table 11 for a summary of the historic and current Water System rates.

In November 2009, the City Council approved phased increases in Water System rates, which after July 1, 2012, will be adjusted annually for inflation, based on the construction cost index. The new metered rate is calculated based upon (i) the water service base rate (*i.e.* the share of water delivery costs allocated to the customer) and (ii) actual water use.

Historical and Current Rates. The current Water System Rates were approved by the City Council on November 3, 2009 and became effective January 1, 2010. Table 11 sets forth the historical and current approved Water System rates for Fiscal Years 2007-08 through 2011-12.

Table 11
City of Woodland
Water System
Historical and Current Monthly Water System Rates
Fiscal Years 2007-08 though 2010-11

Residential Flat Rates

	Effective Date				
	2007-08	2008-09	2009-10†	2010-11	2011-12
Customer Class					
Single Family lot ‹ 5,000 square feet	$19.34	$19.89	$28.60	$34.30	$41.15
Duplexes triplexes, four-plexes, apartments, mobile home spaces and condominiums					
Single Family Residence lots (5,000 - 10,000 square feet)	23.85	24.52	35.30	42.35	50.80
Single Family Residence lots › 10,000 square feet	28.16	28.95	41.70	50.05	60.05

Residential Metered Rates

	Effective Date			
Customer Class	January 1, 2010	2010-11	2011-12	2012-13
Flat rate 1/4” - 2” Meter Fixed Charge	$14.00	$15.75	$20.00	$24.00
Plus				
User charge per 100 cubic feet (CCF):				
0 - 12 CCF	0.97	1.19	1.25	1.50
13 - 20 CCF	0.97	1.37	1.50	1.95
› 20 CCF	0.97	1.37	1.90	2.55

† Fiscal Year 2009-10 rates became effective January 1, 2010.
Source: City of Woodland, Public Works Department.

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Commercial Water System Rates

	2007-08	2008-09
Minimum flat rate commercial	$15.05	$15.48
Plus flat rate based on meter size:		
¾”	1.84	1.90
1”	3.68	3.79
1 ½”	7.34	7.55
2”	11.03	11.34
3”	22.04	22.66
4”	36.75	37.78
6”	73.49	75.55
Usage charge: per 100 cubic feet	0.0147	0.0151

	Effective Date			
Customer Class	January 1, 2010†	2010-11	2011-12	2012-13
3/4” - 2” Meter Fixed	$14.00	$15.75	$20.0	$24.00
3” Meter Fixed	26.30	29.60	37.60	45.10
4” Meter Fixed	43.80	49.30	62.60	75.10
6” Meter Fixed	87.50	98.45	125.00	150.00
Large Uniform User				
3/4” - 2” Meter Fixed	14.00	15.75	20.00	24.00
3” Meter Fixed	26.30	29.60	37.60	45.10
4” Meter Fixed	43.80	49.30	62.60	75.10
6” Meter Fixed	87.50	98.45	125.00	150.00
Landscape				
3/4” - 2” Meter Fixed	14.00	15.75	20.00	24.00
3” Meter Fixed	26.30	29.60	37.60	45.10
4” Meter Fixed	43.80	49.30	62.60	75.10
6” Meter Fixed	87.50	98.45	125.00	150.00

† Fiscal Year 2009-10 rates became effective January 1, 2010.
Source: City of Woodland, Public Works Department.

For the last five Fiscal Years residential customers represented approximately ___% of revenues; commercial customers represented approximately __% of revenues and City owned properties represented approximately ___% of revenues of the Water System.

The City's single-family residential charges for Fiscal Year 2009-10 are set forth in Table 12 with a comparison to rates charged by neighboring northern California cities.

Table 12
City of Woodland
Monthly Water Rate Comparison
Single-Family Residential Service
(As of Fiscal Year 2009-10)

		Flat Rate		Metered Rate	
City	Service Charge	800 CFT	1400 CFT	800 CFT	1,400 CFT
Turlock	$24.05	$15.55	$19.15	$30.47	$35.29
Roseville	22.35	24.85	36.80	25.23	28.09
Sacramento	18.33	24.28	39.70	24.32	28.81
Woodland	***15.75***	***28.60***	***41.70***	***25.27***	***32.77***
Davis	13.96	25.96	34.96	–	–
Arcadia	13.51	23.99	31.85	–	–
[Palo Alto	12.27	45.54	79.28	–	–]
Vacaville	9.33	–	–	17.97	25.25

Sources: City of Woodland Finance Department o.

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Table 13 summarizes the 10 largest of the Water System in terms of revenues and their respective percentages of total revenues for Fiscal Years 2007-08 through 2009-10.

Table 13
City of Woodland
Water System
Ten Largest Users by Revenues
Fiscal Years 2007-08 through Fiscal Year 2009-10

	Fiscal Year 2007-08		Fiscal Year 2008-09		Fiscal Year 2009-10	
User Name	Annual Revenue	Percent of Annual Revenue	Annual Revenue	Percent of Annual Revenue	Estimated Annual Revenue	Percent of Annual Revenue
Woodland Biomass Power Ltd	$292,358	4.67%	$301,253.27	4.78%	$315,527.99	4.31%
Autumn Run	–	–	71,517.60	1.13	94,208.40	1.29
Woodland Memorial Hospital	37,278	0.60	47,505.20	0.75	54,805.98	0.75
Madsen & Walton Properties	–	–	32,818.50	0.52	39,407.66	0.54
Woodland School District	–	–	–	–	31,164.84	0.43
Westgate Village Apt	–	–	23,116.80	0.37	30,451.20	0.42
Lefever Mattson Properties	–	–	–	–	28,600.88	0.39
Eng & Roslyn M. Eng	–	–	–	–	24,265.80	0.33
Yolo County Housing	–	–	29,099.07	0.46	24,099.51	0.33
Alderson Hospital	–	–	–	–	23,144.78	0.32
Heritage Oaks LP	–	–	19,512.34	0.31	–	–
County Fair Fashion Mall	26,453	0.42	18,529.57	0.29	–	–
Woodland Oaks Apartments	22,401	0.36	–	–	–	–
Marsol Management Apartments	15,798	0.25	–	–	–	–
Pacific Coast Producers	15,364	0.25	–	–	–	–
Vanetti Trust Apartments	14,676	0.23	–	–	–	–
Mid Peninsula Management	14,673	0.23	–	–	–	–
The Californian	14,494	0.23	–	–	–	–
Westwood Apartments	14,085	0.23	–	–	–	–
Total Ten Largest Users	467,582	7.47	584,790.35	9.28	665,667.04	9.08
All Others	5,789,961	92.53	5,717,863.65	90.72	6,662,673.96	90.92
TOTAL WATER SYSTEM	$6,257,543	100.00%	$6,301,654.00	100.00%	$7,328,351.00	100.00%

Source: City of Woodland, Finance Department.

Development Fees. Development fees are one-time charges levied by the City to recover costs incurred by the Water System for providing capacity in the Water System required by new users. Providing this capacity extends to the Water Treatment Plant and distribution system pipelines and pumps.

The City levies a development fee on each unit of new construction. For Fiscal Year 2010-11, development fees for residences are $2,932 for single family homes and $1,799 for multifamily residences. For Fiscal Year 2010-11, development fees for non-residential customers range from $0.62 per square foot to $0.87 per square foot. Non-residential development fees are determined based on the total estimated water consumption category of development.

Set forth in Table 14 is a summary of development fee revenues for the Water System, excluding interest earnings and miscellaneous income, for the Fiscal Years 2005-06 through 2008-09 and unaudited data for Fiscal Year 2009-10.

Table 14
City of Woodland
Water System
Development Fee Revenues†
Fiscal Years 2005-06 through 2009-10

	Fiscal Year				
					(Unaudited)
	2005-06	2006-07	2007-08	2008-09	2009-10
Revenues†	$1,069,283	$968,168	$1,015,529	$681,581	$291,209

† Represents revenues derived from development fees *only*.
Source: Fiscal Year 2005-06 through 2009-10 Comprehensive Annual Financial Reports.

Interest Income. The Water System receives additional income from interest income earned on funds available for use in operations and for application to capital projects.

Net Assets

Set forth in Table 15 is a summary of the Audited Statements of Net Assets for the Water System for the Fiscal Years 2005-06 2009-10.

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Table 15
City of Woodland
Water System
Statement of Net Assets
(Fiscal Years 2005-06 through 2009-10)

	2005-06	2006-07	2007-08	2008-09	(Unaudited) 2009-10
ASSETS					
Current assets:					
Cash and investments	$2,916,204	$3,869,741	$4,694,231	$7,808,324[3]	$1,540,892[8]
Accounts receivable	400,411	479,841	540,663	325,024	511,729
Due from other funds	–	–	–	2,418,024[4]	2,872,103
Prepaid items and deposits	–	85,360	137,378	88,585	68,463
Other assets	82,918	–	–	–	–
TOTAL CURRENT ASSETS	3,399,533	4,434,942	$5,372,272	10,639,957	4,993,187
Noncurrent assets:					
Advances to other funds	1,877,927	1,925,615	1,973,302	2,020,989	2,020,989
Land	281,851	281,851	281,851	281,851	281,851
Construction in progress	215,430	722,531	685,335	5,844,564[5]	11,177,822[9]
Depreciable capital assets (net of accumulated depreciation)	7,596,641	26,279,304[1]	25,906,918	25,294,577	25,607,027
TOTAL NONCURRENT ASSETS	9,971,849	29,209,301	28,847,406	33,441,981	39,087,689
TOTAL ASSETS	13,371,382	33,644,243	34,219,678	44,081,938	44,080,876
LIABILITIES					
Current liabilities:					
Accounts payable	377,136	198,448	230,814	818,175[6]	536,105
Interest payable	–	–	–	–	37,396[10]
Compensated absences	22,836	19,693	17,241	38,887	44,300[11]
Long-term debt - current portion	–	–	–	195,000	205,000
TOTAL CURRENT LIABILITIES	399,972	218,141	248,055	1,052,062	822,801
Noncurrent liabilities:					
Compensated absences	53,799	84,968	47,884	94,095	143,951[10]
Revenue bonds	–	–	–	8,975,000	8,770,000
Other postemployment benefits	–	–	–	193,839[7]	–
TOTAL NONCURRENT LIABILITIES	53,799	84,968	47,884	9,262,934	9,338,318
TOTAL LIABILITIES	453,771	303,109	295,939	10,314,996	10,161,119
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt	8,093,922	27,283,686	26,874,104	27,926,002	37,066,700
Unrestricted	4,823,689	6,057,448	7,049,635	5,840,940	(3,146,943)
TOTAL NET ASSETS (DEFICIT)	$12,917,611	$33,341,134[2]	$33,923,739[2]	$33,766,942	$33,919,757

(1) In Fiscal Year 2006-07, the City fully implemented GASB 34, which required retroactive recognition of infrastructure assets dating back to 1980; this was a one-time adjustment to the capital assets of this fund.
(2) Includes General Fund advances for capital improvements.
(3) Included unexpended proceeds of the Series 2008 Bonds in the amount of $5.6 million.
(4) The Water Fund made a short term cash loan of $2.4 million to the Storm Drain Enterprise fund in Fiscal Year 2008-09, which was repaid in July 2009.
(5) The Fiscal Year 2008-09 CIP balance includes $2.7 million spent on water meter implementation, $600,000 for a water tank replacement, $450,000 for well replacements, and $1.2 million for repair and replacement of water utility pipes.
(6) Included $600,000 in progress payments related to water meter implementation, water tank replacement and well replacement projects.
(7) The City's requirement for recording an unfunded liability related to other post employment benefits was effective in Fiscal Year 2008-09.
(8) Cash balances were reduced in Fiscal Year 2009-10 through expenditure of Series 2008 Bond proceeds on the related projects; this also results in a corresponding increase in Construction in Progress. Additionally, the Water Fund made a short term loan of $2.87 million to the American Reinvestment and Recovery Act fund to cover a short term cash deficit resulting from delayed reimbursement of grant moneys. This loan was repaid in August 2010.
(9) Construction in progress increased due to continued construction on the water meter implementation, above ground water tank, well replacement, and progress on the Water Supply Project. See "WATER SYSTEM–*Water Supplies*–Future Supplies."
(10) Represents interest payable on the Series 2008 Bonds; the accrual in Fiscal Year 2009-10 was deemed immaterial and therefore not included in the published financial statements.
(11) The City implemented a mandatory furlough program for all employees in Fiscal Year 2009-10; this resulted in higher balances of unused leave for employees; additionally, three additional full time equivalents were added to the Water Fund in Fiscal Year 2009-10, adding to the unused leave.

Source: Fiscal Year 2005-06 through 2009-10 Comprehensive Annual Financial Reports.

Revenues, Expenses and Debt Service Coverage

No Outstanding Debt. Following the refunding of the Series 2008 Bonds, the Water System will have no other outstanding debt secured by Net Water Revenues other than the Series 2011 Bonds.

Historical Revenues and Expenses. The Statements of Revenues and Expenses of the Water System for the Fiscal Years ended June 30, 2006 through 2010, as summarized from information presented in the City of Woodland Comprehensive Annual Reports for those same Fiscal Years, are set forth below.

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Table 16
City of Woodland
Water System
Historical Statement of Revenues and Expenses and Changes in Fund Net Assets
(Fiscal Years Ended June 30)

	2005-06	2006-07	2007-08	2008-09	(Unaudited) 2009-10
Operating Revenue[1]					
Charges for services	$4,759,033	$5,577,273	$6,257,543	$6,302,654	$7,328,351
Other†	–	11,740	10,586	51,938	24,663
TOTAL OPERATING REVENUES	4,759,033	5,589,013	6,268,129	6,354,592	7,353,014
Operating Expenses					
Personnel services	1,287,128	1,454,161	1,899,884	2,735,606[4]	3,410,045[8]
Utilities	743,820	908,200	832,004	849,812	820,742
Office supplies and expenses	851,188	971,639	1,213,610	938,784	873,477
Small tools and supplies	3,046	3,188	2,782	2,592	2,370
Contractual services	171,035	165,450	711,986	516,733	357,891
Depreciation	287,512	885,010[3]	894,042	913,710	941,920
Equipment rental and maintenance	163,199	212,641	240,532	276,647	348,652
TOTAL OPERATING EXPENSES	3,506,928	4,600,289	5,794,840	6,233,884	6,755,097
Operating Income (Loss)	1,252,105	988,724	473,289	120,708	597,917
Nonoperating Revenues (Expenses)					
Investment earnings	132,226	157,162	214,327	346,282[5]	17,883[9]
Intergovernmental	–	33,763	15,748	–	168,918
Interest expense	–	–	–	(245,382)[6]	(493,521)[6]
Other expenses	–	–	–	(219,303)[7]	–
TOTAL NON-OPERATING REVENUES (EXPENSES)	132,226	190,925	230,075	(118,403)	(306,725)
Income (Loss) Before Transfers	1,384,331	1,179,649	703,364	2,305	291,192
Transfer in	–	–	17,617	–	–
Transfer out	–	(199,339)	(138,376)	(159,102)	(138,377)
Change in net assets	1,384,331	980,310	582,605	(156,797)	152,815
Net assets (deficit), beginning of year	11,533,280	32,360,824	33,341,134	33,923,739	33,766,942
Net assets (deficit), end of year	$12,917,611	$33,341,134[2]	$33,923,739[2]	$33,766,942	$33,919,757

(1) Operating Revenue does not include connection fees. For connection fee revenues see Table 14–"Development Fee Revenues."
(2) Includes General Fund advances for capital improvements.
(3) In Fiscal Year 2006-07, the City fully implemented GASB 34, which required retroactive recognition of infrastructure assets dating back to 1980 and recognition of related depreciation expenses.
(4) Two additional staff positions were added to the Water Fund in Fiscal Year 2008-09; additionally recognition of the unfunded liability related to other post employment benefits occurs in the personnel services category.
(5) The Water Fund had a large cash balance in Fiscal Year 2008-09 due to unexpended proceeds from the Series 2008 Bonds; this resulted in an increase in total investment earnings.
(6) Interest payments related to the Series 2008 Bonds; only six months of interest was paid in Fiscal Year 2008-09 since the Series 2008 Bonds were issued in November 2008. Payments made in Fiscal Year 2009-10 represent a full year of debt service.
(7) Represents the cost of issuance associated with the Series 2008 Bonds.
(8) Personnel costs increased due to addition of three FTEs; additionally, recognition of the increased liability related to both unfunded other post employment benefits as well as compensated absences are included in the personnel services category of expenditures.
(9) The cash balance in the Water Fund decreased during Fiscal Year 2009-10 due to expenditure of Series 2008 Bond proceeds on related capital projects. Additionally, the interest rate on the City's pooled cash and investments declined.

Source: Compiled from City's Fiscal Year 2005-06 through 2008-09 Comprehensive Annual Financial Reports and the City Finance Department for unaudited Fiscal Year 2009-10 data.

Projected Revenues and Expenses and Debt Service Coverage. Projected Net Water Revenues and Expenses are set forth in Table 17. Revenue assumptions are based upon current approved rates, increased annually by 3% for inflation and by expected increases in population (approximately 150-200 new accounts per year). Expenditure projections are based on current level of staffing and supplies/services, adjusted for average increases in the amount of 5.6% for personnel costs and 3% for non-personnel costs. The projections below are based on assumptions that the City believes are reasonable based upon current plans and expectations. No assurance can be given, however, that such assumptions will be realized and actual results may vary materially from those projected and result in different financial results.

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Table 17
City of Woodland
Water System
Pro Forma Cash Flow Projection and Debt Service Coverage
($ in 000's)

	(Projected) 2010-11	(Projected) 2011-12	(Projected) 2012-13	(Projected) 2012-13	(Projected) 2013-14
System Revenues					
Existing Rate Revenues (1), (2)	$8,811	$10,628	$12,426	$12,476	$12,596
Additional Revenue from Proposed Rate Increase (3)	0	0	0	374	767
Connection Fees (4), (5)	0	0	194	200	496
Other Miscellaneous Income (6)	137	137	137	137	137
Interest Income (7)	30	40	103	140	212
TOTAL SYSTEM REVENUES	8,978	10,805	12,860	13,327	14,208
Operation and Maintenance Costs(8)					
Personnel Services	$3,075	$3,229	$3,390	$3,559	$3,737
Utilities	982	1,030	1,081	1,134	1,191
Office Supplies and Expenses	899	918	953	990	1,028
Small Tools and Supplies	3	3	3	3	3
Contractual Services	383	385	398	411	424
Equipment Rental and Maintenance	425	446	468	491	515
Additions and Deletions(9)	204	312	553	581	664
	5,971	6,323	6,846	7.1169	7,562
O&M Obligations:					
CEC Loan(10)	138	138	138	138	138
SRF Contract(11)	371	372	371	521	521
TOTAL O&M	**$6,479**	**$6,832**	**$7,355**	**$7,828**	**$8,221**
Net System Revenues(12)	**$2,499**	**$3,972**	**$5,506**	**$5,499**	**$5,987**
Parity Debt Service					
New Capital Debt Service(13)	324	1,314	1,315	4,439	4,440
TOTAL PARITY DEBT SERVICE	**$324**	**$1,314**	**$1,315**	**$4,439**	**$4,440**
Debt Service Coverage(14)	**7.70**	**3.02**	**4.19**	**1.24**	**1.35**
Debt Service Coverage (Excluding Connection Fees)(14)	**7.70**	**3.02**	**4.04**	**1.19**	**1.24**
Net System Revenues Available for Capital and Other	**$2,175**	**$2,658**	**$4,191**	**$1,060**	**$1,548**

* Preliminary, subject to change.
(1) Assumes escalated customer growth of 0.0% in Fiscal Year 2010-11 through 2011-12, 0.40% in Fiscal Year 2012-13, 1.0% in Fiscal Year 2014-15 and 1.5% in Fiscal Year 2015-16.
(2) Assumes adopted rate increases of 20.0% in Fiscal Year 2009-10 through Fiscal Year 2012-13.
(3) Based on rate adjustments of 3% inflationary in Fiscal Year 2013-14 and Fiscal Year 2014-15.
(4) Based on the current Fiscal Year 2009-10 connection fee of $3,000.00 per dwelling unit equivalent (DUE) escalated at 3% annually.
(5) Growth estimates based on 0 DUEs in Fiscal Year 2010-11 and Fiscal Year 2011-12, 61 DUEs in Fiscal Year 2012-13 and Fiscal Year 2013-14, and 147 DUEs in Fiscal Year 2014-15. See also "Table 14–"Development Fee Revenues."
(6) Based on historical average late fees, shutoff, and other penalties.
(7) Based on an initial fund balance of approximately $6 million and annually earning 0.5% interest.
(8) Based on the Fiscal Year 2010-11 budget and escalated at 4.7% per year thereafter.
(9) Additions and deletions are additional future staffing and supply needs and retirement responsibilities.
(10) See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS–Pledge of Revenues–*CED Loan.*"
(11) See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS–Pledge of Revenues–*SRF Contract.*"
(12) Total system revenues less total operations and maintenance costs.
(13) Represents debt service on the Series 2008 Bonds through December 1, 2010, the Series 2011 Bonds and a proposed bond issue in 2013 net of reserve fund earnings at 2.00%.
(14) ____________________________

Sources: Debt service and coverage calculations provided by Del Rio Advisors, LLC and HDR Engineering for the remaining information.

Statement of Cash Flows

The Statement of Cash Flows for the Water System for the Fiscal Years ended June 30, 2006 through 2010, as summarized from information presented in the City of Woodland Comprehensive Annual Reports for those same Fiscal Years are set forth in Table 18 below.

Table 18
City of Woodland
Water System
Statement of Cash Flows

	2005-06	2006-07	2007-08	2008-09	(Unaudited) 2009-10
Cash Flows from Operating Activities					
Receipts from customers	$4,734,083	$5,509,582	$6,207,307	$6,570,231	$7,166,797
Payments to suppliers	(1,734,904)	(2,442,248)	(3,020,566)	(2,167,717)	(2,665,080)
Payments to employees	(1,264,191)	(1,426,135)	(1,939,420)	(2,473,910)	(3,124,248)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,734,988	1,641,199	1,247,321	1,928,604	1,376,981
Cash Flows from Noncapital Financing Activities					
Transfers in	–	–	–	–	–
Transfers out	–	(199,339)	(138,376)	(138,377)	(138,377)
Interfund loans and repayments	1,178,630	–	–	(2,418,024)	(454,079)
Long-term loans to other funds	–	(47,688)	(47,687)	(47,687)	–
Operating grants received	–	33,763	15,748	–	168,913
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,178,630	(213,264)	(170,315)	(2,604,008)	(423,543)
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(528,291)	(631,560)	(466,843)	(5,481,323)	(6,550,232)
Proceeds from issuance of long-term debt	–	–	–	9,250,000	–
Principal payments on long-term debt	–	–	–	(80,000)	(195,000)
Interest paid	–	–	–	(245,382)	(493,521)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(528,291)	(631,560)	(466,843)	3,443,295	(7,238,753)
Cash Flows from Investing Activities					
Interest received	132,226	157,162	214,327	346,282	17,883
Net increase (decrease) in cash and cash equivalents	2,517,553	953,537	824,490	3,114,093	(6,267,432)
Cash and cash equivalents, beginning of year, as restated	398,651	2,916,204	3,869,741	4,694,231	7,808,324
Cash and cash equivalents, end of year	2,916,204	3,869,741	4,694,231	7,808,324	1,540,892
Reconciliation to the Statement of Net Assets					
Cash and investments	$2,916,204	$3,869,741	$4,694,231	$7,808,324	$1,540,892
Noncash investing, Capital and Financing Activities:					
Transfer in (out) of capital assets	–	–	17,617	(20,725)	–
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	1,252,105	988,724	473,289	120,708	597,917
Depreciation	287,512	855,010	894,042	913,710	941,920
Other expenses	–	–		(219,303)	–
Change in assets and liabilities:					
Accounts receivable	(24,950)	(79,431)	(60,822)	215,639	(186,705)
Prepaid items and deposits	–	–	(52,018)	48,793	–
Other assets	(1,243)	(2,442)	–	–	20,122
Accounts payable	198,627	(178,688)	32,366	587,361	(282,070)
Compensated absences	22,937	28,026	(39,536)	67,857	55,269
Other postemployment benefits	–	–	–	193,839	230,528
Total adjustments	482,883	652,475	774,032	1,807,896	779,064
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$1,734,988	$1,641,199	$1,247,321	$1,928,604	$1,376,981

Source: Compiled from City's Fiscal Year 2005-06 through 2009-10 Comprehensive Annual Financial Reports.

Management's Discussion of Operating Results

Fiscal Year 2009-10. During Fiscal Year 2009-10, revenues for the Water System increased primarily as a result of an increase in user fees in the amount of 20%, which was effective for the last half of such Fiscal Year. Minimal investment earnings were recognized due to declining cash balances (discussed herein) combined with declining interest rates earned by the City's pooled investments. Three members were added to the Water System personnel during Fiscal Year 2009-10, filling all of the remaining vacancies, which led to an increase in personnel costs. Additionally, the unfunded liability related to other post employment benefits increased by $230,000 during Fiscal Year 2009-10, and the expense related to the increased liability is included in the category of personnel expenditures. Other categories of expenditures remained relatively consistent with previous Fiscal Years.

The City continued installation of Phase I water meters, constructed an above ground water tank, replaced two wells and commenced efforts on the Davis Woodland Water Supply (surface water) project. See "WATER SYSTEM–*Water Supplies*–Future Supplies." These projects were not completed by the end of Fiscal Year 2009-10 and therefore added more than $6 million to "Construction in Progress." Work on these projects also led to a decrease in total cash balances of the fund. The Water Fund provided a short term loan of $2.87 million to the fund that accounts for American Reinvestment and Recovery Act money; this loan was to cover a cash deficit in that fund that resulted from the time lag between project expenditures for the second phase of water meter installation and reimbursement of grant funds. The reimbursement was received and the short term loan was repaid in August 2009.

Fiscal Year 2010-11. The operating budget for the Water System in Fiscal Year 2010-11 includes an increase in user fee revenues of approximately 20% as approved in the water rate study approved by City Council in November 2009, and a small number of new accounts. Total O&M expenditure budgets remain relatively consistent with actual results for Fiscal Year 2009-10.

Health Benefits

The City provides health benefits to certain employees and their dependents for medical, dental and vision care. Although department specific information is not available, employees of the Water System represent approximately 10.47% of the total number of City employees. For Fiscal Years, 2004-05, 2005-06 and 2006-07, the City paid premiums in the amount of $3,047,933, $3,476,571, and $3,889,486.16, respectively. For Fiscal Year 2007-08, the amount paid for health benefit premiums is projected to be $4,878,687.92. Each employee and dependent is covered by a life insurance policy and the employee also is covered by a long-term disability policy. For Fiscal Years 2009-10 and 2010-11 the City paid premiums in the amount of $4,950,636 and $4,720,686, respectively.

The life insurance benefits are based upon the bargaining unit to which the employee is associated. Life insurance benefits following retirement are continued at the same benefit level and conditions as active employees except that after age 65 a reduction to 65% is instituted. In Fiscal Years 2004-05, 2005-06 and 2006-07, the City paid premiums in the amount of $152,614, $163,836 and $180,551.23, respectively. For Fiscal Year 2007-08, the amount paid for life insurance is projected to be $184,406. For Fiscal Years 2009-10 and 2010-11 the City paid premiums in the amount of $173,949 and $154,852, respectively.

Retirement System

The following information concerning the California Public Employees' Retirement System ("PERS") is excerpted from publicly available sources, which the City believes to be accurate. ***PERS is not obligated in any manner for payment of debt service on the Series 2011 Bonds, and the assets of PERS are not available for such payment.*** *PERS should be contacted directly at CalPERS, Lincoln Plaza,* *400 Q Street, Sacramento, CA 95814, Telephone: (888) 225-7377 for other information, including information relating to its financial position and investments.*

The City provides retirement benefits to all full-time City employees through a contract with PERS, a multiple-employer public sector employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to PERS members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments.

PERS maintains two pension plans for the City, a Safety Plan (the "Safety Plan") and a Miscellaneous Plan (the "Miscellaneous Plan" and, together with the Safety Plan, the "PERS Plans"). There are no Water System employees in the Safety Plan. The City contributes to PERS amounts equal to the recommended rates for the PERS Plans multiplied by the payroll of those employees of the City who are eligible under PERS.

Actuarial Valuations. Staff actuaries at PERS prepare annually an actuarial valuation which covers a Fiscal Year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuations delivered to the City in October 2010 with respect to the Miscellaneous Plan, covered PERS' Fiscal Year ended June 30, 2009). The actuarial valuation expresses the required contribution rates for the City in percentages of payroll, which percentages the City contributes in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rates derived from the actuarial valuation as of June 30, 2009, which was prepared in fall 2010, are in effect during the City's Fiscal Year 2011-12). PERS rules require the City to implement the actuary's recommended rates.

In calculating the annual actuarially required contribution rates, the PERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that PERS will fund under the PERS Plans, which includes two components, the normal cost and the unfunded accrued actuarial value (a "UAAL"). The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL, is based on several assumptions such as, among others, the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, prospective investors are encouraged to consider the UAAL as an estimate of the unfunded actuarial present value of the benefits that PERS will fund under the PERS Plans to retirees and active employees upon their retirement and not as a fixed or hard expression of the liability the City owes to PERS under the PERS Plans.

In each actuarial valuation, the PERS actuary estimates the actuarial value of the assets (the "Actuarial Value") of the PERS Plans at the end of the Fiscal Year (which assumes, among other things, that the real rate of return during that Fiscal Year equaled the applicable assumed rate of return of 7.75%). The PERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies. As described below, these policies were significantly changed in April 2005, thus affecting the Actuarial Value calculations for Fiscal Year 2006-07 and thereafter.

Actuarial Assumptions and Policies. PERS recently completed an experience study that analyzed demographic data for the years 1997 to 2007. As a result of this study, the PERS' Board of Administration adopted actuarial assumptions to be used beginning with the June 30, 2009 valuation. Nearly all of the demographic assumptions have changed, including salary increase assumptions and rates for mortality, disability, termination and retirement. Of these, the change to the post retirement mortality assumption had the most significant impact on contribution rates.

In June 2009, the PERS Board adopted changes to the asset smoothing method as well as changes to the Board policy on the amortization of gains and losses in order to phase in over a three year period the impact of the *negative* 24% investment loss experienced by PERS in Fiscal Year 2008-09. The following changes were adopted:

- Increase the corridor limits for the actuarial value of assets from 80%-120% of market value to 60%-140% of market value on June 30, 2009.

- Reduce the corridor limits for the actuarial value of assets to 70%-130% of market value on June 30, 2010.

- Return to the 80%-120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter.

- Isolate and amortize all gains and losses during Fiscal Year 2008-09, 2009-10, 2010-11 over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization).

In addition, in February 2010 the PERS Board adopted a resolution requiring additional contributions for any plan or pool if the cash flows hamper adequate funding progress by preventing the expected funded status on a market value of assets basis of the plan to either:

- Increase by at least 15% by June 30, 2043; or

- Reach a level of 75% funded by June 30, 2043.

Complete updated inflation and actuarial assumptions. It can be obtained by contacting PERS at the address referenced above.

Funded Status and Funding Progress. The City's labor contracts require it to pay some or all of its employees' contribution rate, including the annual contribution of 8% and to PERS for Miscellaneous employees. The City pays 5% of the employee rate for employees in the Mid Management Association and the entire 8% for Woodland City Employee's Association employees. The City is required to contribute at an actuarially determined rate necessary to fund the benefits for its members. The required employer contribution rate for the year ended June 30, 2010 was 14.718% for Miscellaneous employees. The contribution requirement of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS.

Set forth below are estimates for the Fiscal Years 2007-08 through 2011-12 the amount of the total employer contributions made by the City, the UAAL and the funded ratio of the Miscellaneous Plan as of the actuarial valuation dates June 30, 2005 through 2009 based on the PERS Actuarial Reports for those years.

Table 19
City of Woodland
PERS Miscellaneous Plan
Historical Funding Status

Actuarial Valuation Date June 30,	Unfunded (Overfunded) Accrued Actuarial Liability	Funded Ratio	Affects City Contribution for Fiscal Year	City Contribution Amount†
2005	$8,159,693	85.0%	2007-08	$1,687,160†
2006	9,461,210	84.1	2008-09	1,898,491†
2007	9,259,608	85.5	2009-10	1,910,594†
2008	11,190,350	84.0	2010-11	2,160,087†
2009	17,271,971	78.1	2011-12	2,747,226

† Reflects a discount for a lump sum prepayment made in this year.
Source: PERS Actuarial Reports for June 30, 2005 through June 30, 2010.

Annual Pension Costs. PERS determines contribution requirements using a modification of the Entry Age Normal Method, which is a projected benefit cost method. This method takes into account these benefits that are expected to be earned in the future as well as those already accrued. Accordingly, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. The City does not have a net pension obligation since it pays these actuarially required contributions monthly.

Set forth below is the percentage of salary which the City was responsible for contributing to PERS from Fiscal Year 2007-08 through Fiscal Year 2011-12 and the percentage projected for Fiscal Year 2009-10 to satisfy its retirement funding obligations. The City made the contributions as required, together with certain immaterial amounts required as the result of the payment of overtime and other additional employee compensation.

Table 20
City of Woodland
PERS Miscellaneous Plan
Schedule of Employer Contribution Rates

		Miscellaneous Plan		
Actuarial Report for Fiscal Year Ended	Affects Contribution Rate for Fiscal Year	Employer Normal	Unfunded Rate	Total
6/30/2005	2007-08	10.001%	4.811%	14.812%
6/30/2006	2008-09	10.254	5.092	15.346
6/30/2007	2009-10	10.203	4.515	14.718
6/30/2008	2010-11	10.199	5.043	15.242
6/30/2009	2011-12	10.262	8.286	18.548

Sources: PERS Actuarial Reports for June 30, 2004 through June 30, 2009.

Set forth below is the historical funding progress information for the Miscellaneous Plan. The values presented below represent actuarial values (which differs from market value).

Table 21
City of Woodland
PERS Miscellaneous Plan
Funding History

Valuation Date (June 30)	Entry Age Accrued Liability	Actuarial Value of Assets (AVA)	Market Value of Assets (MVA)	Funded Ratio (AVA)	Funded Ratio (MVA)	Annual Covered Payroll
2005	$54,349,780	$46,190,087	$47,593,972	85.0%	87.6%	$10,348,269
2006	59,341,525	49,880,315	53,070,579	84.1	89.4	11,239,374
2007	63,804,355	54,544,747	63,534,829	85.5	99.6	12,242,335
2008	69,853,899	58,663,549	60,059,406	84.0	86.0	13,364,749
2009	79,034,005	61,762,034	45,035,198	78.1	57.0	13,456,471

Sources PERS Actuarial Reports for June 30, 2005 through June 30, 2009.

Prospects. ***[TO BE UPDATED]*** From June 30, 2000 to June 30, 2003, as a result of lower-than-expected rates of investment returns, PERS has experienced significant losses. In the actuarial valuation as of June 30, 2002, which was used for the required contribution rates for Fiscal Year 2004-05, the full effect of these actuarial losses was not reflected in the City's required contribution rates because asset losses were smoothed, substantially reducing the impact of the low investment return. As of June 30, 2003, the actuarial loss had increased to such a level that the City was required to pay the entire normal cost payment plus a portion of the UAAL that resulted.

The PERS actuary, in the June 30, 2006 actuarial valuation, determined that the City contribution rate under the Miscellaneous Plan for the Fiscal Year 2005-06 would be 13.161%, reflecting normal costs (9.846%) and amortization of a portion of the UAAL (3.315%). PERS also projected that the Fiscal Year 2009-10 contribution rate would be approximately 14.9% for the Miscellaneous Plan, assuming there are no amendments to the plan and no liability gains or losses (such as larger than expected pay increases, higher retirements, etc.). There have been no projections completed by PERS beyond Fiscal Year 2009-10 and the City makes no representations as to the level of future contribution rates.

The policies adopted by PERS in April 2005, spreading PERS market value asset gains and losses over 15 years rather than three should help stabilize rising employer costs.

PERS reported that the real rate of return in Fiscal Year 2006-07 exceeded 11.8% (net of fees) exceeding the actuarially assumed rate of return and, has indicated that, so far, the real rate of return in Fiscal Year 2006-07 is on track to exceed the actuarially assumed rate of return.

Post Employment Benefits

The City provides post-employment health care benefits to employees based upon the bargaining unit contracts. Substantially all of the employees of the City may become eligible for these benefits. The plan is a single-employer defined benefit healthcare plan administered by PERS. The postemployment healthcare plan provides lifetime postretirement medical coverage to its eligible employees who satisfy the requirements for retirement under PERS (attained age 50 with five years of State or public agency service or approved disability retirement). Coverage is also extended to spouses and surviving spouses of retirees. The City contributes the full cost of retiree coverage up to specific limits set in collective bargaining agreements. Benefit provisions of the plan are established and may be amended by City Council through collective bargaining. The number of employees, retirees and PERS survivors (for which the City makes a payment) participating in this benefit program and the contributions made by the County are set forth below.

Table 22
City of Woodland
Post Employment Benefit Summary

Fiscal Year (As of June 30)	Number of Participating Retirees(1)	City Contribution ($ in 000's)
2006	155	$1,161,306
2007	171	1,310,831
2008	169	1,778,207
2009	183	1,920,463
2010	211	1,825,004(2)

(1) Includes retirees and dependents receiving benefits.
(2) The 4.97% decrease in the City contribution in Fiscal Year 2009-10 is a result of _________________.
Sources: City of Woodland Comprehensive Annual Financial Reports for the Fiscal Years Ended June 30, 2006 through 2009 and City of Woodland for the Fiscal Year Ended June 30, 2010.

The City contributes towards the cost of retiree's medical coverage differently depending upon the retiree's hire date. Contributions are as follows:

- For retirees hired prior to July 1, 2006, the City pays the full cost of the retiree coverage up to specific limits set in collective bargaining agreements. For 2010, the limits are as follows:
  - $515 for retiree only coverage
  - $1,020 for retiree only plus one dependent
  - $1,335 for retiree plus two or more dependents

In addition to retiree medical coverage, the City's life insurance benefit is automatically continued for retirees; dependents are not permitted to be covered after retirement. The amount of life insurance is the death benefit provided on the last day of active employment and varies by collective bargaining unit. The original death benefit is reduced at later ages:

- 65% of the original death benefit from ages 65-69
- 45% of the original death benefit from ages 70-74
- 30% of the original death benefit from ages 75-79
- 20% of the original death benefit from ages 80 and above

Funding Policy. The contribution requirements of the City are established and may be amended by the City Council. Currently, the City's policy is to contribute to the plan on a pay-as-you-go basis. Expenditures for postretirement healthcare benefits are recognized as monthly premiums are paid. For the year ended June 30, 2010, the City contributed $1,825,004, representing premium payments on behalf of its retired employees.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consisted with the long-term perspective of the calculations.

In the City's January 1, 2009 actuarial valuation, the actuarial cost method used for determining benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.5% investment rate of return (if no prefunding occurs), which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual blended healthcare cost trend rate of 9.5% initially, reduced by decrements to an ultimate rate of 4.5% after eight years. Salary was assumed to increase by 3.25% annually. The actuarial value of the plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a period of 30 years. Under the Entry Age Normal Cost method the projected benefits for each employee is levelly spread over the individual's projected earnings or service from entry age to assumed exit age.

Annual OPEB Cost. The annual OPEB cost is calculated based on the annual requirement contribution (the "ARC") which amount is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Currently, the City has not prefunded any of its OPEB obligation and is contributing on a pay-as-you-go basis. The following table shows the City's annual required contributions (OPEB costs), for the year ended June 30, 2010, the amount actually contributed to the plan, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation:

Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	$4,795,207	$1,920,461	40%	$2,874,746
6/30/2010	4,795,207	1,825,004	38	2,970,203

For retirees hired after June 30, 2006, the City contributes the Minimum (required) Employer Contribution (MEC). The 2009 MEC is $101 per month. If a covered spouse survives the retiree, the City will continue the applicable contribution toward the spouse's coverage until his or her death.

In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45 ("GASB 45"), which addresses how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits ("OPEB"). GASB 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of GASB 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation. However, the unfunded actuarial liability is required to be amortized over future periods on the income statement. GASB 45 also established disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. These disclosure requirements were effective for the City's Fiscal Year ending June 30, 2009.

GASB 45 also requires the calculation of the ARC which consists of the normal cost and a not greater than 30 year amortization of the UAL for the post-retirement health benefits. However, there is no requirement under GASB 45 that the ARC actually be funded. This UAL is calculated as the AL less any assets held for the plan.

The following table shows the components of the City's annual OPEB cost for the Fiscal Year ended June 30, 2010, the amount actually contributed to the plan and changes in the City's net OPEB obligation for such Fiscal Year. Table 23 shows the ARC for all City entities for Fiscal Years 2008-09 and 2009-10.

Table 23
City of Woodland
Post Employment Health Benefits Plan
Annual Required Contribution for Fiscal Years 2008-009 and 2009-10

	2008-09	2009-10
Annual required contribution	$4,795,207	$4,795,207
Contributions made	(1,920,461)	(1,825,004)
Increase in net OPEB obligation	2,874,746	2,970,203
Net OPEB obligation - beginning of year	–	2,874,746
Net OPEB obligation - end of year	$2,874,746	$5,844,949

† Most current data available.
Source: Demsey, Filliger & Associates.

Funded Status and Funding Progress. The funded status of the plan as of [January 1, 2009], the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$55,792,898
Actuarial value of plan assets	–
Unfunded actuarial accrued liability (UAAL)	$55,792,898
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	$21,527,732
UAAL as a percentage of covered payroll	259.2%

Investment of Revenue

Investment of Water Revenues (except pension and retirement funds) are made in accordance with the City's Investment Policy.

The investment of funds of the City, including those funds established under the Trust Agreement and held by the City, are made in accordance with the investment policy of the City, developed by the City Treasurer, and approved by a resolution of the City Council on May 20, 2008 (the "Investment Policy") and Section 53600 *et seq*. of Government Code of the State of California (the "Code"). The Code also directs the City to present an annual investment policy for confirmation to the City Council. The Investment Policy is subject to revision at any time, and is reviewed periodically to ensure compliance with the stated objectives of safety, liquidity, yield and current laws and financial trends.

The Investment Policy sets forth the following primary objectives, in order of priority:

1. Safety - preservation of capital.
2. Liquidity - funds shall be invested only until date of anticipated need or for a lesser period.
3. Yield - generation of a favorable return on investment without compromise of the first two objectives.

Authorized Investments. The City is empowered by State law to invest in certain "eligible securities" as defined in the California Government Code Sections 53600 *et seq.* Authorized investments also include, in accordance with California Government Code Section 16429.1, investments in the State Local Agency Investment Fund ("LAIF"). ***The City does not enter into reverse repurchase agreements***. Authorization for specific instruments within these general categories, include the following: U.S. Treasuries, Government Sponsored Corporations, Bankers Acceptances, Commercial Paper, Certificates of Deposit, Repurchase Agreements, Reverse Repurchase Agreements, Medium-term Corporate Notes/Bonds and Asset-Backed Securities.

Prohibited Investments. No investments will be authorized that have the possibility of returning a zero or negative yield if held to maturity. These will include inverse floaters, range notes, and interest only strips derived from a pool of mortgages. Other prohibited investments include any mortgage pass-through security or collateralized mortgage obligation, or other pay-through bond. Repurchase agreements executed with approved broker/dealers must be collateralized. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value.

Delegation of Authority and Reporting. Management responsibility for the investment program is delegated to the City Treasurer. The City Treasurer is responsible for establishing written procedures for the operation of the investment program consistent with the investment policy, all transactions undertaken, and establishing a system of controls to regulate the activities of subordinate officials.

The City Treasurer is required to prepare and submit to the City Manager and the City Council monthly investment reports. Such reports are to include a subsidiary ledger of the investment portfolio, detailing a review of transactions, security positions and performance indications. Such report will also include a statement denoting the degree of compliance with the investment policy and the City's ability to meet its expenditure requirements for the next six months.

Investment Policy Adoption. The Investment Policy is annually by minute action of the City Council. The Investment Policy is reviewed annually by the City Council and any modifications are required to be approved by the City Council.

Summary of Current Investments. The assets of the City investment portfolio as of January 31, 2011 are shown in the table below. The portfolio had a weighted average maturity of ___ days and a current weighted average yield of ______%. Approximately $________ (representing ___%) of the funds held in the investment portfolio represent funds of the Water System. Table 24 presents the type of investments and other information on the portfolio as of January 31, 2011.

Table 24
City of Woodland
Water System
Portfolio Summary
As of January 1, 2011

Investment	Amortized Cost	Percent	Market Value	Maturity Value
Federal Agency Notes				
Certificates of Deposit				
LAIF				
TOTAL INVESTMENTS				

Source: City of Woodland Finance Department.

CERTAIN RISKS TO BONDHOLDERS

The following information should be considered by prospective investors in evaluating the Series 2011 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to making an investment decision with respect to the Series 2011 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

General

The Series 2011 Installment Payments are payable solely from Net Water Revenues paid to the Authority pursuant to the Installment Purchase Contract, together with amounts on deposit from time to time in certain funds and accounts held by the Trustee. If for any of the reasons described below, or for any other reason, the City does not collect sufficient Net Water Revenues to pay the Series 2011 Installment Payments, the City will not be obligated to utilize any other of its funds, other than amounts available under the Bond Reserve Fund Policy and certain other amounts on deposit in the funds and accounts established under the Trust Agreement to pay debt service on the Series 2011 Bonds. See also "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS–Reserve Fund."

System Expenses

There can be no assurance that the City's projected expenses will be consistent with the descriptions in this Official Statement. Increases in expenses including, but not limited to, personnel costs, regulatory compliance costs and changes in technology, could require an increase in rates or charges in order to comply with the rate covenant.

Limited Recourse on Default

If the City defaults on its obligation to pay debt service on the Series 2011 Bonds, the Trustee has the right to accelerate the total unpaid principal amount of the Series 2011 Bonds outstanding and interest accrued thereon. However, in the event of a default and such acceleration there can be no assurance that the City will have sufficient funds to pay the accelerated debt service from Net Water Revenues.

Initiatives; Changes in Law

In recent years several initiative measures have been proposed or adopted which affect the ability of local governments to increase taxes and rates. There is no assurance that the electorate or the State Legislature will not at some future time approve additional limitations which could affect the ability of the City to implement rate increases which could reduce Net Water Revenues and adversely affect the security for the Series 2011 Bonds.

Statutory and Regulatory Impact

Laws and regulations governing transmission, treatment and delivery of water are enacted and promulgated by government agencies on the federal, State and local levels. Compliance with these laws and regulations may be costly, and, as more stringent standards are developed, these costs will likely increase. In addition, claims against the City for violations of regulations with respect to its facilities and services could be significant. Such claims are payable from Revenues or from other legally available sources.

Although the City has covenanted in the Installment Purchase Contract to fix, prescribe and collect rates and charges for the sewer service during each Fiscal Year sufficient to yield the debt service coverage required by the Installment Purchase Contract, no assurance can be given that the cost of compliance with such laws and regulations will not materially adversely affect the ability of the City to generate Net Water

Revenues in the amounts required by the Installment Purchase Contract and to pay debt service on the Series 2011 Bonds. Certain potential increasing regulatory standards which could materially increase the cost to the City of providing water services.

Seismic Factors

The City is located in a zone 3 seismic area. Seismic zones aid in identifying and characterizing certain geological conditions and the risk of seismic damage at a particular location, and are used in establishing building codes to minimize seismic damage. The five seismic zones are: zone 0 (no measurable damage), zone 1 (minor damage), zone 2 (moderate damage), zone 3 (major damage) and zone 4 (major damage and greater proximity than zone 3 to certain major fault systems).

In the event of a severe seismic event in or around the City, there could be substantial damage to the Water System facilities resulting in a reduction of Net Water Revenues. Such reduction of Net Water Revenues could have a material adverse effect on the City's ability to make timely payments of 2011 Installment Payments on the Series 2011 Bonds.

Risk Management and Insurance

The City has maintained a program of self-insurance for many years in an amount up to $20 million (after $2 million self-insurance retention) for the above types of claims, including annual appropriations for self-insured losses, and professional staff for investigation and legal defense of claims and litigation.

The City is uninsured as to earthquake damage to its Water System facilities.

Limitations on Remedies

The ability of the City to comply with its covenants under the Installment Purchase Contract and to generate Net Water Revenues sufficient to pay principal of and interest with respect to the Series 2011 Bonds may be adversely affected by actions and events outside of the control of the City and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See "–Right to Vote on Taxes Initiative." Furthermore, the remedies available to the owners of the Series 2011 Bonds upon the occurrence of an event of default under the Installment Purchase Contract are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition, equity principles may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Series 2011 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations, or modification of their rights. Remedies may be limited since the 2011 Project serves an essential public purpose.

In addition to the limitations on remedies contained in the Installment Purchase Contract, the rights and obligations under the Installment Purchase Contract may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State of California. The opinion to be delivered by Bond Counsel, concurrently with the issuance of the Series 2011 Bonds, will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Series 2011 Bonds will be similarly qualified. See APPENDIX D–"PROPOSED FORM OF BOND COUNSEL OPINION." In the event the City fails to comply with its covenants under the Installment Purchase Contract or the Authority fails to pay principal of and interest with respect to the Series 2011 Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Series 2011 Bonds.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2011 Bonds, the City and the Authority have covenanted in the Installment Purchase Contract to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended. The interest on the Series 2011 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such Series 2011 Bonds as a result of acts or omissions of the City or the Authority in violation of this or other covenants in the Installment Purchase Contract applicable to the Series 2011 Bonds. The Series 2011 Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Installment Purchase Contract. See "TAX MATTERS."

Risk of Tax Audit

In December 1999, as a part of a larger reorganization of the Internal Revenue Service (the "IRS"), the IRS commenced operation of its Tax Exempt and Government Entities Division (the "TE/GE Division"), as the successor to its Employee Plans and Exempt Organizations division. The new TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. Public statements by IRS officials indicate that the number of tax-exempt bond examinations (which would include the issuance of securities such as the Series 2011 Bonds) is expected to increase significantly under the new TE/GE Division. There is no assurance that if an IRS examination of the Series 2011 Bonds was undertaken that it would not adversely affect the market value of the Series 2011 Bonds. See "TAX MATTERS."

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2011 Bonds or, if a secondary market exists, that the Series 2011 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 are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A of the California Constitution

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. In August 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (1) if financial responsibility for providing services is transferred to the governmental entity, or (2) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January l, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January l, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (1) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (2) the investment of tax revenues and (3) certain State subventions received by local governments. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by the City over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As amended in August 1990, the appropriations limit for the City in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the City's option, either (1) the percentage change in California per capita personal income, or (2) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The City's appropriations limit for Fiscal Year 2009-10 was $50,457,417, and the amount shown in the final budget for that year as the appropriations subject to limitation was $33,856,386. The City's appropriations limit for Fiscal Year 2010-11 is $49,902,385, and the amount shown in the final budget for as the appropriations subject to limitation is $32,252,109.

Right to Vote on Taxes Initiative

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the California Constitution, which contain a number of provisions affecting the ability of cities and counties to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's general fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City Council to raise revenues for the general fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements. In addition, Article XIII D contains new provisions relating to how local agencies may levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. This definition applies to landscape and maintenance assessments for open space areas, street medians, street lights and parks.

Article XIII D also contains several provisions affecting "fees" and "charges," defined for purposes of Article XIII D to mean "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." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon 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 City may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIII D, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

In addition to the provisions described above, Article XIII C removed many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's general fund. "Assessment," "fee" and "charge" are not defined in Article XIII C, and it is not clear whether the definitions of these terms in Article XIII D (which are generally property related as described above) would be applied to Article XIII C. If the Article XIII D definitions are not held to apply to Article XIII C, the initiative power could potentially apply to revenue sources which currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the City will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

In addition, Proposition 218 added several requirements making it generally more difficult for counties and other local agencies to levy and maintain assessments for municipal services and programs.

Finally, Proposition 218 requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general government purposes of the City require a majority vote and taxes for specific purposes only require a two-thirds vote. The voter approval requirements reduce the flexibility of the City Council to deal with fiscal problems by raising revenue and no assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements. See "–Limitations on Remedies." Future initiatives may also affect the ability of the City to increase fees and charges.

Proposition 26

In November 2010, the voters of the State approved Proposition 26, known as the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26, among other things, amended Article XIII C to the California Constitution principally to define what constitutes a "tax" under the limitations and requirements of that provision. Article XIII C imposes limitations on local governments like the City when imposing certain taxes, including a requirement that the local government submit certain taxes to the electorate for its approval. Prior to the passage of Proposition 26, Article XIII C did not define the term "tax." The purpose of Proposition 26 is to broadly define what constitutes a tax under Article XIII C to include "any levy, charge, or exaction of any kind imposed by a local government." Proposition 26 lists several exceptions to the definition of "tax," which include (a) a charge for a specific benefit conferred or privilege granted, that does not exceed the reasonable costs of providing the benefit or granting the privilege, (b) a charge for a specific government service or product, that does not exceed the reasonable costs of providing the service or product, (c) a charge for the reasonable regulatory costs of issuing licenses and permits, performing investigations, inspections, and audits, and the administrative enforcement thereof, (d) a charge for entrance to or use of local government property, or the purchase, rental, or lease of local government property, (e) a fine, penalty, or other monetary charge imposed as a result of a violation of law, (f) a charge imposed as a condition of property development and (g) assessments and property related fees imposed in accordance with the provisions of Article XIII D.

Future Initiatives

Article XIII A, Article XIII B, Proposition 218 and Proposition 26 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, which may place further limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations which may affect the City's revenues or its ability to expend its revenues.

THE AUTHORITY

The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as November 1, 1996 (the "JPA Agreement"), between the City and the Redevelopment Agency of the City of Woodland. The JPA Agreement was entered into pursuant to the California Government Code, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of assisting in financing and refinancing projects for the benefit of the City.

The Authority is governed by a five-member Board. The City Council constitutes the Board of the Authority. The Administrator and Secretary of the Authority are the City Manager and the City Clerk, the Treasurer/Controller of the Authority is the Finance Officer of the City. The Authority's powers include, but are not limited to, the power to issue bonds and to sell such bonds to public or private purchasers at public or by negotiated sale. The Authority is entitled to exercise the powers common to its members and necessary to accomplish the purposes for which it was formed. These powers include the power to make and enter into contracts; to employ agents and employees; to acquire, construct, manage, maintain and operate buildings, works or improvements; to acquire, hold or dispose of property within the City; and to incur debts, liabilities or obligations.

THE CITY

The City of Woodland is located in the Central Valley, which continues to be one of the most prosperous and fastest growing areas of the State. The City is 85 miles northeast of San Francisco, and, thus, feels the impact of growth in suburban areas of the greater Bay Area.

Even more importantly, The City is only 18 miles northwest of the State Capital, Sacramento, and shares in the economic trends of the Sacramento Valley region. A pleasant, mild climate coupled with access to rail and highway transportation, continue to make the City a leading location for residential, commercial and industrial development.

For certain economic, demographic and financial information with respect to the City, see APPENDIX A–"GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION CONCERNING THE CITY OF WOODLAND."

TAX MATTERS

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, compliance with the certain covenants interest on the Series 2011 Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Series 2011 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

The Internal Revenue Code of 1986 (the "Code") imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2011 Bonds. The Authority and the City have covenanted to comply with certain restrictions designed to assure that interest on the Series 2011 Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Series 2011 Bonds being included in federal gross income, possibly from the date of issuance of the Series 2011 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2011 Bonds may affect the tax status of interest on the Series 2011 Bonds. In addition, pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code may adversely affect the value of, or the tax status of interest on, the Series 2011 Bonds. Prospective owners of Series 2011 Bonds should consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel has rendered an opinion that interest on the Series 2011 Bonds is excludable from gross income for federal income tax purposes and is exempt from California personal income taxes, the ownership or disposition of the Series 2011 Bonds or the accrual or receipt of interest on the Series 2011 Bonds may otherwise affect the owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal or State income taxation or otherwise prevent owners of Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of Bonds should consult their own tax advisers regarding any pending or proposed federal or State tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service ("IRS"), including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds, or obligations that present similar tax issues, will not affect the market price or liquidity of the Bonds.

CERTAIN LEGAL MATTERS

The proceedings in connection with the issuance of the Series 2011 Bonds are subject to the approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel. A copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D to this Official Statement. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority and the City by the City Attorney and by Lofton & Jennings, San Francisco, California, Disclosure Counsel. Payment of the fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Series 2011 Bonds.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the Series 2011 Bonds, Counsel to the Authority and the City Attorney will deliver opinions to the initial Underwriters at the time of original delivery of the Series 2011 Bonds each certify that there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served, or to the best knowledge of the City or the Authority threatened, against the City or the Authority in any material respect affecting the existence of the City or the Authority or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale or delivery of the Series 2011 Bonds, the execution and delivery of the Trust Agreement, the Installment

Purchase Contract or the payment of Series 2011 Installment Payments or challenging, directly or indirectly, or the proceedings to lease the Leased Property from the Authority.

The Authority

No litigation is pending with service of process having been accomplished or, to the knowledge of the Counsel to the Authority, threatened, concerning the validity of the Trust Agreement or Installment Purchase Contract Assignment Agreement, and the Counsel to the Corporation will issue an opinion to that effect.

The City

No litigation is pending with service of process having been accomplished or, to the knowledge of the City Attorney, threatened, concerning the validity of the Series 2011 Bonds, the Master Lease or the Site Lease and the City Attorney will issue an opinion to that effect. The City Attorney is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the City's ability to appropriate or make Base Rental payments.

Various legal actions are pending against the City. The aggregate amount of the uninsured liabilities of the City which may result from all legal claims currently pending against it will not, in the opinion of the City, materially affect the City's finances or impair its ability to make Base Series 2011 Installment Payments under the Installment Purchase Contract.

FINANCIAL ADVISOR

Del Rio Advisors, LLC, Modesto, California, has served as Financial Advisor to the City with respect to the sale of the Series 2011 Bonds. The Financial Advisor has assisted the City in the review of this Official Statement and in other matters relating to the planning, structuring, execution and delivery of the Series 2011 Bonds. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement. Due to its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Financial Advisor will receive compensation from the City contingent upon the sale and delivery of the Series 2011 Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Bondowners to provide annually certain financial information and operating data relating to the City, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be delivered not later than seven months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2011 (the "Annual Report"). The Annual Report and the notices of material events will be filed by the City through the Electronic Municipal Market Access site maintained by the MSRB. These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Report and the notices of material events is set forth below in APPENDIX E–"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The City has not failed in the last five years to comply with any material respect with any prior undertaking under the Rule.

RATING[S]

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P") has assigned its rating of "___" to the Series 2011 Bonds [with the understanding that upon delivery of the Series 2011 Bonds, the Bond Insurance Policy will be issued by the Bond Insurer. See "BOND INSURANCE."] A rating reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the 2011 Bonds. An explanation of the significance of the rating may be obtained from Standard & Poor's Ratings Services, 25 Broadway, New York, New York 10004, 212-208-8000. Certain information was supplied by the Authority and the City to the rating agencies to be considered in evaluating the Series 2011 Bonds. Such rating expresses only the views of the rating agency and is not a recommendation to buy, sell or hold the Series 2011 Bonds.

There is no assurance that such rating will continue for any given period of time or that it will not be reduced or withdrawn entirely by S&P, if in its, judgment, circumstances so warrant. The Authority, the City and the Trustee undertake no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal may have an adverse effect on the market price of the Series 2011 Bonds.

UNDERWRITING

The Series 2011 Bonds are being purchased by Southwest Securities, Inc., Brandis Tallman LLC and Wulff, Hansen & Co. (together, the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase such Series 2011 Bonds at the purchase price of $________ (representing the aggregate principal amount of the Series 2011 Bonds of $________, [plus / less] an original issue premium in the amount of $________, less an Underwriters' discount of _______). The Purchase Contract, dated _______, 2011 relating to the Series 2011 Bonds (the "Purchase Contract") provides that the Underwriters will purchase all of the Series 2011 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The Underwriters may offer and sell the Series 2011 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriters.

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MISCELLANEOUS

All quotations from and summaries and explanations of the Trust Agreement, the Installment Purchase Contract, the Series 2011 Bonds, other documents and statutes contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Series 2011 Bonds by the Authority. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Authority, the City or the Underwriters. The information contained herein should not be construed as representing all conditions affecting the Authority, the City or the Series 2011 Bonds.

All information contained in this Official Statement pertaining to the Authority has been furnished by the City and the execution and delivery of this Official Statement has been duly authorized by the Authority.

WOODLAND FINANCE AUTHORITY

By:__________________________________
Mark Deven
Administrator

APPENDIX A

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION CONCERNING THE CITY OF WOODLAND

Overview

The City of Woodland (the "City") is the county seat of Yolo County (the "County") and is located approximately 85 miles northeast of San Francisco and approximately 18 miles northwest of Sacramento at the intersection of Interstate 5 and State Route 113. The City has been the seat of government for the County since 1862 and is also the industrial and agricultural center of the County. The City encompasses approximately 14.5 square miles near the center of the California's Central Valley. Woodland enjoys a mean temperature of 61.5 degrees and an annual average rainfall of 17.28 inches.

The City has a diversified economic base that has its origins in agriculture. However, due to the proximity of the City to major transportation arteries (Interstate 5 and State Route 113), and major waterways, the City has also become increasingly important as a manufacturing and distribution center of products including, food processing, plastics, farm machinery and mobile homes.

City Government

The City was incorporated in 1871 and operates as a general law city as provided by the Constitution and laws of the State. The City is governed by a five-member City Council, each of whom is elected on a city-wide basis for four-year terms. Terms are staggered such that two council seats are open for election in one year with the other three seats open for election two years later. The City Council selects a Mayor every two years following the election and seating of new Councilmembers. The Councilmember who received the greatest number of votes in the most recent general municipal election at which councilmembers are elected is designated as the Mayor Pro Tempore, or Vice Mayor. Council elections are held in even-numbered years.

The City operates on a Council/Manager system of government. The City Council appoints the City Manager, who is responsible for daily administration of City affairs and preparation and submission of the annual budget under the direction of the Mayor and City Council. Members of the Council and key administrative personnel of the City are listed in Table A-1 and Table A-2, respectively:

Table A-1
CITY OF WOODLAND
City Council Members

Member	Position	Term Expires
Art Pimentel	Mayor	June 2012
Marlin H. "Skip" Davies	Vice Mayor	June 2014
Martie L. Dote	Member	June 2012
William L. Marble	Member	June 2014
Vacant†	Member	June 2012

† Due to a resignation, this position became vacant on December 18, 2010. The City Council has until February 16, 2011 to make an appointment or call a special election to fill this vacancy.

Table A-2
CITY OF WOODLAND
Key Administrative Personnel

Member	Position
Art Pimentel	Mayor
Mark Deven	City Manager
Andrew Morris	City Attorney
Kimberly Mckinney	Finance Officer
Greg Meyer	Public Works Director
Ana B. Gonzalez	City Clerk

The City provides a full range of services delegated to cities under State law. These services include public safety (police and fire), sanitation and environmental health enforcement, recreational and cultural activities, public improvements, planning, zoning and general administrative services. Budgeted City full-time employees number ***[381]*** for Fiscal Year 2010-11, of which more than 97% are full-time permanent employees. Of the full-time employees, ***[98]*** were assigned to the Police Department and ***[62]*** to the Fire Department. Fire protection service is provided by the City, which has three stations within its borders. ***[UPDATE]***

Population

The City is the second most populous in the County. Since 2000, the City's population increased by a total of 8,438 or approximately 17.27%. Between 2006 and 2010, it is estimated that population has grown by 4,095 or an annual average of approximately 7.70%. Table A-3 illustrates the population of the City, the County and the State of California (the "State") for 2000 and as of January 1, 2006 through January 1, 2010.

Table A-3
CITY, COUNTY AND STATE POPULATION
2000 and 2006 through 2010
(As of January 1)

Year	City	Yolo County	State
2000(1)	48,850	167,400	33,753,000
2006	53,193	191,122	37,087,005
2007	54,318	194,883	37,463,609
2008(2)	55,664	198,349	37,871,509
2009	56,464	200,931	38,255,508
2010	57,288	202,953	38,648,090

(1) Decennial Census.
(2) Preliminary.
Sources: U.S. Census Bureau for the decennial census and State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State for all other data.

Industry and Employment

The following Table A-4 compares estimates of the labor force, civilian employment and unemployment for City residents, County residents, State residents and United States residents between 2005 through 2009.

Table A-4
ESTIMATES OF CIVILIAN LABOR FORCE, EMPLOYMENT, and UNEMPLOYMENT
Annual Average for Calendar Years 2005 through 2009†

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate
2009†				
City	29,200	25,300	3,900	13.2%
County	99,200	88,000	11,200	11.3
State	18,250,200	16,163,900	2,086,200	11.4
United States	154,142,000	139,877,000	14,265,000	9.3
2008				
City	28,800	26,300	2,500	8.7
County	98,900	91,600	7,300	7.3
State	18,251,600	16,938,300	1,313,200	7.2
United States	154,287,000	145,362,000	8,924,000	5.8
2007				
City	28,500	26,600	1,900	6.8
County	98,100	92,500	5,600	5.7
State	17,970,800	17,011,000	959,800	5.3
United States	153,124,000	146,047,000	7,078,000	4.6
2006				
City	27,300	25,100	1,800	6.6
County	94,100	89,300	4,900	5.2
State	17,718,500	16,851,600	866,900	4.9
United States	151,428,000	144,427,000	7,001,000	4.6
2005				
City	26,900	25,100	1,800	6.6
County	92,500	87,400	5,200	5.6
State	17,544,800	16,592,200	952,600	5.4
United States	149,320,000	141,730,000	7,591,000	5.1

† Most recent annual data available.
Source: State Employment Development Department, Labor Market Information Division.

Principal Employers

Table A-5 represents the principal public and private employers in the City.

Table A-5
CITY OF WOODLAND
TEN LARGEST EMPLOYERS
As of January 2011

Public Entity	Product/Service	Number of Employees
County of Yolo	Governmental Operations	
Woodland Joint Unified School District	Education	
Woodland Health Care	Health Services	
Dayton Hudson Company (Target)	Distribution Center	
Walgreens	Distribution Center	
Rite-Aid Drug Stores	Distribution Center	
Nugget Markets, Food 4 less	Grocery Store	
City of Woodland	Local Government	
Fleetwood Homes of N. California	Manufactured Housing	
Silver Crest/Western Homes	Mobile Homes Manufacturing	

Sources: Woodland Chamber of Commerce and the County.

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Agriculture

The City's diversified economic base includes manufacturing, warehousing, retail and agriculture. Table A-6 lists the top leading agricultural crops within the County for the past five calendar years.

Table A-6
COUNTY OF YOLO
Ten Leading Crops for Calendar Years 2005 to 2009
($ in 000's)

	2005	2006	2007	2008	2009†
Processing Tomatoes	$68,260	$77,097	$100,012	$105,125	$127,752
Wine Grapes	41,967	38,047	46,513	41,984	56,424
Rice	28,248	23,918	32,836	57,820	53,479
Seed Crops	21,413	28,767	31,952	35,184	33,425
Alfalfa Hay	36,242	30,368	51,958	73,405	29,979
Almonds	30,976	28,884	28,915	24,075	24,987
Organic Crops	13,914	14,498	19,476	21,742	22,824
Walnuts	21,748	18,547	18,872	16,221	19,158
Cattle and Calves	12,412	11,556	15,870	13,679	12,828
Wheat	7,738	–	12,179	21,718	11,680
Nursery Products	–	8,133	–	9,297	9,912
TOTAL TEN LEADING CROPS	282,918	269,795	358,584	420,250	402,448
Other Crops	49,802	100,401	100,956	81,490	59,685
TOTAL	$332,720	$370,196	$453,539	$501,740	$462,133
Percent Change	(1.6%)	11.3%	22.5%	10.6%	(8.6%)

† Most recent annual data available.
Source: Yolo County Department of Agriculture.

Personal Income

The United State Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

Table A-7 below presents the latest available total effective buying income and median household effective buying income for the County, the State and the nation for the calendar years 2002 through 2007.

Table A-7
COUNTY OF YOLO
Personal Income
Calendar Years 2005 Through 2009†

Year and Area	Personal Income (millions of dollars)	Per Capita Personal Income (dollars)
2009†		
County	N/A	N/A
State	$1,572,650	$42,548
United States	12,165,474	39,626
2008		
County	7,301	37,132
State	1,604,113	43,852
United States	12,225,589	40,166
2007		
County	7,038	36,294
State	1,572,271	43,402
United States	11,879,836	39,392
2006		
County	6,524	34,505
State	1,495,560	41,567
United States	11,256,516	37,698
2005		
County	5,579	31,972
State	1,348,255	38,767
United States	10,476,699	35,424

† Preliminary.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Construction

During Fiscal Year 2009-10, the City issued commercial permits with a valuation of over $4.6 million. This included construction of a 26,000 square foot 24-Hour Fitness Center, a 2,540 square foot Burger King fast food restaurant and a 9,700 square foot landscape and building materials facility.

A five-year history of building permits and valuations is set forth in Table A-8.

Table A-8
CITY OF WOODLAND
BUILDING PERMITS AND VALUATIONS
FISCAL YEARS 2005-06 THROUGH 2009-10
($ in 000's)

		Commercial Construction		Residential Construction		
Fiscal Year	Total Assessed Value	Number of Permits	Value	Number of Permits	New Dwelling Units	Value
2005-06	3,794,471	6	22,254	362	380(1)	69,598(3)
2006-07	4,318,273	3	7,069	308	484(2)(3)	66,044(3)
2007-08	4,667,291	5	20,366	209	227(2)	39,679
2008-09	4,793,931	9	33,106	188	209(2)	40,081
2009-10	4,701,684	4	4,626	49	77(2)	12,090

(1) Represents new multifamily units.
(2) Represents single family homes and duplex units.
(3) Includes multifamily residential development.
Source: City of Woodland.

Foreclosure Activity

Residential mortgage loan defaults and foreclosures have recently increased significantly in connection with the collapse of the subprime sector of the residential mortgage market and broader economic pressures. In California, the greatest impacts to date are in regions of the Central Valley and the Inland Empire, , although the City is being impacted as well.

Such foreclosure activity has also affected the City[, particularly in the southeast area (Gibson Ranch and Spring Lake developments) where the largest number of new mortgages were originated as growth in residential development occurred]. Based on information provided by MDA DataQuick Information, an independent data collection service, for calendar year 2010, mortgage holders sent ____ notices of default with respect to properties located within the City compared to 725 during calendar year 3009 ([an increase / a decrease] of ____%), and ___ trustee deeds had been recorded (indicating that the property has been lost to foreclosure) during calendar year 2010 compared to 341 during calendar year 2009 (a decline of ____%). ***[TO BE UPDATED]***

Due to foreclosure activity and the weak housing market, the City's assessed valuation base declined by 1.92% in Fiscal Year 2009-10. This reflects the offset of foreclosure activity by the ongoing growth in assessed value in other areas of the City where the assessed values of homes are less than market values.

A summary of the notices of default sent and trustee deeds recorded for the City and the County during calendar years 2008 through 2010 is summarized in Table A-10.

Table A-10
City of Woodland and YoloCounty
Summary of Foreclosure Activity
Calendar Years 2008 through 2010
[TO BE UPDATED]

	Notices of Default					Trustee Deeds (Foreclosures)				
	Calendar Year			First Half of Calendar Year (January through June)		Calendar Year			First Half of Calendar Year (January through June)	
	2007	2008	2009	2009	2010	2007	2008	2009	2009	2010
CITY										
Number	436	690	725	503	281	150	473	341	187	198
% Change	–	58.3	5.1	–	(44.1)	–	215.3	(27.9)	–	5.9
COUNTY										
Number	1,095	1,670	1,904	1,096	614	398	1,115	871	414	422
% Chage	–	52.5	14.0	–	(44.0)	–	180.2	(21.9)	–	1.9

Source: *MDA DataQuick Information.*

Transportation

The County has a well-developed transportation network which includes road, rail, and shipping services. Interstate 80, a transcontinental highway linking San Francisco with points east, is nine miles to the south of the City via State Route 113; and Interstate 5, a transcontinental North-South route, and State Routes 113 and 16 intersect in the City.

Southern Pacific/Union Pacific railroad crosses the County with its main line generally paralleling Interstate 80, with trunk lines running into adjoining counties. Union Pacific has connecting track from Sacramento to Woodland. Freight transportation is also provided by several intra-state and transcontinental trucking firms. Waterborne facilities are available through the Sacramento-Yolo Port District immediately to the south of the City. Ships can reach Sacramento from San Francisco Bay in less than eight hours.

The Sacramento Metropolitan Airport is located approximately 12 miles south of the City and is served by most major carriers as well as commuter carriers. Airline service is available to all principal cities on the West Coast as well as direct flights to other major cities in the United States.

Education and Community Services

Public school education is provided by the Woodland Joint Unified School District's three infant-toddler programs, eight pre-schools, 12 elementary schools (kindergarten through grade 8), two middle schools (grades 7 and 8), two senior high schools (grades 9 through 12), one continuation high school and one adult school. In addition, there are schools maintained by the County Superintendent of Schools for handicapped, Juvenile Court and occupational and vocational training students. There are also four religious schools offering elementary and secondary education.

Woodland Community College, a two year college within the Yuba Community College District, has a campus for 1,200 full-time and 1,800 part-time students within the City. It features a well regarded Vocational Nursing Program along with strong agri-business and business departments.

The University of California, Davis ("UC Davis") is located 10 miles to the south via State Route 113 on the Solano-Yolo County line in the northeast corner of Solano County. UC Davis is well known for its agricultural research. Originally a university farm, the campus developed into a four-year agricultural college in the 1920's and has since expanded into other fields, including engineering, law, medicine and veterinary medicine. The current enrollment at UC Davis is over 30,000 students.

Cultural facilities in the City and surrounding area include the Woodland Opera House, the Sacramento Community Center, the Sacramento Music Circus and the recently opened Mondavi Center on the U.C. Davis campus. The Carnegie City Library has space for approximately 100,000 volumes.

Local newspaper coverage is provided by the *Daily Democrat* which is published seven times a week. Financial institutions located in the City include eight banks and four savings and loans.

The Parks, Recreation and Community Services Department of the City maintains approximately 29 parks, including the approximately 40,000 square foot Community Center and Senior Center and Sports Complex (the "Community Center") the first phase of which opened on March 5, 2007.

The Community Center and consists of an approximately 40,000 square foot building on an approximately 44 acre site, that includes a gymnasium, professional kitchen, banquet facilities, a regulation lighted synthetic softball field and a synthetic soccer field. The Community Center includes an approximately 2,200 square foot youth center, featuring a media room and computer center, and an approximately 4,500 square foot senior center, that features social and recreational programs, as well as health, wellness and supportive services for seniors in the community, including the meals on wheels program and federal commodities distribution. The City's Parks, Recreation and Community Services Department offices are also located in this facility.

The approximately 460 acres of parkland offers a variety of recreational facilities which include a senior citizens center, a youth center, a gymnasium, two public swimming pools, athletic fields, and a facility for large meetings and activities.

The City operates its own police force and fire department. The police force has 64 sworn officers and support staff. An approximately 40,000 square foot police station, which is designed to accommodate the department through 2020 was completed in April 2004. The fire department operates out of three fire stations and consists of 57 full time personnel (including administrative personnel) and a reserve force of 25.

Utilities

Pacific Gas & Electric Company ("PG&E") supplies natural gas and electricity service throughout the City. PG&E is one of the oldest utility companies in the State.

APPENDIX B

CITY OF WOODLAND INVESTMENT POLICY

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") is executed and delivered by the City of Woodland (the "City") in connection with the issuance by the Woodland Finance Authority of $_________ aggregate principal amount of Woodland Finance Authority Water Revenue Bonds Series 2011 (the "Bonds") pursuant to a Trust Agreement dated as of February 1, 2011 (the "Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee, made by the City, and in connection therewith the City agrees and covenants as follows:

SECTION 1. Purpose of the Continuing Disclosure Certificate. This Continuing Disclosure Certificate is being executed and delivered by the City for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Continuing 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 Continuing Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the ___________ of the City or such other official as may be designated in writing to the Dissemination Agent (if other than the City) from time to time.

"Dissemination Agent" shall mean U. S. Bank Trust National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 1 5c2- 1 2(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1 934, as the same may be amended from time to time.

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The City shall, not later than seven (7) months following the end of each Fiscal Year, commencing with the Fiscal Year ending on June 30, 2011, provide to each Repository an Annual Report that is consistent with the requirements hereof, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference any other information (as provided in Section 4 (Content of Annual Reports) hereof); provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report. The City's current fiscal year ends June 30. If the fiscal year of the District changes, it shall give notice of such change in the same manner as for a Listed Event under this Continuing Disclosure Certificate.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Disclosure Report to the MSRB, the City shall provide the Annual Disclosure Report to the Dissemination Agent (if other than the City). The City shall provide, or cause the preparer of the Annual Disclosure Report to provide, a written certificate with each Annual Disclosure Report furnished to the Dissemination Agent to the effect that such Annual Disclosure Report constitutes the Annual Disclosure Report required to be furnished to it hereunder. The Dissemination Agent may conclusively rely upon such certification and shall have no duty or obligation to review such Annual Disclosure Report.

(c) If the City is unable to provide the Annual Report to the Dissemination Agent by the date specified herein, the City shall send a notice to the MSRB in substantially the form attached as in Exhibit "A."

(d) The Dissemination Agent shall:

1. If not previously filed by the City, send a notice to the MSRB in substantially the form attached as Exhibit A, if the City is unable to provide to the Annual Disclosure Report to the MSRB by the date required in subsection (a).

2. File a report with the City certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The adopted budget of the Water Enterprise System of the City for the then current fiscal year, the audited financial statements of the Water Enterprise System of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements set forth in Table 11 in the final Official Statement and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) a description of the Bonds issued by the City and outstanding as of the date of such report;

(c) the principal amount of a surety bond, if any, and/or the amount on deposit in the Reserve Account relating to the Bonds as of the end of the prior fiscal year;

(d) schedule of Bond redemptions and the source of funds for such redemptions; and

(e) Annual updates of the following Tables:

1) Table 2 – Debt Service Schedule;
2) Table 3 – Estimated Debt Service Coverage;
3) Table 65 – Customer Base By Type of Account;
4) Table 9 – Ten Largest Users By Water Consumption;
5) Table 10 – Delinquency Rate by Type of Account;
6) Table 11 – Historical and Current Water System Rates;
7) Table 14 –Development Fee Revenues;
8) Table 15 – Statement of Net Assets;
9) Table 16– Historical Statement of Revenues and Expenses and Changes in Fund Net Assets; and
10) Table 18– Statement of Cash Flows.

The City's current fiscal year ends June 30. The City may adjust such fiscal year by providing written notice of the change of fiscal year to each then existing National Repository and the State Repository, if any.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been made available to the public on the MSRB website. 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 Continuing Disclosure Certificate, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes; or

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person. This event is considered to occur upon the happening of any of the following: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in Section 5(a)(v) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of the Bond holders;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution, or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the City obtains knowledge of the occurrence of a Significant Event, it shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of an event listed in Section 5(a) above or determines that knowledge of the occurrence of an event listed in Section 5(b) above would be material under applicable federal securities laws, the City shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Significant Events described in Section 5(a)(vii) and Section 5(b)(iii) above need not be given any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Continuing Disclosure Certificate shall terminate upon the date of legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as that for giving notice of the occurrence of a Significant Event under Section 5(c). Notwithstanding the foregoing, notice of Significant Events described in Section

5(a)(vii) and Section 5(b)(iii) above need not be given any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any provision hereof, the City may amend or waive this Continuing Disclosure Certificate, and any provision of this Continuing Disclosure Certificate, provided the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing contained herein shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth herein 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 hereby. If the City chooses at any time to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required hereby, the City shall have no obligation hereunder 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 to comply with any provision hereof, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations hereunder; provided that a default hereunder shall not be deemed an event of default under the Trust Agreement, and the sole remedy hereunder in the event of any failure of the City to comply with the agreements and covenants contained herein shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and 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 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 shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Continuing Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriters, and the holders and beneficial owners from time to of the Series Bonds, and shall create no rights in any other person or entity

DATE: ____________, 2011

CITY OF WOODLAND

By:_________________________________

Finance Officer

EXHIBIT "A"

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

Name of Issuer: City of Woodland

Name of Bond Issue: Woodland Finance Authority Water Revenue Bonds, Series 2011

Date of Issuance: ____________, 2011

NOTICE IS HEREBY GIVEN that the City of Woodland has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed on the date of issuance of the Bonds by the City, and the City anticipates that the Annual Report will be filed by ______________________.

Dated: [Date of Notice]

CITY OF WOODLAND

By:________________________________

Finance Officer

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system has been obtained from DTC and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2011 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2011 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2011 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2011 Bonds. The Series 2011 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 Series 2011C Bond certificate will be issued for each maturity of the Series 2011 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTTC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2011 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 Series 2011 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 Series 2011 Bonds, except in the event that use of the book-entry system for the Series 2011 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011 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 the Series 2011 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 Series 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011 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. Beneficial Owners of the Series 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of the Series 2011 Bonds may wish to ascertain that the nominee holding the Series 2011 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC, if less than all of the Series 2011 Bonds within a maturity are being redeemed. DTC's practice is to determine by lot the amount of the interest of each Direct Participant in each issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Series 2011 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 Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Series 2011 Bonds to Cede (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 Series 2011 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, Series 2011 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, Series 2011 Bond certificates will be printed and delivered.

The foregoing information concerning DTC concerning and DTC's book-entry system has been provided by DTC, and neither the City nor the Trustee take any responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

Neither the City nor the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2011 Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

In the event that the book-entry system is discontinued as described above, the requirements of the Trust Agreement will apply.

The City and the Trustee cannot and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Series 2011 Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the City nor the Trustee are responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series 2011 Bonds or an error or delay relating thereto.

[APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY]

$__,___,000
WOODLAND FINANCE AUTHORITY
WATER REVENUE BONDS
SERIES 2011

BOND PURCHASE CONTRACT

_______, 2011

Woodland Finance Authority
c/o City of Woodland
300 First Street
Woodland, California 95695

City of Woodland
300 First Street
Woodland, California 95695

Ladies and Gentlemen:

Southwest Securities, Inc. (the "*Representative*") on its own behalf and on behalf of Brandis Tallman LLC and Wulff, Hansen & Co. (together with the Representative, the *"Underwriters")* offer to enter into this Bond Purchase Contract (the "*Purchase Contract*") with the Woodland Finance Authority (the "*Authority*"), a joint powers authority created by a Joint Exercise of Powers Agreement dated as of November 1, 1996 (the "*JPA Agreement*") between the City of Woodland and the Redevelopment Agency of the City of Woodland, which, upon acceptance of this offer by the Authority and approval by the City of Woodland (the *"City"*) will be binding upon the Authority, the City and the Underwriters. This offer is made subject to acceptance of this Purchase Contract by the Authority and approval by the City on or before 11:59 p.m. California time on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Authority and the City at any time prior to such acceptance.

Any authority, right, discretion or other power conferred upon the Underwriters by this Purchase Contract may be exercised by the Representative, in its sole discretion, on behalf of the Underwriters, and the Authority and the City shall be entitled to rely upon any request, notice or statement if the same shall have been given or made by the Representative.

Capitalized terms used in this Purchase Contract and not otherwise defined herein shall have the meanings given to such terms as set forth in Trust Agreement dated February 1, 2011, as amended and supplemented by a First Supplemental Trust Agreement, dated February 1, 2011 (the *"First Supplemental Trust Agreement"* and together, the *"Trust Agreement"*) each by and between the Authority and U.S. Bank National Association, as trustee (the *"Trustee"*).

Section 1. Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Contract, the Underwriters agree to purchase from the Authority, and the Authority agrees to sell and deliver to the Underwriters, all (but not less than all) of the $__,___,000 principal amount of the Woodland Finance Authority Water Revenue Bonds, Series 2011 (the *"Series 2011 Bonds"*). The Series 2011 Bonds shall be dated their date of delivery and shall have the maturities and bear interest at the rates per annum and have the yields all as set forth on Schedule I attached hereto.

The purchase price for the Series 2011 Bonds shall be $________(representing the principal amount of the Series 2011 Bonds,[plus / less] a net original issue [premium /discount] in the amount of $_________ and less an Underwriters' discount in the amount of $_________).

Section 2. The Authority has delivered to the Underwriters a Preliminary Official Statement, dated ________, 2011 (the "*Preliminary Official Statement*"), and will deliver to the Underwriters at Closing (as defined herein) a final Official Statement dated the date hereof as provided in Section 5 of this Purchase Contract (as may be amended and supplemented from time to time pursuant to Section 6(f) of this Purchase Contract, the "*Official Statement*"). The Authority has delivered to the Underwriters a certificate pursuant to Securities and Exchange Commission Rule 15c2-12 relating to the Preliminary Official Statement, in substantially the form attached hereto as Exhibit A-1. The City has delivered to the Underwriters a certificate relating to certain information in the Preliminary Official Statement substantially in the form attached hereto as Exhibit A-2.

Section 3. The Series 2011 Bonds shall be as described in and shall be secured under and issued pursuant to the Trust Agreement. The Series 2011 Bonds shall be payable and subject to redemption as provided in the Trust Agreement and as described in the Official Statement.

The Series 2011 Bonds are being issued to provide funds to: (i) refund on a current basis[, together with other available funds,] all of the $8,875,000 outstanding principal amount of Woodland Finance Authority Water Revenue Bonds, Series 2008 (the "Series 2008 Bonds"); (ii) finance the costs of acquiring, installing and constructing certain improvements (the "2011 Project") to the water system (the "Water System") of the City of Woodland (the "City"); (iii) fund a reserve account within the Reserve Fund in the amount of the Series Required Reserve (each as defined herein); and (iv) pay certain costs associated with the issuance and delivery of the Series 2011 Bonds.

The Series 2011 Bonds are legal, valid and binding limited obligations of the Authority payable solely from certain revenues of the Authority, consisting primarily of installment payments (the *Installment Payments*") made by the City to the Authority pursuant to the terms and conditions of an Installment Sale Agreement dated February 1, 2011, as amended and supplemented by a First Supplemental to Installment Sale Agreement, dated February 1, 2011 (the *First Supplemental Installment Sale Agreement"* and together, the *"Installment Purchase Agreement"*), pursuant to which the Authority will purchase the 2011 Project; and amounts held in certain funds and accounts established by the Trust Agreement, subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

[The payment of the principal of and interest on the Series 2011 Bonds when due is insured by a financial guaranty insurance policy (the *"Bond Insurance Policy"*) issued simultaneously with the delivery of the Series 2011 Bonds by _____________ (the *"Bond Insurer*"). The Bond Insurer will also issue a reserve fund surety policy (the "*Surety Policy*") in the amount of the Series Required Reserve for deposit in the Reserve Fund.]

<u>Section 4</u>. It shall be a condition to the obligation of the Underwriters to purchase, accept delivery of, and pay for the Series 2011 Bonds that the entire $__,___,000 principal amount of the Series 2011 Bonds authorized by the Trust Agreement shall be delivered by the Authority to the Underwriters on the date of the Closing. The Underwriters agree to make an initial *bona fide* public offering of all of the Series 2011 Bonds, at not in excess of the initial public offering yields or prices set forth on <u>Schedule I</u> attached hereto, however, the Series 2011 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2011 Bonds into investment trusts) at prices lower than such initial public offering prices or yields. Following the initial public offering of the Series 2011 Bonds, the offering prices may be changed from time to time by the Underwriters.

<u>Section 5</u>. The Authority hereby approves of the use of the Official Statement by the Underwriters in connection with the public offering and the sale of the Series 2011 Bonds. The Authority consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Series 2011 Bonds. As of its date, the Preliminary Official Statement has been deemed "final" by the Authority and the City for purposes of Securities and Exchange Commission Rule 15c-12(b)(1) (the "*Rule 15c2-12*"), except for the omission of certain information permitted to be omitted by such Rule. The Authority will supply or cause to be supplied to the Underwriters, within seven business days of the date of this Purchase Contract and in time to accompany any confirmation that requests payment from any customer, the Official Statement in sufficient quantity as reasonably requested by the Underwriters to comply with Securities and Exchange Commission Rule 15c2-12(b)(4) and the rules of the Municipal Securities Rulemaking Board (the "*MSRB*"), complete as of its date of delivery (as amended and supplemented from time to time pursuant to <u>Section 6(f)</u> of this Purchase Contract). The Underwriters hereby agree that none of them will send any confirmation requesting payment for the purchase of any Series 2011 Bonds unless the confirmation is accompanied by or preceded by the delivery of a copy of the Official Statement. The Representative agrees to: (i) provide the Authority with final pricing information on the Series 2011 Bonds upon execution of this Purchase Contract, (ii) promptly file a copy of the Official Statement, including any amendments or supplements prepared by the Authority with a nationally recognized municipal securities information repository, (iii) promptly notify the Authority in writing if the end of the underwriting period (as such term is defined in Rule 15c2-12) does not occur on the date of the Closing, and (iv) take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the Series 2011 Bonds to ultimate purchasers.

<u>Section 6</u>. The Authority represents and warrants to the Underwriters that:

(a) The Authority has, by Resolution No. 09-01, adopted by a majority of the members of the Board at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on _______, 2011 (the *"Authority Resolution"*), taken all official action necessary to be taken by it for (i) the execution, delivery and due performance of the Trust Agreement, the Installment Purchase Agreement and the Tax Certificate of the Authority dated as of the date of Closing (the *"Tax Certificate"*) (collectively, the *"Authority Agreements"*), (ii) the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, (iii) the issuance, sale and delivery of the Series 2011 Bonds, and (iv) the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated hereby;

(b) The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California (the *"State"*) and the JPA Agreement and has all necessary power and authority to adopt the Authority Resolution and to enter into and perform its duties under the Series 2011 Bonds and the Authority Agreements;

(c) Upon their execution and delivery, each of the Series 2011 Bonds and the Authority Agreements will constitute a legal, valid and binding obligation of the Authority enforceable in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally; and the execution and delivery of the Series 2011 Bonds and the Authority Agreements, and compliance with the provisions of each thereof, will not constitute a breach of or a default under any applicable law or administrative regulation of the State of California or the United States, or any applicable judgment, decree, agreement or other instrument to which the Authority is a party or is otherwise subject;

(d) At the time of the Authority's acceptance hereof and at all times subsequent thereto up to and including the time of Closing, the information and statements in the Official Statement (excluding statements under the captions "THE CITY," "UNDERWRITING" and information as to bond prices on the cover of the Official Statement) do not and 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 the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending against the Authority or, to the best knowledge of the Authority, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Authority, or the titles of its members or officers, (ii) enjoin or restrain the issuance, sale or delivery of the Series 2011 Bonds, the payment of the Rental Payments under the Installment Purchase Agreement or the use of any other monies or properties pledged or to be pledged under the Trust Agreement for the payment of the Series 2011 Bonds, (iii) in any way question or affect any of the rights, powers, duties or obligations of the Authority with respect to the monies pledged or to be pledged to pay the principal of, premium, if any, or interest on the Series 2011 Bonds, (iv) in any way question or affect any authority for the issuance of the Series 2011 Bonds, or the validity or enforceability of the Series 2011 Bonds or the Authority ,or (v) in any way question or affect the Purchase Contract or the transactions contemplated by the Purchase Contract, the Authority Agreements, the Official Statement or any other agreement or instrument to which the Authority is a party relating to the Series 2011 Bonds;

(f) For not more than 25 days from the "*end of the underwriting period*" (as defined in Securities and Exchange Commission Rule 15c2-12(e)(2)) if an event occurs or facts or conditions become known to the Authority which in the reasonable opinion of Lofton & Jennings (*"Disclosure Counsel"*), the City Attorney, as counsel to the Authority or the Underwriters, would or might cause the information contained in the Official Statement to be amended or supplemented in order to make the statements therein not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the Authority will forthwith prepare and furnish to the Underwriters a reasonable number of copies of any amendment of or supplement to the Official Statement (in form and substance satisfactory to Disclosure Counsel, the City Attorney, as counsel to the Authority and the Representative, which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the amended or supplemented Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection (f), the Authority will furnish to the Representative such information as it may from time to time request. The Authority may assume that the "*end of the underwriting period*" for purposes of Securities and Exchange Commission Rule 15c2-12 will occur on the date of Closing unless otherwise notified, in writing, by the Representative on or prior to the date of Closing;

(g) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Representative as the Representative may reasonably request, to qualify the Series 2011 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate, and will assist, if necessary therefor, in the continuation of such qualifications in effect as long as required for the distribution of the Series 2011 Bonds; provided, however, that the Authority shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state;

(h) 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 or registration with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution and delivery of the Purchase Contract or the execution, delivery and sale of the Series 2011 Bonds or the consummation by the Authority of the other transactions contemplated by Authority Agreements that has not been obtained;

(i) Any certificate signed by any official of the Authority authorized to do so shall be deemed a representation and warranty by the Authority to the Underwriters as to the statements made therein;

(j) The Authority shall apply the proceeds of the Series 2011 Bonds, including the investment earnings thereon, in accordance with the Trust Agreement and as described in the Official Statement; and

(k) The Authority is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding; and

(l) Except as previously disclosed to the Representative, the Authority is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

Section 7. The City represents and warrants to the Underwriters that:

(a) The City is a general law city and municipal corporation duly organized and existing under the laws of the State and has all necessary power and authority to enter into and perform its duties under the City Agreements (defined below) and, when duly authorized, executed and delivered by the other parties thereto, the City Agreements will each constitute a legal, valid and binding obligation of the City enforceable in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally;

(b) The City Council of the City has, by Resolution No. 5047, adopted by a majority of the members of the City Council at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on _______, 2011 (the *"City Resolution"*), taken all official action necessary to be taken by it for the execution, delivery and due performance of the Trust Agreement, Installment Purchase Agreement, the Continuing Disclosure Certificate dated the Closing Date (the *"Continuing Disclosure Certificate"* and collectively with the Trust Agreement and the Installment Purchase Agreement, the *"City Agreements"*), and to approve this Purchase Contract and for the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated hereby;

(c) The execution and delivery of the City Agreements and compliance with the provisions of each thereof, will not constitute a breach of or a default under any applicable law or administrative regulation of the State of California or the United States, or any applicable judgment, decree, agreement or other instrument to which the City is a party or is otherwise subject;

(d) At the time of the City's acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the information and statements in Official Statement under the captions "THE CITY," "WATER SYSTEM FINANCES," APPENDIX A–"GENERAL, ECONOMIC AND DEMOGRAPHIC AND FINANCIAL INFORMATION RELATING TO THE CITY OF WOODLAND" and APPENDIX B–"CITY OF WOODLAND INVESTMENT POLICY" does not and 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 the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending against the City or to the best knowledge of the City threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City, or the titles of its members or officers, (ii) enjoin or restrain the issuance, sale and delivery of the Series 2011 Bonds, the pledge of the Lease Payments under the Facilities, (iii) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the monies pledged or to be pledged to pay the principal of, premium, if any, or interest on the Series 2011 Bonds, (iv) in any way question or affect any authority for the issuance of the Series 2011 Bonds, or the validity or enforceability of the Series 2011 Bonds or the City Agreements, or (v) in any way question or affect the Purchase Contract, or the transactions contemplated by the Purchase Contract, the Official Statement, or any other agreement or instrument to which the City is a party relating to the Series 2011 Bonds;

(f) For not more than 25 days from the "*end of the underwriting period*" (as defined in Securities and Exchange Commission Rule 15c2-12(e)(2)), if an event occurs or facts or conditions become known to the City which in the reasonable opinion of Disclosure Counsel or the City Attorney would or might cause the information contained in the Official Statement to be misleading in light of the circumstances existing at the time it is delivered to a purchaser, the City will prepare and furnish to the Representative a reasonable number of copies of any amendment of or supplement to the Official Statement (in form and substance satisfactory to Disclosure Counsel and the City Attorney) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the amended or supplemented Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection (f), the City will furnish to the Representative such information as it may from time to time request. The City may assume that the "*end of the underwriting period*" for purposes of Securities and Exchange Commission Rule 15c2-12 will occur on the date of Closing unless otherwise notified, in writing, by the Representative on or prior to the date of Closing;

(g) 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 or registration with, or certification by, any regulatory authority having jurisdiction over the City required for the approval and delivery of this Purchase Contract or the consummation by the City of the other transactions contemplated by the City Agreements that has not been obtained;

(h) Any certificate signed by any official of the City authorized to do so shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein;

(i) The City shall apply a portion of the proceeds of the Series 2011 Bonds, including the investment earnings thereon, as described in the Official Statement;

(j) The City is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding;

(k) Except as disclosed in the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the City since June 30, 2010 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change. The financial statements of, and other financial information, regarding the City in the Official Statement fairly present the financial position and results of the operations of the City as of the dates and for the periods therein set forth (i) the audited financial statements have been prepared in accordance with the generally accepted accounting principles consistently applied, and (ii) the other financial information in the Official Statement has been determined on a basis substantially consistent with that of the City's audited financial statements included in the Official Statement; and

(l) Pursuant to the Continuing Disclosure Certificate, the City will undertake on behalf of the Authority to provide certain annual financial information and notices of the occurrence of certain events, if material. The City is in compliance with all of its prior continuing disclosure undertakings under Rule 15c2-12, and at or prior to the Closing Date, the City will undertake pursuant to the Continuing Disclosure Certificate to provide certain notices of the occurrence of certain events, if material. During the last five years, the City has never failed in any material respect to comply with any previous undertaking to provide notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Section 8. At 8:00 A.M., California time, on _______, 2011, or on such earlier or later date as may be agreed upon by the Representative and the Authority (the date of *"Closing"*), the Authority will deliver or cause to be delivered to the Representative, through the facilities of The Depository Trust Company in New York, New York, the Series 2011 Bonds, duly executed, and at the offices of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation in Sacramento, California, or such other place as shall have been mutually agreed upon by the Representative and the Authority, the other documents described herein, and pay the purchase price of the Series 2011 Bonds as set forth in Section 1 of this Purchase Contract [(less the amount of $________representing the premiums for the Bond Insurance Policy and the Surety Bond,. which shall be wired to the Bond Insurer)] in immediately available funds to the order of the Trustee.

The Series 2011 Bonds shall be issued in fully registered form. It is anticipated that CUSIP identification numbers will be inserted on the Series 2011 Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the Series 2011 Bonds in accordance with the terms of this Purchase Contract.

Section 9. The Underwriters have entered into this Purchase Contract in reliance upon the representations, warranties and agreements of the Authority contained herein and to be contained in the documents and instruments to be delivered at Closing, and upon the performance by the Authority of its respective obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the obligations of the Underwriters under this Purchase Contract to purchase, to accept delivery of and to pay for the Series 2011 Bonds shall be subject to the performance by the Authority of its obligations to be performed hereunder and under such documents and instruments at or prior to Closing, and shall also be subject to the following conditions:

(a) The representations and warranties of the Authority contained herein shall be true, complete and correct on the date hereof and on and as of the date of Closing, as if made on the date of Closing;

(b) At the time of Closing (i) each of the Authority Agreements and the Continuing Disclosure Certificate shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority and Representative, and (ii) the Authority and the City shall perform or have performed all of their respective obligations required under or specified in the Authority Agreements or the City Agreements, respectively, to be performed by the respective party at or prior to the date of Closing;

(c) As of the date of Closing, all necessary official action of the Authority and the City relating to the Series 2011 Bonds and the Authority Agreements, and the City Agreements, respectively, shall have been taken by the respective party and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) The Representative shall have the right to terminate the obligations of the Underwriters under this Purchase Contract to purchase, to accept delivery of and to pay for the Series 2011 Bonds by notifying the Authority and the City of its election to do so if, after the execution hereof and prior to Closing:

(1) the marketability of the Series 2011 Bonds or the market price thereof, in the opinion of the Representative, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State of California, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State of California, or by a tentative decision or announcement by any member of the House Ways and Means Committee, the Senate Finance Committee, or the Conference Committee with respect to contemplated legislation or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or either House of the Legislature of the State of California, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State of California by the Governor of the State of California in an executive communication, affecting the tax status of the Authority, its property or income, its bonds or the interest thereon or any tax exemption granted or authorized by the Act;

(2) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency, or there shall have occurred any other outbreak or escalation of hostilities, or a local, national or international calamity or crisis, financial or otherwise, the effect of such outbreak or escalation, calamity or crisis being such as, in the reasonable opinion of the Representative, would affect materially and adversely the ability of the Underwriters to market the Series 2011 Bonds;

(3) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, New York State or California State authorities;

(4) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Series 2011 Bonds is or would be in violation of any provision of the

Securities Act of 1933, as then in effect, or of the Securities Exchange Act of 1934, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(5) legislation shall be enacted, or a decision by a court of competent jurisdiction shall be rendered, any action shall be taken or rule or regulation promulgated by any governmental agency having jurisdiction of the subject matter shall be made or proposed to the effect that the Series 2011 Bonds are not exempt from registration, qualification or other similar requirements of the Securities Act of 1933, as then in effect, or of the Trust Indenture Act of 1939, as then in effect or making the contemplated underwriting and sale of the Series 2011 Bonds pursuant to this Purchase Contract, a violation of federal or State law;

(6) in the reasonable judgment of the Representative, the market price of the Series 2011 Bonds, or the market price generally of obligations of the general character of the Series 2011 Bonds, might be materially and adversely affected because additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(7) the Comptroller of the Currency, The New York Stock Exchange, or other national securities exchange, or any governmental authority, shall impose, as to the Series 2011 Bonds or obligations of the general character of the Series 2011 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, or financial responsibility requirements of the Underwriters;

(8) a general banking moratorium shall have been established by federal, New York or State authorities;

(9) any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State shall be rendered, which, in the opinion of the Representative, after consultation with the Authority, materially adversely affects the market price of the Series 2011 Bonds; or

(10) an event occurs which in the reasonable opinion of the Representative make untrue in any material respect any information or statement contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required or necessary to be stated therein in order to make the statements contained therein not misleading in light of the circumstances under which they were made.

(e) At or prior to Closing, the Underwriters shall have received each of the following documents:

(1) Certified copies of the Authority Resolution, the JPA Agreement and the City Resolution and the executed copies of the Authority Agreements;

(2) The Preliminary Official Statement and the Official Statement, with the Official Statement executed on behalf of the Authority by a duly authorized officer of the Authority;

(3) The Continuing Disclosure Certificate, executed on behalf of the City by a duly authorized officer of the City;

(4) An approving opinion of Bond Counsel, dated the date of Closing, substantially in the form attached as Appendix D to the Official Statement, and a reliance letter with respect thereto addressed to the Representative;

(5) A supplemental opinion of Bond Counsel, addressed to the Representative, to the effect that: (i) the Series 2011 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (ii) the statements contained in the Official Statement under the captions "THE SERIES 2011 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS" are accurate in all material respects insofar as such statements summarize certain provisions of the Trust Agreement, the Installment Purchase Agreement and the Series 2011 Bonds, and the statements contained in the Official Statement under the captions "LEGAL MATTERS" and "TAX MATTERS," insofar as such statements summarize the legal opinion and certain provisions of federal and State law, are accurate in all material respects; and (iii) upon payment of $________ to the owner of the Series 2008 Bonds, Capital One Public Funding, LLC, the Series 2008 Bonds will be defeased and no longer outstanding.

(6) An opinion of the City Attorney, as counsel to the Authority, dated the date of Closing and addressed to the Authority, the City, and the Representative, in substantially the form of Exhibit B;

(7) An opinion of the City Attorney, dated the date of Closing and addressed to the City, the Authority and the Representative in substantially the form of Exhibit C;

(8) The opinion of Disclosure Counsel, dated the date of Closing and addressed to the Authority, the City and the Representative, to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, no facts have come to their attention that lead them to believe that, as of the date of Closing, the Official Statement (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, as to which no opinion or view need be expressed) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that the Series 2011 Bonds are exempt from registration under the Securities Act and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended, and that the Continuing Disclosure Certificate provides a suitable basis for the Underwriters, in connection with the Offering (as defined in the Securities and Exchange Commission Rule 15c2-12) of the Series 2011 Bonds, to make a reasonable determination as required by section (b)(5) of said Rule;

(9) A certificate dated the date of Closing and executed by a duly authorized officer of the Authority to the effect that:

(i) The representations and warranties of the Authority contained in Section 6 hereof are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing;

(ii) To the best of their knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement in order to make the statements therein not misleading in any respect; and

(iii) No litigation is pending or threatened (a) to restrain or enjoin the issuance, sale or delivery of the Series 2011 Bonds or the validity of the Base Rental Payments, (b) in any way contesting or affecting the validity of the Authority Resolution, the Series 2011 Bonds or the Authority Agreements, or (c) in any way contesting the existence or powers of the Authority;

(10) A certificate, dated the date of Closing from a duly authorized official of the City to the effect that:

(i) The representations and warranties of the City contained in Section 7 hereof are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) To the best of their knowledge, no event effecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement in order to make the statements therein not misleading under the captions "THE CITY," "WATER SYSTEM FINANCES," APPENDIX A–"GENERAL, ECONOMIC AND DEMOGRAPHIC AND FINANCIAL INFORMATION RELATING TO THE CITY OF WOODLAND" and APPENDIX B–"CITY OF WOODLAND INVESTMENT POLICY;" and

(iii) No litigation is pending or threatened (a) to restrain or enjoin the issuance, sale or delivery of the Series 2011 Bonds, or contesting or affecting the validity of the Purchase Contract, the Series 2011 Bonds, or the Authority Agreement, or (c) in any way contesting the existence or powers of the City;

(11) A certificate of the Trustee dated the date of Closing, to the effect that:

(i) The Trustee is a national banking association duly organized and validly existing under the laws of the United States of America, and has full power and is qualified to accept and comply with the terms of the Trust Agreement and to perform its obligations stated therein;

(ii) The Trustee has accepted the duties and obligations imposed on it by the Trust Agreement;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the consummation by the Trustee of the transactions contemplated by the Trust Agreement to be undertaken by the Trustee;

(iv) Compliance with the terms of the Trust Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to the best knowledge of the Trustee, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the

Trustee with respect to any Federal or state securities or Blue Sky laws or regulations); and

(v) To the best knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body served on or threatened against or affecting the existence of the Trustee, or in any way contesting or affecting the validity or enforceability of the Series 2011 Bonds or the Trust Agreement or contesting the powers of the Trustee or its authority to enter into and perform its obligations under the Trust Agreement or the Series 2011 Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Series 2011 Bonds or the Trust Agreement;

(12) The opinion of Counsel to the Trustee, dated the date of closing, addressed to the Authority, the City, the Trustee, and the Representative, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing and in good standing under the laws of the United States of America and has full power and authority to execute and deliver the Trust Agreement and to perform its obligations thereunder; and

(ii) the Trust Agreement, executed and delivered by the Trustee, constitutes a valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except insofar as the validity, binding nature and enforceability of the obligations of the Trustee under such agreements may be limited by the effect of (a) insolvency, reorganization, arrangement, moratorium, fraudulent transfer and other similar laws, (b) the discretion of any court of competent jurisdiction in awarding equitable remedies, including, without limitation, specific performance or injunctive relief, and (b) the effect of general principles of equity embodied in California statutes and common law;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the consummation by the Trustee of the transactions contemplated by the Trust Agreement to be undertaken by the Trustee;

(iv) Compliance with the terms of the Trust Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to the best knowledge of the Trustee, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any Federal or state securities or Blue Sky laws or regulations); and

(v) To the best knowledge of such counsel, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body served on or threatened against or affecting the existence of the Trustee, or in any way contesting or affecting the validity or enforceability of the Series 2011 Bonds, the Trust Agreement or contesting the powers of the Trustee or its authority to enter into and perform its obligations under the Trust

Agreement or the Series 2011 Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Trust Agreement or Series 2011 Bonds.

(13) A Tax Certificate of the Authority, executed on behalf of the Authority by a duly authorized officer;

[(14) The Bond Insurance Policy and the Surety Policy issued by the Bond Insurer.]

[(15) A certificate of the Bond Insurer or an opinion of counsel to the Bond Insurer, dated the date of the Closing, to the effect that the information in the Official Statement regarding the Bond Insurance Policy, the Surety Policy and the Bond Insurer under the caption "BOND INSURANCE" and contained in APPENDIX G–"SPECIMEN MUNICIPAL BOND INSURANCE POLICY" is accurate in all material respects;]

[(16) An opinion of counsel to the Bond Insurer as to the validity and enforceability of the Bond Insurance Policy in form and content satisfactory to Bond Counsel and Underwriter's Counsel;]

(17) A letter Standard & Poor's, a Division of the McGraw-Hill Companies ("S&P") assigning an underlying rating of "__" to the Series 2011 Bonds [and a letter from S&P assigning a rating of "__" to the 2010 Bonds based upon the delivery of the Bond Insurance Policy by the Bond Insurer];

(18) Evidence of required filings with the California Debt and Investment Advisory Commission;

(19) A copy of the Blanket Letter of Representations executed by the Authority and delivered to The Depository Trust Company, New York, New York, relating to the book-entry system for the Series 2011 Bonds;

(20) A Certificate of the Risk Manager of the City with respect to the 2011 Project evidencing that the insurance required by Article VII of the Installment Purchase Agreement has been procured and is in full force and effect; and

(21) Such additional legal opinions, certificates, instruments and documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of Closing, of the Authority's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Authority on or prior to the date of Closing of all agreements then to be performed and all conditions then to be satisfied by the Authority and the City.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Disclosure Counsel. Receipt of, and payment for, the Series 2011 Bonds shall constitute evidence of the satisfactory nature of such as to the Underwriters. The performance of any and all obligations of the Authority or the City hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in its sole discretion.

If the Authority or the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, accept delivery of and pay for the Series 2011 Bonds contained in this Purchase

Contract, or if the obligations of the Underwriters to purchase, accept delivery of and pay for the Series 2011 Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, and none of the Underwriters, the Authority or the City shall be under further obligation hereunder, except that the respective obligations of the Authority and the Underwriters set forth in Section 11 hereof shall continue in full force and effect.

Section 11. (a) The Underwriters shall be under no obligation to pay, and the Authority shall pay the following expenses incident to the performance of the Authority's obligations hereunder: (i) the fees and disbursements of Bond Counsel, Disclosure Counsel and Del Rio Advisors, LLC, as financial advisor to the Authority and the City; (ii) the cost of printing and delivering the Series 2011 Bonds, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to Section 6 or Section 7 of this Purchase Contract); (iii) the rating agencies, accountants, advisers and of any other experts or consultants retained by the Authority and the City; (iv) the Bond Insurance and Surety Bond premiums; and (v) any other expenses and costs of the Authority or the City incident to the performance of its obligations in connection with the authorization, issuance and sale of the Series 2011 Bonds, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

(b) The Underwriters shall pay all expenses incurred by them in connection with the public offering and distribution of the Series 2011 Bonds including, but not limited to: (i) all advertising expenses in connection with the offering of the Series 2011 Bonds; and (ii) all out-of-pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Series 2011 Bonds (including travel and other expenses, CUSIP Service Bureau fees, fees of the California Debt and Investment Advisory Commission and any other fees and expenses), except as provided in (a) above or as otherwise agreed to by the Underwriters, the Authority and the City.

Section 12. Any notice or other communication to be given to the Authority or the City under this Purchase Contract may be given by delivering the same in writing at the Authority's address set forth above (with a copy to the City) or the City's address, and any notice or other communication to be given to the Representative under this Purchase Contract may be given by delivering the same in writing to: Southwest Securities, Inc., 2533 South Coast Highway 101, Suite 210, Cardiff By The Sea, California 92007; Attention: Mike Cavanaugh, Senior vice President.

Section 13. This Purchase Contract is made solely for the benefit of the Authority, the City and the Underwriters (including their successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Authority and of the City contained in this Purchase Contract shall remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriters; or (b) delivery of and payment for the Series 2011 Bonds pursuant to this Purchase Contract. The agreements contained in this Section and in Section 11 shall survive any termination of this Purchase Contract.

Section 14. In the event that any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 15. This Purchase Contract shall be governed and interpreted exclusively by and construed in accordance with the laws of the State applicable to contracts made and to be performed in the State. Any and all disputes or legal actions or proceedings arising out of this Purchase Contract or any document related hereto shall be filed and maintained in a court of competent jurisdiction in the City of Woodland; provided that the Authority may waive the requirement of venue. By execution of and delivery of this Purchase Contract, the parties hereto accept and consent to the aforesaid jurisdiction.

Section 16. This Purchase Contract may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 17. The parties agree that the terms and conditions of this Purchase Contract supersede those of all previous agreements between the parties, and that this Purchase Contract contains the entire agreement between the parties hereto. In the event of a dispute between the parties under this Purchase Contract, the losing party in such dispute shall pay all reasonable costs and expenses incurred by the prevailing party in connection therewith, including but not limited to attorneys' fees.

Section 18. This Purchase Contract shall be effective as of the date set forth above upon the execution of the acceptance hereof by authorized officers of the Authority and the City, and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

SOUTHWEST SECURITIES, INC.

By:____________________________________
Authorized Officer

Accepted:

WOODLAND FINANCE AUTHORITY

By:____________________________________
Mark G. Deven
Administrator

Approved:

CITY OF WOODLAND

By:____________________________________
Kimberly McKinney
Finance Officer

SCHEDULE I

MATURITIES, AMOUNTS, RATES, YIELDS AND PRICES

Maturity (March 1)	Principal Amount	Interest Rate	Yield	Price

c Priced to call at 100% on ___________.
† Mandatory Sinking Fund Payment.
†† Stated Final Maturity.

EXHIBIT A-1

$__,___,000
WOODLAND FINANCE AUTHORITY
WATER REVENUE BONDS
SERIES 2011

FORM OF THE CERTIFICATE OF THE AUTHORITY
REGARDING PRELIMINARY OFFICIAL STATEMENT

The undersigned hereby states and certifies:

1. That he is the duly elected, qualified and acting Administrator of the Woodland Finance Authority (the "Authority") and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

2. That there has been delivered to Southwest Securities, Inc., Brandis Tallman LLC and Wulff, Hansen & Co. (collectively, the "Underwriters") of the captioned Bonds, a Preliminary Official Statement, relative to the captioned Bonds, dated ________, 2011 (including the cover page and all appendices thereto, in printed form and in electronic form in all material respects consistent with such printed form, "Preliminary Official Statement"), which the Authority deems final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12; and

3. The Authority hereby approves the use and distribution by the Underwriters of the Preliminary Official Statement.

Dated: ________, 2011

WOODLAND FINANCE AUTHORITY

By:________________________________
Mark G. Deven
Administrator

EXHIBIT A-2

$__,___,000
WOODLAND FINANCE AUTHORITY
WATER REVENUE BONDS
SERIES 2011

FORM OF THE CERTIFICATE OF THE CITY
REGARDING THE PRELIMINARY OFFICIAL STATEMENT

The undersigned hereby states and certifies:

1. That she is the duly qualified and acting Finance Officer of the City of Woodland (the "City") and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

2. That there has been delivered to Southwest Securities, Inc., Brandis Tallman LLC and Wulff, Hansen & Co. (collectively, the "Underwriters") of the captioned Bonds, a Preliminary Official Statement, relative to the captioned Bonds, dated ________, 2011 (including the cover page and all appendices thereto, in printed form and in electronic form in all material respects consistent with such printed form, "Preliminary Official Statement"), which with respect to the information contained in the Preliminary Official Statement under the caption "THE CITY" and "WATER SYSTEM FINANCES" and contained in APPENDIX A–"GENERAL, ECONOMIC AND DEMOGRAPHIC AND FINANCIAL INFORMATION RELATING TO THE CITY OF WOODLAND" and APPENDIX B–"CITY OF WOODLAND INVESTMENT POLICY" does not contain any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Dated: ________, 2011

CITY OF WOODLAND

By:___________________________________
Kimberly McKinney
Finance Officer

EXHIBIT B

FORM OF OPINION OF AUTHORITY COUNSEL

[Letterhead of Counsel to Authority]

[closing date]

Woodland Finance Authority
Woodland, California

City of Woodland
Woodland, California

Southwest Securities, Inc., as Representative
Cardiff By The Sea, California

Re: Woodland Finance Authority Water Revenue Bonds, Series 2011
(Authority Counsel Opinion)

Ladies and Gentlemen:

We serve as counsel to the Woodland Finance Authority (the "Authority"). This opinion is addressed to you, pursuant to Section 9(e)(8) of the Bond Purchase Contract dated _______, 2011 (the "Purchase Contract"), by and between Southwest Securities, Inc. (the "Representative"), on its own behalf and on behalf of Brandis Tallman LLC and Wulff, Hansen & Co. (together with the Representative, the "Underwriters") the Authority and approved by the City of Woodland (the "City"), providing for the purchase of $__,___,000 principal amount of the Woodland Finance Authority Water Revenue Bonds, Series 2011 (the "Series 2011 Bonds"). The Series 2011 Bonds are being issued pursuant to a Trust Agreement dated February 1, 2011, as amended and supplemented by a First Supplemental Trust Agreement, dated February 1, 2011 (together, the "Trust Agreement") each by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), to finance the costs of acquiring, installing and constructing certain public improvements (the "2011 Project") to the City's Water System; make a deposit into the Reserve Fund established under the Trust Agreement; and pay certain costs associated with the issuance and delivery of the Series 2011 Bonds. The Series 2011 Bonds are payable solely from certain revenues of the Authority, consisting primarily of installment payments (the "Installment Payments") made by the City to the Authority pursuant to the terms and conditions of an Installment Sale Agreement dated February 1, 2011, as amended and supplemented by a First Supplemental to Installment Sale Agreement, dated February 1, 2011 (together, the "Installment Purchase Agreement"), pursuant to which the Authority will purchase the 2011 Project; and amounts held in certain funds and accounts established by the Trust Agreement, subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement or, if not defined in the Trust Agreement, in the Purchase Contract.

In connection with our role as counsel to the Authority, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to such opinions, we have relied upon representations and information supplied to us by the Authority and its officials, employees, and Underwriters and upon representations and certificates of various other public officials. In the course of our representation, nothing has come to our attention that caused us to believe that any of the factual representations upon which we have relied are untrue, but we have made no other factual investigations.

When used herein, the phrase “to our current actual knowledge” means that, during the course of our representation of the Authority, no information that would give us current actual knowledge of the inaccuracy of such statement has come to the attention of those attorneys in the firm who have rendered legal services in connection with the representation described in the introductory paragraph of this opinion letter. However, we have not undertaken any independent investigation or inquiry to determine the accuracy of such statement other than inquiry of officials of the Authority.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, it is our opinion that:

1. The Authority is duly created and validly existing under the laws of the State of California as a joint exercise of powers agency created pursuant to the Joint Exercise of Powers Agreement dated as of November 1, 1996, between the Redevelopment Agency of the City of Woodland and the City.

2. The Authority has full power and authority to execute, deliver and perform its obligations under the Authority Agreements.

3. The Authority Agreements have each been duly authorized, executed, and delivered by the Authority and, assuming due authorization, execution, and delivery by and enforceability against the other parties thereto, constitute valid and binding obligations of the Authority enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws relating to or affecting the enforcement of creditors’ rights generally; by the application of general principles of equity, including without limitation concepts of materiality, reasonableness, good faith, and fair dealing, regardless of whether considered in a proceeding in equity or at law; the possible unavailability of specific performance or injunctive relief; and by the limitations imposed on actions against governmental entities in the State of California.

4 The Authority has duly authorized the distribution of the Official Statement by the Underwriters for the marketing of the Series 2011 Bonds. The Official Statement has been duly executed by the Authority.

5. Except as may be required under federal securities laws and state Blue Sky or other securities laws in connection with the purchase or distribution of the Series 2011 Bonds by the Underwriters, no approval, consent, or authorization of any governmental or public agency, authority, or person is required for the authorization, execution, and delivery by the Authority of the Authority Agreements or the performance by the Authority of its obligations thereunder or for the issuance, sale, or delivery of the Series 2011 Bonds that has not been obtained.

6. The authorization, execution, and delivery of the Authority Agreements by the Authority and compliance by the Authority with the provisions thereof do not (i) breach, or result in a default under, any material agreement or other instrument to which the Authority is a party or by which the Authority or its properties are bound, (ii) violate applicable provisions of statutory law or regulation, or (iii) to our current actual knowledge breach or otherwise violate any existing obligation of the Authority under any court order or consent decree. For purposes of this opinion, we have deemed an agreement or instrument to be material only if it obligates the Authority to payments in any year of more than $100,000.

The opinions set forth above are further qualified as follows:

(a) Our opinions are limited to the matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly so stated;

(b) We are licensed to practice law in the State of California; accordingly, the foregoing opinions only apply insofar as the laws of the State of California and the United States may be concerned, and we express no opinion with respect to the laws of any other jurisdiction;

(c) We express no opinion as to the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party;

(d) We express no opinion as to the effect or availability of any specific remedy provided for in the Authority Agreements under particular circumstances, except that we believe such remedies are, in general, sufficient for the practical realization of the rights intended thereby;

(e) We express no opinion as to the enforceability of any indemnification, contribution, choice of law, choice of forum, or waiver provisions contained in the Authority Agreements;

(f) We disclaim any obligation to update this opinion for events occurring after the date hereof; and

(g) We express no opinion as to the tax-exempt status of the Bonds.

We are not passing upon and do not assume any responsibility for the accuracy, completeness, or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. During the course of serving as counsel to the Attorney in connection with issuance of the Series 2011 Bonds, no information came to the attention of the attorneys in our firm rendering legal services in connection with such issuance that caused us to believe that the Official Statement (except for any financial or statistical data or forecasts, numbers, estimates, assumptions or expressions of opinion, any information about The Depository Trust Company or its book-entry system, [the Bond Insurer, the Municipal Bond Insurance Policy and the Debt Service Reserve Policy] or the appendices included therein, as to which we express no opinion or view) as of the date thereof or the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state any material fact with respect to the Authority 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.

We hereby confirm to you that, to our current actual knowledge, except as disclosed in the Official Statement, there are no actions or proceedings against the City pending (service of process having been accomplished) before any court, governmental agency, or arbitrator or overtly threatened in writing (i) that seek to restrain or enjoin the issuance, sale, or delivery of the Series 2011 Bonds or the application of the proceeds thereof in accordance with the Trust Agreement, (ii) that in any way contest the Authority's power to execute, deliver and perform its obligations under the Authority Agreements, (iii) that seek to affect the enforceability of the Authority Agreements, or (iv) wherein an unfavorable decision, ruling, or finding would have a material adverse effect on the Authority's ability to perform its obligations under the Authority Agreements.

This letter is furnished by us as counsel to the Authority. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Series 2011 Bonds or by virtue of this letter. This letter is delivered to the addressees solely for their benefit for the purpose contemplated by the Purchase Contract and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to be relied upon by owners of Bonds.

Very truly yours,

EXHIBIT C

FORM OF OPINION OF CITY COUNSEL

[Letterhead of City Attorney]

[closing date]

City of Woodland
Woodland, California

Woodland Finance Authority
Woodland, California

Southwest Securities, Inc., as Representative
Cardiff By The Sea, California

Re: Woodland Finance Authority Water Revenue Bonds, Series 2011
(City Counsel Opinion)

Ladies and Gentlemen:

We serve as City Attorney to the City of Woodland (the "City"). This opinion is addressed to you, pursuant to Section 9(e)(9) of the Bond Purchase Contract dated _______, 2011 (the "Purchase Contract") by and between Southwest Securities, Inc. (the "Representative"), on its own behalf and on behalf of Brandis Tallman LLC and Wulff, Hansen & Co. (together with the Representative, the "Underwriters") and the Woodland Finance Authority and approved by the City, providing for the purchase of $__,___,000 principal amount of the Woodland Finance Authority Water Revenue Bonds, Series 2011 (the "Series 2011 Bonds"). The Series 2011 Bonds are being issued pursuant to a Trust Agreement dated February 1, 2011, as amended and supplemented by a First Supplemental Trust Agreement, dated February 1, 2011 (the "First Supplemental Trust Agreement" and together, the "Trust Agreement") each by and between the Authority and U.S. Bank National Association, as trustee, to finance the costs of acquiring, installing and constructing certain public improvements to the City's Water System; make a deposit into the Reserve Fund established under the Trust Agreement; and pay certain costs associated with the issuance and delivery of the Series 2011 Bonds. The Series 2011 Bonds are payable solely from certain revenues of the Authority, consisting primarily of installment payments (the "Installment Payments") made by the City to the Authority pursuant to the terms and conditions of an Installment Purchase Agreement, dated February 1, 2011, as amended and supplemented by a First Supplemental to Installment Sale Agreement, dated February 1, 2011 (together, the "Installment Purchase Agreement"), pursuant to which the Authority will purchase the 2011 Project; and amounts held in certain funds and accounts established by the Trust Agreement, subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement or, if not defined in the Trust Agreement, in the Purchase Contract. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement or, if not defined in the Trust Agreement, in the Purchase Contract.

In connection with our role as City Attorney, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to such opinions, we have relied upon representations and information supplied to us by the City and its officials, employees, and the Representative and upon representations and certificates of various other public officials. In the course of our representation, nothing has come to our attention that caused us to believe that any of the factual representations upon which we have relied are untrue, but we have made no other factual investigations.

When used herein, the phrase "to our current actual knowledge" means that, during the course of our representation of the City, no information that would give us current actual knowledge of the inaccuracy of such statement has come to the attention of those attorneys in the firm who have rendered legal services in connection with the representation described in the introductory paragraph of this opinion letter. However, we have not undertaken any independent investigation or inquiry to determine the accuracy of such statement other than inquiry of officials of the City.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, it is our opinion that:

1. The City is a general law city and municipal corporation duly organized and validly existing under the Constitution and laws of the State of California.

2. The City has full power and authority to execute, deliver and perform its obligations under the City Agreements.

3. The City Agreements have each been duly authorized, executed, and delivered by the City and, assuming due authorization, execution, and delivery by and enforceability against the other parties thereto, constitute valid and binding obligations of the City enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws relating to or affecting the enforcement of creditors' rights generally; by the application of general principles of equity, including without limitation concepts of materiality, reasonableness, good faith, and fair dealing, regardless of whether considered in a proceeding in equity or at law; the possible unavailability of specific performance or injunctive relief; and by the limitations imposed on actions against governmental entities in the State of California.

4. No approval, consent, or authorization of any governmental or public agency, authority, or person is required for the authorization, execution, and delivery by the City of the City Agreements or the performance by the City of its obligations thereunder that has not been obtained.

5. The authorization, execution, and delivery of the City Agreements by the City and compliance by the City with the provisions thereof do not (i) breach, or result in a default under, any material agreement or other instrument to which the City is a party or by which the City or its properties are bound, (ii) violate applicable provisions of statutory law or regulation, or (iii) to our current actual knowledge breach or otherwise violate any existing obligation of the City under any court order or consent decree. For purposes of this opinion, we have deemed an agreement or instrument to be material only if it obligates the City to payments in any year of more than $100,000.

The opinions set forth above are further qualified as follows:

(a) Our opinions are limited to the matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly so stated;

(b) We are licensed to practice law in the State of California; accordingly, the foregoing opinions only apply insofar as the laws of the State of California and the United States may be concerned, and we express no opinion with respect to the laws of any other jurisdiction;

(c) We express no opinion as to the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party;

(d) We express no opinion as to the effect or availability of any specific remedy provided for in the City Agreements under particular circumstances, except that we believe such remedies are, in general, sufficient for the practical realization of the rights intended thereby;

(e) We express no opinion as to the enforceability of any indemnification, contribution, choice of law, choice of forum, or waiver provisions contained in the City Agreements;

(f) We disclaim any obligation to update this opinion for events occurring after the date hereof; and

(g) We express no opinion as to the tax-exempt status of the Bonds.

We are not passing upon and do not assume any responsibility for the accuracy, completeness, or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. During the course of serving as City Attorney in connection with issuance of the Bonds, no information came to the attention of the attorneys in our firm rendering legal services in connection with such issuance that caused us to believe that the information contained in the Official Statement under the captions "THE CITY," "WATER SYSTEM FINANCES," APPENDIX A–"GENERAL, ECONOMIC AND DEMOGRAPHIC AND FINANCIAL INFORMATION RELATING TO THE CITY OF WOODLAND" and APPENDIX B–"CITY OF WOODLAND INVESTMENT POLICY" (except for any financial or statistical data or forecasts, numbers, estimates, assumptions or expressions of opinion included therein, as to which we express no opinion or view) as of the date of the official Statement or the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state any material fact with respect to the City 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.

We hereby confirm to you that, to our current actual knowledge, except as disclosed in the Official Statement, there are no actions or proceedings against the City pending (service of process having been accomplished) before any court, governmental agency, or arbitrator or overtly threatened in writing (i) that seek to restrain or enjoin the issuance, sale, or delivery of the Series 2011 Bonds, the application of the proceeds thereof in accordance with the Trust Agreement, or the collection or application of the assessments and the interest thereon to pay the principal of and interest on the Series 2011 Bonds, (ii) that in any way contest the City's power to execute, deliver and perform its obligations under the City Agreements, (iii) that seek to affect the enforceability of the City Agreements, or (iv) wherein an unfavorable decision, ruling, or finding would have a material adverse effect on the City's ability to perform its obligations under the City Agreements.

This letter is furnished by us as City Attorney. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Series 2011 Bonds or by virtue of this letter. This letter is delivered to the addressees solely for their benefit for the purpose contemplated by the Purchase Contract and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to be relied upon by owners of the Series 2011 Bonds.

Very truly yours,

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: Adoption of the Groundwater Management Plan

Report in Brief

The proposed Groundwater Management Plan (GWMP) addresses measures to monitor and manage groundwater within the service area of the City including: groundwater quality degradation, land surface subsidence, and changes in surface water flow and surface water quality that directly affect the City's groundwater levels or quality or are caused by groundwater pumping in the basin.

Staff recommends that the City Council Conduct a Public Hearing and adopt the GWMP which, under SB 1938, establishes the framework for working cooperatively with local agencies in managing local groundwater resources and establishes grant funding eligibility for construction and groundwater projects administered by the California Department of Water Resources.

Background

In 1992, the California Legislature passed Assembly Bill (AB) 3030, which was designated to provide local public agencies increased management authority over their groundwater resources. In September 2002, new legislation, Senate Bill (SB) 1938, expanded AB 3030 by requiring GWMPs to include certain specific components in order to be eligible for grant funding for various types of groundwater related projects.

Recently, there has been an emphasis by the State for agencies to develop integrated regional solutions for water management (SB 1672) and to coordinate the management of surface and groundwater to work together toward improving regional water supply reliability and quality.

The GWMP provides the framework for coordinating groundwater management activities among stakeholders. The plan identifies the basin management goals and objectives needed to guide efforts to effectively manage the groundwater basin as a safe and sustainable water supply.

Discussion

The City of Woodland currently relies entirely on groundwater obtained from twenty wells located throughout the City and meets future water demands by drilling new wells. The City also has one newly built above ground tank which is approximately 135 feet tall. This tank is used to improve and stabilize water system pressure.

The City is experiencing a gradual decline in groundwater quality at a number of well sites and this has resulted in some wells being taken out of service. In December 2005, the City developed an Urban Water Management Plan to address existing City water supply sources, reliability planning and water demand management measures. It, however, did not adequately address the potential threat and extent of nitrate contamination.

Best management objectives, identification of natural recharge areas, management and optimization of well field operations and identification and feasibility study of conjunctive use projects were investigated as part of this study.

If adopted by the City Council, the GWMP will also qualify the City for grant funding opportunities administered by the State Water Resources Control Board and the Department of Health Services. Preference for these funds are given to proposals that include integrated projects with multiple benefits, improve local and regional water supply reliability, contribute towards improving water quality standards, reduce pollution, and improve groundwater management. A copy of the GWMP is available at the Library, Public Works Department, and the City Manager's office. The following potential future projects could qualify for grant application if the GWMP is adopted:

- Well rehabilitation/blending
- Installation of groundwater monitoring wells
- New ground level tank project
- Surface water project

Project initiatives from the GWMP will be closely coordinated with the Community Development Department for related coordination of development and redevelopment initiatives and with Finance prior to seeking Council approval for potential grant funding opportunities. Any potential projects that are generated in association with Council adoption of the GWMP will be included with future Capital Improvement Project requests within a proposed capital budget.

Fiscal Impact

There are no costs associated with the adoption of this GWMP. The cost of developing the GWMP was budgeted in the Public Works Operations and Maintenance fiscal year 2007/2008. Fiscal impacts have been be identified and developed as a result of implementing groundwater management activities, such as studies and projects to mitigate groundwater contamination. If grant funding is pursued and received, the amount can be used to offset the cost of implementation of these water management activities.

Public Contact

The first draft of the GWMP was circulated in early December 2010 for public comment. The City received comments from Woodland resident and member of the Council Energy Committee Christine Shewmaker who expressed the need for the GWMP to address how climate change affect mean annual precipitation and ground water levels. In response to Ms. Shewmaker's comments, the GWMP includes strategies such as aquifer storage recharge and other actions to mitigate the effect of climate change.

A notice for this public hearing was published in the Woodland Daily Democrat on January 21 & 27, 2011 pursuant to section 10753.5 of the Water Code. The Statement of Work for preparing the GWMP requires public outreach and stakeholder coordination including the preparation of written statements describing the manner in which interested parties may participate in development of the GWMP. This was published pursuant to section 6066 of the Government Code.

Interagency coordination with Yolo County and the Water Resources Association of Yolo County and its member agencies were part of the study development. A copy of the GWMP is available at the Library, Public Works Department, the City Manager's Office, and can be currently found online at www.cityofwoodland.org.

Alternative Courses of Action

1. Conduct a Public Hearing and adopt the GWMP which, under SB 1938, establishes the framework for working cooperatively with local agencies in managing local groundwater resources and establishes grant funding eligibility for construction and groundwater projects administered by the California Department of Water Resources.

2. Do not to adopt this GWMP and give direction to staff on changes to be made to the GWMP.

Recommendation for Action

Staff recommends that the City Council approve Alternative No.1.

Prepared by: Akin Okupe
Senior Civil Engineer

Reviewed by: Doug Baxter
Principal Civil Engineer

Reviewed by: Greg Meyer
Director of Public Works

Mark G. Deven
City Manager

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: Resolution to Establish Underground Utility District No. 17 for Dead Cat Alley between Third Street and Fifth Street

Report in Brief

Each year the City receives a work credit allocation of funds (Rule 20A funds) from PG&E to underground overhead power lines. Since Rule 20A is funded by PG&E's electric service ratepayers, a project must benefit the general public. A project may qualify as a public interest project because it is heavily congested with overhead utilities, heavily traveled by the general public or because it is an area of civic or historic nature.

Establishing an underground utility district designates a specific area for the future undergrounding of overhead utilities at no cost to the City. Designation of the specific area of the downtown as described herein would support future redevelopment of the area that will accommodate the expanded and modernized Yolo Superior Courts and Downtown Multiplex Theater.

Staff recommends that the City Council hold a public hearing regarding the establishment of Underground Utility District No. 17 along Dead Cat Alley between Third Street and Fifth Street and adopt Resolution No. _____ to establish the District.

Background

The City's last underground utility district, Underground Utility District No. 16, was established by the City Council in 2006 in order to underground overhead utilities along the east side of East Street and on Lemen Avenue near the intersection of East and Lemen as part of the improvements necessary for the construction of the Lemen/North/East Realignment Project. PG&E completed its work this year while AT&T and Wave Broadband are finishing up their work. The City's Rule 20A balance is approximately $1.2 million as of January of last year and the City earns approximately $266,000 annually in credits from PG&E. PG&E's Rule 20A program, an electric tariff filed with the California Public Utilities Commission, requires the City to formally establish an underground utility district after holding a public hearing before the City can utilize its Rule 20A balance to underground overhead utilities.

The City's Undergrounding Committee met on January 29, 2010 and unanimously voted to support the formation of an underground utility district, Underground Utility District No. 17, on the two block section of Dead Cat Alley between Third Street and Fifth Street (west end of Freeman Park). This section of Dead Cat Alley is almost 650 feet in length and contains at least twelve (12) power poles that will be relocated as part of the underground project. City staff from the Community Development Department Engineering Division, Redevelopment Agency, and Public Works Department reviewed a number of locations for an underground utility district and ranked the Dead Cat Alley project as the highest priority based on cost, readiness, and the ability to support development of adjacent properties.

The estimated cost of the project, including environmental studies, surveying, design, construction, electrical panel conversions is $440,000 to $560,000. The $120,000 range between the low and high estimates is based on a number of factors including the possibility of finding unmarked utilities and other undocumented infrastructure in an alleyway that dates back to the 19th century and the potential for cost increases on a project that could take as long as seven years before construction is completed. The construction cost for the project is estimated to range from $301,000 to 313,000. The project costs will be funded through the City's Rule 20A account balance. AT&T and Wave Broadband will, at their expense, underground their facilities to the extent that the electric utility company, PG&E, converts its facilities.

Discussion

The timeline for starting construction on an undergrounding project is approximately five to seven years once the City Council approves the district according to PG&E. PG&E estimates that the construction would occur over a six-month period. The City has the option of hiring its own designer at the City's cost to try to accelerate the project. Undergrounding the overhead power lines on Dead Cat Alley between Third and Fifth streets has the potential to benefit the future redevelopment of parcels adjacent to the alleyway, particularly the ones on Main Street, and will remove utility poles from a narrow alleyway that is used by vehicles and pedestrians.

The proposed underground district will affect a number of commercial and residential properties located on Main Street and Court Street that receive utility services from the overhead utility lines located along Dead Cat Alley between Third and Fifth streets. The resolution that would be approved as part of the recommended action includes language that requires the utility companies to pay for the first 100 feet of a utility customer's service trench. The property owner will be responsible for any service trench costs beyond the first 100 feet. The resolution also contains language requiring PG&E to reimburse property owners the cost of electrical panel conversions, not to exceed $1,500 per service drop. It is estimated that the underground project will affect ten to fifteen electrical panels. Any electrical panel cost above $1,500 would be absorbed by the City's Rule 20A allocation. As a result, property owners would not be responsible for the costs of replacing their electrical panels.

Environmental Determination

The proposed Underground Utility District No. 17 has been reviewed in accordance with the California Environmental Quality Act (CEQA) and is considered categorically exempt under Section 15302(d). Under Section 15302(d) of the CEQA Guidelines, a project is categorically exempt if it will result in the conversion of overhead electric utility distribution system facilities to underground including connection to existing overhead electric utility distribution lines where the surface is restored to the condition existing prior to the undergrounding

Fiscal Impact

The City will not incur a General Fund impact. The underground project will be funded through the City's Rule 20A allocation account. Some initial costs such as preparation of the legal survey were paid with redevelopment tax increment funds.

Public Contact

Public notice advertising for the public hearing on this project was prepared by the Community Development Department. A legal notice was published in the Woodland Daily Democrat on or before January 18, 2011 and notices were mailed to all property owners within 300 feet of the project site (underground utility district). Copies of the staff report and all attachments for the proposed project have been on file, are available for public review at the Community Development Department.

Alternative Courses of Action

1. Hold a public hearing and adopt Resolution No. _____, to establish Underground Utility District No. 17 along Dead Cat Alley between Third Street and Fifth Street.

2. Do not adopt Resolution No. _____ to establish Underground Utility District No. 17.

Recommendation for Action

Staff recommends that the City Council approve Alternative No. 1.

Prepared by: Dan Sokolow
Senior Planner

Reviewed by: Cynthia Shallit
Redevelopment Manager

____
Mark G. Deven
City Manager

Attachments:

1. Resolution No. _____
2. Aerial Map of District
3. District Boundary Legal Description and Map (on file with the City Clerk)

RESOLUTION NO. ______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WOODLAND APPROVING THE ESTABLISHMENT OF UNDERGROUND UTILITY DISTRICT NO. 17

WHEREAS, the City purposes the removal of overhead utility lines and underground installation of said overhead lines within that certain area of the City described on the attachment, titled “Description for Undergrounding District No. 17”;

WHEREAS, the City Council met on February 1, 2011, to discuss the proposed Underground Utility District, and the public was given the opportunity to address the Council on this matter; and

WHEREAS, the City Council determined that the Underground Utility District herein created is in the general public interest for the following reasons:

1. The undergrounding will avoid or eliminate overhead electrical distribution facilities and other overhead utility lines, and
2. The street or road right-of-way in the District is extensively by the general public and serves both pedestrian and vehicular traffic, and
3. The undergrounding has the potential to benefit the future redevelopment of parcels adjacent to District 17.

NOW THEREFORE BE IT RESOLVED by the City Council of City of Woodland that pursuant to Chapter 23B-Underground Utilities of the City Code of the City of Woodland, that the area shown on the above described attachment is hereby declared an Underground Utility District, and is designated as Underground Utility District No. 17 of the City of Woodland.

RESOLVED FURTHER that the City Council hereby orders the removal of the overhead wires and underground installation of wires for supplying electric service and other overhead utility services within Underground Utility District No. 17 on or before December 31, 2015.

BE IT FURTHER RESOLVED that the utility companies will pay for the 100 feet of a utility customer’s service trench and that PG&E will reimburse the community for the actual cost of electric panel conversions, not to exceed $1,500 per service drop, upon completion of the work and after invoiced by the community. This requires that the community procure a contract for conversion of all electric panels. Any electrical panel cost above $1,500 would be absorbed by the City’s Rule 20A allocation.

PASSED AND ADOPTED this 1st day of February, 2011 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

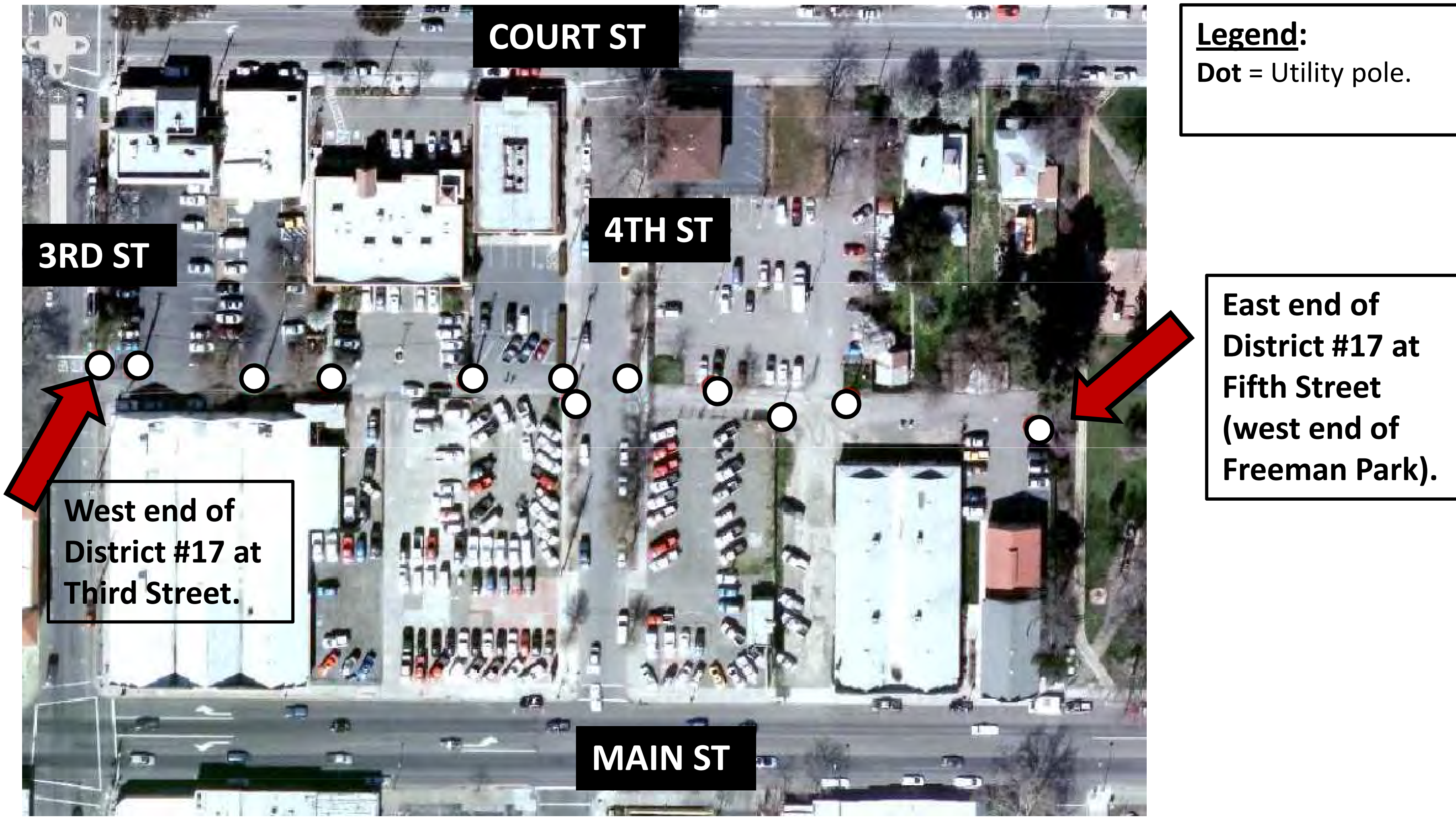
Artemio Pimentel, Mayor

ATTEST: APPROVED AS TO FORM:

Ana Gonzalez, City Clerk Andrew J. Morris, City Attorney

CITY OF WOODLAND

Proposed Dead Cat Alley Underground Utility District (District #17)



Legend:
Dot = Utility pole.

City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 1, 2011

SUBJECT: Board and Commission Reappointments and Resignations for 2010

Report in Brief

Annually the Council is required per the Municipal and Government Codes to appoint or reappoint members to the City Boards and Commissions.

Staff recommends that the City Council reappoint the list of Board and Commission members for service during the calendar year 2011 as described herein, accept the resignations of Angela Dennie and Angel Barajas from the Parks & Recreation Commission and Melody Parker from the Traffic Safety Commission effective immediately and direct staff to commence the recruitment process to fill the vacancies.

Background

The City of Woodland currently has ten approved Standing Boards or Commission within the City to address in depth various issues as described in the Municipal Code. Some of these Boards or Commissions have been in place in some form for decades and have been altered in scope to meet the needs of the City. Annually the Government Code requires and the Municipal Code concurs that these Board and Commission members be reappointed, primarily as there are terms that are expiring. A few years ago, Council determined not to limit the number of terms a citizen could serve on a Board or Commission and eliminated that restriction. The change has allowed qualified, interested and dedicated citizens to continue to serve and provide continuity to that Board or Commission.

Discussion

In keeping with both the Government and Municipal Code requirements and the desire of the City to provide a continuous flow of knowledge and information relevant to the specific Board or Commission, it is of benefit that Council reappoints interested members.

The following individuals are recommended for reappointment to the listed Board or Commission. A complete list is attached for your review and information.

NAME	BOARD OR COMMISSION	TERM ENDING
Regan Overholt	Commission on Aging	12/31/2014
George Gumpy	Manufactured Homes Fair Practices Commission	12/31/2014
Jesse Salinas	Parks & Recreation Commission	12/31/2014
Donna Slattery	Personnel Board	12/31/2014
Ronald Mikalson	Traffic Safety Commission	12/31/2014

With the current vacancies and the acceptance of the resignations from Angela Dennie, Angel Barajas and Melody Parker, the following vacancies remain to be filled:

Board of Building Appeals	1 vacancy
Manufactured Homes Fair Practices Commission	2 vacancies
Parks and Recreation Commission	2 vacancies
Traffic Safety Commission	1 vacancy

If the recommended action is approved by the City Council, staff will begin the recruitment process immediately. In addition to advertising on the City's website and through local media, staff will encourage the applicants for the recent Council vacancy to seek appointment to fill the six vacancies listed above. As the Council is aware, the interest shown by citizens in seeking appointment to the vacant seat was extraordinary.

Fiscal Impact

There is no fiscal impact to the City other than minimal advertising expense for vacancy notices.

Public Contact

Every Member of a Board or Commission who had an expiring term was contacted via personal letter and requested to make their wishes known to the City Clerk.

The City Council agenda was posted.

Recommendation for Action

Staff recommends that the City Council reappoint the list of Board and Commission members for service during the calendar year 2011 as described herein, accept the resignations of Angela Dennie and Angel Barajas from the Parks & Recreation Commission and Melody Parker from the Traffic Safety Commission effective immediately and direct staff to commence the recruitment process to fill the vacancies.

Prepared by: Ana Gonzalez
City Clerk

Mark G. Deven
City Manager

Attachment: Board and Commission List, 2011

BOARDS AND COMMISSIONS
2011

COMMISSION	**MEMBER**	**TERM ENDS**	**MEETING DATE**
Board of Building	*Jim Heffernan	6/30/2013	On Call -
Appeals	Joseph Johnson	6/30/2011	Community
(FY Term)	Edward Puccetti	6/30/2014	Development
	VACANCY (Snetsinger)	6/30/2013	Office
(Staff Liaison) 661-5912	Christopher Holt	6/30/2011	
Commission on	Lucinda Talkington	12/31/2011	4th Monday
Aging	Don Campbell	12/31/2011	3:30 p.m. -
(CY Term)	Regan Overholt	12/31/2014	Senior Center
	Karen Wright	12/31/2013	
(Staff Liaison) 661-5841	Benjamin Garman	12/31/2012	
Historical Pres.	BJ Ford	6/30/2014	
Commission (700)	Robert Orlins	6/30/2011	2nd Wednesday
(FY Term)	Cheryl Brookshear	6/30/2011	6:00 p.m. -
	Willliam Butler	6/30/2011	Council Chambers
(Staff Liaison) 661-5824	Mark Aulman	6/30/2013	
Library Board (700)	Jorel Difuntorum	6/30/2011	1st and 3rd
(FY Term)	*Bud Goding	6/30/2011	7:30 p.m. -
	Thomas Pavao	6/30/2013	Mondays
(Staff Liaison) 661-5984	Kay Hodges	6/30/2011	Library
	Alain Traig	6/30/2013	
Manufactured Home	***VACANCY*** (Pimentel Appt.)	12/31/2010	
Fair Practices	Tom Bills (Marble Appt.)	12/31/2011	To be determined
Commission (700)	Alan Gering (Alternate)	12/31/2012	
(CY Term)	George Gumpy (Monroe Appt.)	12/31/2014	
Cynthia Shallit	*Bill Marcus (Dote Appt.)	12/31/2011	
(Staff Liaison) 661-5815	Robert Noren (Davies Appt.)	12/31/2011	
	VACANCY (Alternate)	12/31/2011	
Parks & Recreation	***VACANCY*** (Dennie)	12/31/2010	4th Monday
Commission	Tabatha Chavez	12/31/2013	7:00 p.m. -
(CY Term)	John Murphy	12/31/2011	
	Marina Tapia	12/31/2012	
	VACANT (Barajas)	12/31/2013	
	Sheila Groom	12/31/2013	
(Staff Liaison) 661-5841	Jesse Salinas	12/31/2014	

BOARDS AND COMMISSIONS
2011

COMMISSION	MEMBER	TERM ENDS	MEETING DATE
Personnel Board	Lorna Carriveau	12/31/2012	On Call
(CY Term)	Richard DeLiberty	12/31/2012	
Amy Buck	Cathy O'Connell	12/31/2013	
(Staff Liaison) 661-5811	Letha Sines	12/31/2011	
	Donna Slattery	12/31/2014	
Planning	Steve Barzo	6/30/2012	3rd Thursday
Commission (700)	Fred Lopez	6/30/2013	6:30 p.m. -
(FY Term)	Myriam Gonzalez	6/30/2012	Council Chambers
Paul Siegel	Patricia Murray	6/30/2011	
(Staff Liaison) 661-5820	Seth Wurzel	6/30/2011	
	*David Sanders	6/30/2014	
	Rex Peters	6/30/2013	
Traffic Safety	Ronald Mikalson	12/31/14	On-call (1-2/year)
Commission	Michael Lemaire	12/31/11	6:30 p.m. -
(CY Term)	Bruce Jacks	12/31/12	Council Chambers
Brent Meyer	***VACANT*** (Parker)	12/31/10	
(Staff Liaison) 661-5947	David Geer	12/31/11	
Undergrounding	Jerry Barr	Cable TV	On Call
	Brian Sweeney	PG&E	
	Cindy Norris	Staff Person	
	Andrew Morris	City Attorney	
	John Eaton		
	Ray Guenther	Pacific Bell	
	Greg Meyer	PW Director	

**** DENOTES CHAIR***