

# City of Woodland

300 First Street  
Woodland, CA 95695

## Meeting Agenda City Council

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Tuesday, February 4, 2014

6:00 PM

Council Chambers

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### SPECIAL MEETING 4:00 PM

**A. CALL TO ORDER**

**B. PLEDGE OF ALLEGIANCE**

**C. ROLL CALL**

**D. COMMUNICATIONS-PUBLIC COMMENT**

*This is an opportunity for the public to speak to the Council regarding the topic of this special meeting. 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. PRESENTATION**

1. [14-023](#) SUBJECT: Transportation Infrastructure Division - Roadway Maintenance Program Update

Recommendation: Staff recommends that the City Council hold a study session on the City's Roadway Maintenance Program.

**F. CLOSED SESSION**

**F.1 CONFERENCE WITH REAL PROPERTY NEGOTIATIONS**

Property: Yolo County Assessor's Parcel Number 005-224-007 (707 Main Street)

Agency Negotiators: City Manager Paul Navazio, community development Director Ken Hiatt and City Attorney Kara Ueda

Negotiating Parties: Democrat Investors, LLC; Woodland Opera House

Under Negotiation: Price and terms of payment

**F.2 PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Title: City Manager

**JOINT REGULAR CITY COUNCIL / WOODLAND FINANCE AUTHORITY  
FEBRUARY 4, 2014  
6:00 P.M.**

**G. CALL TO ORDER**

**H. PLEDGE OF ALLEGIANCE**

**I. COMMUNICATIONS-PUBLIC COMMENT**

*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.*

**J. COMMUNICATIONS-COUNCIL/STAFF STATEMENTS AND REQUESTS**

*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.*

[14-035](#)

SUBJECT: Long Range Calendar

Recommendation for Action: Staff recommends that the City Council receive the Long Range Calendar for informational purposes only.

Attachments: [Council Long Range Calendar](#)

**K. MINUTES**

2. [14-026](#)

SUBJECT: Council Meeting Minutes

Recommendation for Action: Staff recommends that the City Council adopt the minutes of the Joint Regular City Council/Woodland Finance Authority meetings of January 7, 2014 and January 21, 2014 as presented.

Attachments: [January 7, 2014 DRAFT Meeting Minutes for approval](#)  
[January 21, 2014 DRAFT Meeting Minutes for Approval](#)

**L. CONSENT CALENDAR**

3. [14-013](#)

SUBJECT: Community Development Department's Quarterly Status Report

Recommendation for Action: Staff recommends that the City Council receive the Community Development Department's Quarterly Status

report.

**Attachments:**    [CDD Quarterly Report](#)  
                              [Capital Project Quarterly Report](#)  
                              [Customer Service Survey Results Through 1/7/14](#)

4.     [14-036](#)     SUBJECT:     Water Meter Project, Phase 3, CIP 12-09; Approve Reallocation of Project Funding

Recommendation for Action: Staff recommends that the City Council approve the reallocation of \$120,000 of water enterprise funds from the Water System Leak Detection, Maintenance & Repairs Project (CIP #09-23) to the Water Meter Project Phase 3 Project (CIP #12-09).

#### **M.     REPORTS OF THE CITY MANAGER**

5.     [14-022](#)     SUBJECT:     First reading of ordinance amending Municipal Code Section 23C-7-10, adding Sections 23C-7-10.1 and 23C-7-10.2 and deleting and replacing Article 23C-11 related to water conservation

Recommendation for Action: Staff recommends that the City Council waive first reading and read by title only Ordinance No. \_\_\_\_\_, "An Ordinance of the City Council of the City of Woodland, California Amending Section 23C-7-10, Adding Sections 23C-7-10.1 and 23C-7-10.2 and Deleting and Replacing Article 23C-11 of the Woodland Municipal Code Related to Water Conservation."

**Attachments:**    [Summary of Changes for Water Ordinance](#)  
                              [Water Conservation Ordinance](#)

6.     [14-034](#)     SUBJECT:     \$34,220,000\* Woodland Finance Authority Wastewater Revenue Bonds (Junior Lien), Series 2014  
                              \*Subject to Change

Recommendation for Action: Staff recommends that the City Council approve Resolution No. \_\_\_\_\_ Approving the Issuance by the Woodland Finance Authority of Wastewater Revenue Refunding Bonds; 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; and Authorizing Related Actions and Matters.

Staff further recommends that the Board of the Woodland Finance Authority approve Resolution No. \_\_\_\_\_ 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, the Escrow 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 Wastewater Revenue Refunding Bonds  
(Junior Lien), Series 2014.

**Attachments:** [FIN - Tables A-E](#)

[1-Resolution of the City Council - Wastewater Revenue Refunding Bonds](#)

[2-Woodland Installment Purchase Contract - 2014 Woodland Finance Authority](#)

[3-First Supp Installment Purchase Contract, 2014 Woodland Finance Authority](#)

[4-Woodland Bond Purchase Contract](#)

[5-Woodland Continuing Disclosure Cert](#)

[6-Woodland Finance Authority - Authority Resolution - Wastewater Revenue Re](#)

[7-Woodland FA - 2014 Trust Agreement - Wastewater Revenue Bonds](#)

[8-Woodland First Supplemental Trust Agreement - 2014 Woodland FA Wastewa](#)

[9-Woodland wastewater revenue refunding Escrow Agreement 2014](#)

[10-Woodland Prelim Official Statement](#)

## **N. ADJOURN**

*I declare under penalty of perjury that the foregoing Agenda for the Special Meeting and Joint Regular City Council/Woodland Finance Authority Regular Meeting of the City of Woodland scheduled for February 4, 2014 was posted on January 30, 2014 in the outside display case at City Hall, 300 First Street, Woodland, CA, and was available to the public during normal business hours.*

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*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.**

## Legislation Details (With Text)

**File #:** 14-023      **Version:** 1      **Name:** Transportation Infrastructure Division - Roadway Maintenance Program Update  
**Type:** Report of the City Manager      **Status:** Agenda Ready  
**File created:** 1/21/2014      **In control:** City Council  
**On agenda:** 2/4/2014      **Final action:**  
**Title:** SUBJECT: Transportation Infrastructure Division - Roadway Maintenance Program Update

Recommendation: Staff recommends that the City Council hold a study session on the City's Roadway Maintenance Program.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: February 4, 2014

SUBJECT: Transportation Infrastructure Division - Roadway Maintenance Program Update

**Recommendation** : Staff recommends that the City Council hold a study session on the City's Roadway Maintenance Program.

**Staff Contact**

Katie Wurzel, Principal Civil Engineer - 530-661-5954, [Katie.Wurzel@cityofwoodland.org](mailto:Katie.Wurzel@cityofwoodland.org)

**Fiscal Impact**

There is no fiscal impact as a result of this study session. The City's roadway network is its largest infrastructure investment consisting of over 400 lane miles of roads with an estimated replacement value of over \$400 million. Recent budgets have allocated approximately \$1.5 million towards the repair and maintenance of the roadway system. Given the size of this asset and limitations in funding, there are significant fiscal implications to funding and management of the city's streets and roadway network.

**Background**

Staff has scheduled a study session to present the Council with an overview of the Roadway Maintenance Program. The presentation is intended to provide the City Council with information regarding the condition, funding and management of city's roadway infrastructure to help inform future long-range planning related to

this critical infrastructure asset.

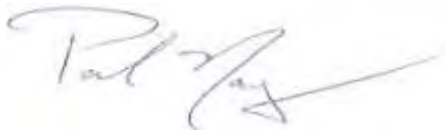
This presentation will review the roadway network, funding and maintenance strategies as well as the accomplishments of the program since the establishment of Measure E sales tax funding and the resulting benefit to roadway conditions. The following is a general outline of the study session.

- Introduction
- Overview Transportation Program
- Roadway Infrastructure Network
  - ✓ Pavement Program and Condition
  - ✓ Funding Sources and Priorities
  - ✓ Achievements
  - ✓ Future Planning and Funding
- Council Discussion/Questions and Answers

At the time of the printing of this agenda, presentation materials are being finalized. Copies of the presentation will be provided to the Council in advance of the meeting.

Prepared by: Katie Wurzel, Principal Civil Engineer

Reviewed by: Brent Meyer, City Engineer  
Ken Hiatt, Community Development Director



Paul Navazio, City Manager

## Legislation Details (With Text)

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File #: 14-035      Version: 2      Name:

Type: Report of the City Manager      Status: Agenda Ready

File created: 1/29/2014      In control: City Council

On agenda: 2/4/2014      Final action:

Title: SUBJECT: Long Range Calendar

Recommendation for Action: Staff recommends that the City Council receive the Long Range Calendar for informational purposes only.

Sponsors:

Indexes:

Code sections:

Attachments: [Council Long Range Calendar](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: February 4, 2014

SUBJECT: Long Range Calendar

Recommendation for Action: Staff recommends that the City Council receive the Long Range Calendar for informational purposes only.

**Staff Contact**Ana Gonzalez, City Clerk - (530) 661-5806, [ana.gonzalez@cityofwoodland.org](mailto:ana.gonzalez@cityofwoodland.org)**Background**

This calendar is being provided for planning purposes only and is intended to keep the Council apprised of upcoming agenda items and better plan for upcoming Council items.

Prepared by: Ana Gonzalez, City Clerk



Paul Navazio, City Manager

Attachment



# **COUNCIL LONG RANGE CALENDAR**

**Items subject to removal and/or rescheduling**

**Tuesday, February 18, 2014**

**Reports due 2/4**

**Regular Meeting**

## **Closed Session**

### **Committees**

Commission on Aging Meeting Minutes

P&R Meeting Minutes

### **Presentations**

Rotary Proclamation

Commission on Aging Annual Report

### **Consent Calendar**

Resolution Accepting Mitigated Negative Declaration, Environmental Document for Aeration Project Final Acceptance and NOC for Parks Irrigation Rehabilitation Project, Ph 4 Freeman Park, CIP 10-01.

Contract Amendment – Brooks Pool Rehabilitation Project / Diving Boards

Authorize City Manager to Enter into Purchase and Sale Agreements for ROW Acquisitions, CIP 11-14 & CIP 12-05, Local Pipelines

PD Chiller

### **Public Hearing**

2<sup>nd</sup> Reading of Water Conservation Ordinance

### **Regular Calendar**

FY 2013/14 Mid-year Budget Update

ROPS – RDA Bond Proceed Agreement

Renewal of Letter of Credit for City's Water Utility

Notice of Acceptance: CDPH State Revolving Loan Funding Commitment / Surface Water Project

Authorization for Right-of-Way Acquisition – Treated Surface Water Pipelines

**Tuesday, March 4, 2014**

**Reports due 2/18**

**Regular Meeting**

### **Public Hearing**

IEOZ Zoning Amendment

Final Acceptance and NOC for Water Meter Project Phase 3, CIP 12-09

Approve Plans and Specs; Authorize Bid Advertisement for Water Transmission Main East (CIP 11-14) and the Community Center/Sports Park Frontage (CIP 11-15)

Final Acceptance and Notice of Completion for Safe Routes to School, CIP 13-06

## **FUTURE AGENDA ITEMS FOR:**

### **MARCH**

Scrapmetal / Recycling Ordinance  
FY 2014/15 Budget Workshop

### **APRIL**

Preliminary CDBG Funding Recommendations  
Council Direction on Preferred General Plan Land Use Scenario  
Updated Master-Tax Sharing Agreement with Yolo County  
Update on Climate Action Plan / GHG Reduction Targets

### **MAY**

Contract award - Solar Projects (TerraVerde RFP)  
Presentation – FY 2014/15 Proposed Budget

### **JUNE**

Adoption of FY 2014/15 Budget

## **FUTURE AGENDA ITEMS – DATE TO BE DETERMINED:**

Board and Commission Appointments – next step: schedule interviews with Council Committees  
Amend Home Occupation Ordinance to Comply with CA Homemade Food Act – Public Hearing  
County food waste composting proposal

## **FUTURE STUDY SESSIONS (TBD):**

Lower Cache Creek Flood Control Feasibility Study  
Update Economic Development Strategic Plan

Updated 1/30/14

## Legislation Details (With Text)

File #: 14-026 Version: 2 Name:  
Type: Minutes Status: Agenda Ready  
File created: 1/23/2014 In control: City Council  
On agenda: 2/4/2014 Final action:  
Title: SUBJECT: Council Meeting Minutes

Recommendation for Action: Staff recommends that the City Council adopt the minutes of the Joint Regular City Council/Woodland Finance Authority meetings of January 7, 2014 and January 21, 2014 as presented.

Sponsors:

Indexes:

Code sections:

Attachments: [January 7, 2014 DRAFT Meeting Minutes for approval](#)  
[January 21, 2014 DRAFT Meeting Minutes for Approval](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: February 4, 2014

SUBJECT: Council Meeting Minutes

Recommendation for Action: Staff recommends that the City Council adopt the minutes of the Joint Regular City Council/Woodland Finance Authority meetings of January 7, 2014 and January 21, 2014 as presented.

**Staff Contact**

Ana Gonzalez, City Clerk - 530-661-5806, [ana.gonzalez@cityofwoodland.org](mailto:ana.gonzalez@cityofwoodland.org)

Prepared by: Ana Gonzalez, City Clerk

Reviewed by: Paul Navazio, City Manager

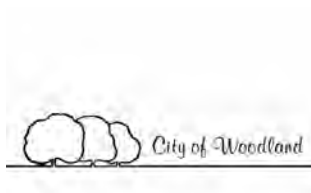


Paul Navazio, City Manager

Attachment: January 7, 2014 and January 21, 2014 City Council Minutes

# City of Woodland

*300 First Street  
Woodland, CA 95695*



## **Meeting Minutes - DRAFT - For Approval**

**Tuesday, January 7, 2014**

**6:00 PM**

**Council Chambers**

**City Council**

**CITY COUNCIL  
CLOSED SESSION AGENDA  
JANUARY 7, 2014  
5:30 P.M.**

**A. CALL TO ORDER**

**B. CLOSED SESSION**

**B.1 Conference with Real Property Negotiators, Pursuant to Section 54956.8**

**Properties: 039-380-001, 039-070-002, 039-140-010, 039-140-019, 039-172-014, 039-174-001, 039-212-009, 039-214-003, 041-080-013, 041-080-014, 042-010-053, 042-010-034**

**Agency Negotiator: City Manager**

**Negotiating Parties: Larry D. Kirkbride and/or successors, Robert R. Griffin and/or successors, Stanley M. Davis and Associates and/or successors, Woodland Development Company and/or successors, Matthew Cross and/or successors, Foundation for Excellence at Woodland Christian School, Beeman Family Trust, Woodland Joint Unified School District and Yuba Community College District**

**Under Negotiation: Price and Terms of Payment**

**JOINT REGULAR CITY COUNCIL/WOODLAND FINANCE AUTHORITY  
JANUARY 7, 2013  
6:00 P.M.**

**A. CALL TO ORDER**

**B. ROLL CALL**

**Present: 5 - Mayor Marlin Davies, Vice Mayor Tom Stallard, Council Member William Marble, Council Member Jim Hilliard and Council Member Sean Denny**

**C. PLEDGE OF ALLEGIANCE**

**Led by Council Member Hilliard.**

**D. COMMUNICATIONS-PUBLIC COMMENT**

**Stephen Blakeman**

**E. COMMUNICATIONS-COUNCIL/STAFF STATEMENTS AND REQUESTS**

Verbal updates provided by Council Members/Staff.

[14-004](#)

SUBJECT: Long Range Calendar

Recommendation for Action: Staff recommends that the City Council receive the Long Range Calendar for informational purposes only.

**Council received Long Range Calendar**

**F. CONSENT CALENDAR**

**On a motion by Council Member Hilliard, seconded by Council Member Denny and carried unanimously, Consent Calendar Items No. 1 through 5 were approved.**

**Ayes:** 5 - Mayor Davies, Vice Mayor Stallard, Council Member Marble, Council Member Hilliard and Council Member Denny

1. [13-370](#) SUBJECT: Appointment to Yolo County Waste Advisory Committee

Recommendation for Action

Staff recommends that the City Council adopt Resolution No. \_\_\_\_\_ approving the reappointment of Roberta Childers as the City's representative on the Yolo County Waste Advisory Committee.

**This Consent Item(s) was approved on the Consent Agenda**

2. [13-378](#) SUBJECT: Approval of Housing Related Parks Program Grant Application Submittal for City Park (626 Cleveland Street) Improvements

Recommendation for Action

Staff recommends that the City Council adopt Resolution No. 2014-\_\_\_\_\_ to approve the submittal of a Housing Related Parks Program grant application to the State of California for improvements to City Park (626 Cleveland Street) and authorize the City Manager to execute all agreements necessary for the program.

**This Consent Item(s) was approved on the Consent Agenda**

3. [13-392](#) SUBJECT: Approve an Amendment to Consultant Agreement to provide Construction Inspection Services; approve appropriation to the General Fund

Recommendation for Action: Staff recommends that the City Council:  
(1) approve an amendment in the amount of \$34,000 to the consultant services agreement for construction inspection services with Associated Engineering Consultants and authorize the City Manager to execute the amendment and  
(2) approve an additional appropriation of \$60,000 to the General Fund from private party fees collected to cover cost of inspection work.

**This Consent Item(s) was approved on the Consent Agenda**

4. [14-005](#) SUBJECT: Authorize Issuance of Request for Proposal for Independent Financial Audit Services

Recommendation for Action: Staff recommends that the City Council authorize the issuance of a request for proposal (RFP) for independent financial audit services.

**This Consent Item(s) was approved on the Consent Agenda**

5. [14-006](#) SUBJECT: Second Reading of Ordinance No. 1558 "An Ordinance of the City Council of the City of Woodland Amending Section 23-100 of Article VII of Chapter 23 of the Woodland Municipal Code Related to a Supplemental Transactions and Use Tax to be Administered by the State Board of Equalization"

Recommendation for Action

Staff recommends that the City Council adopt Ordinance No. 1558 re-authorizing the City of Woodland's quarter-cent sales tax for general city services, programs and facilities for a period of eight years, subject to approval by the voters at the June 3, 2014 municipal election.

**This Consent Item(s) was approved on the Consent Agenda**

## **G. PUBLIC HEARINGS**

6. [13-332](#) SUBJECT: Revise Fire Hydrant Permit Fee in City's Fee Schedule to More Accurately Account for Actual Water Usage

Recommendation for Action

Staff recommends that the City Council hold a public hearing, and following the public hearing, adopt Resolution No. \_\_\_\_\_ to approve the revised and increased Fire Hydrant Permit Fees in accordance with the commercial water rates approved by the City Council on May 12, 2012. The revised Fire Hydrant Permit Fees will appear in the Fiscal Year 14 Comprehensive Fee Schedule.

**On a motion by Vice Mayor Stallard, seconded by Council Member Hilliard and carried unanimously, Council adopted Resolution No. 6196.**

**Ayes:** 5 - Mayor Davies, Vice Mayor Stallard, Council Member Marble, Council Member Hilliard and Council Member Denny

## H. REPORTS OF THE CITY MANAGER

7. [14-003](#) SUBJECT: Establish City/Library Board 2x2 Committee

Recommendation for Action: Staff recommends that the City Council establish a City/Library Board 2x2 Committee and appoint two Council Members to serve in that capacity.

**Council unanimously established a City/Library Board 2x2 Committee and appointed Mayor Davies and Council Member Marble to serve in that capacity.**

8. [13-390](#) SUBJECT: Approve Construction Management and Inspection Services Contract for Water Transmission Main East (CIP 11-14) and West (CIP 12-05), and the Community Center/Sports Park Frontage (CIP 11-15)

Recommendation for Action

Staff recommends that the City Council authorize the City Manager to execute a consultant agreement for construction management and inspection services for the Water Transmission Main East (CIP 11-14) and West (CIP 12-05), and the Community Center/Sports Park Frontage (CIP 11-15) projects with Psomas Engineering in an amount up to \$948,000.

**On a motion by Council Member Marble, seconded by Council Member Hilliard and carried unanimously, Council approved the Staff Recommendation for this item.**

**Ayes:** 5 - Mayor Davies, Vice Mayor Stallard, Council Member Marble, Council Member Hilliard and Council Member Denny



9. [14-001](#) SUBJECT: Council Member Election, June 3, 2014

Recommendation for Action: Staff recommends that the City Council adopt Resolution No. \_\_\_\_\_ calling a General Municipal Election for June 3, 2014 to fill two seats on the City Council, calling a Special Election for June 3, 2014 to place a general tax measure and four advisory measures on the ballot, requesting the Yolo County Board of Supervisors to consolidate the Elections with the Statewide Primary and any other elections, and directing the County Election's Official to provide services in relation to the Election.

**On a motion by Council Member Hilliard, seconded by Council Member Denny and carried unanimously, Council adopted Resolution No. 6197.**

**Ayes:** 5 - Mayor Davies, Vice Mayor Stallard, Council Member Marble, Council Member Hilliard and Council Member Denny

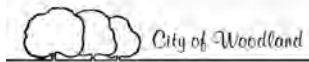
## I. ADJOURN

Meeting was adjourned at 6:23pm.

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# City of Woodland

*300 First Street  
Woodland, CA 95695*



## **Meeting Minutes - DRAFT - For Approval**

**Tuesday, January 21, 2014**

**6:00 PM**

**Council Chambers**

**City Council**

**JOINT REGULAR CITY COUNCIL/WOODLAND FINANCE AUTHORITY  
JANUARY 21, 2014  
6:00 P.M.**

**A. CALL TO ORDER**

**B. ROLL CALL**

**Present:** 4 - Mayor Marlin Davies, Vice Mayor Tom Stallard, Council Member Jim Hilliard and Council Member Sean Denny

**Absent:** 1 - Council Member William Marble

**C. PLEDGE OF ALLEGIANCE**

Led by Council Member Hilliard

**D. COMMUNICATIONS-PUBLIC COMMENT**

Doug Reed

**E. COMMUNICATIONS-COUNCIL/STAFF STATEMENTS AND REQUESTS**

Verbal updates provided by Council Members/Staff.

[14-020](#)

**SUBJECT:** Long Range Calendar

Recommendation for Action: Staff recommends that the City Council receive the Long Range Calendar for informational purposes only.

**Council received Long Range Calendar.**

[14-021](#)

**SUBJECT:** City Council Meeting Schedule for 2014

Recommendation for Action: Staff recommends that the City Council consider approving a formal meeting schedule for the upcoming legislative year.

**On a motion by Vice Mayor Stallard, seconded by Council Member Denny and carried unanimously, Council approved the City Council Meeting Schedule for 2014.**

**Ayes:** 4 - Mayor Davies, Vice Mayor Stallard, Council Member Hilliard and Council Member Denny

**F. COMMITTEE REPORTS**

1.     [14-012](#)           SUBJECT:     Commission on Aging Meeting Minutes: September 12, 2013 and November 11, 2013
- Council received Commission on Aging Meeting Minutes for September 12, 2013 and November 11, 2013.

#### **G.       PRESENTATIONS**

2.     [14-016](#)           SUBJECT:     Woodland Groundwater Update and Water Conservation Campaign
- Recommendation for Action: Staff recommends that the City Council receive an informational presentation on the current status of groundwater levels in Woodland. No specific Council action is required at this time.
- Council received the presentation by Dawn Calciano, Conservation Coordinator.

#### **H.       CONSENT CALENDAR**

- On a motion by Council Member Denny, seconded by Council Member Hilliard and carried unanimously, Council approved Consent Calendar Item No. 3.
3.     [14-015](#)           SUBJECT:     General Plan Informational Update - Schedule and Budget
- Recommendation for Action: This item is provided as an informational update regarding the revised schedule, modified scope of work, and budget for the General Plan Update Project.

#### **I.       REPORTS OF THE CITY MANAGER**

4.     [14-017](#)           SUBJECT:     2014 Community Service Awards Nominating Committee Report
- Recommendation for Action:  
Staff recommends that the City Council approve the nominating committee's recommended recipients selected to receive the 2014 Community Service Award and determine which Council Members will present the awards to the selected award recipients.
- On a motion by Vice Mayor Stallard, seconded by Council Member Hilliard and carried unanimously, Council approved the recommendations for the 2014 Community Services Award. Recipients are as follows: Kathy Aukes, Rod and Linda Battaglia, Harland Morley, Brad Vansant and Senior Center, Inc.
- Ayes:   4 - Mayor Davies, Vice Mayor Stallard, Council Member Hilliard and Council Member Denny

5. [14-014](#)      SUBJECT:      Support a request to CalPERS Health Benefits Committee to move employees residing in Yolo County from Bay Area Region Health Premium Rates to Sacramento Area Region Health Premium Rates.
- Recommendation for Action: Staff recommends that the City Council support a request to CalPERS Health Benefits Committee to move employees residing in Yolo County from Bay Area Region Health Premium Rates to Sacramento Area Region Health Premium rates.
- On a motion by Vice Mayor Stallard, seconded by Council Member Hilliard and carried unanimously, Council approved Staff Recommendation for this item.**
- Ayes:** 4 - Mayor Davies, Vice Mayor Stallard, Council Member Hilliard and Council Member Denny
6. [14-010](#)      SUBJECT:      Review of Fiscal Year 2014-15 Community Development Block Grant Estimated Funding and Preliminary Comments on CDBG Funding Priorities
- Recommendation for Action: Staff recommends that the City Council take the following actions: 1) Receive a briefing from staff on the FY 2014-15 Community Development Block Grant (CDBG) estimated funding; and 2) Provide staff with preliminary comments on CDBG funding priorities for FY 2014-15.
- Dan Sokolow, Senior Planner presented this item.*
- Council received briefing from Dan Sokolow, Senior Planner.**
7. [14-018](#)      SUBJECT:      Floodsafe Yolo/Cache Creek Feasibility Study, CIP 09-15; Approve Contract Amendment No. 1
- Recommendation for Action: Staff recommends that the City Council authorize the City Manager to execute Amendment #1 to the consultant services agreement with MBK Engineers (MBK) for the Floodsafe Yolo/Cache Creek Feasibility Study, CIP 09-15, for an additional amount up to \$132,000.
- On a motion by Vice Mayor Stallard, seconded by Council Member Denny and carried unanimously, Council approved Staff Recommendation for this item.**
- Ayes:** 4 - Mayor Davies, Vice Mayor Stallard, Council Member Hilliard and Council Member Denny

8. [14-019](#)

SUBJECT: Approval of Second Amendment to the Installment Purchase Agreement between the City of Woodland and the Woodland-Davis Clean Water Agency

Recommendation for Action: Staff recommends that the City Council approve the attached resolution authorizing the City Manager to execute the Second Amendment to the Installment Purchase Agreement between the City of Woodland and the Woodland-Davis Clean Water Agency.

*Approved Resolution No. 6198.*

**On a motion by Vice Mayor Stallard, seconded by Council Member Hilliard and carried unanimously, Council approved Resolution No. 6198.**

**Ayes:** 4 - Mayor Davies, Vice Mayor Stallard, Council Member Hilliard and Council Member Denny

9. [14-008](#)

SUBJECT: Approve Resolution to Lease City Property for the Construction of the Woodland-Davis Clean Water Agency (WDCWA) Project Facilities

Recommendation for Action: Staff recommends that the City Council adopt Resolution No. \_\_\_\_ to lease City Property to the Woodland-Davis Clean Water Agency for the construction of facilities for the Davis Woodland Water Supply Project (DWWSP).

*Doug Baxter, Principal Engineer presented this item.*

**On a motion by Council Member Hilliard, seconded by Council Member Denny and carried unanimously, Council approved Resolution No. 6199.**

**Ayes:** 4 - Mayor Davies, Vice Mayor Stallard, Council Member Hilliard and Council Member Denny

J. **ADJOURN**

**Meeting was adjourned at 7:19pm.**

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.





## Legislation Details (With Text)

File #: 14-013 Version: 1 Name: CDD Quarterly Status Report  
Type: Consent Item(s) Status: Agenda Ready  
File created: 1/14/2014 In control: City Council  
On agenda: 2/4/2014 Final action:  
Title: SUBJECT: Community Development Department's Quarterly Status Report  
Recommendation for Action: Staff recommends that the City Council receive the Community Development Department's Quarterly Status report.

Sponsors:

Indexes:

Code sections:

Attachments: [CDD Quarterly Report](#)  
[Capital Project Quarterly Report](#)  
[Customer Service Survey Results Through 1/7/14](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: February 4, 2014

SUBJECT: Community Development Department's Quarterly Status Report

**Recommendation for Action:** Staff recommends that the City Council receive the Community Development Department's Quarterly Status report.

**Staff Contact**

Alex Halcon, Management Analyst - 530-661-5885, Alex.Halcon@cityofwoodland.org

**Fiscal Impact**

This is an informational item with no fiscal impact.

**Report in Brief**

Attached is the Community Development Department's (CDD) Quarterly Report. The report highlights major planning and development projects, building activity, and activities of the Successor Agency/former Redevelopment Agency ***from September 16, 2013 to December 31, 2013.***

Additionally, we have included the current Capital Project Status Report providing an update of the projects through **December 31, 2013**. The CDD "Tell Us How We Are Doing" customer satisfaction survey is also

attached for your review. The survey is comprised of various questions (closed/open ended) that will assist the department in improving its customer service. The attached report highlights survey results to **January 7, 2014**.

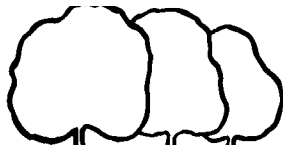
Prepared by: Alex Halcon, Management Analyst

Reviewed by: Ken Hiatt, Community Development Director

A handwritten signature in dark ink, appearing to read "Paul Navazio", is positioned above the printed name.

Paul Navazio, City Manager

Enclosures: CDD Quarterly Status Report  
Capital Project Status Report  
Customer Satisfaction Survey



**PROJECT UPDATE**

**Activities from September 16, 2013 to December 31, 2013**  
*Changes will be highlighted in bold*

**PLANNING AND DEVELOPMENT APPLICATIONS**

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**Project:** Summary Project Applications from October through December 2013

**Phase:** N/A

**PM:** Planning Staff

**Location:** Citywide

**Description:** Planning project applications processed

- Status:**
- 32 Design Review Applications
  - 1 Lot Merger
  - 1 Parcel Map
  - 1 Public Convenience & Necessity (PCN)
  - 1 Zoning Interpretation

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**Project:** Woodland Commerce Center

**Phase:** Environmental Review for DEIR

**PM:** Erika/Cindy

**Location:** NW corner of East Main Street and CR 102

**Description:** Proposed annexation for 146-acre site with a GP land designation of Industrial and pre-zoned Industrial.

**Status:** Draft Program EIR circulated during the period of April 26 – June 10, 2013. RBF, the City's environmental consultant, and City staff have prepared responses to the comments received on the Draft EIR. City staff is preparing the Development Agreement for the project.

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**Project:** Woodland Spring Lake Partnership

**Phase:** Initial Review

**PM:** Cindy Norris/Paul Hanson

**Location:** West of Harry Lorenzo, North of Heritage Parkway

**Description:** 105 acres of land; Proposed Tentative Map, Rezone and General Plan Amendment to replace the Spring Lake Central project previously approved in Feb 2007. The new application proposes to reconfigure the land uses within the project and subdivide the single family lots. The application proposes to remove the central commercial acreage and provide approximately 612 new units; 405 single family, 22 half-plex and 185 multi-family. One acre fire station and a 4.3 acre park site.

**Status:** A proposed General Plan petition to be heard by Planning Commission. A planning consultant, PMC, has been hired to assist in project management.

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**Project:** Heritage Remainder (Tentative Map #4784) General Plan Amendment and Rezone; Turn of the Century, LLC

**Phase:** Initial Review

**PM:** Cindy Norris/Erika Bumgardner

**Location:** Northwest corner of County Road 25A and County Road 102; extending west along County Road 25A

**Description:** A proposed General Plan and Spring Lake Specific Plan Amendment to rezone undeveloped portions of the Heritage Remainder Area (Vesting Map #4784). The amendment will re-zone the existing 38.3 acre R-3 and the 1.22 acre Affordable Housing designations to R-4 (4 du/acre). The proposal reconfigures the site layout, shifting the existing R-15 area immediately south of its current location and increases the acreage from 8.22 to 9.14 acres. The amendment results in 297-343 units total; an average of 5.3 du/acre.

**Status:** The project is currently under review.

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**Project:** Cal West (Tentative Map # 4991) General Plan Amendment and Rezone; Cal West Investors, LLC

**Phase:** Initial Review

**PM:** Cindy Norris/Erika Bumgardner

**Location:** Northwest Corner of Harry Lorenzo Avenue and Farmers Central Rd and east of HWY 113

**Description:** A proposed General Plan and Spring Lake Specific Plan Amendment to re-zone the existing 5.6 acre, R-15 designation to R-8. The amendment will also re-zone the existing 2.4 acre, Neighborhood Commercial site to R-8 and reconfigure the existing Park to front solely on Farmer's Central Road. The park will be reduced in size from 10 acres to 8.3 acres. The amendment will result in 227 units or 6 du/acre.

**Status:** The project is currently under review.

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**Project:** Calwest Final Parcel Map 5003

**Phase:** Final Map Review

**PM:** Bruce Pollard

**Location:** Spring Lake, West of Harry Lorenzo Drive and North of Farmers Central Road Extension

**Description:** Parcel Map to split up business interests.

**Status:** The Map has been summated for review to Yolo County.

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**Project: Prudler Tentative map # 4856, General Plan Amendment and Rezone (Map revision)****Phase:** Initial Review**PM:** Paul Hanson**Location:** North of Sports Park Drive, East of East Street and South of the County Fair Mall.**Description:** A proposed General Plan Amendment to amend the land use from General Commercial to Residential. Proposed rezone from C-2 to R-1 and a revised subdivision map for a total of 204 lots of which 86 units will be at an R-5 density and 118 at an R-8 density, for a total project density of 5.85 units/ac.**Status:** The project is currently under review. A planning consultant firm, Raney Planning and Management, has been hired to assist with project management.**Project: Spring Lake Specific Plan Tentative Maps****Phase:** On-going**PM:** Cindy Norris**Location:** Located generally south of Gibson Road and west of County Rd 102**Description:** The SL Specific Plan was approved for a total of 4,149 units.**Status:** Approximately 901 single-family units and 199 multi-family units have been built. Additional units under construction or maps pending as updated below.

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**Project: Final Map 5004, Parkview****Phase:** Construction**PM:** Bruce Pollard/Jim Heath**Location:** Spring Lake south of Jack Slaven Park**Description:** Final map with 108 SFD buildable lots**Status:** The Final Map was approved by City Council on July 20, 2013. The project is currently under construction.

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**Project: Final Map 5019 Heritage 4C & 7 phase 1****Phase:** Design Review**PM:** Bruce Pollard**Location:** Spring Lake south of Heritage Parkway on Mickle Avenue**Description:** Will result in 13 SFD buildable lots**Status:** The Final Map was approved by City Council on April 2, 2013. The subdivision is currently under construction.

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**Project: Final Map 5029 Heritage 4C & 7****Phase:** Design Review**PM:** Bruce Pollard/Jim Heath**Location:** Spring Lake south of Heritage Parkway on Mickle Avenue**Description:** Final map with 65 SFD**Status:** The project is currently under construction. The Final Map is expected to go to Council on October or November 2013.

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|---------------------|----------------------------------------------------------------------------------------------------------------------|------------|-------------------------|
| <b>Project:</b>     | <b>Final Map 5030 Heritage 4A</b>                                                                                    |            |                         |
| <b>Phase:</b>       | Design Review                                                                                                        | <b>PM:</b> | Bruce Pollard/Jim Heath |
| <b>Location:</b>    | Spring Lake south of Heritage Parkway on Mickle Avenue                                                               |            |                         |
| <b>Description:</b> | Final map with 20 SFD lots buildable lots                                                                            |            |                         |
| <b>Status:</b>      | The project is currently under construction. The Final Map is expected to go to Council on October or November 2013. |            |                         |

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| <b>Project:</b>     | <b>Final Map 4853 Solara Ranch</b>                                                                                                                                                                        |            |               |
| <b>Phase:</b>       | Plan Submittal                                                                                                                                                                                            | <b>PM:</b> | Bruce Pollard |
| <b>Location:</b>    | Spring Lake East of Beeghly Ranch (Parkland extension)                                                                                                                                                    |            |               |
| <b>Description:</b> | Final map with 94 lots                                                                                                                                                                                    |            |               |
| <b>Status:</b>      | Civil improvement plans are complete and a map was submitted for first plan check. Completion timing will be based on the settlement of the Development Agreement (DA) amendment and Pulte legal dispute. |            |               |

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| <b>Project:</b>     | <b>Final Map 4986 Heidrick II</b>                                    |            |               |
| <b>Phase:</b>       | Design Review                                                        | <b>PM:</b> | Bruce Pollard |
| <b>Location:</b>    | Spring Lake West of Pioneer Avenue and South of Farmers Central Road |            |               |
| <b>Description:</b> | Final map with 77 SFD buildable lots                                 |            |               |
| <b>Status:</b>      | <b>(No Change)</b> Civil improvement plans submitted for review.     |            |               |

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| <b>Project:</b>     | <b>Mutual Housing at Spring Lake (Spring Lake Housing Associates)</b>                                                                                                                                                                                         |            |             |
| <b>Phase:</b>       | Approved                                                                                                                                                                                                                                                      | <b>PM:</b> | Paul Hanson |
| <b>Location:</b>    | Spring Lake – Pioneer Avenue, Farmers Central Road, Brubaker Street, and Armus Place.                                                                                                                                                                         |            |             |
| <b>Description:</b> | The <i>Mutual Housing at Spring Lake</i> apartment project is a 101 unit multi-family residential project on a 5 acre parcel within the R-25 zone.                                                                                                            |            |             |
| <b>Status:</b>      | <b>(No Change)</b> Approved by Planning Commission on July 21, 2011. The project was awarded tax credits in June 2013 and construction of the first 62 units will start in Fall 2013. Building permit has been issued for 62 units and is under construction. |            |             |

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| <b>Project:</b>     | <b>Spare Time, Inc.</b>                                                                                                                             |            |             |
| <b>Phase:</b>       | Approved                                                                                                                                            | <b>PM:</b> | Paul Hanson |
| <b>Location:</b>    | Molly Avenue and Betty Avenue                                                                                                                       |            |             |
| <b>Description:</b> | Tentative Map Tentative Subdivision Map No. 4581 to subdivide APNs 066-122-060 totaling 5.65 acres into 34 single family lots and 4 half-plex lots. |            |             |
| <b>Status:</b>      | <b>(No Change)</b> Approved by Planning Commission on November 1, 2007 and expires on November 1, 2014.                                             |            |             |

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| <b>Project:</b>     | <b>Conditional Use Permit for Golden State Reclamation</b>                                                                                                                                                                                                                                                                                                                                                                                                                 |            |             |
| <b>Phase:</b>       | Review, contract for environmental services                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>PM:</b> | Paul Hanson |
| <b>Location:</b>    | 231 Hanson Way                                                                                                                                                                                                                                                                                                                                                                                                                                                             |            |             |
| <b>Description:</b> | Proposed concrete slurry processing operation with a future inert material recycling center. Project will require a Mitigated Negative Declaration.                                                                                                                                                                                                                                                                                                                        |            |             |
| <b>Status:</b>      | The project went before the Planning Commission on July 18, 2013 for consideration of a Conditional Use Permit (CUP). The Planning Commission continued the item, requesting further information. The CUP was denied by the Planning Commission on September 5, 2013 and finding for denial were approved September 19, 2013. The applicant has appealed the Commission discussion to the City Council. Applicant is working to resolve concerns with adjacent businesses. |            |             |

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| <b>Project:</b>     | <b>Velocity Island Cable Wakeboard Park</b>                                                                                                                                          |            |                                      |
| <b>Phase:</b>       | Construction                                                                                                                                                                         | <b>PM:</b> | Bruce Pollard/Jim Heath/ Paul Hanson |
| <b>Location:</b>    | 755 North East Street                                                                                                                                                                |            |                                      |
| <b>Description:</b> | A proposed cable wakeboard park (a surface water sport) within the City's 15-acre Dubach Detention Basin                                                                             |            |                                      |
| <b>Status:</b>      | Approved by Planning Commission on September 20, 2012 and approved by City Council on February 5, 2013. The grading permit has been issued civil Improvement plans are under Review. |            |                                      |

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| <b>Project:</b>     | <b>New Court House</b>                                                                                       |            |                         |
| <b>Phase:</b>       | Construction                                                                                                 | <b>PM:</b> | Bruce Pollard/Jim Heath |
| <b>Location:</b>    | Main Street between 5 <sup>th</sup> and 6 <sup>th</sup> Streets                                              |            |                         |
| <b>Description:</b> | Public Improvements related to a new Superior Court Building                                                 |            |                         |
| <b>Status:</b>      | The project is now under construction. Staff continues to engage the State on discussion of connection fees. |            |                         |

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| <b>Project:</b>     | <b>Nugget Final Parcel Map #5017</b>                                                                                   |            |               |
| <b>Phase:</b>       | Final Map Review                                                                                                       | <b>PM:</b> | Bruce Pollard |
| <b>Location:</b>    | 170 Main St.                                                                                                           |            |               |
| <b>Description:</b> | Stille Family Partnership is requesting approval of Tentative Parcel Map (TPM) 5017. The TPM will merge existing lots. |            |               |
| <b>Status:</b>      | <b>(No Change)</b> Draft final map reviewed and returned to applicant.                                                 |            |               |

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| <b>Project:</b>     | <b>Starbucks Drive-Thru at Ashley and Main in the Rite Aid Center</b>                                                                                                                                                                                                                            |            |             |
| <b>Phase:</b>       | Review                                                                                                                                                                                                                                                                                           | <b>PM:</b> | Paul Hanson |
| <b>Location:</b>    | 271- 281 West Main Street                                                                                                                                                                                                                                                                        |            |             |
| <b>Description:</b> | Petrovich Development Co. is requesting approval of a Conditional Use Permit to allow the construction of a 1,700 sq. ft. Starbucks with Drive-Thru and a 1,000 sq. ft. spec retail space.                                                                                                       |            |             |
| <b>Status:</b>      | <b>(No Change)</b> The project CUP was approved by the Planning Commission on April 18, 2013. The Project was appealed to the City Council and on June 4, 2013, the City Council denied the appeal thereby approving the project. The owner of the Burger King has filed a law against the City. |            |             |

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| <b>Project:</b>     | <b>General Plan Update</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |            |              |
| <b>Phase:</b>       | On-going                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>PM:</b> | Cindy Norris |
| <b>Location:</b>    | City-wide                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |            |              |
| <b>Description:</b> | A planned update to the City's 1996/2002 General Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |            |              |
| <b>Status:</b>      | Heidi Tschudin has been hired as the General Plan Project Manager with Dyett and Bhatia hired as the General Plan Consultant. Tasks completed since January include holding steering committee interviews and initial stakeholder meetings, City Council and Planning Commission kick off meetings, hosting a Community Housing Forum, launch of the General Plan website, release of the CEQA Notice of Preparation for an EIR, and holding the required CEQA scoping meeting. Tasks completed include the launch of the General Plan Newsletter and resident survey that was mailed to every residential address in the City, hosting two Community Visioning workshops on April 11 and 13, release of key background reports including the Economic Background report, holding the second steering committee meeting on April 30 <sup>th</sup> to review the draft Housing Element, release of the draft Housing Element. The consultant team is working to complete the Opportunities and Constraints report. A joint Planning Commission and City Council meeting was held on June 11, 2013. On October 15, 2013 the City Council approved the final Housing Element and directed staff to submit the final document to the State Department of Housing and Community Development. |            |              |

Recent actions include:

- A City Council workshop on October 15, 2013 and a follow up meeting on November 19, 2013. Recommendations from that meeting include the following:
  1. Confirm that developing a flood solution, advancing job creation, promoting infill, and building out of the Spring Lake Specific Plan are top priorities for the General Plan update.
  2. Confirm that subsequent new growth should be prioritized in the following sequence subject to defining appropriate land use triggers for advancement of future planning and build –out of these areas: Master Plan Remainder Area,



**Project: General Plan Update**

East Area, Northwest Area.

3. Confirm that a range of growth rates (through 2035) should be analyzed: 180 dwelling units per year (0.8% annual average rate or 4,000 units over 22 years) and 400 dwelling units per year (1.7% annual average rate or 9,000 units over 22 years).
  4. Direct staff to prepare a preliminary land use map with these assumptions, seek community input including the General Plan Steering Committee and Planning Commission, and return to City Council by March 2014 with a recommended land use map and draft phasing and trigger language.
  5. Accept revised key work tasks and schedule.
  6. Direct staff to return January 2014 with a revised budget and contract amendments if necessary to complete the General Plan Update pursuant to the above recommendations.
-

## 2013 PLANNING and DEVELOPMENT YEAR IN REVIEW

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Description:</b>                               | Planning Applications Submitted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                                                   | <ul style="list-style-type: none"> <li>• 4 Appeals</li> <li>• 1 Comprehensive Sign Program</li> <li>• 1 Zoning Amendment and CUP</li> <li>• 2 General Plan/Specific Plan Amendments</li> <li>• 85 Design Review Applications</li> <li>• 31 Signs</li> <li>• 4 Site Reviews</li> <li>• 20 Remodels</li> <li>• 9 Towers</li> <li>• 5 New Buildings</li> <li>• 5 Accessory Buildings</li> <li>• 3 New SL Single Family Lot</li> <li>• 4 Solar Projects</li> <li>• 4 SL Subdivision Reviews</li> <li>• 6 Lot Line Adjustments</li> <li>• 1 Lot Merger</li> <li>• 2 Parcel Maps</li> <li>• 1 PCN</li> <li>• 2 Zoning Interpretations</li> <li>• 1 Zoning Administrator Permit</li> </ul>                                                                                                                                                            |
| <b>Key Projects Submitted:</b>                    | <ul style="list-style-type: none"> <li>• Comfort Suites Design Review</li> <li>• Daily Democrat Building Reuse</li> <li>• Wal-Mart at the Gibson Plaza</li> <li>• Wal-Mart and In Shape Fitness at Shade Tree Plaza</li> <li>• Farm Credit West Remodel</li> <li>• Mutual Housing at Spring Lake</li> <li>• Design Review for Lennar Homes 98 lots, Taylor Morrison 108 lots, and DR Horton 87 lots</li> <li>• Gateway I Shop Building 5 Design Review.</li> <li>• General Plan and Specific Plan Amendments for Cal West/Optimistic Partners and TOC Remainder Area</li> <li>• Sophie's Remodel at 540 Main St.</li> <li>• Woodland Christian School modification</li> <li>• Starbucks appeal, Golden State Appeal, Romey's PCN appeal</li> <li>• Modification to the City's Cell Tower Ordinance</li> <li>• Nugget Market Remodel</li> </ul> |
| <b>Projects Underway Submitted in Prior Year:</b> | <ul style="list-style-type: none"> <li>• Spring Lake Central General Plan and Specific Plan Amendment</li> <li>• Prudler General Plan Amendment and Rezone</li> <li>• Hoblit Auto Conditional Use Permit</li> <li>• Woodland Commerce Center EIR</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>City Initiated Projects:</b>                   | <ul style="list-style-type: none"> <li>• General Plan Update, Climate Action Plan, and Environmental Impact Report</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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**BUILDING ACTIVITY**

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**Project:** Huntington Square Subdivision  
**Phase:** Construction **PM:** Paul Siegel  
**Location:** Spring Lake at end of Matmor Dr.  
**Description:** 162 Single Family Home Development  
**Status:** **(No Change)** 113 single family home permits have been issued. 104 homes have been finalized and 27 homes are currently under construction. There are 31 remaining lots. Sports Park Drive road construction is complete. Bike path and landscape will be completed this summer after water transmission line is installed.

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**Project:** Produce Market  
**Phase:** Plan Review **PM:** Paul Siegel / Paul Hanson  
**Location:** 1490 E. Main St.  
**Description:** Produce Market on 4.47 acres: Site will be on septic tank.  
**Status:** **Project is ready to issue. Applicant has put the project on hold until early next year.**

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**Project:** 215 California Walmart Grocery Store Tenant Improvement  
**Phase:** Plan Review **PM:** Paul Siegel / Paul Hanson  
**Location:** 215 California St.  
**Description:** Tenant Improvement of the former Rite Aid: 40,000 sq ft for new Walmart grocery store.  
**Status:** **Temporary Certificate of Occupancy has been issued.**

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**Project:** Comfort Suites Hotel  
**Phase:** Plan Review **PM:** Paul Siegel  
**Location:** 2080 Freeway Drive  
**Description:** Construction of 41,500 sq ft Hotel with 66 Rooms  
**Status:** **The permit was issued in December. Construction is pending.**

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**Project:** Porter Building 2<sup>nd</sup> & 3<sup>rd</sup> Floor Electric and ADA  
**Phase:** Permit is Ready to Issue **PM:** Paul Siegel  
**Location:** 511 Main Street  
**Description:** Redo electrical and ADA on 2<sup>nd</sup> and 3<sup>rd</sup> floor of Porter Building  
**Status:** **The work is complete.**

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|---------------------|--------------------------------------------------------------------------------------------------|------------|-------------|
| <b>Project:</b>     | <b>Clark Dietrich Steel Mill Equipment Installation</b>                                          |            |             |
| <b>Phase:</b>       | Plan Review                                                                                      | <b>PM:</b> | Paul Siegel |
| <b>Location:</b>    | 1685 Tide Court                                                                                  |            |             |
| <b>Description:</b> | Construction of new steel coil slitting line & pit (new overhead crane to follow)                |            |             |
| <b>Status:</b>      | <b>The permit is issued and under construction. All work is on the interior of the building.</b> |            |             |

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| <b>Project:</b>     | <b>Gateway - Shops 5</b>                                         |            |             |
| <b>Phase:</b>       | Permit Issued                                                    | <b>PM:</b> | Paul Siegel |
| <b>Location:</b>    | 2051 Bronze Star Drive                                           |            |             |
| <b>Description:</b> | 12,732-ft <sup>2</sup> retail shell building                     |            |             |
| <b>Status:</b>      | <b>A building permit has been issued and under construction.</b> |            |             |

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| <b>Project:</b>     | <b>Nugget Market</b>                                                        |            |                           |
| <b>Phase:</b>       | Permits Issued, Inspection Complete                                         | <b>PM:</b> | Paul Siegel / Paul Hanson |
| <b>Location:</b>    | 157 Main Street                                                             |            |                           |
| <b>Description:</b> | Major renovation and remodel of interior and exterior of the building       |            |                           |
| <b>Status:</b>      | <b>The project is complete and has received a certificate of occupancy.</b> |            |                           |

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| <b>Project:</b>     | <b>Starbucks</b>                                                                                                                               |            |               |
| <b>Phase:</b>       | Plan Review                                                                                                                                    | <b>PM:</b> | Paul Siegel / |
| <b>Location:</b>    | 401 Pioneer                                                                                                                                    |            |               |
| <b>Description:</b> | Reuse of former Wendy's Restaurant at Sycamore Point.                                                                                          |            |               |
| <b>Status:</b>      | <b>Project is under two permits. One by property owner and one by tenant. Owner's permit has been issued. Tenant plans are in plan review.</b> |            |               |

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| <b>Project:</b>     | <b>Mutual Housing at Spring Lake-New Affordable Housing Project</b>                                              |            |                           |
| <b>Phase:</b>       | Plan Review                                                                                                      | <b>PM:</b> | Paul Siegel / Paul Hanson |
| <b>Location:</b>    | 2170 Farmers Central Road                                                                                        |            |                           |
| <b>Description:</b> | Construction of new apartment complex including 62 units and a community center building, and site improvements. |            |                           |
| <b>Status:</b>      | <b>The permit has been issued and the project is under construction.</b>                                         |            |                           |

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| <b>Project:</b>     | <b>Pacific Coast Producers Roof Replacement</b>                 |            |             |
| <b>Phase:</b>       | Permit Issued                                                   | <b>PM:</b> | Paul Siegel |
| <b>Location:</b>    | 1376 Lemen Ave                                                  |            |             |
| <b>Description:</b> | Major renovation of roof : Valuation over \$1Million            |            |             |
| <b>Status:</b>      | <b>Critical time frame to completion plan review expedited.</b> |            |             |

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**Project:** Lennar Homes

**Phase:** Permits Issued

**PM:** Cindy Norris

**Location:** Spring Lake Heritage Unit 4, south of Heritage Parkway

**Description:** Four Master Plans for 98 single family homes in an R-4 subdivision.

**Status:** The model homes are nearing completion and 8 production homes have been issued.

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## SUCCESSOR AGENCY/FORMER REDEVELOPMENT

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**Project:** AB1484 Low/Mod Due Diligence Fund Report Approval and Certification

**Phase:** Certificate of Completion

**PM:** Wendy Ross

**Location:** Agency wide

**Description:** Post-redevelopment and per AB1x 26 and subsequently AB1484, required activity to wind down Woodland Redevelopment Agency projects.

**Status:** **(No Change)** The CA Department of Finance Finding of Completion was issued on May 7, 2013. The Department of Finance approved the addition of the CalHFA outstanding HELP loan for the Casa Del Sol in April 2013. The first payment of approximately \$207,000 was paid to CalHFA. The first ROPS payment of \$50,000 will be made in October 2013. It was determined that the Woodland Successor Agency is able to retain its Bond proceeds of approximately \$4.2 million. Staff has begun the process to fund priority projects. ROPS 13/14B is due to the Department of Finance on October 1, 2013. Preparation of the Long Range Property Management Plan is due to the Department of Finance by November 7, 2013 (6 months following the Finding of Completion).

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**DETAILED PROJECT LISTING**

**ROADWAY PROJECTS**

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

**Phase:** Completed

**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:**

- Caltrans reviewing Close-out forms and final invoice submitted by City. Once approved, remaining federal funds to be reprogrammed into the landscaping project (CIP 11-24).

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

**Phase:** Delay

**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:**

- City is working with Caltrans to place this project on hold. The Co-op Agreement has been revised and staff is working with Caltrans and SACOG to transfer unused State funding to a future grant project on East Main Street and transfer unused Federal funding to the I-5/CR-102 Landscaping project for Construction.
- This Co-op Agreement was approved by Council on October 1, 2013.

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**Project: 04-07, Kentucky Avenue Complete Street Widening and Reconstruction Project**

**Phase:** Pre Design

**PM:** Wurzel

**Description:** Project will reconstruct pavement and widen Kentucky Avenue to 4-lanes from East Street to College Street and will reconstruct pavement and make operational improvements from College Street to West Street. The project includes bicycle lanes, landscape separated sidewalks, landscaped medians, new and modified traffic signals and associated roadway utility improvements through the entire corridor from East to West streets.

**Status:**

- Design completion estimated winter 2015, currently at 35% design.
- Construction scheduled for summer 2017
- Staff requested, and was granted, \$11M in funding from SACOG for construction of the project.

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| <b>Project:</b> 08-58, Main Street Streetscape Enhancements (Third St to Sixth St)                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Phase:</b> Design                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>PM:</b> Ayon                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Description:</b> Enhance downtown's role as the government, dining, entertainment, cultural and retail/specialty center of the community. Project limits are Main Street from East Street to Third Street. Improvements include curb bulb-outs at intersections, new curbs, gutters, sidewalks and landscaping along with other enhancements in the public right of way as appropriate or affordable. Funded by a SACOG 2010 Community Design Grant. |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Status:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"><li>• Design contract was awarded to Laugenour and Meikle. Design is estimated to be complete spring 2013.</li><li>• Public meetings will be held to obtain input on the project design. This is anticipated to occur in late winter.</li><li>• Construction is scheduled for summer 2014 to coordinate with the Courthouse construction schedule and to prevent construction damage to new improvements.</li></ul> |

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| <b>Project:</b> 09-25, County Road 25A from County Road 101 to State Highway 113                                                                                   |                                                                                                                                                                                                |
| <b>Phase:</b> CEQA                                                                                                                                                 | <b>PM:</b> Pollard                                                                                                                                                                             |
| <b>Description:</b> Pavement rehabilitation and widening of County Road 25A between Highway 113 and County Road 101. Final configuration will be a 2-lane roadway. |                                                                                                                                                                                                |
| <b>Status:</b>                                                                                                                                                     | <ul style="list-style-type: none"><li>• Design funding provided by Pulte (Centex) in January 2010.</li><li>• Design is on hold pending resolution of Pulte Development Requirements.</li></ul> |

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| <b>Project:</b> 10-07, East Kentucky Rehab (East to Harter)                                                                                                                                                                                                                                                                                      |                                                                                                                        |
| <b>Phase:</b> Design                                                                                                                                                                                                                                                                                                                             | <b>PM:</b> Olmedo                                                                                                      |
| <b>Description:</b> Project will rehabilitate E. Kentucky from East Street to Harter Avenue-Paddock Court; 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 2012. Local funds are being used for design. |                                                                                                                        |
| <b>Status:</b>                                                                                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"><li>• Staff will bid the project spring 2014 for summer 2014 construction.</li></ul> |

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| <b>Project:</b> 11-24, I-5 & CR 102 Interchange Landscaping                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Phase:</b> Design                                                                                                   | <b>PM:</b> Ayon                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Description:</b> This project is the landscaping phase of the I-5/CR-102 Interchange Improvements Project (#97-24). |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Status:</b>                                                                                                         | <ul style="list-style-type: none"><li>• Callander Associates completed 100% PS&amp;E and is addressing City and Caltrans review comments.</li><li>• The I-5/SR-113 (CIP 00-06) Co-op Agreement has been revised and staff is working with Caltrans and SACOG to move some federal funds to this project's construction. These federal funds can only be used for the I-5/CR-102 and I-5/SR-113 projects. This process is expected to be complete by spring 2014.</li><li>• Construction is anticipated to begin in summer 2014.</li></ul> |

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| <b>Project:</b>     | <b>11-27, Main Street and Cleveland Traffic Signal Improvements</b>                                                                                                                                                                                                                                                                                                                                                |            |      |
| <b>Phase:</b>       | Pre-Design                                                                                                                                                                                                                                                                                                                                                                                                         | <b>PM:</b> | Ayon |
| <b>Description:</b> | This project will upgrade the existing intersection and traffic signal equipment and will install vehicle detection on Cleveland St, new signal poles, new signal heads, pedestrian audible signals, and pedestrian signal heads. Project will also reconstruct the non-compliant ADA curb ramps at the intersection. This intersection is one of the top 10 accident locations, thus its selection for grant use. |            |      |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>• Design is substantially complete. Need to obtain NEPA and complete utility coordination.</li> <li>• Preparing specifications and estimate for bidding.</li> <li>• Construction anticipated summer 2015</li> </ul>                                                                                                                                                         |            |      |

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| <b>Project:</b>     | <b>13-05, E. Main Street Improvement Project (East Street to Pioneer Ave.)</b>                                                                                                                                                                                                                                                                                                                                            |            |      |
| <b>Phase:</b>       | Pre-Design                                                                                                                                                                                                                                                                                                                                                                                                                | <b>PM:</b> | Ayon |
| <b>Description:</b> | Project will resurface E. Main Street between East Street and Pioneer Avenue to widen and improve bike lanes, complete sidewalks on the south side of the road. Staff is working to obtain additional funding to construct an off-street multi-use path on the north side of the roadway between Pioneer Avenue and Matmor Road                                                                                           |            |      |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>• Staff applied for and received \$1 million in grant funding for the construction of this project.</li> <li>• Staff is working with SACOG and Caltrans to transfer remaining funding from I5/SR113 to this project to allow for the inclusion of the multi-use path.</li> <li>• Design is anticipated to begin late fall 2015 with construction funded in summer 2018.</li> </ul> |            |      |

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| <b>Project:</b>     | <b>13-06, Safe Routes to School Improvement Project</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |            |       |
| <b>Phase:</b>       | Construction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>PM:</b> | Heath |
| <b>Description:</b> | Project will construct school area improvements to increase visibility of students walking and biking to school. Project includes driver feedback signs, lighted crosswalk and signing and striping improvements.                                                                                                                                                                                                                                                                                                        |            |       |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>• The contract was awarded to Cal Electro, Inc. of Redding.</li> <li>• Construction started on July 25, 2013 and is anticipated to be complete by the end of January.</li> <li>• The E. Gum/Matmor traffic signal turn-on was postponed from the scheduled date of December 17<sup>th</sup> to January 8<sup>th</sup> due to the availability of technical staff from the equipment manufacturer.</li> <li>• Council acceptance is scheduled for Feb. 18<sup>th</sup>.</li> </ul> |            |       |

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| <b>Project:</b>     | <b>14-05, 2013/2014 ADA Improvements</b>                                                                                                                  |            |      |
| <b>Phase:</b>       | Design                                                                                                                                                    | <b>PM:</b> | Fong |
| <b>Description:</b> | Project will continue the ADA Priority path along Gibson Road near the hospital and will complete ramps in various other locations on the priority route. |            |      |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>• Design is anticipated to be complete March 2014 for construction summer 2014.</li> </ul>                         |            |      |

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| <b>Project:</b>     | <b>14-14, 2014 Pavement Maintenance Project</b>                                                                                                                      |            |      |
| <b>Phase:</b>       | Design                                                                                                                                                               | <b>PM:</b> | Ayon |
| <b>Description:</b> | Project will perform pavement maintenance seals and roadway restriping on roads within the area bound by Gibson Avenue, CR98, East Street and the south City Limits. |            |      |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>Design is anticipated to be complete March 2014 for construction summer 2014.</li> </ul>                                      |            |      |

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### **WATER INFRASTRUCTURE PROJECTS**

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| <b>Project:</b>     | <b>08-07, Surface Water Project</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |            |              |
| <b>Phase:</b>       | Design                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>PM:</b> | Baxter/Busch |
| <b>Description:</b> | This project includes a regional water supply project jointly funded with the City of Davis and UCD. It will provide 18 million gallons of water per day for the City of Woodland, including storage tank, storage pumping facilities and related water transmission lines to get the high quality water into the City. Some of our existing wells will be converted to Aquifer Storage and Recovery (ASR) wells, and ultimately new ASR wells will be used to supplement summer water use, peak hour and peak day water demands. These ASR wells will also help us bridge over the periods when there may be water right curtailments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |            |              |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>On July 30, 2013 the JPA received a proposal to design, build and operate (DBO). CH2M-Hill's proposal was determined to be responsive. After weeks of negotiations the Service Agreement was signed by the Woodland Davis Clean Water Agency (WDCWA) with CH2M-Hill. The contract is within the limits previously authorized by each city.</li> <li>The design phase of the DBO contract has now commenced. Construction will start in different project locations at different times with the first parts of construction likely starting during April 2014.</li> <li>Intake structure design is complete and should go out for bid by February 2014. For the intake, Federal and State funds have been obtained for this fiscal year. Some of the State and Federal funding for the second year of construction will be allocated during that fiscal year.</li> <li>CEQA documents to allow for ASR storage in the water right permit are underway. Hydraulic well testing to evaluate the affects of ASR injection and withdrawal pumping will be conducted in February 2014.</li> <li>Public involvement meetings and outreach is continuing.</li> <li>Woodland has received the Notice of Application Approval securing \$143M of State Safe Drinking Water SRF loan for both Woodland's portion of the Surface Water Project and local system improvements..</li> <li>Both cities have approved an updated Amendment to the JPA agreement and cost allocations will now be done according to that agreement as of July 1, 2013.</li> <li>Staff is working to complete negotiations with the DBO Contractor for the 2.0 MG of additional storage and 4,000 gpm of additional pumping capacity. Final costs are expected to be substantially below the \$3.5M cap.</li> </ul> |            |              |

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**Project: 08-28, Modify Well Casings****Phase:** Design**PM:** Busch

**Description:** Work to include modifications to well casings to extend life expectancy and reduce the level of nitrates in the well water. Specific wells to be modified will be determined the year before work is to be done. At this time the most likely wells to be modified are Wells 10, 11, 13, 14, 17 and 21. Work will also include video inspection, cleaning, doing minor repairs to pump shaft and bearings and minor repairs to casing.

- Status:**
- Wells 14 and 21 have been rehabbed and are back online. Staff worked with Eaton Pumps and Brown & Caldwell to come up with designs to repair the well casings and improve pumping efficiencies. Staff continues to work with Eaton and Brown & Caldwell for improvements to Wells 10, 14 and 15 to mitigate increased nitrate levels and increase pumping efficiency.
  - Staff met with CDPH regarding permitting for the modifications to Well 11 to reduce nitrates. CDPH requested additional information on packer material. Staff is working with Eaton and Brown & Caldwell to provide the information.
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**Project: 08-33, 1<sup>st</sup> Ground level Storage Tank****Phase:** Design**PM:** Houck

**Description:** This project includes construction of a new ground level 3-million gallon water storage tank and booster pump station with two new water main connections to the existing system. The tank and pump station are located at the west end of the holding pond at the corner of CR 98 and El Dorado Drive.

- Status:**
- Council authorized award of the project to Myers & Sons Construction LP on July 16, 2013 and the Notice to proceed was issued on July 31.  
The booster pump station and tank are under construction. Project completion is scheduled for summer 2014. As requested by Council, visual impacts to the surrounding neighborhood have been reduced by partially burying the tank and adding additional enhanced landscaping for screening.
  - The tank floor slab has been poured. The contractor is working on the tank walls with completion of construction of the tank scheduled for April 2014.
  - The majority of the underground piping is complete for the connecting transmission main and the booster pump station. The underground for the booster pump station has been backfilled and the contractor is installing the electrical conduits for the booster station.
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| <b>Project:</b> 10-08, Well 28 at Freeman Park                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Phase:</b> Construction                                                                                                                        | <b>PM:</b> Heath                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Description:</b> The project will construct new water well to replace the existing Well # 1. The new well will be constructed at Freeman Park. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Status:</b>                                                                                                                                    | <ul style="list-style-type: none"><li>• Work on the site was delayed due to the discovery of lead based paint on the existing buildings and changes to the building floor plan to provide additional room for the aquifer storage and recovery system. The contractor has filed a claim for these delays. Staff is in discussions with the contractor attempting to resolve the claim.</li><li>• The well is operational and commissioning is complete.</li><li>• Council accepted the project as complete on November 5<sup>th</sup>.</li><li>• The delay claim filed by the contractor is still outstanding. We have reached an agreement to utilize mediation in an attempt to resolve this claim.</li></ul> |

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| <b>Project:</b> 11-14, Water Transmission Main (East)                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                      |
| <b>Phase:</b> Design                                                                                                                                                                    | <b>PM:</b> Fong                                                                                                                                                                                                                                                                                                                                      |
| <b>Description:</b> Install a water transmission main (ranging from 30" to 36") instead of a 12 inch water main in the Spring Lake area to meet the needs of the surface water project. |                                                                                                                                                                                                                                                                                                                                                      |
| <b>Status:</b>                                                                                                                                                                          | <ul style="list-style-type: none"><li>• Design and preparation of contract documents underway. The 90% submittal is being reviewed. Project is anticipated going to bid in February 2014 with construction in summer 2014.</li><li>• Right of way and easements also underway.</li><li>• A construction management firm has been selected.</li></ul> |

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| <b>Project:</b> 12-05, Water Transmission Main (West)                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                    |
| <b>Phase:</b> Design                                                                                                                                                                                                                                                                                                                                                                                                    | <b>PM:</b> Houck                                                                                                                                                                                                                                                                                                   |
| <b>Description:</b> This project is identified as part of the surface water project to improve water quality and offset the declining water quality from the groundwater supplies. This pipeline is a segment of the transmission line that will convey treated surface water from the new regional water treatment facility to all areas in the City. This segment of pipeline runs from East Street to Ashley Avenue. |                                                                                                                                                                                                                                                                                                                    |
| <b>Status:</b>                                                                                                                                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"><li>• Design of the project is underway. The 50% submittal is under review, Right-of-Way/easement acquisition underway.</li><li>• A public outreach meeting will be scheduled in early February 2014.</li><li>• The project is anticipated going to bid in April 2014.</li></ul> |

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| <b>Project:</b>     | <b>12-09, Water Meter Phase 3</b>                                                                                                                                                                                                                                                                                                                                   |            |       |
| <b>Phase:</b>       | Construction                                                                                                                                                                                                                                                                                                                                                        | <b>PM:</b> | Heath |
| <b>Description:</b> | Project will install water meters at common-ownership multi-family (MF) complexes and other commercial properties using city only funds.                                                                                                                                                                                                                            |            |       |
| <b>Status:</b>      | <ul style="list-style-type: none"><li>• Council authorized re-bid after modifications had been made to plans</li><li>• Council awarded to GM Construction &amp; Developers on June 18th</li><li>• Construction commenced on July 15<sup>th</sup>.</li><li>• The work is complete.</li><li>• Council acceptance is scheduled for February 18<sup>th</sup>.</li></ul> |            |       |

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| <b>Project:</b>     | <b>14-13, ASR Testing and Modeling – Surface Water Project</b>                                                                                                                                                                                                                                     |            |       |
| <b>Phase:</b>       | Design                                                                                                                                                                                                                                                                                             | <b>PM:</b> | Busch |
| <b>Description:</b> | The project involves development of a transport model to determine the storage capacity of the aquifer, degradation of the aquifer due to aquifer storage recharge and geochemical effect of the aquifer storage recharge.                                                                         |            |       |
| <b>Status:</b>      | <ul style="list-style-type: none"><li>• Aquifer modeling work is ongoing and ASR testing monitoring wells have been installed.</li><li>• Permit has been applied for and approved by RWQCB for ASR pilot testing.</li><li>• Injection testing at Well 28 is scheduled for February 2014.</li></ul> |            |       |

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### **FLOOD AND STORM DRAINAGE PROJECTS**

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| <b>Project:</b>     | <b>06-12, Springlake East Regional Pond</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |            |       |
| <b>Phase:</b>       | Construction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>PM:</b> | Cocke |
| <b>Description:</b> | This project will landscape the center island and western portions of the existing Spring Lake East Regional Pond. Native plants and grasses will be used to minimize future maintenance and create/maintain a natural habitat.                                                                                                                                                                                                                                                                                                                                     |            |       |
| <b>Status:</b>      | <ul style="list-style-type: none"><li>• The Yolo County Resource Conservation District has planted native plant material at the site. Tamarisk Trees have been removed. A drip system has been installed to establish the vegetation.</li><li>• We are still waiting for significant rains for initial moisture before rehabilitation of paved paths. The ADA portion of the contract was delayed because the fall rains were not adequate for moisture. This will be scheduled for the spring of 2014. Weed control and vegetation monitoring continues.</li></ul> |            |       |

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**Project: 09-15, Lower Cache Creek Feasibility Study****Phase:** Pre-Design**PM:** Cocke/Busch

**Description:** This project engages local, regional state and federal agencies in the development of comprehensive strategies to minimize the risk of flooding from Lower Cache Creek while enhancing water supply and the ecosystem in a manner that reflect community values. The FY 2011 focus areas will be on initiating studies in cooperation with the US Army Corps of Engineers, California Department of Water Resources and other regional agencies and outreach that will inform the community of the conceptual solution.

- Status:**
- Due to a lack of federal funding, the state and local agencies are developing agreements to accelerate their studies and pay for the federal sponsor to provide QA/QC of their work so that when federal funding is available the federal portions will proceed in a timely manner. In addition, during the Cap to Cap, a meeting was held with John Garamendi, the new House Representative for Woodland, and he was given information that I-5 will flood and become impassable during a 30 year event.
  - The Cost Share Agreement for advancement of funds amendment to the Cost Share Agreement was approved by the Corps. No funding has been appropriated for FY 14 for Corps work on the Feasibility Study, however, congressional assistance has resulted in \$205,000 being reallocated for the 2014 fiscal Year. The Cap to Cap has met with DC to help facilitate funding either for discretionary funding from the Corps or to insure Corps funding for the project be included in the FY 15 Budget.
  - A Corps Charette was finished on July 18, 2013. It is anticipated that the LCCFS will be included for full funding in the President's 2015 Budget. It is anticipated that the Charette will reduce the LCCFS to about \$3M from the original estimate of \$5.6M. The Charette has also resulted in a commitment to meet Milestone #1 by November 18, 2013.
  - The Corps vertical team has delayed Milestone #1 until at least late January 2014.
  - Working on Regional Solution as part of CVFPP Lower Sacramento Area.
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**Project: 09-31, Storz Pond Maintenance****Phase:** Construction**PM:** Cocke

**Description:** This contract with the YCRCDD will provide on-going maintenance of the pond for minimal cost. Maintains Storz Pond to meet City and area-wide drainage needs. Funding is from Storm Drain In-Lieu revenue already collected.

- Status:**
- The first spring mowing and broadleaf treatment will be done in February. Native grasses are responding to the minimal winter rains.
  - Broadleaf weed treatment is scheduled for Mid April.
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**Project: 14-12, Ashley Gate Storm Structure Rehabilitation****Phase:** Construction**PM:**

Fong

**Description:** The Southwest Tank will be located at David Douglass Park as an integral part of the Surface Water Project. The David Douglass Park is part of the storm water system and the Tank Project will result in loss of storage for storm attenuation. To mitigate for this loss of capacity, the control system for operation of the facility needs to be upgraded to increase its reliability and replace capacity through better control of the basin storage function.

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| <b>Project:</b> | <b>14-12, Ashley Gate Storm Structure Rehabilitation</b>                                                                                                                                                                                                                                                                                                                                                      |
| <b>Status:</b>  | <ul style="list-style-type: none"><li>• Council approved PS&amp;E on July 16, 2013.</li><li>• Project went out to bid on July 19, 2013.</li><li>• Bid opening on August 22, 2013 – no bids received.</li><li>• Per City’s Purchasing Policy for no bids received, staff is working to award the contract by alternative procedures and will be going to Council to award the construction contract.</li></ul> |

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### **SEWER INFRASTRUTURE PROJECTS**

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| <b>Project:</b>     | <b>08-21, Annual Sewer Repair and Replacement</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |            |       |
| <b>Phase:</b>       | Design &<br>Construction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>PM:</b> | Cocke |
| <b>Description:</b> | Repair and/or replacement of existing sewer mains and laterals based on priorities as determined during routine maintenance work and video surveys of facilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |            |       |
| <b>Status:</b>      | <ul style="list-style-type: none"><li>• Investigation of sewer trunk mains from Beamer &amp; CR 102 to SS lift station at E. Main Street for purposes of designing rehabilitation has been completed. The Beamer Trunk lines and Gibson Trunk lines were investigated under CIP #13-10 for the purpose of evaluating the conditions of those mains.</li><li>• Manhole rehab and float bottom channelization of Manholes will be advertised in March of 2014. This Project will facilitate the weekly flushing program by focusing on sewer line that are on the weekly flushing list and interrupt the flow path from the top manhole to a junction point.</li><li>• Issuing RFP to video inspection companies to provide services to investigate and report on existing ‘Orangeburg’ laterals for future replacement. On hold until the major trunk lines are investigated.</li><li>• Designing sewer point repairs at various locations around town.</li><li>• Kentucky Ave Trunk Main: Designing relining of existing 30” (35 LF) concrete pipe in addition to lining ductile iron crossings of I-5 and Kentucky Ave east of East Street.</li></ul> |            |       |

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**Project: 10-11 Treatment Plant Expansion – Biosolids****Phase:** Construction**PM:** Cocke

**Description:** This project consists of the disposal of biosolids that have accumulated in the storage ponds at the Water Pollution Control Facility (WPCF). To date, over twenty years of biosolids have been stored in approximately five storage ponds and the Regional Water Control Board requested that the City present a disposal plan during the application process for the waste discharge permit adopted in February 2009. The Regional Board will expect the City to begin the process for biosolids removal from the ponds in accordance with the submitted plan. The disposal plan includes removing one pond from service every third year, dry out the solids and have a disposal company contracted to remove the biosolids for either landfill disposal or farmland application. If the City does not follow through with the biosolids disposal plan by the end of the new NPDES permit cycle, which will be in 2014, then we can anticipate the Regional Board will give the City a biosolids requirement that may prove to be very costly to comply with in the next NPDES permit.

- Status:**
- Road damage from the 2012 pond cleaning in front of the UV treatment building, an operable gate and a drying pad will be constructed to facilitate management of waste contaminated soil from sewer collection operations. This pad will be located between South Ponds #1 and #12. South Pond 10 will be treated with soil cement in 2013 and South Pond 8 will be cleaned out in 2014. This allows the plant to always have a spare sludge drying facility available. There will also be some minor piping changes done to the (WAS) distribution system and “water cap” circulation system to allow South Ponds #7 through #11 to be isolated from the system. This will facilitate drying and cleaning the sludge from these ponds after the biosolids in the ponds are stabilized. This project will be advertised in early 2014 for implementation over the spring and summer of 2014. This project has been rolled into the SRF application and will begin after SRF funds are approved.
  - Approximate 200,000 tons have been moved to North Pond # 9. Yolo County and the City will be working on modification of the Biosolids rules for disposal of “Class A Exceptional Quality Pathogen tested” produced in Yolo County having a record keeping requirement for applications of 10 tons per year per acre to conform to the State rules for the same product type. This would facilitate land application for the City of Woodland.
-

**Project: 12-02, Oxidation Ditch Retrofit – Phase 1****Phase:** Design**PM:** Cocke

**Description:** During the analysis done by Carollo Engineers for the Woodland Davis Regionalization Study, it was learned that the present ditch rotor system was not performing at a level to give the Water Pollution Control Facility (WPCF) its rated capacity for solids (Biological Oxygen Demand) of 8.0 MGD. The several rotor sets are reaching the end of their useful life and are scheduled to be replaced. Instead of replacing the inadequate rotor system, it is proposed that a new solids aeration system be retrofitted into the existing ditches to raise the solids capacity to match the existing hydraulic capacity (10.4 mgd). This project will result in increasing the solids capacity of the WPCF to match the hydraulic capacity of 10.4 mgd. It will also improve "settling characteristics" in the clarifiers and provide better UV disinfection and save \$100K per year in electric costs when the WPCF is operating at capacity.

- Status:**
- Work has started with a site visit by B&C for the peer review. The first Tech Memo (TM) was received verifying the need for more aeration capacity and the design process has begun. Design loads for hydraulics and solids are being finalized. Site design documents have been sent to Carollo.
  - The TM 1.3 on fine screens has been finalized.
  - 90% plans were received on August 23, 2013.
  - 90% plans have been received and B&C conducting constructability review.
  - SRF funding is being pursued and the application should be finished by the City in January 2014.
  - The final Design and bid documents are expected at the end of January 2014.
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|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------|
| <b>Project:</b>     | <b>14-17, West Woodland Avenue Sewer Rehabilitation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |            |      |
| <b>Phase:</b>       | Complete                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>PM:</b> | Fong |
| <b>Description:</b> | This segment of sewer line was constructed in 1962 and serves 16 homes and a 48 unit Senior Housing apartment complex owned by Yolo County Community Housing. This segment is at a reverse grade and accumulated fats, oils, and grease have formed blockages that have caused sewer overflows and the cleanouts or in the residences. Repair and replacement of sewer lines are based on information obtained from the City's asset management system and annual CCTV evaluation of sewer lines.                                                                                                                                                                                                                                                         |            |      |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>This project took funds from CIP 08-21 to set aside specifically to fix a problematic section of the City's sewer line.</li> <li>Council approved PS&amp;E on July 16, 2013.</li> <li>Project went out to bid on July 19, 2013.</li> <li>Bid opening on August 13, 2013 – 5 bids received.</li> <li>On September 3, 2013, City Council awarded construction contract to C.E. Cox Engineering (\$107,410).</li> <li>Notice to proceed issued to C.E. Cox Engineering on October 9, 2013.</li> <li>Construction began on October 28, 2013 and concluded on November 18, 2013.</li> <li>Final Acceptance and Notice of Completion for the project was authorized by the City Council on December 17, 2013.</li> </ul> |            |      |

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|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------|
| <b>Project:</b>     | <b>13-10, Sewer Main Inspection and Assessment Project</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |            |      |
| <b>Phase:</b>       | Complete                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>PM:</b> | Fong |
| <b>Description:</b> | Cleaning and the inspection of the City's sewer system is required by the state mandated Sanitary Sewer Management Plan (SSMP). This project will clean and inspect approximately 10 miles of sewer trunk mains (specifically the Beamer Trunk and Gibson Trunk) to produce a report that the City will use to enhance the sewer collection system reliability and to prevent sewer blockages or failures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |            |      |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>This project took funds from CIP 08-21 to set aside specifically to clean the water main trunks so a visual inspection can be performed to assess the condition of the trunk lines.</li> <li>City issued RFP on January 29, 2013</li> <li>RFP's opened on February 26, 2013</li> <li>City Evaluation Team ranked the RFPs and opened the cost proposals of the top 3 ranked firms</li> <li>On April 23, 2013, City Council approved the project and authorized City Manager to sign consultant agreement with Water Works Engineers (\$163,912).</li> <li>Cleaning and inspection work was completed on June 19, 2013.</li> <li>Water Works Engineers submitted a draft version of the data and report for City review of October 16, 2013 and have been authorized by the City to finalize the report.</li> <li>Water Works Engineers issued the final report in mid-November 2013 and City accepted and closed out the project on 12/16/2013.</li> </ul> |            |      |

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### PARKS AND FACILITIES PROJECTS

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|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------|
| <b>Project:</b>     | <b>11-15, Community Center – Sports Park Frontage Landscaping</b>                                                                                                                                         |            |      |
| <b>Phase:</b>       | Design                                                                                                                                                                                                    | <b>PM:</b> | Fong |
| <b>Description:</b> | Fronting landscape along the south side of Sports Park Drive as well as the 10' bike path of the Community Center/Sports Park Master Plan.                                                                |            |      |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>• Project will be managed concurrently with CIP 11-14, Water Transmission Main, East.</li> <li>• Design and preparation of contract documents underway.</li> </ul> |            |      |

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|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------|
| <b>Project:</b>     | <b>12-18, Brooks Swim Center Renovation</b>                                                                                                                                                                                   |            |        |
| <b>Phase:</b>       | Design                                                                                                                                                                                                                        | <b>PM:</b> | Olmedo |
| <b>Description:</b> | Project includes renovation of Brooks Swim Center pool and building, and other amenities.                                                                                                                                     |            |        |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>• The first contract day was August 12 and the project is anticipated to be complete end of January.</li> <li>• Diving boards will be installed after project is completed.</li> </ul> |            |        |

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|---------------------|-------------------------------------------------------------------------------------------------------------------------------------|------------|--------|
| <b>Project:</b>     | <b>13-03, Clark Field Renovations</b>                                                                                               |            |        |
| <b>Phase:</b>       | Design                                                                                                                              | <b>PM:</b> | Olmedo |
| <b>Description:</b> | Project includes the backstop replacement for Clark Field.                                                                          |            |        |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>• Construction began October 15, 2013 and is anticipated to be complete by March.</li> </ul> |            |        |

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|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------|
| <b>Project:</b>     | <b>13-07, Community and Senior Center Emergency Generator</b>                                                                                                                                                                                                   |            |        |
| <b>Phase:</b>       | Design                                                                                                                                                                                                                                                          | <b>PM:</b> | Olmedo |
| <b>Description:</b> | Project will provide and install a new 250 kW emergency generator to power essential electrical circuits. Work includes wiring modifications in electrical room to install new automatic transfer switch. Transferred PW Operations funds into capital project. |            |        |
| <b>Status:</b>      | Consultant has completed plans for installation of the new generator and associated electrical modifications. Project should be ready to bid spring 2014.                                                                                                       |            |        |

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### ADMINISTRATION

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|                     |                                                                                                                                                                      |            |      |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------|
| <b>Project:</b>     | <b>2012 Engineering Standards</b>                                                                                                                                    |            |      |
| <b>Phase:</b>       | Admin                                                                                                                                                                | <b>PM:</b> | Ayon |
| <b>Description:</b> | Updating the Engineering Standards to stay current with regulatory requirements, meet ongoing maintenance needs and based on construction practices and experiences. |            |      |
| <b>Status:</b>      | <ul style="list-style-type: none"> <li>• Preparing revisions based on input from city engineering and maintenance staff.</li> <li>• Ongoing</li> </ul>               |            |      |

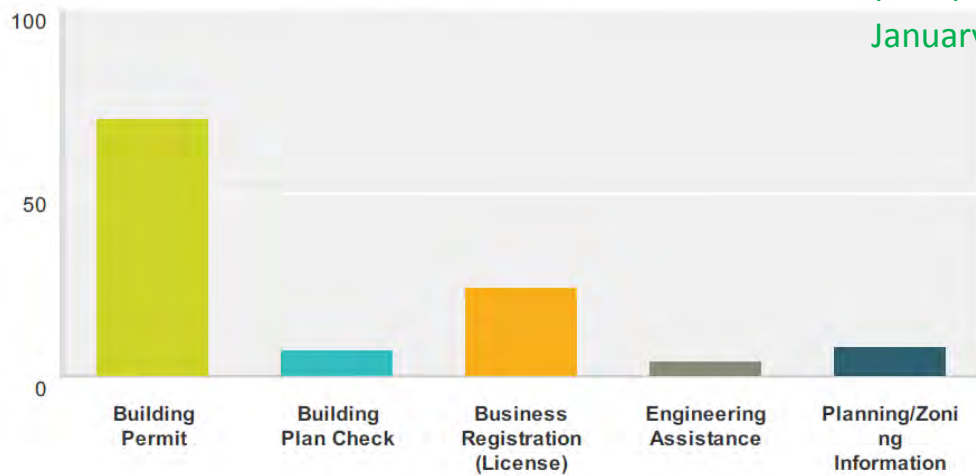
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# Community Development Department – Customer Satisfaction Survey

## Q1 Which type of service did you receive?

Answered: 101 Skipped: 22

Survey Responses Through  
January 7, 2014



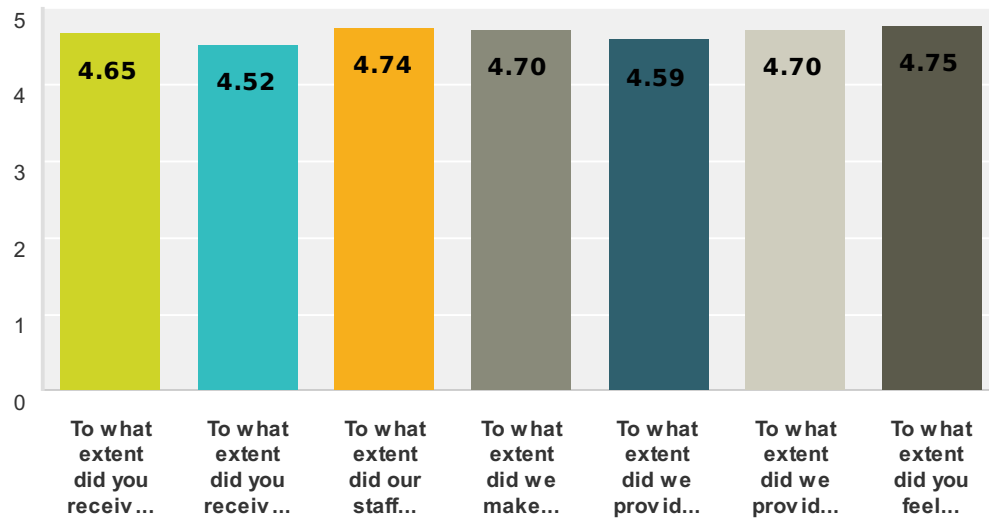
| Answer Choices                  | Responses |
|---------------------------------|-----------|
| Building Permit                 | 69.31% 70 |
| Building Plan Check             | 6.93% 7   |
| Business Registration (License) | 23.76% 24 |
| Engineering Assistance          | 3.96% 4   |
| Planning/Zoning Information     | 7.92% 8   |
| Total Respondents: 101          |           |

| #  | Responses                                                                                                                                                                                                                                 |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | General Re: Possible purchase of home in Spring Lake                                                                                                                                                                                      |
| 2  | Sign Permit                                                                                                                                                                                                                               |
| 3  | Other                                                                                                                                                                                                                                     |
| 4  | Walking Tour Books                                                                                                                                                                                                                        |
| 5  | safe route to schools                                                                                                                                                                                                                     |
| 6  | Encroachment permit and traffic control plans                                                                                                                                                                                             |
| 7  | Linda researched whether the house we're buying is on the historic register. She went out of her way to go through handwritten record.. and quickly. She's helped me before as well. Linda is an exceptional representative for the City. |
| 8  | attended planning comission meeting                                                                                                                                                                                                       |
| 9  | General inquiry - simple question                                                                                                                                                                                                         |
| 10 | repaved the parking lot                                                                                                                                                                                                                   |
| 11 | Copies of old permits                                                                                                                                                                                                                     |
| 12 | Copy of bldg permit/inspection                                                                                                                                                                                                            |
| 13 | Customer Service                                                                                                                                                                                                                          |
| 14 | General inquiry regarding the permitting process for our intent to install a steel slitting line in our manufacturing plant in Woodland                                                                                                   |
| 15 | Site Plan Review                                                                                                                                                                                                                          |
| 16 | Easement / Code Issues                                                                                                                                                                                                                    |
| 17 | Records                                                                                                                                                                                                                                   |
| 18 | Street                                                                                                                                                                                                                                    |
| 19 | Street                                                                                                                                                                                                                                    |

| #  | Responses                      |
|----|--------------------------------|
| 20 | violation information          |
| 21 | Administrative Citation Appeal |

## Q2 Please rate the following aspects of our work

Answered: 121 Skipped: 2

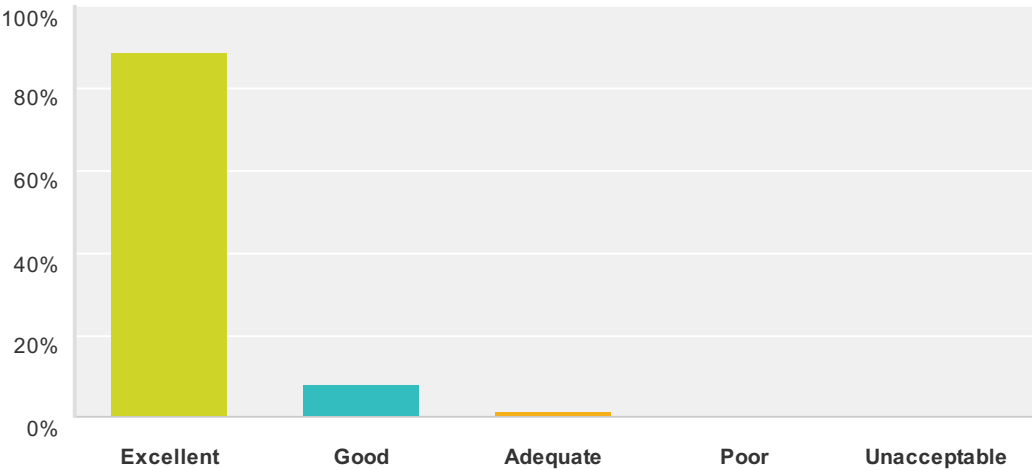


Ranked on a scale of 1 to 5 (5 being best).

|                                                                                                                     | Not at all | Somewhat   | OK         | Very Well    | To a great extent | Total | Average Rating |
|---------------------------------------------------------------------------------------------------------------------|------------|------------|------------|--------------|-------------------|-------|----------------|
| To what extent did you receive thorough answers from our staff?                                                     | 0.83%<br>1 | 0.83%<br>1 | 3.31%<br>4 | 22.31%<br>27 | 72.73%<br>88      | 121   | 4.65           |
| To what extent did you receive consistent answers to your questions from different staff members?                   | 1.77%<br>2 | 0.88%<br>1 | 7.96%<br>9 | 22.12%<br>25 | 67.26%<br>76      | 113   | 4.52           |
| To what extent did our staff respond to you in a timely manner (including emails and telephone calls)?              | 0%<br>0    | 0%<br>0    | 4.24%<br>5 | 17.80%<br>21 | 77.97%<br>92      | 118   | 4.74           |
| To what extent did we make ourselves available to respond to questions and/or concerns you had about your project?  | 0.83%<br>1 | 0%<br>0    | 3.33%<br>4 | 20%<br>24    | 75.83%<br>91      | 120   | 4.70           |
| To what extent did we provide alternatives or suggestions to you that were helpful in moving your project forward?  | 0.94%<br>1 | 0.94%<br>1 | 8.49%<br>9 | 16.98%<br>18 | 72.64%<br>77      | 106   | 4.59           |
| To what extent did we provide adequate information to you on the process and timeliness applicable to your project? | 0%<br>0    | 0.89%<br>1 | 5.36%<br>6 | 16.96%<br>19 | 76.79%<br>86      | 112   | 4.70           |
| To what extent did you feel helped by our staff?                                                                    | 0.85%<br>1 | 1.69%<br>2 | 1.69%<br>2 | 13.56%<br>16 | 82.20%<br>97      | 118   | 4.75           |

Q3 Overall, how do you rate the quality of services we provide?

Answered: 112 Skipped: 11



| Answer Choices | Responses |     |
|----------------|-----------|-----|
| Excellent      | 88.39%    | 99  |
| Good           | 8.04%     | 9   |
| Adequate       | 1.79%     | 2   |
| Poor           | 0.89%     | 1   |
| Unacceptable   | 0.89%     | 1   |
| Total          |           | 112 |

## Q4 Please give us general feedback about your experience in working with our department

Answered: 92 Skipped: 31

| #  | Responses                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | Great so far, thank you.                                                                                                                                                                                                                                                                                                                                                                                                |
| 2  | Picked up permits. Emailed Debbie prior to coming over and everything was ready to go.                                                                                                                                                                                                                                                                                                                                  |
| 3  | It was a pleasure working with your staff, compared to most cities. Its awful how you're treated, they should be lucky to have a job. My hat goes off to your staff. Keep it up.                                                                                                                                                                                                                                        |
| 4  | Great conversation while in the customer service area.                                                                                                                                                                                                                                                                                                                                                                  |
| 5  | Love Debbie! Always a great experience!                                                                                                                                                                                                                                                                                                                                                                                 |
| 6  | Amazing                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 7  | Thanks for your help! Great Job! Beats going to Sacramento any day.                                                                                                                                                                                                                                                                                                                                                     |
| 8  | Laura and Debbie were efficient and courteous in walking me through the process. Thank you.                                                                                                                                                                                                                                                                                                                             |
| 9  | Came in for a business license, the staff was very helpful and friendly.                                                                                                                                                                                                                                                                                                                                                |
| 10 | Great personnel. I was assisted with good answers.                                                                                                                                                                                                                                                                                                                                                                      |
| 11 | Easy to deal with and very knowledgeable.                                                                                                                                                                                                                                                                                                                                                                               |
| 12 | Great job by everyone!                                                                                                                                                                                                                                                                                                                                                                                                  |
| 13 | We had many issues with the client deciding what they wanted to do and the entire staff here was extremely kind, patient, and helpful in getting the issues resolved. Thanks for the help.                                                                                                                                                                                                                              |
| 14 | Second visit, great staff, great customer service.                                                                                                                                                                                                                                                                                                                                                                      |
| 15 | The staff here is excellent, very helpful.                                                                                                                                                                                                                                                                                                                                                                              |
| 16 | Wonderful Service                                                                                                                                                                                                                                                                                                                                                                                                       |
| 17 | Stephanie & Debbie are awesome. Need bigger drop box.                                                                                                                                                                                                                                                                                                                                                                   |
| 18 | I liked the ease in obtaining the information requested.                                                                                                                                                                                                                                                                                                                                                                |
| 19 | Thank you!                                                                                                                                                                                                                                                                                                                                                                                                              |
| 20 | Your new hours are extremely helpful.                                                                                                                                                                                                                                                                                                                                                                                   |
| 21 | I spoke to Mr. Paul Siegel on the phone last week regarding our project and he arranged for my meeting today with Mr. Rick Essenwanger. Mr. Essenwanger was knowledgeable, personable, and professional. He provided the guidance I needed with regard to the policies and procedures the City requires for the type of project we are planning, and I now have a much better feel for what I need to do going forward. |
| 22 | I have worked with multiple agencies and this is the best by far. In & out in 20 minutes, permit was inexpensive compared to other agencies. I just wish I had more installs up here.                                                                                                                                                                                                                                   |
| 23 | Great People! Professional, reasonable, polite, friendly. Wouldn't change a thing.                                                                                                                                                                                                                                                                                                                                      |
| 24 | I sure felt the staff was so helpful, they all deserve another week paid vacation.                                                                                                                                                                                                                                                                                                                                      |
| 25 | Quick, Pleasant                                                                                                                                                                                                                                                                                                                                                                                                         |
| 26 | Friendly, happy staff, great service                                                                                                                                                                                                                                                                                                                                                                                    |
| 27 | Very Nice. Friendly                                                                                                                                                                                                                                                                                                                                                                                                     |
| 28 | I appreciate your kindness and flexibility.                                                                                                                                                                                                                                                                                                                                                                             |
| 29 | Perfect                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 30 | I came in to apply for a business license and I greatly appreciate the staff giving ideas and answer all questions.                                                                                                                                                                                                                                                                                                     |
| 31 | Great Staff                                                                                                                                                                                                                                                                                                                                                                                                             |
| 32 | Helpful                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 33 | I sent a question late after 5pm and Paul was able to answer right away the next morning.                                                                                                                                                                                                                                                                                                                               |
| 34 | Debbie has provided me with information on a regular and timely basis and it is appreciated.                                                                                                                                                                                                                                                                                                                            |
| 35 | The incessant emails prior to opening bordered on harassment. The experience gives the impression that Woodland does not have a friendly business environment. As a businessperson I do not need constant reminders from Woodlands clerical staff of what needs to be done,                                                                                                                                             |

|    |                                                                                                                                                                                                                                                                                                                                                                              |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | neither do I need them stalking my place of business and then making a point of doing so. The experience is very unprofessional and downright creepy!                                                                                                                                                                                                                        |
| 36 | I would appreciate if the staff have more knowledge of Public Records act. Knowing that what they can provide                                                                                                                                                                                                                                                                |
| 37 | I have had contact with four employees. They have all delivered exceptional assistance and always made time to do so.                                                                                                                                                                                                                                                        |
| 38 | They were helpful & courteous.                                                                                                                                                                                                                                                                                                                                               |
| 39 | Debbie has helped me numerous times and has always been extremely helpful.                                                                                                                                                                                                                                                                                                   |
| 40 | You're always wonderful people. You're very professional at the office and you are funny, too!                                                                                                                                                                                                                                                                               |
| 41 | Your process was fast and easy. Thanks.                                                                                                                                                                                                                                                                                                                                      |
| 42 | The first meeting was interesting and a meaningful process.                                                                                                                                                                                                                                                                                                                  |
| 43 | When I requested an inspection following the work done by the contractor, I was not told when the inspector would be coming. Unfortunately, I was not home when he came, so I had to reschedule the appointment. If I had known an approximate time for the inspection, I would have been home.                                                                              |
| 44 | I simply needed to talk to someone, quick question. Voice mail does not offer any choices except by name. Phone numbers are not listed for people, only emails. Are you insulated from calls??? not customer friendly No operator in general for City??? (I even punched '0' to try to get an operator - think it was for emergency, and still did not even get an person! ) |
| 45 | I think I had problems with the hours the office was open                                                                                                                                                                                                                                                                                                                    |
| 46 | Your department is very nice and helpful. One of the better building departments that we have been to, being a contractor, that is nice.                                                                                                                                                                                                                                     |
| 47 | Thank you. You helped to make my job so much easier.                                                                                                                                                                                                                                                                                                                         |
| 48 | Very helpful & cordial.                                                                                                                                                                                                                                                                                                                                                      |
| 49 | Polite & very efficient.                                                                                                                                                                                                                                                                                                                                                     |
| 50 | Thank you so much                                                                                                                                                                                                                                                                                                                                                            |
| 51 | Would like to see phone call 1/2 hour before building inspection so we contractors are not waiting all day.                                                                                                                                                                                                                                                                  |
| 52 | Very appreciative that staff took time to explain what they want done before first inspection.                                                                                                                                                                                                                                                                               |
| 53 | Handled the transaction like professional and was more than willing to go beyond their means to help me, thanks.                                                                                                                                                                                                                                                             |
| 54 | Debbie Flemmer was excellent in answering all by questions and concerns.                                                                                                                                                                                                                                                                                                     |
| 55 | Everyone knowledgeable and pleasant. Joel is good to work with in the field. Only complaint, start taking Visa to pay for permits & fees. No one carries that much cash or check book with them.                                                                                                                                                                             |
| 56 | Debbie Flemmer has always been competent & courteous despite being overwhelmed with work.                                                                                                                                                                                                                                                                                    |
| 57 | I was provided with outstanding support & assistance, with a lot of patience added to the mix! Thank you for your help Debbie!                                                                                                                                                                                                                                               |
| 58 | Debbie was amazing at customer service. Provided necessary information and forms in a timely manner. Definitely happy with her help.                                                                                                                                                                                                                                         |
| 59 | Very helpful. Very courteous.                                                                                                                                                                                                                                                                                                                                                |
| 60 | Friendly, easy to deal with, timely. All good.                                                                                                                                                                                                                                                                                                                               |
| 61 | Very good. Simple, Concise. Thank you!                                                                                                                                                                                                                                                                                                                                       |
| 62 | Please make it possible to pay for permits with a Visa.                                                                                                                                                                                                                                                                                                                      |
| 63 | I worked over the phone with Debbie and Paul. Laura was great, friendly and took care of business.                                                                                                                                                                                                                                                                           |
| 64 | Office staff is wonderful to work with and very helpful.                                                                                                                                                                                                                                                                                                                     |
| 65 | Sounds like you need more staff. Hire vs. contract might be a solution. Timeliness to all activities is important for all owners & builders.                                                                                                                                                                                                                                 |
| 66 | Debbie at the desk was very helpful.                                                                                                                                                                                                                                                                                                                                         |
| 67 | Great place to secure permits.                                                                                                                                                                                                                                                                                                                                               |
| 68 | Linda was great!                                                                                                                                                                                                                                                                                                                                                             |
| 69 | Great people.                                                                                                                                                                                                                                                                                                                                                                |
| 70 | Your counter person, Debbie helped and followed up.                                                                                                                                                                                                                                                                                                                          |
| 71 | Everyone in the office is friendly and polite.                                                                                                                                                                                                                                                                                                                               |
| 72 | It was a pleasure to work with your City staff. They were extremely helpful and it was obvious that they were there to help us get through the process professionally and efficiently.                                                                                                                                                                                       |
| 73 | They are very amazing, very focused & very helpful every time I come in.                                                                                                                                                                                                                                                                                                     |
| 74 | Admin staff is wonderful.                                                                                                                                                                                                                                                                                                                                                    |
| 75 | Wish all departments were this helpful.                                                                                                                                                                                                                                                                                                                                      |
| 76 | As a former civil service worker myself at the landfill, I appreciate the quality of folks you have there. Very user & customer friendly.                                                                                                                                                                                                                                    |



|    |                                                                                                                                                                                   |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 77 | Excellent staff. Very anxious to help, ready smiles.                                                                                                                              |
| 78 | She was great and so helpful.                                                                                                                                                     |
| 79 | Very easy & convenient, the process took a short period & easier than I expected.                                                                                                 |
| 80 | Very nice experience.                                                                                                                                                             |
| 81 | Debbie Flemmer and Laura Quintana are the best.                                                                                                                                   |
| 82 | It's a pleasure working with people that know what they are talking about and so happy to help.                                                                                   |
| 83 | Exceeded permit revisions expectations in a prompt & professional manner. To be expected by the City of Woodland Building & Planning team. Always a pleasure to do business here. |
| 84 | Laura Quintana is always helpful and pleasant. She is not paid enough, whatever it is.                                                                                            |
| 85 | Fast help, sweet ladies and wonderful atmosphere. I always enjoy coming by.                                                                                                       |
| 86 | Very helpful, personal. Best building department ever!                                                                                                                            |
| 87 | Laura was very courteous and helpful throughout the permit process.                                                                                                               |
| 88 | Always a good experience!                                                                                                                                                         |
| 89 | Bryan Weiser is alway so helpful!                                                                                                                                                 |
| 90 | Good                                                                                                                                                                              |
| 91 | Good                                                                                                                                                                              |
| 92 | Staff was very responsive to my request for additional information.                                                                                                               |



## Legislation Details (With Text)

File #: 14-036 Version: 1 Name:  
Type: Consent Item(s) Status: Agenda Ready  
File created: 1/29/2014 In control: City Council  
On agenda: 2/4/2014 Final action:  
Title: SUBJECT: Water Meter Project, Phase 3, CIP 12-09; Approve Reallocation of Project Funding

Recommendation for Action: Staff recommends that the City Council approve the reallocation of \$120,000 of water enterprise funds from the Water System Leak Detection, Maintenance & Repairs Project (CIP #09-23) to the Water Meter Project Phase 3 Project (CIP #12-09).

Sponsors:

Indexes:

Code sections:

Attachments:

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: February 4, 2014

SUBJECT: Water Meter Project, Phase 3, CIP 12-09; Approve Reallocation of Project Funding

Recommendation for Action: Staff recommends that the City Council approve the reallocation of \$120,000 of water enterprise funds from the Water System Leak Detection, Maintenance & Repairs Project (CIP #09-23) to the Water Meter Project Phase 3 Project (CIP #12-09).

### Staff Contact

James Heath, Associate Civil Engineer - 661-5977, james.heath@cityofwoodland.org

### Fiscal Impact

The total project budget for the Water Meter Project Phase 3 is \$1,310,000 as approved and modified in the Capital Budget. The construction contract was awarded for \$891,112. There have been 12 change orders totaling approximately \$160,000. The project budget at the time of award included an insufficient contingency of approximately \$50,000 (5%) to cover these field changes. The project requires an additional \$120,000 of funding to cover the cost for construction contract change orders. The project is 100% funded with water enterprise funds.

There is no impact to the General Fund.

Previously, these types of budget adjustments were made at the staff level, consistent with provisions of the city's Purchasing Policy that have been in place for many years, and specifically authorized by Council on 2/16/2010. However, as staff became aware of the need for a budget adjustment to the Water Meter Project Phase 3 contract, the City Manager asked that this item return to Council rather than providing approval per past practice.

### **Background**

Change Orders have been issued for unforeseen site conditions and for corrections to the materials being utilized. Work was performed for the following major change orders (over \$25,000):

Additional work was provided at the request of Public Works and Finance to modify the water systems of 5 park sites to separate the metering of the landscaping water from the domestic water use. This was done to allow the separate water usages to be measured and charged at the proper rates. This additional work resulted in an increase of \$67,905

Public Works requested changes to the installation details for the larger meters. These changes were to provide better access to perform maintenance and testing and to minimize the impacts to the customers. This additional work resulted in an increase of \$33,627

The Contractor was also requested to relocate and lower an existing water main at the intersection of Third and Hays to provide the clearances necessary to construct the improvements for the Safe Routes to School Project CIP No. 13-06. The new storm drain was in conflict with the existing water main. This extra work was performed for \$30,000.

### **Conclusion**

Staff recommends that the City Council approve the reallocation of \$120,000 of water enterprise funds from the Water System Leak Detection, Maintenance & Repairs Project (CIP #09-23) to the Water Meter Project Phase 3 Project (CIP #12-09).

Prepared by: James Heath, Associate Civil Engineer  
Brent Meyer, City Engineer

Reviewed by: Ken Hiatt, Community Development Director



Paul Navazio, City Manager

## Legislation Details (With Text)

|                |                                                                                                                                                                                                                                                                                                                                                                                       |               |   |              |  |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---|--------------|--|
| File #:        | 14-022                                                                                                                                                                                                                                                                                                                                                                                | Version:      | 1 | Name:        |  |
| Type:          | Report of the City Manager                                                                                                                                                                                                                                                                                                                                                            | Status:       |   | Agenda Ready |  |
| File created:  | 1/20/2014                                                                                                                                                                                                                                                                                                                                                                             | In control:   |   | City Council |  |
| On agenda:     | 2/4/2014                                                                                                                                                                                                                                                                                                                                                                              | Final action: |   |              |  |
| Title:         | SUBJECT: First reading of ordinance amending Municipal Code Section 23C-7-10, adding Sections 23C-7-10.1 and 23C-7-10.2 and deleting and replacing Article 23C-11 related to water conservation                                                                                                                                                                                       |               |   |              |  |
|                | Recommendation for Action: Staff recommends that the City Council waive first reading and read by title only Ordinance No. _____, "An Ordinance of the City Council of the City of Woodland, California Amending Section 23C-7-10, Adding Sections 23C-7-10.1 and 23C-7-10.2 and Deleting and Replacing Article 23C-11 of the Woodland Municipal Code Related to Water Conservation." |               |   |              |  |
| Sponsors:      |                                                                                                                                                                                                                                                                                                                                                                                       |               |   |              |  |
| Indexes:       |                                                                                                                                                                                                                                                                                                                                                                                       |               |   |              |  |
| Code sections: |                                                                                                                                                                                                                                                                                                                                                                                       |               |   |              |  |
| Attachments:   | <a href="#">Summary of Changes for Water Ordinance</a><br><a href="#">Water Conservation Ordinance</a>                                                                                                                                                                                                                                                                                |               |   |              |  |

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: February 4, 2014

SUBJECT: First reading of ordinance amending Municipal Code Section 23C-7-10, adding Sections 23C-7-10.1 and 23C-7-10.2 and deleting and replacing Article 23C-11 related to water conservation

Recommendation for Action: Staff recommends that the City Council waive first reading and read by title only Ordinance No. \_\_\_\_\_, "An Ordinance of the City Council of the City of Woodland, California Amending Section 23C-7-10, Adding Sections 23C-7-10.1 and 23C-7-10.2 and Deleting and Replacing Article 23C-11 of the Woodland Municipal Code Related to Water Conservation."

### **Staff Contact**

Dawn Calciano, Water Conservation Coordinator  
530-661-2067, dawn.calciano@cityofwoodland.org

### **Fiscal Impact**

There will be no fiscal effect related to adoption of the proposed ordinance.

### **Background**

Public Works and Utility Engineering staff have drafted recommended updates to the Woodland Municipal Code related to water conservation. The updates were drafted to address changes to Woodland's water supply, to ensure consistency with current state legislation and the City's Urban Water Management Plan, and to address various water shortage situations. The conservation triggers in the ordinance were developed to be consistent with the Sacramento Regional Water Authority's triggers and water conservation measures.

### **Discussion**

The California Urban Water Management Planning Act (Water Code §§ 10610- et seq.) declares that the management of urban water demands that the efficient use of water shall be actively pursued to protect both the people of the state and their water resources. It goes on to affirm that the efficient use of urban water supplies shall be a guiding criterion in public decisions and urban water suppliers shall be required to develop water management plans to actively pursue the efficient use of available supplies. The City of Woodland has adopted an Urban Water Management Plan pursuant to state law with the purpose of actively pursuing the conservation and efficient use of water.

The attached ordinance would update and revise the water conservation provisions of the Woodland Municipal Code. A table summarizing the proposed amendments to the Water Conservation Ordinance is presented as Exhibit 1 to this report. These changes are proposed to ensure consistency with current state legislation and the Urban Water Management Plan. In addition, the ordinance addresses future changes to Woodland's water supply occurring as a result of the Woodland-Davis Regional Surface Water Supply Project. In addition to drought conditions, the updates also address water shortage situations, such as those occurring when several wells must be taken out of service.

California Water Code Sections 350 *et seq.* authorize a water supplier, after holding a properly noticed public hearing and after making certain findings, to declare a water shortage emergency condition when it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply to the extent that there would be insufficient water for human consumption, sanitation, and fire protection. The proposed ordinance defines the circumstances under which the City Council would declare various stages of water shortage and the water use restrictions associated with each.

### **Commission/Committee Recommendation**

The proposed updates have been presented to and reviewed by the Water Utility Advisory Committee, which recommends their adoption.

### **Conclusion**

Staff recommends that the City Council waive first reading and read by title only Ordinance No. \_\_\_\_\_, "An Ordinance of the City Council of the City of Woodland, California Amending Section 23C-7-10, Adding Sections 23C-7-10.1 and 23C-7-10.2 and Deleting and Replacing Article 23C-11 of the Woodland Municipal Code Related to Water Conservation."

Prepared by: Dawn Calciano, Water conservation Coordinator

Reviewed by: Roberta Childers, Environmental Resource Analyst

Reviewed by: Gregor G. Meyer, Public Works Director

A handwritten signature in dark ink, appearing to read "Paul Navazio", is positioned above the name.

Paul Navazio, City Manager

Attachments:

- 1) Summary of Proposed Changes to Water Conservation Ordinance
- 2) Proposed Ordinance Amending Municipal Code related to Water Conservation

## SUMMARY OF PROPOSED CHANGES

| <b><i>Existing Section 23C-11, Water Conservation</i></b>                                                                                                                                                                                                                                                                                                                                                                       | <b><i>Proposed Section 23C-11, Water Conservation</i></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Addresses water shortages due to drought conditions only                                                                                                                                                                                                                                                                                                                                                                        | Addresses water shortages resulting from any circumstances                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Does not specify how a drought condition is determined                                                                                                                                                                                                                                                                                                                                                                          | Specifies criteria used to declare a water shortage (with and without surface water delivery), and correlates required reductions in use with the level of shortage                                                                                                                                                                                                                                                                                                                                                                                              |
| Does not define water conservation or other key water use terminology; describes water waste only in relation to leaks and irrigation runoff                                                                                                                                                                                                                                                                                    | Moves and expands definitions of “Water conservation” and “Efficient use” that are currently in 23C-7-10; expands examples of uses that constitute water waste; defines other key terms                                                                                                                                                                                                                                                                                                                                                                          |
| Includes the following stages, with mandatory measures starting only at Stage Three: <ul style="list-style-type: none"> <li>• Stage One, Water Awareness – conservation encouraged, water waste prohibited</li> <li>• Stage Two, Water Alert – <b><i>voluntary</i></b> 15% reduction</li> <li>• Stage Three, Water Emergency – mandatory 25% reduction</li> <li>• Stage Four, Water Crisis – mandatory 50% reduction</li> </ul> | Restructures stages to correspond to those used by Regional Water Authority, with mandatory measures starting at Stage One: <ul style="list-style-type: none"> <li>• Normal Water Supply – conservation encouraged, water waste prohibited</li> <li>• Stage One, Water Alert – <b><i>mandatory</i></b> 10% reduction</li> <li>• Stage Two, Water Warning – mandatory 25% reduction</li> <li>• Stage Three, Water Crisis – mandatory 50% reduction</li> <li>• Stage Four, Water Emergency – only allowed uses are those essential to health and safety</li> </ul> |
| Does not differentiate between residential and commercial users                                                                                                                                                                                                                                                                                                                                                                 | Differentiates between residential and commercial users                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Key reduction measure under Stages 2 and 3 is restriction of days of the week when irrigation is allowed, under Stage 4, allows turf watering by bucket                                                                                                                                                                                                                                                                         | Replaces day-of-week irrigation restrictions with mandatory percentage reductions and restrictions on new or expanded landscaping in Stage 2; prohibits all but drought-tolerant landscape watering under Stage 3                                                                                                                                                                                                                                                                                                                                                |
| Does not include a method for determining water customers’ compliance                                                                                                                                                                                                                                                                                                                                                           | Describes how water-use data would be used to determine water customers’ compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b><i>Existing Section 23C-7-10, Prohibited Acts</i></b>                                                                                                                                                                                                                                                                                                                                                                        | <b><i>Proposed Section 23C-7-10, Prohibited Acts</i></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Describes several prohibited acts but provides penalties only for failure of conservation or efficient use                                                                                                                                                                                                                                                                                                                      | Consolidates enforcement and penalty information currently found in 23C-11 and 23C-7-10; clarifies that stated penalties apply to all prohibited acts listed in this section                                                                                                                                                                                                                                                                                                                                                                                     |
| Lists three potential penalties: installing water meter, flow-restriction device, or other device at violator’s expense                                                                                                                                                                                                                                                                                                         | Lists five potential penalties: criminal citation, installing flow-restriction or other device, installing separate landscape water meter (commercial/institutional), recording violation on property title, placing lien on property to recover costs                                                                                                                                                                                                                                                                                                           |



**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF  
WOODLAND, CALIFORNIA AMENDING SECTION 23C-7-10, ADDING  
SECTIONS 23C-7-10.1 AND 23C-7-10.2 AND DELETING AND  
REPLACING ARTICLE 23C-11 OF THE WOODLAND MUNICIPAL  
CODE RELATED TO WATER CONSERVATION**

**WHEREAS**, the California Urban Water Management Planning Act (Water Code §§ 10610- *et seq.*) declares that the management of urban water demands and efficient use of water shall be actively pursued to protect both the people of the state and their water resources, the management of urban water demands that the efficient use of water shall be actively pursued to protect both the people of the state and their water resources. It goes on to affirm that the efficient use of urban water supplies shall be a guiding criterion in public decisions and urban water suppliers shall be required to develop water management plans to actively pursue the efficient use of available supplies; and

**WHEREAS**, the City of Woodland has adopted an Urban Water Management Plan pursuant to state law with the purpose of actively pursuing the conservation and efficient use of water; and

**WHEREAS**, updates and revisions of the water conservation provisions of the Woodland Municipal Code are necessary to ensure consistency with current state legislation and the Urban Water Management Plan; and

**WHEREAS**, updates to the Woodland Municipal Code are also needed to address water shortage situations in addition to drought conditions; and

**WHEREAS**, California Water Code Sections 350 *et seq.* authorize water suppliers, after holding a properly noticed public hearing and after making certain findings, to declare a water shortage emergency condition when it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply to the extent that there would be insufficient water for human consumption, sanitation, and fire protection; and

**WHEREAS**, future changes to Woodland's water supply occurring as a result of the Woodland-Davis Regional Surface Water Supply Project also need to be addressed; and

**WHEREAS**, the City Council wishes to amend the Woodland Municipal Code to include these necessary updates and revisions as set forth below.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF WOODLAND  
DOES ORDAIN AS FOLLOWS:**

**Section 1. Recitals.** The recitals set forth above are true and correct and are incorporated as though fully set forth herein.

**Section 2. Amendment to the Woodland Municipal Code.** Article 23C-11 of the Woodland

Municipal Code is hereby deleted and replaced in its entirety, to read as shown in Exhibit “A”, attached hereto and incorporated herein by reference.

**Section 3. Amendment to the Woodland Municipal Code.** Section 23C-7-10 of the Woodland Municipal Code is hereby amended by replacing that Section, in its entirety, and Sections 23C-7-10.1 and 23C-7-10.2 are hereby added to the Woodland Municipal Code, to read as shown in Exhibit “B”, attached hereto and incorporated herein by reference.

**Section 4. Severability.** If any provision of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the Ordinance that can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance be enforced.

**Section 5. Effective Date and Publication.** The City Clerk shall certify to the adoption of this ordinance and shall cause a summary thereof to be published in the Daily Democrat, a newspaper of general circulation, printed and published in the city of Woodland and county of Yolo, at least five (5) days prior to the meeting at which the proposed ordinance is to be adopted and shall post a certified copy of the proposed ordinance in the office of the City Clerk, and with fifteen (15) days of its adoption, shall cause a summary of it to be published, including the vote for and against the same, and shall post a certified copy of the adopted ordinance in the office of the City Clerk, in accordance with California Government Code Section 36933. This Ordinance shall take effect thirty (30) days after its adoption.

**PASSED AND ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2014 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

---

Marlin H. Davies  
Mayor

**ATTEST:**

---

Ana Gonzalez  
City Clerk

**APPROVED AS TO FORM:**

---

Kara K. Ueda  
City Attorney

## **Exhibit A**

City of Woodland Municipal Code  
Chapter 23C. Utility Services.  
Article XI. Water Conservation

|          |                                               |
|----------|-----------------------------------------------|
| 23C-11-1 | Purpose                                       |
| 23C-11-2 | Scope                                         |
| 23C-11-3 | Definitions                                   |
| 23C-11-4 | Water shortage stages and restrictions        |
| 23C-11-5 | Fire, emergencies, and other exemptions       |
| 23C-11-6 | Determination of water consumption reductions |
| 23C-11-7 | Violations                                    |

### **Sec. 23C-11-1 Purpose**

The purpose of this Article is to ensure compliance with all federal, state, and local requirements, including, but not limited to, the City of Woodland Urban Water Management Plan, the State of California Water Conservation Act of 2009 (SBx7-7), and the Model Water Efficient Landscape Ordinance (23 CCR §§ 490 *et seq.*), relating to water conservation and water shortage mitigation for the protection of public health, safety, and welfare by:

1. Reducing the per capita water consumption throughout the City of Woodland;
2. Establishing a plan to define water shortage stages;
3. Protecting and conserving the city's supply of water during specified times of emergency and/or crisis; and
4. Minimizing and/or eliminating the waste of water through voluntary compliance or punitive action, if necessary.

### **Sec.23C-11-2 Scope**

The provisions of this Article shall apply to all water users within the city's territorial limits and to all customers, users, and/or recipients of the city's water service.

### **Sec. 23C-11-3 Definitions**

Unless otherwise indicated, the following definitions shall apply to all provisions of this Article:

- A. "Conservation" shall mean measures that limit the amount of water used to that which is reasonably necessary for the beneficial use to be served.
- B. "Drought tolerant" shall mean any plant, tree, shrub, or ground cover listed as low or very low water use in WUCOLS (Water Use Classifications of Landscape Species) or other guidance provided by the Director of Public Works or his or her designee.
- C. "Efficient use" shall mean those management measures that result in the most effective use of water so as to prevent its waste or unreasonable use or unreasonable method of use.

- D. "Lake Shasta Critical Years" are reductions that go into effect when the Bureau of Reclamation forecasts that the full natural inflow into Shasta Lake will be equal to or less than 3.2 million acre-feet.
- E. "Non-residential" shall mean any commercial, industrial, or institutional property.
- F. "Reliable water supply" shall mean the water supply adequate to meet all projected demands with at least two wells in reserve to assure reliability.
- G. "Residential" shall mean any dwelling, single-family home, duplex, condominium, and any individual units within a multi-family building.
- H. "Term 91" is a State Water Resource Control Board water permit condition that curtails downstream diverters from taking diversions from streams when the State Water Project and Central Valley Project are releasing water from storage to meet the water quality standards for the Delta.
- I. "Water waste" shall mean:
  - 1. Causing or permitting excessive water to discharge, flow, or run to waste into any gutter, sanitary sewer, water course, or storm drain, or to any adjacent property, from any tap, hose faucet, pipe, sprinkler, or nozzle. In the case of irrigation, "discharge," "flow," or "run to waste" means that the earth intended to be irrigated has been saturated with water to the point that excess water flows over the earth to waste.
  - 2. Allowing water fixtures or heating or cooling devices to leak or discharge excessively.
  - 3. Backwashing so as to discharge to waste from swimming pools, decorative basins or ponds in excess of the frequency necessary to ensure the healthful condition of the water or in excess of that required by standards for professionally administered maintenance or to address structural considerations.
  - 4. Operation of an irrigation system that applies water to an impervious surface or that is in disrepair.
  - 5. Irrigation of landscaping during rainfall.
  - 6. Any other factors as determined by the Public Works Director and his or her designee.

## **Sec. 23C-11-4 Water shortage stages and restrictions**

This section describes the normal water supply and four water shortage stages and restrictions in effect during times of normal water supply and during water shortage stages.

- A. **Normal Water Supply.** When the city's reliable water supply is adequate to meet all projected demands ("Normal Water Supply"), as determined by the Public Works Director or his or her designee, all water consumers are encouraged to be aware of water consumption and use water wisely. Water shall be used for beneficial purposes only; all unnecessary and wasteful uses of water are prohibited. Under the Normal Water Supply stage, the following shall apply:
  - 1. Water wasting, as defined in Sec. 23C-11-3, is prohibited.
  - 2. All landscaping installed in the City of Woodland shall comply with the State Model Water Efficient Landscape Ordinance (23 California Code of Regulations

§§ 490 *et seq.*) or the city landscape requirements (Chapter 25, Article 22 of the Woodland Municipal Code), whichever is more restrictive.

B. **Stage One, Water Alert.** A Stage One, Water Alert shall exist when the city's reliable water supply is adequate to meet no more than ninety percent (90%) of projected demands as determined by the Public Works Director or his or her designee. This determination will be based upon groundwater levels, treatment and pumping capacity, and from 2016 forward, Term 91 curtailments and Lake Shasta critical year reductions for surface water. An objective of the Stage One, Water Alert is to reduce water usage by ten percent (10%). Pursuant to California Water Code sections 350 *et seq.*, unless an immediate emergency exists, the city will hold a noticed public hearing prior to declaring a water shortage. Under a Stage One, Water Alert, the following mandatory restrictions shall apply:

1. All Normal water efficiency measures shall continue in place as required by Sec. 23C-11-4A, except when they are replaced by more restrictive conditions imposed by this section.
2. All city users are to reduce water use by ten percent (10%).
3. Hosing of hardscape surfaces except for health and safety purposes shall be prohibited.
4. Water hoses shall be equipped with a control nozzle capable of completely shutting off the flow of water except when positive pressure is applied.
5. Restaurants shall serve water only upon request
6. The city may impose other or further regulations as the city council may adopt after conducting a public hearing.

C. **Stage Two, Water Warning.** A Stage Two, Water Warning shall exist when the city's reliable water supply is adequate to meet no more than seventy-five percent (75%) of projected demands as determined by the Public Works Director or his or her designee. This determination will be based upon groundwater levels, treatment and pumping capacity, and from 2016 forward, Term 91 curtailments and Lake Shasta critical year reductions for surface water. An objective of the Stage Two, Water Warning is to reduce water usage by twenty-five percent (25%). Pursuant to California Water Code sections 350 *et seq.*, unless an immediate emergency exists, the city will hold a noticed public hearing prior to declaring a water shortage. Under a Stage Two, Water Warning, the following mandatory restrictions shall apply:

1. All Stage One, Water Alert restrictions shall apply as required by Sec. 23C-11-4B, except when they are replaced by more restrictive conditions imposed by this section.
2. All residential users are to reduce water use by twenty-five percent (25%).
3. All non-residential users are to reduce irrigation by forty percent (40%) for existing landscapes.
4. The use of running water from a hose, pipe, or faucet for the purpose of cleaning buildings and outdoor hardscape surfaces is prohibited, except in the event the

Director of Public Works, or his or her designee, determines that such use is the only feasible means of correcting a potential threat to health and safety.

5. New or expanded landscaping is limited to drought tolerant trees, shrubs, and ground cover. No new turf grass shall be planted, hydroseeded, or laid.
6. Boats and vehicles shall be washed only at commercial washing facilities equipped with water recycling equipment or by use of a bucket and a hose equipped with a self-closing valve that requires operating positive pressure to activate the flow of water.
7. Operators of hotels, motels, and other commercial establishments offering lodging shall post in each room and site a notice of water shortage condition, approved by the Public Works Director.
8. The operation of, and introduction of water into, ornamental fountains is prohibited.
9. The city may impose other or further regulations as the city council may adopt after conducting a public hearing.

D. **Stage Three, Water Crisis.** A Stage Three, Water Crisis shall exist when the city's reliable water supply is adequate to meet no more than fifty percent (50%) of projected demands as determined by the Public Works Director or his or her designee. This determination will be based upon groundwater levels, treatment and pumping capacity, and from 2016 forward, Term 91 curtailments and Lake Shasta critical year reductions for surface water. An objective of the Stage Three, Water Crisis is to reduce water usage by fifty percent (50%) or more. Pursuant to California Water Code sections 350 et seq., unless an immediate emergency exists, the city will hold a noticed public hearing prior to declaring a water shortage. Under a Stage Three, Water Crisis, the following mandatory restrictions shall apply:

1. All Stage Two, Water Warning restrictions shall apply as required by Sec. 23C-11-4C, except when they are replaced by more restrictive conditions imposed by this section.
2. Residential users are to reduce water use by fifty percent (50%).
3. No new water service connections or commitments for new water service shall be put in place until the city has returned to at least Stage 2, Water Warning restrictions.
4. Irrigation of any landscaping except trees or drought tolerant plantings is prohibited.
5. Boats, vehicles, and equipment shall be washed at commercial establishments that recycle water.
6. Filling pools and spas is prohibited.
7. The city may impose other or further regulations as the city council may adopt after conducting a public hearing.

- E. **Stage Four, Water Emergency (Health and Safety Only)**. A Stage Four, Water Emergency shall exist when there is major failure of a reliable water supply, storage, or distribution system, and the water shortage is greater than 50% of projected demands as determined by the Public Works Director or his or her designee. This determination will be based upon groundwater levels, treatment and pumping capacity, and from 2016 forward, Term 91 curtailments and Lake Shasta critical year reductions for surface water. An objective of the Stage Four, Water Emergency is to reduce water usage by more than fifty percent (50%). Pursuant to California Water Code sections 350 *et seq.*, unless an immediate emergency exists, the city will hold a noticed public hearing prior to declaring a water shortage. Under a Stage Four, Water Emergency, the following mandatory restrictions shall apply:
1. All Stage Three, Water Crisis restrictions shall apply as required by Sec. 23C-11-4D, except when they are replaced by more restrictive conditions imposed by this section.
  2. The city shall impose other or further regulations, which the city council determines to be necessary to ensure that water supply is used only to meet public health and safety needs. The city council shall adopt such regulations after conducting a public hearing.

#### **Sec. 23C-11-5 Fire, emergencies, and other exemptions**

Nothing in this Article shall be construed to apply to the use of water for purposes of extinguishing fires or addressing any other emergency service. The use of water to meet regulatory requirements such as flushing pipes, pumping to waste for wells, and other regulatory requirements are exempt from the provisions of this Article.

#### **Sec. 23C-11-6 Determination of water consumption reductions**

- A. Whenever this Article requires a reduction in residential water, the base year for measurement shall be the last year that the Normal Water Supply stage was in effect. If that data is not available for a property, allocations will be based on water use for similar properties. The Public Works Director, or his or her designee, may elect to base a reduction on a consumption calculation in lieu of the base year if use was, in the Director's or his or her designee's sole opinion, either excessive or extraordinarily low.
- B. Whenever this Article requires a reduction in commercial or industrial consumption of water for irrigation purposes, the base year for measurement shall be the last year that the Normal Water Supply stage was in effect. If that data is not available for a property, allocations will be based on water use for similar properties. The Public Works Director, or his or her designee, may elect to base a reduction on a landscape water consumption calculation in lieu of the base year if use was, in the Director's or his or her designee's sole opinion, either excessive or extraordinarily low. For landscaping installed subsequent to the base year, the calculations shall be based on landscape water consumption calculations submitted with the landscape plan, or water consumption the previous year, whichever is less.

#### **Sec. 23C-11-7 Violations**

Any violation of Chapter 23C of Article XI shall be enforced pursuant to Section 23C-7-10.2.





## **Exhibit B**

### **Sec. 23C-7-10 Prohibited acts**

(a) Connections Without Permit or Safeguards. It shall be unlawful for any person to attach or cause attachment of a service pipe to a city water main, fire hydrant, or the like, or to allow attachment of another service pipe to one's own city authorized service pipe without first obtaining permission to do so from the city engineer or his or her designated representative, and no connection shall be made between the city water system and any part of a sewer system without first providing the safeguards required by the State Health & Safety Code.

(b) Use of Pipe or Hydrant Following Shutoff. Whenever, for any cause, the city engineer or his or her designated representative shall shut off any hydrant or pipe carrying or discharging water from the works of the city, it shall be unlawful for any person to open such hydrant or pipe or to turn on or use any water from such hydrant or water pipe without first obtaining written permission from the city engineer or his or her designated representative or, if required, a fire hydrant permit.

(c) Obstructing Access to Water Facilities. No person shall place upon or about any fire hydrant, water gate, or curb-stock or stopcock connected with the city's water system, any building material or other obstruction that prevents free access to same.

(d) Water Waste Violations. No person shall commit water waste, as defined in Section 23C-11-3.

(e) Violations of Water Shortage Stages. No person shall violate the water shortage stages and restrictions as detailed in Section 23C-11-4.

### **Sec. 23C-7-10.1 Violations**

It is unlawful for any user and/or person to violate or fail to comply with any of the requirements of this Article. Causing, permitting, aiding, abetting, or concealing a violation of any provision of this Article shall constitute a violation of this Article. A violation of the provisions of this Article shall occur irrespective of the negligence or intent of the violator. Violations of this Article shall be punishable either alternatively or consecutively, by civil or criminal prosecution or both.

### **Sec. 23C-7-10.2 Enforcement measures.**

The Public Works Director, or his or her designee, shall administer, implement, and enforce the provisions of this Article.

A written Notice to Abate and/ or an administrative citation as defined in Article 14A may be issued to any user responsible for a violation of this Article.

Should such user fail to cease committing the violation within the time specified and fail to either appeal the notice in accordance with the procedures set forth in Section 23C-7-10.3 or appeal a citation in accordance with the procedures set forth in Section 14A-7-7, any or all of the following additional enforcement actions may be taken:

- A. Issuance of a criminal citation charged as either an infraction or misdemeanor;
- B. Installation of a flow-restriction device or other water conservation device at such person's premises at that person's expense;

- C. Requiring a commercial, industrial, or institutional user who does not currently have a separate landscape meter to install a landscape meter at the sole cost and expense of the user;
- D. Recording of the violations on the property title provided the water customer is the property owner; and/or
- E. Placement of liens on the property to recover any costs incurred by the City of Woodland provided the water customer is the property owner.

#### **Sec. 23C-7-10.3. Appeal Hearing.**

Any person receiving a notice to abate as set forth above shall have the right to appeal the notice to the Public Works Director, by filing written notice of appeal with the city clerk within ten days of receipt of the notice. Within fifteen (15) days of receiving the appeal, the Public Works Director, or his or her designee, will make a written determination regarding the appeal based on review and consideration of the information presented. The Public Works Director, or his or her designee, will send a written copy of any final determination, to both the applicant and the City Manager.

#### **Sec. 23C-7-10.4 Appeal of Decision.**

Any person entitled to a hearing under Sec. 23C-7-10.3 may appeal the decision of the Public Works Director (hearing officer), or his or her designee, to the City Council in accordance with the procedures set forth in Section 14A-2-3.

#### **Sec. 23C-7-10.5. Remedies cumulative.**

The remedies provided in this Article are cumulative and are in addition to all other remedies provided by law. The enumeration of remedies stated in this Article shall not preclude the application of any other remedies not specifically enumerated.



## Legislation Details (With Text)

File #: 14-034 Version: 1 Name:

Type: Report of the City Manager Status: Agenda Ready

File created: 1/29/2014 In control: City Council

On agenda: 2/4/2014 Final action:

Title: SUBJECT: \$34,220,000\* Woodland Finance Authority Wastewater Revenue Bonds (Junior Lien), Series 2014  
\*Subject to Change

Recommendation for Action: Staff recommends that the City Council approve Resolution No. \_\_\_\_\_ Approving the Issuance by the Woodland Finance Authority of Wastewater Revenue Refunding Bonds; 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; and Authorizing Related Actions and Matters.

Staff further recommends that the Board of the Woodland Finance Authority approve Resolution No. \_\_\_\_\_ 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, the Escrow 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 Wastewater Revenue Refunding Bonds (Junior Lien), Series 2014.

Sponsors:

Indexes:

Code sections:

Attachments: [FIN - Tables A-E](#)

- [1-Resolution of the City Council - Wastewater Revenue Refunding Bonds](#)
- [2-Woodland Installment Purchase Contract - 2014 Woodland Finance Authority Wastewater Revenue](#)
- [3-First Supp Installment Purchase Contract, 2014 Woodland Finance Authority Wastewater Revenue](#)
- [4-Woodland Bond Purchase Contract](#)
- [5-Woodland Continuing Disclosure Cert](#)
- [6-Woodland Finance Authority - Authority Resolution - Wastewater Revenue Refunding Bonds \(Junior](#)
- [7-Woodland FA - 2014 Trust Agreement - Wastewater Revenue Bonds](#)
- [8-Woodland First Supplemental Trust Agreement - 2014 Woodland FA Wastewater Revenue](#)
- [9-Woodland wastewater revenue refunding Escrow Agreement 2014](#)
- [10-Woodland Prelim Official Statement](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: February 4, 2014

SUBJECT: \$34,220,000\* Woodland Finance Authority Wastewater Revenue Bonds (Junior Lien), Series 2014

\*Subject to Change

**Recommendation for Action:** Staff recommends that the City Council approve Resolution No. \_\_\_\_ Approving the Issuance by the Woodland Finance Authority of Wastewater Revenue Refunding Bonds; 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; and Authorizing Related Actions and Matters.

Staff further recommends that the Board of the Woodland Finance Authority approve Resolution No. \_\_\_\_ 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, the Escrow 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 Wastewater Revenue Refunding Bonds (Junior Lien), Series 2014.

**Staff Contact**

Kim McKinney, Finance Officer - (530) 661-5849, kimberly.mckinney@cityofwoodland.org

**Council Goal**

The refunding of this debt would support the Council goal of Fiscal Responsibility, more specifically addressing the objectives of reducing existing debt obligations and well as ensuring ongoing expenditures are supported by ongoing revenues of the Sewer Enterprise fund.

**Fiscal Impact**

Refunding of the 2002 Lease Revenue Bonds will result in an estimated annual savings of \$122,000; the debt service for these bonds is currently paid primarily by the Sewer Enterprise fund. If sufficient savings can be achieved to refund the 2005 Bonds, additional savings could be realized, which will also benefit the Sewer Enterprise Fund. Additionally, by changing documents and including new and revised language, there will be the potential for future savings as the City explores future SRF and other low interest funding programs. While there is no direct fiscal impact to the City's General Fund, significantly, the proposed refunding would remove the pledge of General Fund revenues as security for debt of the Sewer Enterprise fund.

**Background**

The Woodland Finance Authority (the "Authority") issued bonds in 2002 (the "2002 Bonds") to fund various capital projects throughout the City including:

- Wastewater Treatment Plant Expansion - Stage 2
- Police Station Facility and Street Improvements
- Road Improvements
- Community/Senior Center - Phase 1
- Recreation Fields
- Partially refund Certificates of Participation issued for the wastewater system in 1992

\$33,215,000  
Woodland Finance Authority

Lease Revenue Bonds  
(Refunding and 2002 Capital Projects)

The 2002 Bonds were sold as lease revenues bonds with a backstop of the City's General Fund. The 2002 Bonds funded various projects citywide prompted by voter adoption of a sales tax measure (Measure H) and also funded the expansion of the City's wastewater treatment plant. A portion of the 2002 Bonds principal payments were front-loaded to coincide with the expected receipt of the sale tax dollars and meant to mature with the ultimate expiration of the sales tax measure. The front loaded sales tax portions of the principal payments have been paid off and the remaining bonds are only related to the City's wastewater treatment plant expansion, which are paid by the City's Wastewater Fund.

At the time of issuance, the expected source of repayment for this portion of the bonds was development impact fees. Because of the slower than expected housing construction, impact fee revenues have been insufficient to pay the ongoing debt service of the 2002 bonds; as a result, the Sewer Enterprise fund has been loaning money to pay the debt service. The sewer rate study approved and adopted in 2013 assumes this practice will continue, but a long term loan will be carried with development funds to ensure that development pays its share of the costs for the projects.

The Authority also issued bonds in 2005 (the "2005 Bonds") to finance the costs of acquiring and equipping certain wastewater treatment facility improvements:

\$17,635,000  
Woodland Finance Authority  
Wastewater Revenue Bonds  
(Second Senior Lien)  
Series 2005

The Authority issued bonds in 2009 (the 2009 Bonds") to finance the costs of acquiring, constructing and installing certain improvements to the wastewater system:

\$12,115,000  
Woodland Finance Authority  
Wastewater Revenue Bonds  
(Second Senior Lien)  
Series 2009

The 2005 Bonds and the 2009 Bonds were sold as Second Senior Lien since there remained a portion of the 1992 Certificates of Participation outstanding until 2012. When the final payment was made on the 1992 Certificates of Participation, the 2005 Bonds and the 2009 Bonds became senior obligations of the wastewater system.

### **Discussion**

Finance staff and the City's Financial Advisor have identified an opportunity to refund the 2002 Bonds, and possibly the 2005 Bonds, for significant savings. As part of the refunding, the 2002 Bonds would be converted to a wastewater obligation, which will release the backstop of the General Fund. Based upon current market conditions, the results of the proposed refunding are as follows:

**2002 Bonds**

|                                    |                 |                       |
|------------------------------------|-----------------|-----------------------|
| Outstanding Amount:                | \$18,915,000    |                       |
| Refunding Amount:                  | \$17,560,000    | (Estimate)            |
| Total Cash Flow Savings:           | \$2,201,106     | (Including All Costs) |
| Average Annual Savings:            | \$122,284       | (Including All Costs) |
| Net Present Value Savings:         | \$1,570,520     | (Including All Costs) |
| Net Present Value Savings % New:   | 8.94%           |                       |
| Net Present Value Savings % Prior: | 8.30% (*)       |                       |
| Average Interest Rate (Prior):     | 4.966%          |                       |
| Average Interest Rate (New):       | 3.829%          |                       |
| Final Maturity (New and Prior):    | 3/1/2032        |                       |
| Call Date                          | Any Date @ 101% |                       |

\*Net present value savings in excess of 3.00% of the prior bonds are generally considered significant.

Table A shows the principal amounts and interest rates on the remaining outstanding 2002 Bonds.

Table B shows the interest rates, debt service and total savings on the proposed refunding of the 2002 Bonds (includes all costs associated with the refunding).

**2005 Bonds**

|                                    |                 |                       |
|------------------------------------|-----------------|-----------------------|
| Outstanding Amount:                | \$16,965,000    |                       |
| Refunding Amount:                  | \$16,660,000    | (Estimate)            |
| Total Cash Flow Savings:           | \$438,711       | (Including All Costs) |
| Average Annual Savings:            | \$20,891        | (Including All Costs) |
| Net Present Value Savings:         | \$286,514       | (Including All Costs) |
| Net Present Value Savings % New:   | 1.72%           |                       |
| Net Present Value Savings % Prior: | 1.69% (*)       |                       |
| Average Interest Rate (Prior):     | 4.943%          |                       |
| Average Interest Rate (New):       | 3.829%          |                       |
| Final Maturity (New and Prior):    | 3/1/2035        |                       |
| Call Date                          | 3/1/2015 @ 100% |                       |

\*Net present value savings in excess of 3.00% of the prior bonds are generally considered significant.

Table C shows the principal amounts and interest rates on the remaining outstanding 2005 Bonds.

Table D shows the interest rates, debt service and total savings on the proposed refunding of the 2005 Bonds (includes all costs associated with the refunding).

Table E shows the interest rates, debt service and total savings on the proposed refunding (includes both series and includes all costs associated with the refunding).

The plan of refunding is to move the current 2002 Bonds to a formal obligation of the City's Wastewater Fund remove the General Fund backstop and generate significant savings. The 2005 Bonds would only be included in the refunding should the refunding meet the minimum target savings threshold of 3.00% net present value savings as a percentage of the par amount of bonds outstanding. The plan may be to refund all, a portion or none of this issue.



The proposed refunding bonds would be junior lien since the 2009 Bonds (and any 2005 Bonds not refunded) would remain outstanding and all covenants for those bonds would remain in place. The City would agree to close off that lien, meaning that no other issuance would take place under those documents. At some future date, the 2009 Bonds (and any 2005 Bonds not refunded) could be refunded and in so doing all junior lien bonds would once again move to a senior obligation of the wastewater system. The new documents would contain modern covenants including the ability to enter into State loans or contracts through the SRF or other related programs. Those obligations would be paid as an operations and maintenance expense negating the need to provide debt service coverage and providing potential future savings to rate payers.

The financing team consists of:

|                    |                                        |
|--------------------|----------------------------------------|
| Underwriter:       | Southwest Securities, Inc.             |
| Bond Counsel:      | Kronick, Moskowitz, Tiedemann & Girard |
| Financial Advisor: | Del Rio Advisors, LLC                  |
| Escrow Agent:      | U.S. Bank National Association, N.A.   |

The schedule, should the Council approve the refunding, would be to approach Standard & Poor's for a formal credit review and rating and also approach the two remaining bond insurers, Build America Mutual and Assured Guaranty, for possible bond insurance and a credit instrument (surety bond) in lieu of funding a reserve fund for the bonds. The team would then complete all documentation by the middle of February, sell the bonds shortly thereafter and target a closing by the first week of March.

The following legal documents related to the refunding have been prepared in substantially final form and attached for Council review:

- Installment Purchase Contract between the Authority and the City;
- First Supplemental Installment Purchase Contract between the Authority and the City;
- Trust Agreement between U.S. Bank National Association and the Authority;
- Escrow Agreement between the City and U.S. Bank National Association, N.A., as Escrow;
- Bond Purchase Contract between the Authority, the City and Southwest Securities, Inc. as Underwriter;
- Official Statement relating to the Series 2014 Bonds; and
- Continuing Disclosure Certificate;

## **Conclusion**

Staff recommends that the City Council approve Resolution No. \_\_\_\_\_ Approving the Issuance by the Woodland Finance Authority of Wastewater Revenue Refunding Bonds; 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; and Authorizing Related Actions and Matters.

Staff further recommends that the Board of the Woodland Finance Authority approve Resolution No. \_\_\_\_\_ 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, the Escrow 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 Wastewater Revenue Refunding Bonds (Junior Lien), Series 2014.

Prepared by: Kimberly McKinney, Finance Officer

A handwritten signature in dark ink, appearing to read "Paul Navazio", is positioned above the printed name.

Paul Navazio, City Manager

Attachments:

- Tables A through E
- Resolution of the City Council - Wastewater Revenue Refunding Bonds
- Woodland Installment Purchase Contract
- First Supplemental Installment Purchase Contract
- Woodland Bond Purchase Contract
- Woodland Continuing Disclosure Certificate
- Woodland Finance Authority Resolution
- 2014 Trust Agreement
- First Supplemental Trust Agreement
- Wastewater Revenue Refunding Escrow Agreement
- Woodland Preliminary Official Statement

TABLE A - Principal Amounts and Interest Rates on the Remaining Outstanding 2002 Bonds

## Summary Of Bonds Refunded

| Issue                                          | Maturity   | Type   | of<br>Bond | Coupon | Maturity<br>Value   | Call Date  | Call Price |
|------------------------------------------------|------------|--------|------------|--------|---------------------|------------|------------|
| <b>Dated 12/17/2002   Delivered 12/17/2002</b> |            |        |            |        |                     |            |            |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2015 | Serial | Coupon     | 4.300% | 690,000             | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2016 | Serial | Coupon     | 4.400% | 720,000             | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2017 | Serial | Coupon     | 4.500% | 750,000             | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2018 | Serial | Coupon     | 4.600% | 785,000             | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2019 | Serial | Coupon     | 4.700% | 815,000             | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2020 | Serial | Coupon     | 4.800% | 855,000             | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2021 | Serial | Coupon     | 4.850% | 900,000             | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2022 | Term 1 | Coupon     | 5.000% | 945,000             | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2023 | Term 1 | Coupon     | 5.000% | 990,000             | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2024 | Term 1 | Coupon     | 5.000% | 1,035,000           | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2025 | Term 1 | Coupon     | 5.000% | 1,090,000           | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2026 | Term 2 | Coupon     | 5.000% | 1,150,000           | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2027 | Term 2 | Coupon     | 5.000% | 1,205,000           | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2028 | Term 2 | Coupon     | 5.000% | 1,265,000           | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2029 | Term 2 | Coupon     | 5.000% | 1,325,000           | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2030 | Term 2 | Coupon     | 5.000% | 1,390,000           | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2031 | Term 2 | Coupon     | 5.000% | 1,465,000           | 04/10/2014 | 101.000%   |
| 2002 Lease Rev - Part Cash DSR / Surety        | 03/01/2032 | Term 2 | Coupon     | 5.000% | 1,540,000           | 04/10/2014 | 101.000%   |
| <b>Subtotal</b>                                | -          | -      | -          | -      | <b>\$18,915,000</b> | -          | -          |
| <b>Total</b>                                   | -          | -      | -          | -      | <b>\$18,915,000</b> | -          | -          |

TABLE B – Interest Rates, Debt Service and Total Savings on the Proposed Refunding of 2002 Bonds

### Gross Debt Service Comparison

| Date         | Principal              | Coupon   | Interest              | New D/S                | OLD D/S                | Savings               |
|--------------|------------------------|----------|-----------------------|------------------------|------------------------|-----------------------|
| 03/01/2015   | 685,000.00             | 3.000%   | 805,729.17            | 1,490,729.17           | 1,614,205.00           | 123,475.83            |
| 03/01/2016   | 685,000.00             | 3.000%   | 808,200.00            | 1,493,200.00           | 1,614,535.00           | 121,335.00            |
| 03/01/2017   | 700,000.00             | 4.000%   | 787,650.00            | 1,487,650.00           | 1,612,855.00           | 125,205.00            |
| 03/01/2018   | 730,000.00             | 4.000%   | 759,650.00            | 1,489,650.00           | 1,614,105.00           | 124,455.00            |
| 03/01/2019   | 755,000.00             | 4.000%   | 730,450.00            | 1,485,450.00           | 1,607,995.00           | 122,545.00            |
| 03/01/2020   | 785,000.00             | 5.000%   | 700,250.00            | 1,485,250.00           | 1,609,690.00           | 124,440.00            |
| 03/01/2021   | 830,000.00             | 5.000%   | 661,000.00            | 1,491,000.00           | 1,613,650.00           | 122,650.00            |
| 03/01/2022   | 875,000.00             | 5.000%   | 619,500.00            | 1,494,500.00           | 1,615,000.00           | 120,500.00            |
| 03/01/2023   | 915,000.00             | 5.000%   | 575,750.00            | 1,490,750.00           | 1,612,750.00           | 122,000.00            |
| 03/01/2024   | 955,000.00             | 5.000%   | 530,000.00            | 1,485,000.00           | 1,608,250.00           | 123,250.00            |
| 03/01/2025   | 1,005,000.00           | 5.000%   | 482,250.00            | 1,487,250.00           | 1,611,500.00           | 124,250.00            |
| 03/01/2026   | 1,065,000.00           | 5.000%   | 432,000.00            | 1,497,000.00           | 1,617,000.00           | 120,000.00            |
| 03/01/2027   | 1,115,000.00           | 5.000%   | 378,750.00            | 1,493,750.00           | 1,614,500.00           | 120,750.00            |
| 03/01/2028   | 1,170,000.00           | 5.000%   | 323,000.00            | 1,493,000.00           | 1,614,250.00           | 121,250.00            |
| 03/01/2029   | 1,225,000.00           | 5.000%   | 264,500.00            | 1,489,500.00           | 1,611,000.00           | 121,500.00            |
| 03/01/2030   | 1,285,000.00           | 5.000%   | 203,250.00            | 1,488,250.00           | 1,609,750.00           | 121,500.00            |
| 03/01/2031   | 1,355,000.00           | 5.000%   | 139,000.00            | 1,494,000.00           | 1,615,250.00           | 121,250.00            |
| 03/01/2032   | 1,425,000.00           | 5.000%   | 71,250.00             | 1,496,250.00           | 1,617,000.00           | 120,750.00            |
| <b>Total</b> | <b>\$17,560,000.00</b> | <b>-</b> | <b>\$9,272,179.17</b> | <b>\$26,832,179.17</b> | <b>\$29,033,285.00</b> | <b>\$2,201,105.83</b> |

### PV Analysis Summary (Gross to Gross)

|                                                   |                       |
|---------------------------------------------------|-----------------------|
| Gross PV Debt Service Savings                     | 1,578,201.83          |
| Transfers from Prior Issue DSR Fund               | (757,323.00)          |
| Amount deposited into new DSR Fund                | 748,500.00            |
| Contingency or Rounding Amount                    | 1,140.98              |
| <b>Net Present Value Benefit</b>                  | <b>\$1,570,519.81</b> |
| Net PV Benefit / \$18,915,000 Refunded Principal  | 8.303%                |
| Net PV Benefit / \$17,560,000 Refunding Principal | 8.944%                |

TABLE C – Principal Amounts and Interest Rates on the Remaining Outstanding 2005 Bonds

### Summary Of Bonds Refunded

| Issue                                        | Maturity   | Type   | of<br>Bond | Coupon | Maturity<br>Value   | Call Date  | Call Price |
|----------------------------------------------|------------|--------|------------|--------|---------------------|------------|------------|
| <b>Dated 3/01/2013   Delivered 3/01/2013</b> |            |        |            |        |                     |            |            |
| 2005 Sewer Rev                               | 03/01/2015 | Serial | Coupon     | 4.000% | 350,000             | -          | -          |
| 2005 Sewer Rev                               | 03/01/2016 | Serial | Coupon     | 4.000% | 365,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2017 | Serial | Coupon     | 4.100% | 380,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2018 | Serial | Coupon     | 4.200% | 395,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2019 | Serial | Coupon     | 4.250% | 420,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2020 | Serial | Coupon     | 4.350% | 435,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2021 | Serial | Coupon     | 4.400% | 450,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2022 | Serial | Coupon     | 4.500% | 465,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2023 | Serial | Coupon     | 4.550% | 490,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2024 | Serial | Coupon     | 4.600% | 515,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2025 | Term 1 | Coupon     | 5.000% | 540,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2026 | Term 1 | Coupon     | 5.000% | 560,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2027 | Term 1 | Coupon     | 5.000% | 590,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2028 | Term 1 | Coupon     | 5.000% | 620,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2029 | Term 1 | Coupon     | 5.000% | 655,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2030 | Term 1 | Coupon     | 5.000% | 690,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2031 | Term 2 | Coupon     | 5.000% | 715,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2032 | Term 2 | Coupon     | 5.000% | 750,000             | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2033 | Term 2 | Coupon     | 5.000% | 2,405,000           | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2034 | Term 3 | Coupon     | 5.000% | 2,525,000           | 03/01/2015 | 100.000%   |
| 2005 Sewer Rev                               | 03/01/2035 | Term 3 | Coupon     | 5.000% | 2,650,000           | 03/01/2015 | 100.000%   |
| <b>Subtotal</b>                              | -          |        |            | -      | <b>\$16,965,000</b> | -          | -          |
| <b>Total</b>                                 | -          |        |            | -      | <b>\$16,965,000</b> | -          | -          |

TABLE D – Interest Rates, Debt Service and Total Savings on the Proposed Refunding of 2005 Bonds

### Debt Service Comparison

| Date         | Total P+I              | Net New D/S            | Old Net D/S            | Savings             |
|--------------|------------------------|------------------------|------------------------|---------------------|
| 03/01/2015   | 1,149,729.17           | 1,149,729.17           | 1,169,252.50           | 19,523.33           |
| 03/01/2016   | 1,151,200.00           | 1,151,200.00           | 1,170,252.50           | 19,052.50           |
| 03/01/2017   | 1,150,550.00           | 1,150,550.00           | 1,170,652.50           | 20,102.50           |
| 03/01/2018   | 1,150,950.00           | 1,150,950.00           | 1,170,072.50           | 19,122.50           |
| 03/01/2019   | 1,155,750.00           | 1,155,750.00           | 1,178,482.50           | 22,732.50           |
| 03/01/2020   | 1,154,750.00           | 1,154,750.00           | 1,175,632.50           | 20,882.50           |
| 03/01/2021   | 1,149,000.00           | 1,149,000.00           | 1,171,710.00           | 22,710.00           |
| 03/01/2022   | 1,147,500.00           | 1,147,500.00           | 1,166,910.00           | 19,410.00           |
| 03/01/2023   | 1,150,000.00           | 1,150,000.00           | 1,170,985.00           | 20,985.00           |
| 03/01/2024   | 1,151,250.00           | 1,151,250.00           | 1,173,690.00           | 22,440.00           |
| 03/01/2025   | 1,156,250.00           | 1,156,250.00           | 1,175,000.00           | 18,750.00           |
| 03/01/2026   | 1,144,750.00           | 1,144,750.00           | 1,168,000.00           | 23,250.00           |
| 03/01/2027   | 1,147,500.00           | 1,147,500.00           | 1,170,000.00           | 22,500.00           |
| 03/01/2028   | 1,148,750.00           | 1,148,750.00           | 1,170,500.00           | 21,750.00           |
| 03/01/2029   | 1,153,500.00           | 1,153,500.00           | 1,174,500.00           | 21,000.00           |
| 03/01/2030   | 1,156,500.00           | 1,156,500.00           | 1,176,750.00           | 20,250.00           |
| 03/01/2031   | 1,147,750.00           | 1,147,750.00           | 1,167,250.00           | 19,500.00           |
| 03/01/2032   | 1,147,750.00           | 1,147,750.00           | 1,166,500.00           | 18,750.00           |
| 03/01/2033   | 2,761,000.00           | 2,761,000.00           | 2,784,000.00           | 23,000.00           |
| 03/01/2034   | 2,761,750.00           | 2,761,750.00           | 2,783,750.00           | 22,000.00           |
| 03/01/2035   | 2,761,500.00           | 2,761,500.00           | 2,782,500.00           | 21,000.00           |
| <b>Total</b> | <b>\$28,997,679.17</b> | <b>\$28,997,679.17</b> | <b>\$29,436,390.00</b> | <b>\$438,710.83</b> |

### PV Analysis Summary (Net to Net)

|                                                   |              |
|---------------------------------------------------|--------------|
| Gross PV Debt Service Savings                     | 283,496.98   |
| Net PV Cashflow Savings @ 4.328%(AIC)             | 283,496.98   |
| Contingency or Rounding Amount                    | 3,016.94     |
| Net Present Value Benefit                         | \$286,513.92 |
| Net PV Benefit / \$16,965,000 Refunded Principal  | 1.689%       |
| Net PV Benefit / \$16,660,000 Refunding Principal | 1.720%       |

TABLE E – Interest Rates, Debt Service and Total Savings on the Proposed Refunding

### Gross Debt Service Comparison

| Date         | Principal              | Coupon   | Interest               | New D/S                | OLD D/S                | Savings               |
|--------------|------------------------|----------|------------------------|------------------------|------------------------|-----------------------|
| 03/01/2015   | 1,050,000.00           | 3.000%   | 1,590,458.34           | 2,640,458.34           | 2,783,457.50           | 142,999.16            |
| 03/01/2016   | 1,040,000.00           | 3.000%   | 1,604,400.00           | 2,644,400.00           | 2,784,787.50           | 140,387.50            |
| 03/01/2017   | 1,065,000.00           | 4.000%   | 1,573,200.00           | 2,638,200.00           | 2,783,507.50           | 145,307.50            |
| 03/01/2018   | 1,110,000.00           | 4.000%   | 1,530,600.00           | 2,640,600.00           | 2,784,177.50           | 143,577.50            |
| 03/01/2019   | 1,155,000.00           | 4.000%   | 1,486,200.00           | 2,641,200.00           | 2,786,477.50           | 145,277.50            |
| 03/01/2020   | 1,200,000.00           | 5.000%   | 1,440,000.00           | 2,640,000.00           | 2,785,322.50           | 145,322.50            |
| 03/01/2021   | 1,260,000.00           | 5.000%   | 1,380,000.00           | 2,640,000.00           | 2,785,360.00           | 145,360.00            |
| 03/01/2022   | 1,325,000.00           | 5.000%   | 1,317,000.00           | 2,642,000.00           | 2,781,910.00           | 139,910.00            |
| 03/01/2023   | 1,390,000.00           | 5.000%   | 1,250,750.00           | 2,640,750.00           | 2,783,735.00           | 142,985.00            |
| 03/01/2024   | 1,455,000.00           | 5.000%   | 1,181,250.00           | 2,636,250.00           | 2,781,940.00           | 145,690.00            |
| 03/01/2025   | 1,535,000.00           | 5.000%   | 1,108,500.00           | 2,643,500.00           | 2,786,500.00           | 143,000.00            |
| 03/01/2026   | 1,610,000.00           | 5.000%   | 1,031,750.00           | 2,641,750.00           | 2,785,000.00           | 143,250.00            |
| 03/01/2027   | 1,690,000.00           | 5.000%   | 951,250.00             | 2,641,250.00           | 2,784,500.00           | 143,250.00            |
| 03/01/2028   | 1,775,000.00           | 5.000%   | 866,750.00             | 2,641,750.00           | 2,784,750.00           | 143,000.00            |
| 03/01/2029   | 1,865,000.00           | 5.000%   | 778,000.00             | 2,643,000.00           | 2,785,500.00           | 142,500.00            |
| 03/01/2030   | 1,960,000.00           | 5.000%   | 684,750.00             | 2,644,750.00           | 2,786,500.00           | 141,750.00            |
| 03/01/2031   | 2,055,000.00           | 5.000%   | 586,750.00             | 2,641,750.00           | 2,782,500.00           | 140,750.00            |
| 03/01/2032   | 2,160,000.00           | 5.000%   | 484,000.00             | 2,644,000.00           | 2,783,500.00           | 139,500.00            |
| 03/01/2033   | 2,385,000.00           | 5.000%   | 376,000.00             | 2,761,000.00           | 2,784,000.00           | 23,000.00             |
| 03/01/2034   | 2,505,000.00           | 5.000%   | 256,750.00             | 2,761,750.00           | 2,783,750.00           | 22,000.00             |
| 03/01/2035   | 2,630,000.00           | 5.000%   | 131,500.00             | 2,761,500.00           | 2,782,500.00           | 21,000.00             |
| <b>Total</b> | <b>\$34,220,000.00</b> | <b>-</b> | <b>\$21,609,858.34</b> | <b>\$55,829,858.34</b> | <b>\$58,469,675.00</b> | <b>\$2,639,816.66</b> |

### PV Analysis Summary (Gross to Gross)

|                                                   |                       |
|---------------------------------------------------|-----------------------|
| Gross PV Debt Service Savings                     | 1,832,116.90          |
| Transfers from Prior Issue DSR Fund               | (757,323.00)          |
| Amount deposited into new DSR Fund                | 748,500.00            |
| Contingency or Rounding Amount                    | 4,157.92              |
| <b>Net Present Value Benefit</b>                  | <b>\$1,827,451.82</b> |
| Net PV Benefit / \$35,880,000 Refunded Principal  | 5.093%                |
| Net PV Benefit / \$34,220,000 Refunding Principal | 5.340%                |

**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 WASTEWATER REVENUE REFUNDING BONDS; 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; 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 and refinancing public improvements;

**WHEREAS**, the Authority previously issued \$33,215,000 principal amount of its Lease Revenue Bonds (Refunding and 2002 Capital Projects) (the "2002 Lease Revenue Bonds") and \$17,635,000 principal amount of its Wastewater Revenue Bonds (Second Senior Lien), Series 2005 (the "Series 2005 Wastewater Revenue Bonds," and together with the Series 2002 Lease Revenue Bonds, the “Prior Bonds”), to finance and refinance improvements to the City’s wastewater collection, treatment, and disposal facilities;

**WHEREAS**, significant public benefits, including more efficient delivery of local City services to the public, will be provided through the Authority’s refinancing improvements to the City’s wastewater collection, treatment, and disposal facilities by issuing bonds pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code to refund the Prior Bonds;

**WHEREAS**, because the bonds will be issued for the purpose of refinancing wastewater facilities, Government Code section 6586.5(c) exempts these proceedings from the requirements of Sections 6586.5 and 6586.7;

**WHEREAS**, the following documents and proposed agreements relating to the issuance, sale and delivery of the Authority’s proposed wastewater revenue refunding 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 wastewater 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 or restate the terms of the acquisition of the specific wastewater 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.(the Underwriter”), whereby the Authority will sell the wastewater revenue refunding bonds to the Underwriter; and
4. the Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) relating to the wastewater revenue refunding 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 Wastewater Revenue Bonds (Junior Lien), Series 2014 (the “Series 2014 Bonds”), in an aggregate principal amount not to exceed \$40,000,000. 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 2014 Bonds, shall be as provided in the Trust Agreement between the Authority and U.S. Bank National Association, as finally executed; provided (a) that the refunding of the Series 2002 Lease Revenue Bonds produce no dissavings (i.e., that the net present value of the debt service savings produced by the refunding of the Series 2002 Lease Revenue Bonds not be negative) and (b) that the net present value of the debt service savings produced by the refunding of the Series 2005 Wastewater Revenue Bonds shall be at least three percent (3%) of the par amount of the Series 2005 Wastewater Revenue Bonds to be refunded.

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 2014 Bonds. Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, is hereby appointed bond counsel to the City for the issuance and sale of the Series 2014 Bonds. Schiff Hardin LLP is hereby appointed disclosure counsel to the City for the issuance and sale of the Series 2014 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 2014 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 4<sup>th</sup> day of February 2014 by the City Council of the City of Woodland by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Marlin H. Davies, Mayor

**ATTEST:**

---

Ana Gonzalez, City Clerk

**INSTALLMENT PURCHASE CONTRACT**  
**between the**  
**WOODLAND FINANCE AUTHORITY**  
**and the**  
**CITY OF WOODLAND**

**Dated March 1, 2014**

**relating to**  
**Woodland Finance Authority**  
**Wastewater Revenue Bonds (Junior Lien)**

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## **INSTALLMENT PURCHASE CONTRACT**

This INSTALLMENT PURCHASE CONTRACT, made and entered into as of March 1, 2014, 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 made and intends to make certain improvements to its sewage and wastewater conveyance, treatment and disposal facilities, and the Authority has agreed to finance and refinance 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 March 1, 2014, 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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 WASTEWATER REVENUES**

Section 5.1. Pledge of Net Wastewater Revenues. All Net Wastewater 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 Wastewater Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge shall constitute a lien on the Net Wastewater 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 Wastewater Revenue Fund and the other funds and accounts created hereunder for the payment of the Installment Payments, Operation and Maintenance Costs of the Wastewater System, and all other Contracts and City Revenue Bonds in accordance with the terms hereof and of the Trust Agreement. This pledge is subject to the prior pledge and lien on such Net Wastewater Revenues made under the 2005 Contract that secure payment of the installment payments under the 2005 Contract.

Section 5.2. Allocation of Wastewater Revenues. In order to carry out and effectuate the pledge and lien on the Net Wastewater Revenues contained herein, the City agrees and covenants that all Wastewater Revenues shall be received by the City in trust hereunder and shall be deposited when and as received in the "Wastewater 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 Wastewater Revenue Fund shall be applied and used as provided herein.

The City shall, from the moneys in the Wastewater Revenue Fund, pay all Operation and Maintenance Costs and the installment payments under the 2005 Contract as they become due and payable. All remaining moneys in the Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater Revenues. Notwithstanding the foregoing, no deposit of Wastewater Revenues to the Rate Stabilization Fund may be made if such Wastewater 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 Wastewater 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 Wastewater Revenues for the measurement period may be increased by:

- (a) the estimated amount of additional Net Wastewater Revenues that would have accrued to the Wastewater System from each new connection to the Wastewater 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 Wastewater Revenues that would have accrued to the Wastewater 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 Wastewater 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 Wastewater Revenues may include:

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

(B) 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.

(C) 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 Wastewater Revenues for each twelve-month period tested and comparing the Net Wastewater 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 Wastewater 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 Wastewater 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 pursuant to the terms of the 2005 Contract or otherwise that are secured by a pledge and lien on the Net Wastewater Revenues that is senior to the pledge and lien on the Net Wastewater 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 Wastewater 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 Wastewater Revenues -- Surplus)), provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien on the Net Wastewater Revenues provided herein.

Section 6.4. Against Sale or Other Disposition of Property. The City will not sell, lease, or otherwise dispose of the Wastewater System or any part thereof essential to the proper operation of the Wastewater System or to the maintenance of the Wastewater Revenues. The City will not enter into any agreement or lease that impairs the operation of the Wastewater System or any part thereof



necessary to secure adequate Wastewater Revenues for the payment of the Installment Payments or that would otherwise impair the rights of the Authority with respect to the Wastewater Revenues or the operation of the Wastewater System. Any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of the Wastewater 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 Wastewater 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 Wastewater System. The City will maintain and preserve the Wastewater System in good repair and working order at all times and will operate the Wastewater System in an efficient and economical manner and will pay all Operation and Maintenance Costs of the Wastewater 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 Wastewater 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 Wastewater System and all other contracts affecting or involving the Wastewater 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 Wastewater System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Wastewater System) as are usually covered in connection with wastewater systems similar to the Wastewater System so long as such insurance is available from reputable insurance companies. In the event of any damage to or destruction of the Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater systems similar to the Wastewater 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 Wastewater systems similar to the Wastewater 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 Wastewater System or any part thereof or upon the Wastewater 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 Wastewater 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 Wastewater Service that are reasonably fair and nondiscriminatory and that will be at least sufficient to yield during each Fiscal Year (a) Net Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater System proposed to be acquired and constructed by the City from such Net Proceeds, and (iii) an estimate of the additional annual Net Wastewater 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 Wastewater Revenues will sufficiently offset the estimated loss of annual Net Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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;

(D) 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 Wastewater 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 Wastewater Revenues thereafter received shall be applied in the following order:

First, to the payment of the Operation and Maintenance Costs of the Wastewater System;

Second, to the payment of the installment payments under the 2005 Contract;

Third, 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

Fourth, 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 Wastewater 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.

[Remainder of page intentionally left blank]

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: \_\_\_\_\_  
Paul Navazio, Administrator

**ATTEST:**

\_\_\_\_\_  
Ana Gonzalez, Secretary

**CITY OF WOODLAND**

By: \_\_\_\_\_  
Marlin H. Davies, Mayor

**ATTEST:**

\_\_\_\_\_  
Ana Gonzalez, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Kara Ueda, City Attorney

**FIRST SUPPLEMENTAL  
INSTALLMENT PURCHASE CONTRACT**

between the

**CITY OF WOODLAND**

and the

**WOODLAND FINANCE AUTHORITY**

**Dated March 1, 2014**

**relating to  
Woodland Finance Authority  
Wastewater Revenue Bonds (Junior Lien),  
Series 2014**

(supplemental to the Installment Purchase Contract dated March 1, 2014)



**FIRST SUPPLEMENTAL INSTALLMENT PURCHASE CONTRACT**  
**Woodland Finance Authority**  
**Wastewater Revenue Bonds (Junior Lien),**  
**Series 2014**

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**FIRST SUPPLEMENTAL  
INSTALLMENT PURCHASE CONTRACT**

This FIRST SUPPLEMENTAL INSTALLMENT PURCHASE CONTRACT, dated March 1, 2014, 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 wastewater collection, treatment, and disposal facilities, which the City and the Authority intend to refinance, such refinancing to be made upon the terms and conditions set forth in the Installment Purchase Contract (the "Installment Purchase Contract"), dated March 1, 2014, 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 March 1, 2014, between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by the First Supplemental Trust Agreement dated March 1, 2014 (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 2014 INSTALLMENT PAYMENTS

SECTION 9.1. Sale and Purchase of Series 2002 Project; Restated Purchase of Series 2005 Project. The City hereby sells the 2002 Project to the Authority; and the Authority hereby transfers its interest in and title to the 2002 Project back to the City. The Authority and the City hereby amend and restate the terms of the purchase of the Series 2005 Project set forth in the 2005 Installment Purchase Contract. The Authority hereby transfers its interest in and title to the Series 2005 Project to the City, and the City purchases the Series 2005 Project from the Authority at the Purchase Price set forth in Section 9.2 (2014 Purchase Price).

SECTION 9.2. 2014 Purchase Price. (A) Purchase Price. The 2014 Purchase Price to be paid by the City hereunder for the Series 2002 Project and the Series 2005 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 2014 Installment Payments to be made by the City for the Series 2002 Project and the Series 2005 Project hereunder is \_\_\_\_\_ dollars (\$\_\_\_\_\_).

(C) Interest Component. The interest to accrue on the unpaid balance of such principal amount of Series 2014 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 9.3. Installment Payments. The Authority and the City hereby agree that the City shall pay the 2014 Purchase Price to the Trustee in Series 2014 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 2014 Installment Payments for the payment of principal (whether at maturity or upon redemption or acceleration) of and interest on the Series 2014 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 2014 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 2014 Installment Payments, respectively, if paid in accordance with their terms. 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.

*[Remainder of page intentionally left blank]*

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: \_\_\_\_\_  
Paul Navazio, Administrator

**ATTEST:**

\_\_\_\_\_  
Ana Gonzalez, Secretary

**CITY OF WOODLAND**

By: \_\_\_\_\_  
Marlin H. Davies, Mayor

**ATTEST:**

\_\_\_\_\_  
Ana Gonzalez, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Kara Ueda, City Attorney

**EXHIBIT A**

**SERIES 2014 INSTALLMENT PAYMENTS\***

| Installment<br>Payment Dates | Amount<br>Attributable to<br>Principal | Amount<br>Attributable to<br>Interest | Total |
|------------------------------|----------------------------------------|---------------------------------------|-------|
| September 1, 2014            |                                        |                                       |       |
| 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            |                                        |                                       |       |

| Installment<br>Payment Dates | Amount<br>Attributable to<br>Principal | Amount<br>Attributable to<br>Interest | Total |
|------------------------------|----------------------------------------|---------------------------------------|-------|
| March 1, 2028                |                                        |                                       |       |
| September 1, 2028            |                                        |                                       |       |
| March 1, 2029                |                                        |                                       |       |
| September 1, 2029            |                                        |                                       |       |
| 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                |                                        |                                       |       |
| <b>Total</b>                 |                                        |                                       |       |

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

\$ \_\_, \_\_, 000  
**WOODLAND FINANCE AUTHORITY  
WASTEWATER REVENUE BONDS  
(Junior Lien)  
SERIES 2014**

**BOND PURCHASE CONTRACT**

February \_\_, 2014

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 “*Underwriter*”) offers 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 Underwriter. 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 Underwriter upon written notice delivered to the Authority and the City at any time prior to such acceptance.

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, 2014, as amended and supplemented by a First Supplemental Trust Agreement, dated February 1, 2014 (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. Purchase and Sale of the Series 2014 Bonds.** Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Contract, the Underwriter agrees to purchase from the Authority, and the Authority agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$ \_\_, \_\_, 000 principal amount of the Woodland Finance Authority Wastewater



Revenue Bonds (Junior Lien), Series 2014 (the “*Series 2014 Bonds*”). The Series 2014 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 2014 Bonds shall be \$\_\_\_\_\_ (representing the principal amount of the Series 2014 Bonds, plus a net original issue premium in the amount of \$\_\_\_\_\_ and less an Underwriter’s discount in the amount of \$\_\_\_\_\_).

**Section 2. Description of the Series 2014 Bonds.** The Series 2014 Bonds shall be as described in and shall be secured under and issued pursuant to the Trust Agreement. The Series 2014 Bonds shall be payable and subject to redemption as provided in the Trust Agreement and as described in the Official Statement.

The proceeds of the Series 2014 Bonds, together with other available funds, will be used to: (i) effect a current refunding of the Woodland Finance Authority Lease Revenue Bonds (Refunding and Capital Projects) (the “*Series 2002 Bonds*”) and an advance refunding of all or a portion of the Woodland Finance Authority Wastewater Revenue Bonds (Second Senior Lien), Series 2005 (the “*Series 2005 Bonds*”); (ii) [make a deposit into the Reserve Fund established for the Bonds under the Trust Agreement; and (iii)] pay certain costs associated with the issuance and delivery of the Series 2014 Bonds.

A portion of the proceeds from the sale of the Series 2014 will be deposited by the Authority in separate irrevocable escrow accounts (the “*Series 2002 Escrow Account*” with respect to the Series 2002 Bonds and the “*Series 2005 Escrow Account*” with respect to the refunded Series 2005 Bonds and together, the “*Escrow Accounts*”). The Escrow Accounts are established pursuant to the terms and conditions of an Escrow Agreement dated February 1, 2014 (the “*Escrow Agreement*”) between the Authority and U.S. Bank National Association, as escrow agent (the “*Escrow Agent*”).

The Series 2014 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 Purchase Contract dated February 1, 2014, as amended and supplemented by a First Supplemental to Installment Sale Agreement, dated February 1, 2014 (the “*First Supplemental Installment Sale Agreement*” and together, the “*Installment Purchase Contract*”), pursuant to which the Authority will purchase certain capital facilities (the “*Series 2002 Project*”) of the Wastewater System of the City (the “*Wastewater System*”) refinanced and financed by the Woodland Finance Authority Lease Revenue Bonds (Refunding and Capital Projects) (the “*Series 2002 Bonds*”) and the capital facilities (the “*Series 2005 Project*” and together with the Series 2002 Project, the “*Project*”) purchased pursuant to the Installment Sale Agreement, dated November 1, 2005 (the “*Series 2005 Installment Sale Agreement*”) between the City and the Authority.

The purchase and sale of the Series 2014 Bonds to the Underwriter represents a negotiated transaction, the Authority acknowledges and agrees that: (i) the transaction contemplated by this Purchase Agreement is an arm’s length, commercial transaction between the Authority and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Authority; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority on other matters); (iii)

the Underwriter is acting solely in its capacity as an underwriter for its own account, (iv) the only obligations the Underwriter has to the Authority with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (v) the Authority has consulted their own legal, accounting, tax, financial and other advisors, as applicable, to the extent they have deemed appropriate.

**Section 3. Delivery of Preliminary Official Statement.** The Authority has delivered to the Underwriter a Preliminary Official Statement, dated February \_\_, 2014 (the “*Preliminary Official Statement*”), and will deliver to the Underwriter 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 Underwriter 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 Underwriter a certificate relating to certain information in the Preliminary Official Statement substantially in the form attached hereto as Exhibit A-2.

**Section 4. Public Offering.** It shall be a condition to the obligation of the Underwriter to purchase, accept delivery of, and pay for the Series 2014 Bonds that the entire \$\_\_\_\_,000 principal amount of the Series 2014 Bonds authorized by the Trust Agreement shall be delivered by the Authority to the Underwriter on the date of the Closing. The Underwriter agrees to make an initial *bona fide* public offering of all of the Series 2014 Bonds, at not in excess of the initial public offering yields or prices set forth on Schedule I attached hereto, however, the Series 2014 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2014 Bonds into investment trusts) at prices lower than such initial public offering prices or yields. Following the initial public offering of the Series 2014 Bonds, the offering prices may be changed from time to time by the Underwriter.

**Section 5. Delivery of Official Statement.** The Authority hereby approves of the use of the Official Statement by the Underwriter in connection with the public offering and the sale of the Series 2014 Bonds. The Authority consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Series 2014 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 15c2-12(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 Underwriter, 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 Underwriter 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 Section 6(f) of this Purchase Contract). The Underwriter hereby agrees that it will not send any confirmation requesting payment for the purchase of any Series 2014 Bonds unless the confirmation is accompanied by or preceded by the delivery of a copy of the Official Statement. The Underwriter agrees to: (i) provide the Authority with final pricing information on the Series 2014 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 2014 Bonds to ultimate purchasers.

**Section 6. Representations, Warranties and Covenants of the Authority.** The Authority represents and warrants to the Underwriter that:

(a) The Authority has, by Resolution No. \_\_\_\_, 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 February \_\_, 2014 (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 Contract, the Escrow 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 2014 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 2014 Bonds and the Authority Agreements;

(c) Upon their execution and delivery, each of the Series 2014 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 2014 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 2014 Bonds, the payment of the Rental Payments under the Installment Purchase Contract or the use of any other monies or properties pledged or to be pledged under the Trust Agreement for the payment of the Series 2014 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 2014 Bonds, (iv) in any way question or affect any authority for the issuance of the Series 2014 Bonds, or the validity or enforceability of the Series 2014 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 2014 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 Schiff Hardin LLP (“*Disclosure Counsel*”), the City Attorney, as counsel to the Authority or the Underwriter, 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 Underwriter 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 Underwrites, 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 Underwriter 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 Underwriter 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 Underwriter as the Underwriter may reasonably request, to qualify the Series 2014 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and will assist, if necessary therefor, in the continuation of such qualifications in effect as long as required for the distribution of the Series 2014 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 2014 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 Underwriter as to the statements made therein;

(j) The Authority shall apply the proceeds of the Series 2014 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 Underwriter, 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. Representations, Warranties and Covenants of the City.** The City represents and warrants to the Underwriter 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. \_\_\_\_, 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 February \_\_, 2014 (the "*City Resolution*"), taken all official action necessary to be taken by it for the execution, delivery and due performance of the Installment Purchase Contract and the Continuing Disclosure Agreement dated the Closing Date (the "*Continuing Disclosure Agreement*") by and among the City, the Trustee and Willdan Financial Services, as Dissemination Agent (the "*Dissemination Agent*"), and together with the Installment Purchase Contract, 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," "WASTEWATER 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 2014 Bonds, the pledge of Net Wastewater Revenues, (iii) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the Net Wastewater Revenues pledged or to be pledged to pay the principal of, premium, if any, or interest on the Series 2014 Bonds, (iv) in any way question or affect any authority for the issuance of the Series 2014 Bonds, or the validity or enforceability of the Series 2014 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 2014 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 Underwriter 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 Underwriter 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 Underwriter 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 Underwriter as to the statements made therein;

(i) The City shall apply a portion of the proceeds of the Series 2014 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 Underwriter, there has not been any materially adverse change in the financial condition of the City since June 30, 2013 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) The City is currently in compliance with all of its prior continuing disclosure undertakings under Rule 15c2-12 of the Securities Exchange Act of 1934, as amended to file annual reports, but did fail on occasion to timely file notices of bond insurer related ratings changes and certain other tabular data required to be updated annually. The City filed all required notices by \_\_\_\_\_, 2014 and has established procedures, including adding the Trustee as a party for receipt of the Annual Report and notices of significant events, \_\_\_\_\_, \_\_\_\_\_ and the designation of the Finance Officer as the party responsible for monitoring and making the required filings, that the City believes will be sufficient to ensure timely future compliance with its continuing disclosure undertakings.

A description of the continuing disclosure undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

[The City has established disclosure controls and procedures to ensure that material information relating to the Authority is made known to the Finance Director or other appropriate officers.]

**Section 8. Closing.** At 8:00 A.M., California time, on March \_\_, 2014, or on such earlier or later date as may be agreed upon by the Underwriter and the Authority (the date of “*Closing*”), the Authority will deliver or cause to be delivered to the Underwriter, through the facilities of The Depository Trust Company in New York, New York, the Series 2014 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 Underwriter and the Authority, the other documents described herein, and pay the purchase price of the Series 2014 Bonds as set forth in Section 1 of this Purchase Contract in immediately available funds to the order of the Trustee.

The Series 2014 Bonds shall be issued in fully registered form. It is anticipated that CUSIP identification numbers will be inserted on the Series 2014 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 Underwriter to accept delivery of the Series 2014 Bonds in accordance with the terms of this Purchase Contract.

**Section 9. Further Conditions to the Purchase of the 2014 Bonds.** The Underwriter enters 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 and the City of their respective obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the obligations of the Underwriter under this Purchase Contract to purchase, to accept delivery of and to pay for the Series 2014 Bonds shall be subject to the performance by the Authority and the City of their respective 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 and the City 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 Agreement 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 Underwriter, 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 2014 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 Underwriter shall have the right to terminate its obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Series 2014 Bonds by notifying the Authority and the City of its election to do so if, after the execution hereof and prior to Closing:

(i) the marketability of the Series 2014 Bonds or the market price thereof, in the opinion of the Underwriter, 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;

(ii) 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 Underwriter, would affect materially and adversely the ability of the Underwriter to market the Series 2014 Bonds;

(iii) 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;

(iv) 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 2014 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;

(v) legislation shall be enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, or a ruling or regulation by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed to the effect that the Series 2014 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;

(vi) in the reasonable judgment of the Underwriter, the market price of the Series 2014 Bonds, or the market price generally of obligations of the general character of the Series 2014 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;



(vii) 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 2014 Bonds or obligations of the general character of the Series 2014 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 Underwriter;

(viii) a general banking moratorium shall have been established by federal, New York or State authorities;

(ix) 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 Underwriter, after consultation with the Authority, materially adversely affects the market price of the Series 2014 Bonds; or

(x) an event occurs which in the reasonable opinion of the Underwriter 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 Underwriter shall have received each of the following documents:

(i) Resolutions, JPA Agreement and Authority Agreements. Certified copies of the Authority Resolution, the City Resolution, the JPA Agreement and executed copies of the Authority Agreements;

(ii) Preliminary and Final Official Statements. 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;

(iii) Continuing Disclosure Agreement. The Continuing Disclosure Agreement, executed on behalf of the City by a duly authorized officer of the City and the Dissemination Agent;

(iv) Opinion of Bond Counsel. An approving opinion of Bond Counsel, dated the date of Closing, substantially in the form attached as Appendix E to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter;

(v) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that: (i) the Series 2014 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 2014 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS" are accurate in all material respects insofar as such statements summarize certain provisions of the Trust Agreement, the Installment Purchase Contract and the Series 2014 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;

(vi) Defeasance Opinion of Bond Counsel. An opinion of Bond Counsel, dated the Closing Date, and addressed to the Authority and the Underwriter, in form and substance satisfactory to the Authority and the Underwriter, to the effect that the trust agreement pursuant to which the Series 2002 Bonds were issued and the installment sale agreement securing the Series 2005 Bonds, have been defeased and repaid, respectively;

(vii) Opinion of Counsel to the Authority. 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 Underwriter, in substantially the form of Exhibit B;

(viii) Opinion of City Attorney. An opinion of the City Attorney, dated the date of Closing and addressed to the City, the Authority and the Underwriter in substantially the form of Exhibit C;

(ix) Opinion of Disclosure Counsel. The opinion of Disclosure Counsel, dated the date of Closing and addressed to the Authority, the City and the Underwriter, 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 2014 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 Agreement provides a suitable basis for the Underwriter, in connection with the Offering (as defined in the Securities and Exchange Commission Rule 15c2-12) of the Series 2014 Bonds, to make a reasonable determination as required by section (b)(5) of said Rule;

(x) Closing Certificate of the Authority. A certificate dated the date of Closing and executed by a duly authorized officer of the Authority to the effect that:

(a) 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;

(b) 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

(c) No litigation is pending or threatened (a) to restrain or enjoin the issuance, sale or delivery of the Series 2014 Bonds or the validity of the pledge of Net Wastewater Revenues, (b) in any way contesting or affecting the validity of the Authority Resolution,

the Series 2014 Bonds, the Authority Agreements or the Purchase Contract, or (c) in any way contesting the existence or powers of the Authority;

(xi) Closing Certificate of the City. A certificate, dated the date of Closing from a duly authorized official of the City to the effect that:

(a) 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;

(b) 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,” “WASTEWATER 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

(c) No litigation is pending or threatened (a) to restrain or enjoin the issuance, sale or delivery of the Series 2014 Bonds, or contesting or affecting the validity of the City Resolution, the Series 2014 Bonds, the City Agreements or the Purchase Contract, or (c) in any way contesting the existence or powers of the City;

(xii) Certificate of the Trustee and Escrow Agent. A certificate of U.S. Bank National Association (“U.S. Bank”) in its capacities of Trustee and Escrow Agent dated the date of Closing, to the effect that:

(a) U.S. Bank 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 Escrow Agreement and to perform its respective obligations stated therein;

(b) U.S. Bank has accepted the respective duties and obligations imposed on it by the Trust Agreement and Escrow Agreement;

(c) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over U.S. Bank that has not been obtained is or will be required for the consummation by U.S. Bank of the transactions contemplated by the Trust Agreement or the Escrow Agreement to be undertaken by U.S. Bank;

(d) Compliance with the terms of the Trust Agreement and the Escrow 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 U.S. Bank is a party or by which it is bound, or, to the best knowledge of U.S. Bank, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over U.S. Bank or any of its activities or properties (except that no representation, warranty or agreement is made by U.S. Bank with respect to any Federal or state securities or Blue Sky laws or regulations); and

(e) To the best knowledge of U.S. Bank, 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 U.S. Bank, or in any way contesting or affecting the validity or enforceability of the Series 2014 Bonds, the Trust Agreement or Escrow Agreement or contesting the powers of U.S. Bank or its authority to enter into and perform its obligations under the Trust Agreement, Escrow Agreement or the Series 2014 Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Series 2014 Bonds, the Trust Agreement or Escrow Agreement;

(xiii) Opinion of the Counsel to U.S. Bank. The opinion of Counsel to U.S. Bank, dated the date of closing, addressed to the Authority, the City and the Underwriter, to the effect that:

(a) U.S. Bank 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 Escrow Agreement and to perform its respective obligations thereunder; and

(b) the Trust Agreement and the Escrow Agreement, each executed and delivered by U.S. Bank, constitute a valid and binding obligations of U.S. Bank enforceable against U.S. Bank in accordance with their respective terms, except insofar as the validity, binding nature and enforceability of the obligations of U.S. Bank 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;

(c) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over U.S. Bank that has not been obtained is or will be required for the consummation by U.S. Bank of the transactions contemplated by the Trust Agreement or the Escrow Agreement to be undertaken by U.S. Bank;

(d) Compliance with the terms of the Trust Agreement or the Escrow 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 U.S. Bank is a party or by which it is bound, or, to the best knowledge of U.S. Bank, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over U.S. Bank or any of its activities or properties (except that no representation, warranty or agreement is made by U.S. Bank with respect to any federal or State securities or Blue Sky laws or regulations); and

(e) 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 U.S. Bank, or in any way contesting or affecting the validity or enforceability of the Series 2014 Bonds, the Trust Agreement or contesting the powers of U.S. Bank or its authority to enter into and perform its obligations under the Trust

Agreement, the Escrow Agreement or the Series 2014 Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Trust Agreement or Series 2014 Bonds.

(xiv) Tax Certificate. A Tax Certificate of the Authority, executed on behalf of the Authority by a duly authorized officer;

(xv) Verification Report. A report of Grant Thornton, LLP (the “*Verification Agent*”) stating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, relating to the adequacy of cash to be held pursuant to the Escrow Agreement and the mathematical accuracy of the mathematical computations of yield on the Series 2014 Bonds, and consenting to use of its name in the Preliminary and final Official Statements.

(xvi) IRS Form 8038-G. Evidence that the federal tax information form 8038-G with respect to the Series 2014 Bonds has been prepared for filing;

(xvii) Rating Letter. Rating letter from Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies indicating that the Series 2014 Bonds have been rated “\_\_\_\_;”

(xviii) CDIAC Notices of Sale. Evidence of required filings with the California Debt and Investment Advisory Commission;

(xix) DTC Blanket Letter of Representations. 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 2014 Bonds;

(xx) Certificate of the Risk Manager. A Certificate of the Risk Manager of the City with respect to the 2009 Wastewater Project evidencing that the insurance required by Article VII of the Installment Purchase Contract has been procured and is in full force and effect; and

(xxi) Additional Documents. Such additional legal opinions, certificates, instruments and documents as the Underwriter 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 2014 Bonds shall constitute evidence of the satisfactory nature of such as to the Underwriter. 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 Underwriter may be waived by the Underwriter in its sole discretion.

If the Authority or the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Series 2014 Bonds contained in this Purchase Contract, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Series 2014 Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, and none of the Underwriter, the Authority or the City shall be under further obligation hereunder, except that the respective obligations of the Authority and the Underwriter set forth in Section 11 hereof shall continue in full force and effect.

**Section 11. Expenses.** (a) The Underwriter 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, Del Rio Advisors, LLC, as financial advisor to the Authority and the City, the Verification Agent, the Dissemination Agent and U.S. Bank; (ii) the cost of printing and delivering the Series 2014 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; and (iv) 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 2014 Bonds, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

(b) The Underwriter shall pay all expenses incurred by them in connection with the public offering and distribution of the Series 2014 Bonds including, but not limited to: (i) all advertising expenses in connection with the offering of the Series 2014 Bonds; and (ii) all out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the Series 2014 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 Underwriter, the Authority and the City.

**Section 12. Notices.** 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 Underwriter 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. Parties in Interest; Survival of Representations and Warranties.** This Purchase Contract is made solely for the benefit of the Authority, the City and the Underwriter (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 Underwriter; or (b) delivery of and payment for the Series 2014 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. Severability.** 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. Governing Law; Venue.** 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. Counterparts.** 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. Entire Agreement.** 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. Effectiveness.** 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: \_\_\_\_\_  
Paul Navazio  
Administrator

Approved:

CITY OF WOODLAND

By: \_\_\_\_\_  
Kimberly McKinney  
Finance Officer



## SCHEDULE I

### MATURITIES, AMOUNTS, RATES, YIELDS AND PRICES

| <u>Maturity</u><br><u>(March 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>Price</u> |
|-------------------------------------|-----------------------------------|--------------------------------|--------------|--------------|
|-------------------------------------|-----------------------------------|--------------------------------|--------------|--------------|

***Optional Redemption.*** The Series 2014 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 at random within a maturity), on any date on or after March 1, 2024, at a redemption price equal to the principal amount of Series 2014 Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

***Mandatory Sinking Account Redemption.*** The Series 2014 Bonds maturing on March 1, 20\_\_ (the “20\_\_ Term Bonds”), are subject to redemption prior to their stated maturity, in part, at random from amounts on deposit into the 20\_\_ Term Bonds Sinking Account in the following amounts and 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 20\_\_ Term Bonds optionally redeemed:

## 20\_\_ Term Bonds

| Mandatory<br>Redemption Dates<br>( <u>March 1</u> ) | <u>Principal Amount</u><br>\$ |
|-----------------------------------------------------|-------------------------------|
|-----------------------------------------------------|-------------------------------|

†

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† Maturity.

The Series 2014 Bonds maturing on March 1, 2035 (the “2035 Term Bonds”), are subject to redemption prior to their stated maturity, in part, at random from amounts on deposit into the 2035 Term Bonds Sinking Account in the following amounts and the following dates, at the principal amount thereof t on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all 2035 Term Bonds optionally redeemed:

## 2035 Term Bonds

| Mandatory<br>Redemption Dates<br>( <u>March 1</u> ) | <u>Principal Amount</u><br>\$ |
|-----------------------------------------------------|-------------------------------|
|-----------------------------------------------------|-------------------------------|

2035<sup>†</sup>

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† Maturity.

**EXHIBIT A-1**

**WOODLAND FINANCE AUTHORITY  
WASTEWATER REVENUE BONDS  
(Junior Lien)  
SERIES 2014A**

**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. (the "Underwriter") of the captioned Bonds, a Preliminary Official Statement, relative to the captioned Bonds, dated February \_\_, 2014 (including the cover page and all appendices thereto, [in printed form and] in electronic form, [in all material respects consistent with such printed form,] the "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 Underwriter of the Preliminary Official Statement.

Dated: February \_\_, 2014

WOODLAND FINANCE AUTHORITY

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

Paul Navazio  
Administrator

**EXHIBIT A-2**

**WOODLAND FINANCE AUTHORITY  
WASTEWATER REVENUE BONDS  
(Junior Lien)  
SERIES 2014A**

**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. (the "Underwriter") of the captioned Bonds, a Preliminary Official Statement, relative to the captioned Bonds, dated February \_\_, 2014 (including the cover page and all appendices thereto, [in printed form and] in electronic form, [in all material respects consistent with such printed form,] the "Preliminary Official Statement"), which with respect to the information contained in the Preliminary Official Statement under the caption "THE CITY" and "WASTEWATER SYSTEM FINANCES" and contained in "THE CITY," "WASTEWATER 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 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: February \_\_, 2014

CITY OF WOODLAND

By: \_\_\_\_\_  
Kimberly McKinney  
Finance Officer

**EXHIBIT B**

**FORM OF OPINION OF AUTHORITY COUNSEL**

[Letterhead of Counsel to Authority]

[TO COME]

**EXHIBIT C**

**FORM OF OPINION OF CITY COUNSEL**

[Letterhead of City Attorney]

[TO COME]

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “*Disclosure Agreement*”) is executed and delivered by the City of Woodland (the “*City*”), U.S. Bank national Association, as trustee (the “*Trustee*”) and \_\_\_\_\_, as dissemination agent (the “*Dissemination Agent*”) in connection with the execution and delivery of \$\_\_\_\_\_ principal amount of the Woodland Finance Authority Wastewater Revenue Bonds (Junior Lien), Series 2014 (the “*Series 2014 Bonds*”). The Series 2014 Bonds are being issued pursuant to a Trust Agreement dated February 1, 2014, as amended and supplemented by a First Supplemental Trust Agreement, dated February 1, 2014 (together, the “*Trust Agreement*”), each by and between the Woodland Finance Authority (the “*Authority*”) and the Trustee. The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. The Disclosure Agreement is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Series 2014 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in the Disclosure Agreement 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 the Disclosure Agreement.

“*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 Certificates (including persons holding Certificates through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Certificates for federal income tax purposes.

“*Disclosure Representative*” shall mean the Finance Officer of the City or any designee, or such other officer or employee as the City may designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean initially Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City to perform the duties specified in Section 3(c) of the Disclosure Agreement and which has filed with the City a written acceptance of such designation.

“*Fiscal Year*” shall mean with respect to the City, the period beginning on July 1 of each year and ending on the next succeeding June 30, or any 12 month or 52 week period thereafter selected by the City with notice of such selection of change in fiscal year to be provided as set forth herein.

“*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>.

“*Official Statement*” shall mean the Official Statement for the Series 2014 Bonds, dated February \_\_, 2014.

“Owners” shall mean either the registered owners of the Series 2014 Bonds, or, if the Series 2014 Bonds are registered in the name of Depository Trust Company or another recognized depository, any applicable participant in its depository system.

“Participating Underwriter” shall mean Southwest Securities, Inc., as the original underwriter of the Series 2014 Bonds required to comply with the Rule in connection with offering of the Series 2014 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Significant Event” shall mean any of the events listed in Section 5(a) of the Disclosure Agreement.

“State” shall mean the State of California.

### 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, 2014, provide to the MSRB 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). The Annual Report shall be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of such Annual Report and later than the date required above for the filing of such Annual Report if they are not available by that date. If the Fiscal Year changes, the City shall give notice of such change in the same manner as for a Significant Event under Section 5(c).

(b) If the City is unable to provide to the MSRB the Annual Report by the date specified in Section 3(a), the City shall send a notice to the MSRB in substantially the for attached as Exhibit A.

(c) Not later than fifteen (15) Business Days prior to the date specified in Section 3(a) for providing each Annual Report to the MSRB, the City shall provide such Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent); provided, however, that the City may distribute the Annual Report to the MSRB itself after providing written notice to the Trustee and the Dissemination Agent. If by said date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City of such failure to receive the Annual Report.

(d) The Dissemination Agent shall:

(i) file the Annual Report with the MSRB by the date required therefor by Section 3(a) and file any notice of a Significant Event, if requested by the City, as soon as practicable following receipt from the City of such notice; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying the date the Annual Report was provided to the MSRB pursuant to this Disclosure Agreement.



SECTION 4. Content of Annual Reports. Each Annual Report shall contain or incorporate by reference the following:

(a) The adopted budget of the Wastewater Enterprise System of the City for the then current fiscal year and the audited financial statements of the Wastewater 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 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 13 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 Series 2014 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 Series 2014 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:

- (i) Table 2 – Debt Service Schedule;
- (ii) Table 5 – Schedule of Building Permits to be issued in the Spring Lake Area;
- (iii) Table 6 – Current and Approved Wastewater System Rates;
- (iv) Table 9 – Delinquency Rate by Type of Account;
- (v) Table 10 – Customer Base by Type of Account;
- (vi) Table 11 – Largest Users by Flow;
- (vii) Table 12 – Largest Users by Revenues;
- (viii) Table 13 – Historical Statement of Revenues and Expenses and Changes in Fund Net Assets;
- (ix) Table 14 – Historical Debt Service Coverage; and
- (x) Table 16 – Historical Statement of Net Assets.

The current fiscal year for the City ends June 30. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB.

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 submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2014 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 Series 2014 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 Series 2014 Bonds or other material events affecting the tax status of the Series 2014 Bonds;
- (ii)      Modifications to rights of the Bondholders;
- (iii)     Optional, unscheduled or contingent Bond calls;
- (iv)      Release, substitution, or sale of property securing repayment of the Series 2014 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 paying agent or the change of name of a paying agent.

(c) The City shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a), as provided in Section 3(b).

(c) 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 or cause to be filed a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the occurrence of a Significant Event 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 Owners of affected Bonds pursuant to the Resolution.

(d) If the Dissemination Agent has been instructed by the City to report the occurrence of a Significant Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Significant Events described in Section 5(a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Resolution.

(e) The Dissemination Agent may conclusively rely on an opinion of counsel that the instructions by the City to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the City under the Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2014 Bonds. If such termination occurs prior to the final maturity of the Series 2014 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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 Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing sixty (60) days written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the City shall be the Dissemination Agent.

The initial Dissemination Agent shall be Willdan Financial Services.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Agreement, the City may amend the Disclosure Agreement, and any provision of the Disclosure Agreement, may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law;

(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 Series 2014 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 either (i) is approved by the Owners of the Series 2014 Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Series 2014 Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Agreement, 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 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(c), 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 in the Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Significant Event, in addition to that which is required by the Disclosure Agreement. If the City chooses to include any information in any notice of occurrence of a Significant Event in addition to that which is specifically required by the Disclosure Agreement, the City shall have no obligation under the Disclosure Agreement to update such information or include it in any future notice of occurrence of a Significant Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of the Disclosure Agreement, the Underwriter or any Holder 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 under the Disclosure Agreement; provided, that the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with the Disclosure Agreement shall be an action to compel performance hereunder.

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 the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2014 Bonds.

To the City:

City of Woodland  
300 First Street  
Woodland, CA 95695  
Attention: Finance Officer  
Telephone: 530-661-5830  
Fax: 530-661-5848

If to the Trustee: U.S. Bank National Association  
Global Trust Services  
One California Street, Suite 1000  
San Francisco, California 94111  
Attention: \_\_\_\_\_  
Telephone: 415-67703600  
Fax: 415-677-3769

If to the Dissemination Agent: Willdan Financial Services  
27368 Via Industria, Suite 110  
Temecula, California 92590  
Attention: Manager  
Phone: 951-587-3500  
Fax: 951-587-3510

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter, the Owners and Beneficial Owners from time to time of the Series 2014 Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. The laws of the State of California shall govern this Disclosure Agreement, the interpretation thereof and any right or liability arising hereunder. Any action or proceeding to enforce or interpret any provision of this Disclosure Agreement shall be brought, commenced or prosecuted in any courts of the State located in Contra Costa County, California.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: \_\_\_\_\_, 2014.

CITY OF WOODLAND

By: \_\_\_\_\_  
Finance Director

WILLDAN FINANCIAL SERVICES,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Woodland Finance Authority

Name of Bond Issue: Woodland Finance Authority Wastewater Revenue Bonds (Junior Lien),  
Series 2014

Date of Issuance: \_\_\_\_\_, 2014

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 Agreement executed on the date of issuance of the Series 2014 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

## 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, THE ESCROW 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 WASTEWATER REVENUE REFUNDING BONDS (JUNIOR LIEN), SERIES 2014

**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 and refinancing public improvements for the City;

**WHEREAS**, the Authority previously issued \$33,215,000 principal amount of its Lease Revenue Bonds (Refunding and 2002 Capital Projects) and \$17,635,000 principal amount of its Wastewater Revenue Bonds (Second Senior Lien), Series 2005 (together, the “Prior Bonds”), to finance and refinance improvements to the City’s wastewater collection, treatment, and disposal facilities;

**WHEREAS**, to provide funds for the purpose of refinancing improvements to the City’s wastewater collection, treatment, and disposal facilities, the Authority intends to issue its Woodland Finance Authority Wastewater Revenue Refunding Bonds (Junior Lien), Series 2014 (the “Series 2014 Bonds”), in an aggregate principal amount not to exceed \$40,000,000, to refund the Prior Bonds;

**WHEREAS**, on January 21, 2014, the City adopted a resolution approving the refinancing of improvements to the City’s wastewater collection, treatment, and disposal facilities by the issuance of the Series 2014 Bonds and making a finding of significant public benefit;

**WHEREAS**, because the bonds will be issued for the purpose of refinancing wastewater facilities, Government Code section 6586.5(c) exempts these proceedings from the requirements of Sections 6586.5 and 6586.7;

**WHEREAS**, the following proposed agreements and documents relating to the issuance, sale and delivery of the Series 2014 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 wastewater 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 or restate the terms of the acquisition of the specific wastewater 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 wastewater 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 2014 Bonds;
5. the Escrow Agreement (the "Escrow Agreement") between the Authority and U.S. Bank National Association, as escrow agent, relating to the refunding of the Prior Bonds;
6. the Bond Purchase Contract (the “Bond Purchase Contract”) between the Authority, the City, and Southwest Securities, Inc. (the Underwriter”), whereby the Authority will sell the Series 2014 Bonds to the Underwriter;
7. the Official Statement relating to the Series 2014 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 2014 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 Escrow Agreement;
- f. the Bond Purchase Contract; and
- g. 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 2014 Bonds, shall be as provided in the Trust Agreement and the First Supplemental Trust Agreement as finally executed.

**Section 3. Authorization to Issue the Series 2014 Bonds.** The Board hereby authorizes the issuance of the Series 2014 Bonds in accordance with the terms of the Trust Agreement and the First Supplemental Trust Agreement as finally executed.

**Section 4. Authorization of Sale.** The Board hereby authorizes the sale of not to exceed \$40,000,000 principal amount of the Series 2014 Bonds to the Underwriter pursuant to the Bond Purchase Contract. The Designated Officers are hereby authorized and directed to negotiate with the Underwriter 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.

**Section 5. Execution of the Series 2014 Bonds.** The Designated Officers are hereby authorized and directed to execute each of the Series 2014 Bonds on behalf of the Authority.

**Section 6. Distribution of Official Statement.** The Authority hereby authorizes the Financial Advisor and the Underwriter to distribute copies of the Official Statement in preliminary form to persons who may be interested in the purchase of the Series 2014 Bonds and authorizes and directs the Underwriter to deliver copies of the final Official Statement to all purchasers of the Series 2014 Bonds. The Board hereby authorizes and directs the Designated Officers, and each of them, to deliver to the Underwriter 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.

**Section 7. General Authorization.** 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 2014 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 8. Effective Date.** This resolution shall take effect immediately upon its passage.

**APPROVED, PASSED, AND ADOPTED** on February 4, 2014, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ABSTAIN:** Board Members:

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Secretary of the Authority

**TRUST AGREEMENT**

between the

**WOODLAND FINANCE AUTHORITY**

and

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

Dated March 1, 2014

Relating to  
Woodland Finance Authority  
Wastewater Revenue Bonds (Junior Lien)

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THIS TRUST AGREEMENT, dated March 1, 2014 (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 March 1, 2014 (the "Installment Purchase Contract"), pursuant to which the City may purchase from the Authority facilities for the City's wastewater conveyance, treatment and disposal system in exchange for the installment payments described therein, which are payable solely from the revenues of the City's wastewater system;

WHEREAS, the Authority will issue wastewater revenue bonds (the "Bonds") pursuant to this Trust Agreement to finance the costs of the wastewater 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 Wastewater 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 Wastewater 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 Certificate** means that certain Continuing Disclosure Certificate, dated March 1, 2014, executed and delivered by the City, 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 Wastewater Revenues on a parity with the payment of the Series 2014 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 1000, 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 (Additional Contracts and City Revenue Bonds) 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 (Credit Facility Account and Liquidity Facility Account).

**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 wastewater 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 make reports 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 make reports to the City.

**Information Service** means the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) website, 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 no 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 March 1, 2014, 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 Wastewater Revenues** means, for any Fiscal Year, the Wastewater 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 Wastewater System, determined in accordance with Generally Accepted Accounting Principles, including (without limitation) all reasonable expenses of maintenance and repair and other expenses necessary to maintain and preserve the Wastewater 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 Wastewater 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 Wastewater 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. [Identify any existing contract that should be treated as 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:

Repos must be between the Trustee and a dealer bank or securities firm

Primary dealers on the Federal Reserve reporting dealer list that are rated A or better by Standard & Poor’s and Moody’s, or

Banks rated “A” or above by Standard & Poor’s and Moody’s.

The written repo contract must include the following:

Securities that are acceptable for transfer are:

Direct U.S. governments

Federal agencies backed by the full faith and credit of the  
U.S. government (and FNMA & FHLMC)

The term of the repo may be up to 30 days

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. If 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 Wastewater 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 Wastewater 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:

(1) for the Series 2014 Bonds, the least of (i) Maximum Annual Debt Service in any Bond Year on the Series 2014 Bonds Outstanding, (ii) 125% of Average Annual Debt Service in any Bond Year on the Series 2014 Bonds Outstanding, and (iii) 10% of the original principal amount of the Series 2014 Bonds; and

(2) 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).



**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 March 1, 2014, 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).

**2005 Contract** means the installment purchase contract dated November 1 2005, between the Authority and the City relating to the Authority's Wastewater Revenue Bonds (Second Senior Lien), as supplemented.

**Wastewater Revenue Fund** means the fund by that name established pursuant to Section 5.2 (Allocation of Wastewater Revenues) of the Installment Purchase Contract.

**Wastewater Revenues** means all gross income and revenue received or receivable by the City from the ownership or operation of the Wastewater 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 Wastewater Service and the other services of the Wastewater System and all other income and revenue howsoever derived by the City from the ownership or operation of the Wastewater System or arising from the Wastewater System (including developer impact fees for Wastewater 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 Wastewater 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 Wastewater System,

(4) the payments received under a Financial Products Agreement, and

(5) deposits to the Wastewater 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.

**Wastewater Service** means the sewage and wastewater conveyance, treatment and disposal service furnished, made available or provided by the Wastewater System.

**Wastewater System** means all facilities for the conveyance, treatment and disposal of sewage and wastewater 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 Wastewater 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 Wastewater Revenue Bonds (Junior Lien).” 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 uncanceled) 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.

(A) Mailed Notice. 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.

(B) Content of Notice. 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.

(C) Defects in Notice or Procedure. 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.

(D) Conditional Notice of Redemption; Rescission of Redemption. The Authority may, at its option, specify in any notice of optional redemption that redemption is conditional upon the availability of money sufficient to pay the Redemption Price of all the Bonds that are to be redeemed on the date fixed for redemption. The Authority may, at its option, prior to the date fixed for optional redemption in any notice of redemption, rescind and cancel such notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute a default under this Trustee Agreement. Neither the Authority nor the Trustee will have any liability to the Owners or any other party as a result of the Authority's failure to redeem Bonds as a result of insufficient money.

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; Effect of Redemption. 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 Wastewater 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 (1/12th) 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 and the City.

(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 and the City.

(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. The successor Trustee shall mail written notice of such change of organization and the new name (if any) of the successor Trustee to the Authority and the City by first-class mail, postage prepaid, within three (3) Business Days of its effectiveness. 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 certificate or agreement entered into by the City or 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 certificate or agreement entered into by the City or 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.

[Remainder of page intentionally left blank]

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: \_\_\_\_\_  
Paul Navazio, Administrator

ATTEST:

\_\_\_\_\_  
Ana Gonzalez, Secretary

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Authorized Officer

**FIRST SUPPLEMENTAL TRUST AGREEMENT**  
**between the**  
**WOODLAND FINANCE AUTHORITY**  
**and**  
**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

**Dated February 1, 2014**

**relating to**  
**Woodland Finance Authority**  
**Wastewater Revenue Bonds (Junior Lien), Series 2014**  
(supplemental to the Trust Agreement dated February 1, 2014)

**FIRST SUPPLEMENTAL TRUST AGREEMENT**

**Woodland Finance Authority  
Wastewater Revenue Bonds (Junior Lien), Series 2014**

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## **FIRST SUPPLEMENTAL TRUST AGREEMENT**

This First Supplemental Trust Agreement (the "First Supplement"), dated February 1, 2014, 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, 2014 (the "Trust Agreement"), between the Authority and the Trustee to refinance improvements to the City's sewage and wastewater conveyance, treatment and disposal system will result in significant public benefits;

WHEREAS, the Authority has authorized the issuance of its Wastewater Revenue Bonds (Junior Lien), Series 2014 (the "Series 2014 Bonds") in an aggregate principal amount of \$\_\_\_\_\_ to refinance the improvements;

WHEREAS, the Authority has determined to enter into this First Supplement in order to provide for the issuance of the Series 2014 Bonds, to establish and declare the terms and conditions upon which the Series 2014 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 2014 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, 2014, between the City and the Authority.

**Series 2002 Escrow Agreement** means that certain escrow agreement relating to the Authority's Lease Revenue Bonds (Refunding and 2002 Capital Projects) dated February 1, 2014, between the City and U.S. Bank National Association, as escrow agent.

**Series 2002 Project** means the capital facilities refinanced and financed by the Authority's Lease Revenue Bonds (Refunding and 2002 Capital Projects).

**Series 2005 Escrow Agreement** means that certain escrow agreement relating to the Authority's Wastewater Revenue Bonds (Second Senior Lien), Series 2005, dated February 1, 2014, between the City and U.S. Bank National Association, as escrow agent.

**Series 2005 Project** means the capital facilities purchased pursuant to the 2005 Installment Sale Agreement.

**Series 2014 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.

**2005 Installment Sale Agreement** means the Installment Sale Agreement dated November 1, 2005, between the City and the Authority.

**2014 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 2002 Project and the Series 2005 Project.

**II. Supplemental Provisions.** The following Article and Sections are hereby added to the Trust Agreement:

## **ARTICLE XII THE SERIES 2014 BONDS**

### **SECTION 12.01. Terms and Form of Series 2014 Bonds.**

(A) Creation of Series 2014. The Authority hereby creates a first Series of Bonds and additionally designates them "Series 2014" 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 2014 Bonds in the aggregate principal amount of \$\_\_\_\_\_ upon the Order of the Authority.

(B) Form of Series 2014 Bonds. The form of the Series 2014 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 2014 Bonds established by this Article.

(C) Book-Entry Form; Denominations. The Series 2014 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 2014 Bonds shall be evidenced by one Series 2014 Bond maturing on each of the maturity dates with respect to the Series 2014 Bonds in a denomination corresponding to the total principal amount represented by the Series 2014 Bonds payable on such date. Registered ownership of the Series 2014 Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.10 (Book-Entry



Provisions). The Series 2014 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 2014 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:

| <b>Maturity Date</b><br><b><u>(March 1)</u></b> | <b>Principal</b><br><b><u>Amount</u></b> | <b>Interest</b><br><b><u>Rate</u></b> |
|-------------------------------------------------|------------------------------------------|---------------------------------------|
| 2015                                            |                                          |                                       |

2035\*

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\* 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 2014 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 2014 Bonds shall be payable on September 1, 2014, 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 2014 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 2014 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 2014 Bonds.

(A) General. The Bonds shall be subject to redemption as provided in Article V (Redemption of Bonds). 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 Wastewater 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, 2024, 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.

(A) 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

(B) 2035 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**

2035\*

\_\_\_\_\_  
\* Maturity

SECTION 12.03. Application of Series 2014 Bond Proceeds and Other Funds. Upon receipt of the purchase price of the Series 2014 Bonds in the amount of \$\_\_\_\_\_, the Trustee shall deposit or transfer said proceeds as follows:

(A) deposit into the Series 2014 Reserve Account in the Reserve Fund established pursuant to Section 6.07 (Funding and Application of Reserve Fund), the amount of \$\_\_\_\_\_;

(B) transfer to U.S. Bank National Association, as escrow agent under the Series 2002 Escrow Agreement (the "2002 Escrow Agent"), for deposit into the Escrow Fund created thereby, \$\_\_\_\_\_;

(C) transfer to U.S. Bank National Association, as escrow agent under the Series 2005 Escrow Agreement, for deposit into the Escrow Fund created thereby, \$\_\_\_\_\_;

(D) transfer to the City for deposit into the Series 2014 Costs of Issuance Fund established pursuant to Section 12.04 (Establishment and Application of Series 2014 Costs of Issuance Fund) \$\_\_\_\_\_.

The City shall direct U.S. Bank National Association, as trustee under the Trust Agreement dated December 1, 2002, relating to the Authority's Lease Revenue Bonds (Refunding and 2002 Capital Projects), to transfer from the Reserve Fund created thereunder \$\_\_\_\_\_ for transfer to the 2002 Escrow Agent for deposit in the Series 2002 Escrow Fund.

The Trustee may establish a temporary account in its records to facilitate such transfers.

SECTION 12.04. Establishment and Application of Series 2014 Costs of Issuance Fund. The City shall establish and maintain a separate fund designated as the "Series 2014 Costs of Issuance Fund." The moneys in the Series 2014 Costs of Issuance Fund shall be used and withdrawn by the City to pay Costs of Issuance of the Series 2014 Bonds (or reimbursing the City for such

costs). All earnings from the investment of moneys in the Series 2014 Costs of Issuance Fund shall be deposited therein.

SECTION 12.05. Validity of Bonds. The recital in the Series 2014 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 Certificate. In addition to the notice required by Section 9.11 (Merger or Consolidation), the Trustee shall mail written notice of any change in its name to the Authority and the City by first-class mail, postage prepaid, within three (3) Business Days of its effectiveness.

**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 2014 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.

[Remainder of page intentionally left blank]

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: \_\_\_\_\_  
Paul Navazio , Administrator

**ATTEST:**

\_\_\_\_\_  
Ana Gonzalez, Secretary

## EXHIBIT A

### FORM OF SERIES 2014 BOND

WOODLAND FINANCE AUTHORITY  
WASTEWATER REVENUE BONDS (Junior Lien), SERIES 2014

R-\_\_\_\_\_

\$\_\_\_\_\_

| <u>MATURITY DATE</u> | <u>INTEREST RATE<br/>PER ANNUM</u> | <u>ORIGINAL<br/>ISSUE DATE</u> | <u>CUSIP:</u> |
|----------------------|------------------------------------|--------------------------------|---------------|
| March 1, 20__.       | _____%                             | February __, 2014              | 97951Q __     |

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, 2014, 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"). Notwithstanding the foregoing, so long as this Bond is registered in the name of Cede & Co., principal of and redemption premium, if any, and interest on this Bond shall be payable by wire transfer to the registered owner.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its "Wastewater Revenue Bonds (junior Line), Series 2014" (the "Series 2014 Bonds") in the aggregate principal amount of \$\_\_\_\_\_, 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, 2014 (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 refinance the cost of the acquisition, construction and equipping of wastewater conveyance, treatment, and disposal 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, 2014 (the "Installment Purchase Contract"), 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 Wastewater 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\_\_, and March 1, 2035, are also subject to mandatory redemption prior to their respective stated maturities, in part by lot, commencing on March 1, 20\_\_, and March 1, 20\_\_, respectively, at the principal amount thereof, 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, 2024, 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: \_\_\_\_\_  
\_\_\_\_\_, 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 2014]

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.

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Secretary of the Authority

**KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD**  
**A Professional Corporation**  
**400 Capitol Mall, 27th Floor**  
**Sacramento, CA 95814-4417**

[closing date]

Members of the Board  
Woodland Finance Authority  
300 First Street  
Woodland, California 95695

Re: Woodland Finance Authority  
Wastewater Revenue Bonds (Junior Lien), Series 2014  
(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 \$\_\_\_\_\_ aggregate principal amount of its Wastewater Revenue Bonds (Junior Lien), Series 2014 (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, 2014, 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 Wastewater 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

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**ESCROW AGREEMENT**

**between the**

**WOODLAND FINANCE AUTHORITY**

**and**

**U.S. BANK NATIONAL ASSOCIATION  
as Escrow Agent**

Dated March 1, 2014

relating to the

current refunding of the  
Woodland Finance Authority  
Lease Revenue Bonds (Refunding and 2002 Capital Projects)  
(Issued: December 17, 2002)

and the

advance refunding of the  
Woodland Finance Authority  
Wastewater Revenue Bonds (Second Senior Lien), Series 2005  
(Issued: November 17, 2005)

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## **ESCROW AGREEMENT**

This ESCROW AGREEMENT dated March 1, 2014 (the "Escrow Agreement"), between the WOODLAND FINANCE AUTHORITY, a municipal corporation duly organized and validly existing under and by virtue of the laws of the State of California (the "City"), and 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 (the "Bank") and being qualified to accept and administer the escrow hereby created as escrow agent (the "Escrow Agent"),

### **WITNESSETH:**

WHEREAS, the Authority issued \$33,215,000 principal amount of its Lease Revenue Bonds (Refunding and 2002 Capital Projects) (the "2002 Bonds") pursuant to the terms of the Trust Agreement dated December 1, 2002 (the "2002 Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "2002 Trustee"), and \$17,635,000 principal amount of its Wastewater Revenue Bonds (Second Senior Lien), Series 2005 (the "2005 Bonds" and, together with the 2005 Bonds, the "Prior Bonds"), pursuant to the terms of the Trust Agreement dated November 1, 2005 (the "2005 Trust Agreement," and together with the 2002 Trust Agreement, the "Prior Trust Agreements"), between the Authority and U.S. Bank National Association, as trustee (the "2005 Trustee"), to finance and refinance improvements to the City's wastewater collection, treatment, and disposal facilities;

WHEREAS, the Authority has determined to refund the 2002 Bonds that mature on and after March 1, 2015, and the 2005 Bonds that mature on and after March 1, 2016 (the "Refunded Prior Bonds"), and has authorized the issuance of its Wastewater Revenue Refunding Bonds (Junior Lien), Series 2014" (the "Refunding Bonds"), to provide funds to [pay and] redeem the Refunded Prior Bonds;

WHEREAS, the Authority has directed the 2002 Trustee to transfer to the escrow account established hereby for the 2002 Bonds from the debt service fund and the debt service reserve fund established under the 2002 Trust Agreement to provide funds to pay and redeem the outstanding 2002 Bonds on March 1, 2014;

WHEREAS, the District has taken action to cause to be made available for purchase by the Escrow Agent, from amounts on deposit in the 2005 Escrow Account (as that term is later defined) certain direct noncallable United States Treasury obligations listed on Schedule I attached hereto and made a part hereof, in an aggregate principal amount that, together with the money deposited in the 2005 Escrow Account at the same time as such deposit and the income to accrue on such securities, will be sufficient [to pay interest through March 1, 2015, on and] to pay the redemption price of the 2005 Bonds that mature on and after March 1, 2016, on March 1, 2015;

WHEREAS, the provisions of the 2002 Trust Agreement and the 2005 Trust Agreement are incorporated herein by reference as if set forth herein in full;

NOW, THEREFORE, the Authority and the Escrow Agent hereby agree as follows:



Section 1. Escrow Fund. (a) Establishment and Funding of Escrow Accounts. The Escrow Agent agrees to establish and maintain a separate account for the 2002 Bonds designated as the "2002 Escrow Account" and the 2005 Bonds designated as the "2005 Escrow Account" until the respective Refunded Prior Bonds have been redeemed as provided herein and to hold the securities listed on Schedule I (the "Escrow Securities") and the money (whether constituting the initial deposit in the escrow account or constituting receipts on the Escrow Securities) deposited therein in the escrow accounts at all times as a separate trust account wholly segregated from all other securities, investments or money held by it. All Escrow Securities and money in each escrow account are hereby irrevocably pledged to secure the payment and redemption of the Refunded Prior Bonds for which the escrow account was established as provided herein; provided that any money held in an escrow account that is not used for the redemption of the Refunded Prior Bonds shall be repaid to the Authority free from the trust created by this Escrow Agreement.

The Escrow Agent shall, on the date of execution and delivery of this Escrow Agreement, accept from Southwest Securities, Inc., on behalf of the Authority, a portion of the proceeds of the Refunding Bonds in the amount \$\_\_\_\_\_, and shall deposit \$\_\_\_\_\_ of such amount in the 2002 Escrow Account and shall deposit \$\_\_\_\_\_ of such amount in the 2005 Escrow Account. The City hereby directs U.S. Bank National Association, as 2002 Trustee, on the date of execution and delivery of this Escrow Agreement, to transfer to the Escrow Agent for deposit into the 2002 Escrow Account \$\_\_\_\_\_ from the Revenue Fund and \$\_\_\_\_\_ from the Reserve Fund established by the 2002 Trust Agreement.

(b) Investment of Money in the Escrow Accounts. The City hereby directs the Escrow Agent to hold the amount deposited in the 2002 Escrow Account in cash uninvested. The City hereby directs the Escrow Agent to purchase the Escrow Securities at the price of \$\_\_\_\_\_ from the amounts in the 2005 Escrow Account and retain the balance of such amounts, \$\_\_\_\_\_, in cash uninvested.

Any receipts on investments made pursuant to this section in excess of the cost of such investments that are not needed for the redemption of the Refunded Prior Bonds shall be remitted to the Authority free from the trust created by the Escrow Agreement. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this section and in full compliance with the provisions hereof.

(c) Payment from the Escrow Accounts. The Authority hereby irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to collect and deposit in each escrow account the interest on and principal of any Escrow Securities held in such escrow account promptly as such interest and principal become due, and use such interest and principal, together with the money initially deposited in the escrow accounts to pay the redemption price of the Refunded Prior Bonds as set forth in Schedule II attached hereto.

(d) Deficiencies in the Escrow Fund.

If at any time it shall appear to the Escrow Agent that the money in an escrow account will not be sufficient to make all payments required by Section 1(c) hereof, the Escrow Agent shall notify the Authority in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency and the reason therefor (if known to it), and the Authority shall use its best efforts to

obtain and deposit with the Escrow Agent for deposit in the escrow accounts, from any legally available moneys, such additional money as may be required to provide for the timely making of all such payments. The Escrow Agent shall in no event or manner be responsible for the failure of the District to make any such deposit.

Section 2. Notice of Redemption. The City hereby irrevocably instructs the Escrow Agent, in accordance with the terms and conditions of the Prior Trust Agreements, respectively, to provide notices of redemption for the Refunded Prior Bonds [and a notice of defeasance for the 2005 Bonds], such notices to be provided in the time and manner specified in the Prior Trust Agreements, respectively, and substantially in the form[s] shown in Exhibit A [and Exhibit B].

Section 3. Termination. Upon the completion of the payments required from the Escrow Fund and the transfer of any moneys remaining in the Escrow Fund to the City, this Escrow Agreement shall be terminated and of no further force or effect.

Section 4. Compensation and Indemnification of the Escrow Agent. (a) Payment for Services. The City shall pay the Escrow Agent a fee for its services hereunder and shall reimburse the Escrow Agent for its out-of-pocket expenses incurred by the Escrow Agent in connection with these services, all as more particularly agreed upon by the City and the Escrow Agent; provided that these fees and expenses shall in no event be deducted from the Escrow Fund except as provided in Section 1 and Section 3 hereof. Under no circumstances shall the Escrow Agent assert a lien on the Escrow Fund for any of its fees or expenses.

(b) Indemnification. The City agrees to indemnify the Escrow Agent, its directors, agents, and its officers or employees for, and hold the Escrow Agent, its directors, agents, and its officers or employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including, without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Agent) that may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time by reason of its performance of Escrow Agent's services, in any transaction arising out of the Escrow Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the particular indemnified party.

(c) Survival of Obligations. The obligations of the City hereunder to the Escrow Agent shall survive the termination or discharge of this Escrow Agreement or the resignation or removal of the Escrow Agent.

Section 5. Functions of the Escrow Agent; Immunities.

(a) Application of Funds. Moneys held by the Escrow Agent hereunder are to be held and applied for the refunding of the Refunded Prior Bonds in accordance with the Prior Trust Agreements and this Escrow Agreement.

(b) No Implied Duties. The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in the Escrow Agreement and no implied duties or obligations shall be read into the Escrow Agreement against the Escrow Agent.

(c) Reliance on Documents. The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected and indemnified as stated in the Escrow Agreement, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(d) Escrow Agent's Immunities. The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages, even if parties know of the possibility of such damages. The Escrow Agent shall have no duty or responsibility under the Escrow Agreement in the case of any default in the performance of covenants or agreements contained in the Prior Trust Agreements, or in the case of the receipt of any written demand with respect to such default. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under the Escrow Agreement.

(e) Reliance on Advice of Counsel. The Escrow Agent may consult with counsel of its own choice (which may be counsel to the City) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(f) Not Responsible for City's Representations. The Escrow Agent shall not be responsible for any of the recitals or representations by the City contained herein.

(g) Other Transactions. The Escrow Agent engage or be interested in any financial or other transaction with the City.

(h) Not Responsible for Sufficiency. The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the moneys to make the payments of principal and interest with respect to the Refunded Prior Bonds in accordance with the terms and conditions herein.

(i) Not Responsible for Acts or Omissions of the City. The Escrow Agent shall not be liable for any action or omission of the City under this Escrow Agreement or the Prior Trust Agreements.

(j) Reliance On City Certification. Whenever in the administration of the trust of the Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of the City, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of the Escrow Agreement upon the faith thereof.

(k) Accounting. The Escrow Agent will provide the City with a final accounting of the funds maintained hereunder upon the redemption of the Refunded Prior Bonds.

(l) Bank's Funds Not at Risk. None of the provisions of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder.

(m) Use of Agents. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(n) Force Majeure. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(o) Communication of Instructions. The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission, or other similar unsecured electronic methods, provided that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 6. Merger or Consolidation of the Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent and vested with all of the title to the Escrow Fund and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 7. Amendment of the Escrow Agreement. The Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the City and the Escrow Agent (i) an unqualified opinion of bond counsel that such amendment will not adversely affect the excludability from gross income for federal income tax purposes of interest evidenced by the refinancing or the Refunded Prior Bonds, and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Refunded Prior Bonds, as evidenced by an

opinion of counsel, the written consent of the registered owners of all Refunded Prior Bonds then outstanding.

Section 8. Governing Law. The Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 9. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the City:

City of Woodland  
300 First Street  
Woodland, CA 95695  
Attention: Finance Officer

If to the Escrow Agent:

U.S. Bank National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
Attention: Corporate Trust Services

Section 10. Severability. If any section, paragraph, sentence, clause or provision of the Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of the Escrow Agreement.

Section 11. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings specified in the Bond Issuance Agreement.

Section 12. Execution. The Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the City and the Escrow Agent have caused the Escrow Agreement to be executed each on its behalf as of the day and year first above written.

CITY OF WOODLAND

By: \_\_\_\_\_  
Finance Officer

U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent

By: \_\_\_\_\_  
Authorized Officer

## SCHEDULE I

### ESCROW SECURITIES

[United States Treasury Certificates of Indebtedness  
State and Local Government Series

| Principal Amount | Interest Rate | Issue Date        | Maturity Date  |
|------------------|---------------|-------------------|----------------|
|                  |               | February 25, 2014 | March 1, 2014] |

United States Treasury Note  
State and Local Government Series

| Principal Amount | Interest Rate | Issue Date        | Maturity Date | First Interest Payment Date |
|------------------|---------------|-------------------|---------------|-----------------------------|
|                  |               | February 25, 2014 | March 1, 2015 | September 1, 2014           |

## SCHEDULE II

### PAYMENT AND REDEMPTION SCHEDULES

#### Series 2002 Bonds

| <u>Payment Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Redemption Price</u> | <u>Total</u> |
|---------------------|------------------|-----------------|-------------------------|--------------|
| March 1, 2014       |                  |                 |                         |              |

#### Refunded Series 2005 Bonds

| <u>Payment Date</u> | <u>[Interest]</u> | <u>Redemption Price</u> | <u>Total</u> |
|---------------------|-------------------|-------------------------|--------------|
| [March 1, 2014      |                   |                         |              |
| September 1, 2014]  |                   |                         |              |
| March 1, 2015       |                   |                         |              |

**SCHEDULE III**  
**FINAL SLGS SUBSCRIPTION**



**EXHIBIT A**  
**NOTICES OF REDEMPTION**

**CONDITIONAL NOTICE OF FULL REDEMPTION**

**of the**

**Woodland Finance Authority**  
**Lease Revenue Bonds (Refunding and 2002 Capital Projects)**  
**(Issued: December 17, 2002)**

NOTICE IS HEREBY GIVEN pursuant to the Trust Agreement, dated December 1, 2002 (as amended and supplemented, the “2002 Trust Agreement”), which authorized and provided for the issuance and sale of the above-captioned bonds (the “Refunded Bonds”), that:

The Woodland Finance Authority (the “Authority”) has conditionally called for redemption, on March 1, 2014 (the “Redemption Date”), subject to the provisions of the succeeding paragraphs of this notice, all of the outstanding Refunded Bonds, which are currently outstanding in an aggregate principal amount of \$\_\_\_\_\_, at a redemption price equal to 100% of the principal amount of the Refunded Bonds called for redemption, plus interest accrued thereon to the Redemption Date.

The Refunded Bonds are further identified as follows:

| Maturity | Amount | Rate | CUSIP <sup>1</sup> |
|----------|--------|------|--------------------|
| March 1  |        |      |                    |

This Conditional Notice of Full Redemption, and the payment of the principal of and interest and premium on the Refunded Bonds on the specified Redemption Date, is subject to the receipt of funds in an amount sufficient to pay in full the specified redemption price of all of the Refunded Bonds on or before the Redemption Date, resulting from the sale of the Authority’s Wastewater Revenue Bonds (Junior Lien), Series 2014 (the “2014 Bonds”), which 2014 Bonds are expected to be delivered on or about February 25, 2014.

If sufficient funds are not received by the Escrow Agent by the Redemption Date, this notice shall be null and void and of no force and effect. The Refunded Bonds delivered for redemption shall be returned to the respective owners thereof, and the Refunded Bonds shall remain outstanding as though this conditional notice of redemption had not been given. Notice of a failure to receive

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<sup>1</sup> The Authority and the Escrow Agent shall not be responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Refunded Bond. They are included solely for the convenience of the owners.

funds and cancellation of this redemption shall be given by the U.S. Bank National Association (the "Escrow Agent") by publication in Munifacts wire and by first class mail, postage prepaid, to the registered owners of the Refunded Bonds.

If sufficient funds are held by the Escrow Agent on the Redemption Date, (1) the redemption price of the Refunded Bonds shall become due, (2) interest on the Refunded Bonds shall cease to accrue from and after the Redemption Date; (3) the owners of the Refunded Bonds shall cease to be entitled to the pledge of assets made under the 2002 Trust Agreement, and (4) all agreements, covenants, and other obligations of the City with respect to the Refunded Bonds shall be released and shall cease, terminate, become void and shall be completely discharged and satisfied, except for the obligation to pay principal of and interest on the Refunded Bonds, but only from moneys on deposit with the Escrow Agent.

Payment of the redemption price of and accrued interest on the Refunded Bonds will be made only upon presentation and surrender of the Refunded Bonds in the following manner (and only if the notice of redemption is not rescinded as to the particular Refunded Bonds so presented and surrendered). Registered or certified insured mail is suggested.

First Class/Registered/Certified Mail

Express Delivery Only

By Hand Delivery Only

Owners presenting their Refunded Bonds in person for same day payment must surrender their Prior Bond(s) by 1:00 P.M. on the Redemption Date and a check will be available for pickup after 2:00 PM. Checks not picked up by 4:30 P.M. will be mailed out to the registered owner via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Refunded Bond, you are not required to endorse the Refunded Bond to collect the Redemption Price. Interest with respect to the Refunded Bonds shall cease to accrue on and after the Redemption Date.

#### IMPORTANT NOTICE

Under the Jobs Growth Tax Relief Reconciliation Act of 2003 (the "Act"), 28% will be withheld if tax identification number is not properly certified. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

DATED: \_\_\_\_\_, 2014

U.S. Bank National Association, as escrow agent

## NOTICE OF REDEMPTION

of the

**Woodland Finance Authority  
Wastewater Revenue Bonds (Second Senior Lien), Series 2005  
(Issued: November 17, 2005)**

NOTICE IS HEREBY GIVEN pursuant to the Trust Agreement dated November 1, 2005, which authorized and provided for the issuance and sale of the above-captioned bonds (the “Refunded Bonds”), that:

The Woodland Finance Authority (the “Authority”) has called for redemption, on March 1, 2015 (the “Redemption Date”), all of the outstanding Refunded Bonds, which are currently outstanding in an aggregate principal amount of \$\_\_\_\_\_, at a redemption price equal to 100% of the principal amount of the Refunded Bonds called for redemption, plus interest accrued thereon to the Redemption Date.

The Refunded Bonds are further identified as follows:

| Maturity | Amount | Rate | CUSIP <sup>2</sup> |
|----------|--------|------|--------------------|
| March 1  |        |      |                    |

The redemption price of the Refunded Bonds shall become due and interest on the Refunded Bonds shall cease to accrue from and after the Redemption Date.

Payment of the redemption price of and accrued interest on the Refunded Bonds will be made only upon presentation and surrender of the Refunded Bonds in the following manner (and only if the notice of redemption is not rescinded as to the particular Refunded Bonds so presented and surrendered). Registered or certified insured mail is suggested.

First Class/Registered/Certified Mail

Express Delivery Only

By Hand Delivery Only

Owners presenting their Refunded Bonds in person for same day payment must surrender their Prior Bond(s) by 1:00 P.M. on the Redemption Date and a check will be available for pickup after 2:00 PM. Checks not picked up by 4:30 P.M. will be mailed out to the registered owner via first class mail. If payment of the Redemption Price is to be made to the registered owner of the

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<sup>2</sup> The Authority and the Escrow Agent shall not be responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Refunded Bond. They are included solely for the convenience of the owners.

Refunded Bond, you are not required to endorse the Refunded Bond to collect the Redemption Price. Interest with respect to the Refunded Bonds shall cease to accrue on and after the Redemption Date.

#### IMPORTANT NOTICE

Under the Jobs Growth Tax Relief Reconciliation Act of 2003 (the “Act”), 28% will be withheld if tax identification number is not properly certified. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

DATED: \_\_\_\_\_, 2014

U.S. Bank National Association, as escrow agent

**[EXHIBIT B**  
**NOTICE OF DEFEASANCE**  
**OF THE**

**Woodland Finance Authority**  
**Wastewater Revenue Bonds (Second Senior Lien), Series 2005**  
**Maturing on or after March 1 2016**  
**(Issued November 17, 2005)**

**NOTICE IS HEREBY GIVEN** pursuant to the Trust Agreement dated November 1, 2005 (the “2005 Trust Agreement”), between the Woodland Finance Authority (the “Authority”) and U.S. Bank National Association, as trustee thereunder, which authorized and provided for the issuance and sale of the above-captioned bonds (the “Refunded Bonds”), that the Authority has deposited in escrow with U.S. Bank National Association, as its escrow agent (the “Escrow Agent”), money and United States Treasury obligations, in the necessary amount (as evidenced in a verification report provided to the Escrow Agent) to pay interest on the Refunded Bonds to and including March 1, 2015, and to redeem all of the Refunded Bonds on March 1, 2015.

The owners of the Refunded Bonds shall cease to be entitled to the pledge of assets made under the 2005 Trust Agreement . All agreements and covenants of the Authority contained in the 2005 Trust Agreement with respect to the Refunded Bonds shall be released and shall cease, terminate, become void and shall be discharged and satisfied, except for the obligation to pay the interest on and the redemption price of the Refunded Bonds, but only from moneys on deposit with the Escrow Agent.

DATED: (date of notice generation)                      U.S. Bank National Association, as escrow agent]

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY \_\_, 2014**

**NEW ISSUE-BOOK-ENTRY ONLY**

**RATING: S&P: \_\_\_\_**

**(See "RATING")**

*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 2014 Bonds is excludable from gross income for federal income tax purposes. In the opinion of Bond Counsel, interest on the Series 2014 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; nor is such interest taken into account in determining adjusted current earnings for the purpose of computing the corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2014 Bonds is exempt from State of California personal income taxes. 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 2014 Bonds. See "TAX MATTERS." [TO BE REVIEWED BY BOND COUNSEL]*

\$\_\_\_\_\_\*

**WOODLAND FINANCE AUTHORITY  
WASTEWATER REVENUE BONDS  
(Junior Lien), Series 2014**

**Dated: Date of Delivery**

**Due: March 1, as shown on the inside cover**

The Woodland Finance Authority (the "Authority") is issuing \$\_\_\_\_\_\* principal amount of Woodland Finance Authority Wastewater Revenue Bonds (Junior Lien), Series 2014 (the "Series 2014 Bonds") to: (i) refund certain outstanding bonds issued by the Authority, the proceeds of which were used to finance the costs of acquiring, constructing and installing certain improvements made to the wastewater system (the "Wastewater System") of the City of Woodland (the "City"); (ii) [make a deposit into the Reserve Fund established for the Bonds under the Trust Agreement; and (iii)] pay certain costs associated with the issuance and delivery of the Series 2014 Bonds. See "PLAN OF REFUNDING," "ESTIMATED SOURCES AND USES OF FUNDS" and "THE 2014 WASTEWATER PROJECT."

The Series 2014 Bonds are issued pursuant to the terms of the Trust Agreement, dated February 1, 2014, as amended and supplemented by a First Supplemental Trust Agreement, dated February 1, 2014 (together, the Trust Agreement), each by and between the Authority and U.S. Bank National Association., as trustee (the "Trustee"). The principal of the Series 2014 Bonds is payable upon their respective stated maturities on March 1 of each year. Interest on the Series 2014 Bonds will be payable semiannually on March 1 and September 1, commencing September 1, 2014.

The Series 2014 Bonds are limited obligations of the Authority payable solely from revenues of the Authority, consisting primarily of Installment Payments (defined herein) made by the City to the Authority pursuant to an Installment Purchase Contract, dated February 1, 2014, as amended and supplemented by a First Supplemental Installment Purchase Contract, dated February 1, 2014 (together, the "Installment Purchase Contract") for the installment purchase of improvements to the Wastewater System.

The Series 2014 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 2014 Bonds. Ownership interests in the Series 2014 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 2014

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 2014 Bonds are subject to optional, mandatory sinking account and extraordinary redemption as described herein. See "THE SERIES 2014 BONDS—Redemption Provisions."**

THE SERIES 2014 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, CONSISTING PRIMARILY OF 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 2014 BONDS. THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION PAYABLE SOLELY FROM NET WASTEWATER 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 2014 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

This cover page contains information for quick reference only. It is ***not*** a complete summary of the Series 2014 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 2014 Bonds.**

The Series 2014 Bonds are offered when, as and if issued, subject to the approval as to their legality by Kronick, Moskowitz, 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 Best, Best & Krieger LLP, City Attorney and for the Authority and the City by Schiff Hardin LLP, San Francisco, California, Disclosure Counsel. It is anticipated that the Series 2014 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about March \_\_, 2014.

**SOUTHWEST SECURITIES, INC.**

Dated: \_\_\_\_\_, 2014.

---

\* Preliminary, subject to change.

\$ \_\_\_\_\_ \*

**WOODLAND FINANCE AUTHORITY**  
**WASTEWATER REVENUE BONDS**  
**(Junior Lien), Series 2014**

**MATURITY SCHEDULE**

\$ \_\_\_\_\_ Serial 2014 Bonds

| <u>Maturity</u><br><u>(March 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | CUSIP<br>No. <sup>†</sup><br>(____) | <u>Maturity</u><br><u>(March 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | CUSIP<br>No. <sup>†</sup><br>(____) |
|-------------------------------------|-----------------------------------|--------------------------------|--------------|-------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|--------------|-------------------------------------|
|-------------------------------------|-----------------------------------|--------------------------------|--------------|-------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|--------------|-------------------------------------|

\$ \_\_\_\_\_ % 2014 Bonds due March 1, 20\_\_ Price \_\_\_\_\_ %<sup>c</sup> CUSIP No. \_\_\_\_\_<sup>†</sup>

\* Preliminary, subject to change.

† Copyright 2014, 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. None of the Authority, the City or the Underwriter takes any responsibility for the accuracy of such CUSIP numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2014 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.



No dealer, broker, salesperson or other person has been authorized by the Authority, the City, or the Underwriter 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 2014 Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful. The information set forth herein has been obtained from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the City or the Underwriter. 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 Underwriter. 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 Wastewater System since the date hereof.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking” statements. Such statements are generally identifiable by the words “plans,” “expects,” “forecasts,” “projects,” “intends,” “budgets,” “anticipates,” “estimates,” “assumes” and analogous expressions. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Estimated Debt Service Coverage” and “THE WASTEWATER SYSTEM—Revenues, Expenses and Debt Service Coverage—*Projected Revenues, Expenses and Debt Service Coverage*.” The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the City in any way, regardless of the optimism communicated in the information, and such 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 any forward-looking statement contained herein to reflect any changes in the expectations of the City with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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 2014 Bond and the Authority, the City or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Series 2014 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2014 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof, and said public offering prices may be changed from time to time by the Underwriter.

The issuance and sale of the Series 2014 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 City maintains a website. Unless specifically indicated otherwise, the information presented on that website is **not** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2014 Bonds.

**WOODLAND FINANCE AUTHORITY  
PRESIDENT AND BOARD  
AND  
CITY OF WOODLAND  
MAYOR AND CITY COUNCIL**

Marlin H. "Skip" Davies, *President and Mayor*  
Tom Stallard, *Member and Vice Mayor*  
William L. Marble, *Member and Councilmember*  
Jim Hilliard, *Member and Councilmember*  
Sean Denny, *Member and Councilmember*

**AUTHORITY AND CITY STAFF**

Paul Navazio, *Administrator and City Manager*  
Kimberly McKinney, *Finance Officer*  
Ana Gonzalez, *Secretary, City Clerk*  
Kara K. Ueda, *Counsel to the Authority and City Attorney*  
Greg Meyer, *Public Works Director*

**SPECIAL SERVICES**

Kronick, Moskovitz, Tiedemann & Girard,  
a Professional Corporation  
Sacramento, California  
*Bond Counsel*

Schiff Hardin LLP  
San Francisco, California  
*Disclosure Counsel*

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

Del Rio Advisors, LLC  
Modesto, California  
*Financial Advisor*

Verification Agent  
Grant Thornton LLP, Minneapolis, Minnesota  
*Verification Agent*

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## Wastewater System Map

## **Sewer Area Map**

\$ \_\_\_\_\_ \*

**WOODLAND FINANCE AUTHORITY  
WASTEWATER REVENUE BONDS  
(Junior Lien), Series 2014**

**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."*

**Authority; Purpose**

The purpose of this Official Statement, including the cover page, the inside cover page and the Appendices hereto, is to furnish information with respect to the issuance, sale and delivery by the Woodland Finance Authority (the "Authority") of \$ \_\_\_\_\_ \* principal amount of Woodland Finance Authority Wastewater Revenue Bonds (Junior Lien), Series 2014 (the "Series 2014 Bonds").

The Series 2014 Bonds are being issued pursuant to a Trust Agreement, dated February 1, 2014, as amended and supplemented by a First Supplemental Trust Agreement, dated February 1, 2014 (together, the "Trust Agreement") each by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The Series 2014 Bonds and any additional series of bonds authorized to be issued under the Trust Agreement are referred to collectively as the "Bonds."

The Authority and the City of Woodland (the "City") entered into an Installment Purchase Contract, dated February 1, 2014, as amended and supplemented by a First Supplemental Installment Purchase Contract, dated February 1, 2014 (together, the "Installment Purchase Contract"), pursuant to which the Authority transfers its interest in and title to the City of certain capital facilities (the "Series 2002 Project") of the Wastewater System of the City (the "Wastewater System") refinanced and financed by the Woodland Finance Authority Lease Revenue Bonds (Refunding and Capital Projects) (the "Series 2002 Bonds") and the capital facilities (the "Series 2005 Project") purchased pursuant to the Installment Sale Agreement, dated November 1, 2005 (the "Series 2005 Installment Sale Agreement") between the City and the Authority, in exchange for installment payments (the "Installment Payments") made by the City that are equal to the scheduled debt service on the Series 2014 Bonds.

The proceeds of the Series 2014 Bonds will be used to: (i) refund the Series 2002 Bonds and, depending upon market conditions on the sale date of the Series 2014 Bonds, all or a portion of the Series 2005 Bonds; (ii) [make a deposit into the Reserve Fund established for the Bonds under the Trust Agreement; and (iii)] pay certain costs associated with the issuance and delivery of the Series 2014 Bonds. See "PLAN OF REFUNDING."

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\* Preliminary, subject to change.

## Redemption

The Series 2014 Bonds are subject to optional, mandatory sinking account and extraordinary redemption prior to their respective stated maturities. See “THE SERIES 2014 BONDS–Redemption Provisions.”

## Security and Sources of Payment for the Bonds

***Pledge of Net Wastewater Revenues.*** The Authority will pay the principal of, redemption premium, if any and interest on the Series 2014 Bonds solely from Revenues, consisting of Installment Payments made by the City.

The obligation of the City to make the Installment Payments from Net Wastewater Revenues is absolute and unconditional and until the Series 2014 Bonds are paid in full and may not be abated, discontinued or suspended whether or not the 2014 Wastewater 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 2014 Bonds. Pursuant to the Trust Agreement, the Authority has pledged to the Trustee for the benefit of the Owners of the Bonds, all of the Revenues. **No funds or properties of the City, other than the Net Wastewater Revenues, are pledged to pay the Installment Payments.** See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS–Installment Purchase Contract.”

**The pledge of Net Wastewater Revenues to pay the Series 2014 Bonds is junior and subordinate to the pledge of Net Wastewater Revenues to pay the Series 2009 Bonds [and the remaining Series 2005 Bonds].**

***Outstanding Obligations.*** In 1992, the City issued \$17,335,000 original principal amount of Certificates of Participation (1992 Wastewater System Refunding Project) (the “1992 Certificates of Participation”), the payment of which was secured by a first lien and pledge on the “Net Revenues” (which were essentially the same as Wastewater Revenues less Operations and Maintenance Costs).

In 2002, the City leased a portion of the Wastewater System to the Authority and sublet it back pursuant to lease arrangements under which the City made rental payments to the Authority to secure a portion of the Authority’s Lease Revenue Bonds (Refunding and 2002 Capital Projects) (the “Series 2002 Bonds”). The proceeds of the Series 2002 Bonds were used to refund a portion of the 1992 Certificates of Participation and finance the second stage of a planned three-stage expansion of the WPCF from an average dry weather flow capacity of 7.8 million mgd to the current 10.4 mgd. All of the Outstanding Series 2002 Bonds financed Wastewater System projects.

Payments made by the City to the Authority pursuant to the Series 2005 Installment Purchase Agreement secure payment of the Woodland Finance Authority Wastewater Revenue Bonds (Second Senior Lien), Series 2005 (the “Series 2005 Bonds”). The Series 2005 Bonds were issued pursuant to a Trust Agreement, dated November 1, 2005 (the “Master Trust Agreement”) by and between the Authority and the Trustee.

In 2009, the Authority issued \$12,115,000 principal amount of Woodland Finance Authority Wastewater Revenue Bonds (Second Senior Lien), Series 2009A (the “Series 2009 Bonds”), of which \$\_\_\_\_\_ principal amount is currently Outstanding. The Series 2009 Bonds were issued pursuant to the 2005 Master Trust Agreement, as amended and supplemented by a First Supplemental Trust Agreement, dated November 1, 2009, by and between the Authority and the Trustee.



When the remaining 1992 Certificates of Participation were repaid on March 1, 2012, the Series 2005 Bonds and the Series 2009 Bonds became secured by the Net Wastewater Revenues in a first senior lien position.

The Series 2002 Bonds and, depending upon market conditions on the sale date of the Series 2014 Bonds, all or a portion of the Series 2005 Bonds will be refunded with proceeds from the issuance of the Series 2014 Bonds. See "PLAN OF REFUNDING."

**The City may at any time issue obligations to fund improvements to the Wastewater System that are payable from and secured by a pledge of Wastewater Revenues that is on a parity with the pledge of and lien on Net Wastewater Revenues as provided in the Installment Purchase Contract, if the Net Wastewater Revenues for the most recent audited Fiscal Year preceding the issuance of such obligations is equal to at least 120% of Debt Service (as defined below) on all Outstanding parity obligations and the obligations to be issued. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Parity Debt."**

***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 Wastewater Revenues, provided that such pledge and lien is subordinate in all respects to the pledge of and lien on the Wastewater Revenues as provided in the Installment Purchase Contract.

THE SERIES 2014 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, CONSISTING PRIMARILY OF 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 2014 BONDS. THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION PAYABLE SOLELY FROM NET WASTEWATER 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 2014 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS."

## **Reserve Fund**

The Trust Agreement establishes a Reserve Account for the Series 2014 Bonds (the "Series 2014 Reserve Account") within the Reserve Fund as security for the Series 2014 Bonds. The Series 2014 Reserve Account is required to be funded in an amount equal to the Series 2014 Required Reserve, which is, as of any date of calculation, an amount equal to the least of: (i) Maximum Annual Debt Service in any Bond Year on all Series 2014 Bonds Outstanding; (ii) 125% of Average Annual Debt Service in any Bond Year on all Series 2014 Bonds Outstanding; and (iii) 10% of the original principal amount of the Series 2014 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Reserve Fund."

On the date of delivery of the Series 2014 Bonds, the Series 2014 Reserve Account will be funded in the amount of \$\_\_\_\_\_, which amount is equal to the Series 2014 Required Reserve. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Reserve Fund."

## **Bondowners' Risks**

An investment in the Series 2014 Bonds involves risk. See "CERTAIN RISKS TO BONDHOLDERS" for a discussion of important investment considerations and other risk factors associated with the purchase of the Series 2014 Bonds. Any one or more of the risks discussed, and others, could lead to a decrease in the market value of the Series 2014 Bonds or the ability of the City to make Installment Payments. Potential purchasers of the Series 2014 Bonds are advised to review the entire Official Statement carefully and to conduct such due diligence and other review as they deem necessary and appropriate under the circumstances.

## **Continuing Disclosure**

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2014 Bonds or to any decision to purchase, hold or sell the Series 2014 Bonds, and the Authority will not provide any such information. The City has undertaken all responsibilities of the Authority for any continuing disclosure to Holders of the Series 2014 Bonds.

The City covenants for the benefit of Holders of the Series 2014 Bonds and beneficial owners to provide certain financial information and operating data relating to the City and the Wastewater System by not later seven months after the end of the City's Fiscal Year, commencing with the Report for the 2013-14 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. The Annual Report and notices of significant events will be filed by means of the Electronic Municipal Market Access ("EMMA") site maintained by the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the information to be contained in the Annual Report or the notices of significant events is set forth in APPENDIX D—"FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

During the past five years, the City did not fail to comply with its obligation to file annual reports, but did fail on occasion to timely file notices of bond insurer related changes and certain other matters. See "CONTINUING DISCLOSURE."

## **Additional Information**

This Official Statement contains brief descriptions of the Series 2014 Bonds, the security for the Series 2014 Bonds, the Trust Agreement, the Installment Purchase Contract, the Authority, the City, the Wastewater System and certain other information relevant to the issuance of the Series 2014 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 2014 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 2014 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 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 City. Copies of documents referred to herein and information concerning the Series 2014 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 REFUNDING**

### **General**

The Series 2014 Bonds are being issued to: (i) effect a current refunding of the Series 2002 Bonds and an advance refunding of the Series 2005 Bonds; [(ii) make a deposit into the Reserve Fund established for the Bonds under the Trust Agreement in the amount of the Reserve Requirement;] and (iii) pay certain costs associated with the issuance of the Series 2014 Bonds.

Proceeds from the issuance of the Series 2014 Bonds will be deposited by the Authority in separate irrevocable escrow accounts (the “Series 2002 Escrow Account” with respect to the Series 2002 Bonds and the “Series 2005 Escrow Account” with respect to the Series 2005 Bonds and together, the “Escrow Accounts”). The Escrow Accounts are established pursuant to the terms and conditions of an Escrow Agreement dated February 1, 2014 (the “Escrow Agreement”) between the Authority and U.S. Bank National Association, as escrow agent (the “Escrow Agent”).

On the delivery date of the Series 2014 Bonds, the Authority will deposit a portion of the proceeds therefrom, together with certain other available funds, in the Escrow Accounts held by the Escrow Agent. Upon such deposit, the Series 2002 Bonds will be redeemed; the Series 2005 Bonds will be defeased; the Series 2005 Installment Sale Agreement securing the Series 2005 Bonds will be prepaid and discharged; and the Series 2002 Bonds and the Series 2005 Bonds will no longer be deemed outstanding under the trust agreement pursuant to which such Bonds were issued.

Amounts on deposit in the Escrow Accounts are *not* available to make payment on the Series 2014 Bonds.

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## Series 2002 Bonds

The funds deposited with the Escrow Agent and held in the Series 2002 Escrow Account will be held uninvested. The Series 2002 Bonds to be refunded consist of the following:

**Table 1A**

**\$19,575,000**  
**Woodland Finance Authority**  
**Lease Revenue Bonds**  
**(Refunding and 2002 Capital Projects)**  
**Dated Date: December 17, 2002**  
**Redemption Date: March 1, 2014**  
**Redemption Price: 100%**

| <u>Maturity Date</u><br><u>(March 1)</u> | <u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>CUSIP</u> <sup>†</sup> |
|------------------------------------------|---------------|--------------------------------|---------------------------|
| 2014                                     | \$660,000     | 4.150%                         | 979513AM0                 |
| 2015                                     | 690,000       | 4.300                          | 979513AN8                 |
| 2016                                     | 720,000       | 4.400                          | 979513AP3                 |
| 2017                                     | 750,000       | 4.500                          | 979513AQ1                 |
| 2018                                     | 785,000       | 4.600                          | 979513AR9                 |
| 2019                                     | 815,000       | 4.700                          | 979513AS7                 |
| 2020                                     | 855,000       | 4.800                          | 979513AT5                 |
| 2021                                     | 900,000       | 4.850                          | 979513AU2                 |
| 2025                                     | 4,060,000     | 5.000                          | 979513AW8                 |
| 2032                                     | 9,340,000     | 5.000                          | 979513AV0                 |

<sup>†</sup> Copyright 2014, 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. None of the Authority, the City or the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.

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## Series 2005 Bonds

The funds deposited with the Escrow Agent and held in the Series 2005 Escrow Account will be applied to acquire certain direct noncallable obligations of the United States of America (the “Escrow Securities”). The principal of and interest on the Escrow Securities, together with any amounts held as cash in the Series 2005 Escrow Account will be sufficient to pay the principal of and interest on the Series 2005 Bonds through March 1, 2015 and the redemption price of the Series 2005 Bonds on March 1, 2015. The Series 2005 Bonds to be refunded consist of all or a portion of the following:

**Table 1B**

**\$16,965,000\***  
**Woodland Finance Authority**  
**Wastewater Revenue Bonds (Second Senior Lien), Series 2005**  
**Dated Date: November 17, 2005**  
**Redemption Date: March 1, 2015**  
**Redemption Price: 100%**

| <u>Maturity Date</u><br><u>(March 1)</u> | <u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>CUSIP</u> <sup>†</sup> |
|------------------------------------------|---------------|--------------------------------|---------------------------|
| 2015                                     | \$350,000     | 4.000%                         | 97951PAC3                 |
| 2016                                     | 365,000       | 4.000                          | 97951PAD1                 |
| 2017                                     | 380,000       | 4.100                          | 97951PAE9                 |
| 2018                                     | 395,000       | 4.200                          | 97951PAF6                 |
| 2019                                     | 420,000       | 4.250                          | 97951PAG4                 |
| 2020                                     | 435,000       | 4.350                          | 97951PAH2                 |
| 2021                                     | 450,000       | 4.400                          | 97951PAJ8                 |
| 2022                                     | 465,000       | 4.500                          | 97951PAK5                 |
| 2023                                     | 490,000       | 4.550                          | 97951PAL3                 |
| 2024                                     | 515,000       | 4.600                          | 97951PAM1                 |
| 2030                                     | 3,655,000     | 5.000                          | 97951PAN9                 |
| 2033                                     | 3,870,000     | 5.000                          | 97951PAQ2                 |
| 2035                                     | 5,175,000     | 5.000                          | 97951PAP4                 |

\* Preliminary, subject to change.

† Copyright 2014, 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. None of the Authority, the City or the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.

Grant Thornton LLP, independent certified public accountants, as the Verification Agent, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the principal of and interest on the Series 2005 Bonds and the sufficiency of the Escrow Securities to make the scheduled payments of principal of and interest on the Series 2005 Bonds to the Redemption Date. For information on mathematical verification of the sufficiency of scheduled payments with respect to such obligations of the United States of America and other funds held in the Refunding Escrow Fund to make such payments, see “VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE SERIES 2005 BONDS.”

## THE SERIES 2014 BONDS

### Description

The Series 2014 Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Installment Payments to be made by the City to the Authority pursuant to the terms of the Installment Purchase Contract.

The Series 2014 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 2014 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 2014 Bonds. Individual purchases will be made in book-entry only form. Purchasers will not receive physical certificates representing their beneficial ownership interest in the Series 2014 Bonds. So long as the Series 2014 Bonds are registered in the name of the nominee, payment of principal of, premium, if any, and interest on the Series 2014 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 2014 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 2014 Bonds will be payable on March 1 and September 1 each year (each an “Interest Payment Date”), commencing September 1, 2014. 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 2014 Bonds, see “PLAN OF FINANCE–2014 Wastewater Project.”

### Redemption Provisions

**Optional Redemption.** The Series 2014 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 at random within a maturity), on any date on or after March 1, 2024, at a redemption price equal to the principal amount of Series 2014 Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

**Mandatory Sinking Account Redemption.** The Series 2014 Bonds maturing on March 1, 20\_\_ (the “20\_\_ Term Bonds”), are subject to redemption prior to their stated maturity, in part, at random from amounts on deposit into the 20\_\_ Term Bonds Sinking Account in the following amounts and the following dates, at the principal amount thereof t on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all 20\_\_ Term Bonds optionally redeemed:

20\_\_ Term Bonds

| Mandatory<br>Redemption Dates<br>(March 1) | Principal Amount<br>\$ |
|--------------------------------------------|------------------------|
|--------------------------------------------|------------------------|

†

† Maturity.

The Series 2014 Bonds maturing on March 1, 2035 (the “2035 Term Bonds”), are subject to redemption prior to their stated maturity, in part, at random from amounts on deposit into the 2035 Term Bonds Sinking Account in the following amounts and the following dates, at the principal amount thereof t on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all 2035 Term Bonds optionally redeemed:

2035 Term Bonds

| Mandatory<br>Redemption Dates<br>(March 1) | Principal Amount<br>\$ |
|--------------------------------------------|------------------------|
|--------------------------------------------|------------------------|

2035<sup>†</sup>

† Maturity.

***Extraordinary Redemption Due to Casualty Loss or Governmental Taking.*** The Series 2014 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 Installment Payments made by the City from funds received due to a casualty loss, material title defect, or governmental taking of the Wastewater 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 the principal amount of the Series 2014 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 not fewer than 30 nor more than 60 days prior to the redemption date to the respective Owners of any Series 2014 Bonds designated for redemption at their address appearing on the Bond Register, the Securities Depositories (if the Series 2014 Bonds are not then in book-entry only form) and the Information Service. Notice of redemption to the Securities Depositories is required to be given by registered or overnight mail. So long as Cede & Co., as nominee of DTC, continues to be the registered owner of the Series 2014 Bonds, any notices of redemption will be given only to Cede & Co., as nominee of DTC, and not to DTC, DTC Participants or Beneficial Owners. See APPENDIX F–“DTC AND THE BOOK-ENTRY ONLY SYSTEM.” Notices of redemption are required to state: (i) the date of such notice; (ii) the date of the Series 2014 Bonds; (iii) the redemption date; (iv) the place or places of redemption (including the name and appropriate address or addresses of the Trustee); and (v) 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 2014 Bonds of such maturity to be redeemed and, in the case of Series 2014 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 also state that on said date there will become due and payable on each of said Series 2014 Bonds the principal amount thereof or specified portion of the principal amount thereof in the case of a Series 2014 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 Series 2014 Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Neither the Authority nor the Trustee will have any responsibility for any defect in the CUSIP number that appears on any Series 2014 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 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 2014 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 2014 Bonds for Redemption.*** If less than all of the Series 2014 Bonds are to be redeemed, not more than 60 days prior to the redemption date the Trustee is required to select the particular Series 2014 Bonds to be redeemed (in whole or in part) from the Outstanding Series 2014 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 deems appropriate and fair. For purposes of selection, each \$5,000 portion of a Series 2014 Bond shall be deemed to be a separate Series 2014 Bond.

***Effect of Redemption.*** If notice of redemption is given as provided in the Trust Agreement and the amount necessary for the payment of the redemption price is held by the Trustee, then the Series 2014 Bonds, or portion thereof, designated for redemption shall become due and payable at the redemption prices thereof and interest thereon shall cease to accrue.

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## DEBT SERVICE SCHEDULE

The following table shows scheduled semiannual debt service on the Series 2014 Bonds, without regard to any optional redemption. See also Table 3—"Estimated Debt Service Coverage."

**Table 2**  
**Debt Service Schedule**

| Payment<br>Date | Series<br>2009 Bonds<br>Debt Service <sup>†</sup> | Series 2014 Bonds |                 |              | Total<br>Fiscal Year<br>Debt Service |
|-----------------|---------------------------------------------------|-------------------|-----------------|--------------|--------------------------------------|
|                 |                                                   | <u>Principal</u>  | <u>Interest</u> | <u>Total</u> |                                      |

TOTAL

<sup>†</sup> Represents debt service on the Outstanding Series 2009 Bonds that are payable from Revenues senior to the Series 2014 Bonds. See "INTRODUCTION—Security and Sources of Payment for the Bonds—*Outstanding Obligations*."

## Estimated Debt Service Coverage

Table 3 sets forth estimated annual debt service for the Series 2014 Bonds and Series 2009 Bonds, based on scheduled payments of principal of and interest on the Junior Bonds.

**Table 3**  
**Woodland Finance Authority**  
**Estimated Debt Service Coverage**  
**Fiscal Years 2013-14 through 2017-18**

| <u>Fiscal Year</u> | A.<br><u>Total Senior Lien<br/>Debt Service<sup>(1)</sup></u> | B.<br><u>Estimated<br/>Available Net<br/>Revenues<sup>(2)</sup></u> | C.<br><u>Estimated Series<br/>2014 Bonds<br/>Debt Service</u> | D.<br><u>Estimated Series<br/>2014 Bonds Debt<br/>Service Coverage<sup>(3)</sup></u> |
|--------------------|---------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------|
| 2013-14            |                                                               |                                                                     |                                                               |                                                                                      |
| 2014-15            |                                                               |                                                                     |                                                               |                                                                                      |
| 2015-16            |                                                               |                                                                     |                                                               |                                                                                      |
| 2016-17            |                                                               |                                                                     |                                                               |                                                                                      |
| 2017-18            |                                                               |                                                                     |                                                               |                                                                                      |
| TOTAL              |                                                               |                                                                     |                                                               | (3)                                                                                  |

- (1) Represents debt service on the Series 2009 Bonds at an estimated average interest rate equal to \_\_\_\_%. Column does not total due to rounding.
- (2) Represents Net Wastewater Revenues of the City available to make the Installment Payments under the Installment Purchase Contract. Column does not total due to rounding.
- (3) Represents the average estimated debt service coverage on the Series 2014 Bonds for the five Fiscal Years.

## ESTIMATED SOURCES AND USES OF FUNDS

Table 4 sets forth the estimated sources and uses of funds received from the sale of the Series 2014 Bonds:

**Table 4**  
**Estimated Sources and Uses of Funds**

### Sources of Funds:

Net Original Issue Premium  
Funds held under the Series 2002 Indenture  
Funds held under the Series 2005 Indenture  
TOTAL ESTIMATED SOURCES

### Uses of Funds:

Series 2002 Bonds Escrow Account<sup>(1)</sup>  
Series 2005 Bonds Escrow Account<sup>(1)</sup>  
Series 2014 Reserve Account  
Costs of Issuance<sup>(2)</sup>  
Underwriter's Discount  
TOTAL ESTIMATED USES OF FUNDS

- (1) See "PLAN OF REFUNDING."
- (2) Includes Bond Counsel fees, Disclosure Counsel fees, Trustee fees, Financial Advisor fees, the Underwriter's discount, rating agency fees, Verification Agent fees and costs, printing costs and other costs of issuance.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### Pledge of Revenues

The Series 2014 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 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 Installment Payments from Net Wastewater Revenues is absolute and unconditional and until the Series 2014 Bonds are paid in full, may not be abated, discontinued or suspended whether or not the 2014 Wastewater 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 2014 Bonds. **No funds or properties of the City, other than the Net Wastewater Revenues, are pledged to pay the Installment Payments.**

**The pledge of Net Wastewater Revenues to pay the Series 2014 Bonds is junior and subordinate to the pledge of Net Wastewater Revenues to pay the Series 2009 Bonds [and the remaining Series 2005 Bonds].**

“Net Wastewater Revenues” means, for any Fiscal Year the Wastewater Revenues during such Fiscal Year, less Maintenance and Operation Costs during such Fiscal Year.

“Wastewater Revenues” means all gross income and revenue received or receivable by the City from the ownership or operation of the Wastewater 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 Wastewater Service and the other services of the Wastewater System and all other income and revenue howsoever derived by the City from the ownership or operation of the Wastewater System or arising from the Wastewater System (including developer impact fees for Wastewater 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 Wastewater 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 Wastewater System; (iv) the payments received under a Financial Products Agreement; and (v) deposits to the Wastewater Revenue Fund from amounts on deposit in the Rate Stabilization Fund, but only as and to the extent specified in the Installment Purchase Contract. See “–Rate Covenant; Collection of Rates and Charges” and “–Rate Stabilization Fund.”

“Operation and Maintenance Costs” means (i) the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Wastewater System, determined in accordance with Generally Accepted Accounting Principles, including (without limitation) all reasonable expenses of maintenance and repair and other expenses necessary to maintain and preserve the Wastewater 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 Wastewater System, such as salaries and wages [and benefits] 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 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 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.

**The obligation of the City to make the Installment Payments is limited to Net Wastewater Revenues. The 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 Wastewater 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 2014 Bonds. No tax or other sources of funds, other than the Net Wastewater Revenues, is pledged to pay Installment Payments.**

#### **Rate Covenant; Collection of Rates and Charges**

In the Installment Purchase Contract the City covenants to fix, prescribe and collect rates and charges for the Wastewater Service that are reasonably fair and nondiscriminatory and that will be at least sufficient to yield during each Fiscal Year: (i) Net Wastewater Revenues (defined in the Trust Agreement as Wastewater Revenues during such Fiscal Year, less the Operation and Maintenance Costs during such Fiscal Year) that are equal to 120% of Debt Service (as defined below) for such Fiscal Year; (ii) any amounts necessary to replenish the Reserve Fund and any similar fund established with respect to the City Revenue Bonds or Contracts to their 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 may not reduce the rates and charges then in effect unless the Net Wastewater Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements described in the preceding sentence.

#### **Deposit of Revenues; Funds and Accounts**

Pursuant to the Installment Purchase Contract, the Authority transfers its interest in and title to, the City and the City purchases from the Authority the 2002 and 2005 Wastewater Projects at a price equal to the aggregate principal amount of the Series 2014 Bonds, plus the interest to accrue on the unpaid balance thereof over the term of the Installment Purchase Contract. To secure payment to the Authority of the purchase price, the City irrevocably pledges all Net Wastewater Revenues. Such pledge constitutes a lien on the Net Wastewater Revenues such pledge constitutes a lien on the Net Wastewater Revenues (subject to the application of amounts on deposit therein for payment of Operation and Maintenance Costs and as otherwise permitted in the Installment Purchase Contract), the Wastewater Revenue Fund and the other funds and accounts established under the Installment Purchase Contract for the payment of the Installment Payments, Operation and Maintenance Costs and all other Contracts and City Revenue Bonds in accordance with the terms of the Installment Purchase Contract and the Trust Agreement. **The pledge of Net Wastewater Revenues to secure the Installment Payments is subject to the prior pledge and lien on such Net Wastewater Revenues made pursuant to the installment sale agreement that secures the payment of the Series 2009 Bonds.**

Pursuant to the Trust Agreement, the Authority irrevocably pledges to the payment of the Series 2014 Bonds all Revenues held by the Trustee in any fund or account established under the Trust Agreement to the payment of interest on and principal of the Series 2014 Bonds.

So long as any Series 2014 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 2014 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:

|                |                 |
|----------------|-----------------|
| <i>First:</i>  | Interest Fund   |
| <i>Second:</i> | Principal Fund  |
| <i>Third:</i>  | Redemption Fund |
| <i>Fourth:</i> | Reserve Fund    |
| <i>Fifth:</i>  | Rebate Fund     |

**Interest Fund.** On each Interest Payment Date, 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 2014 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 2014 Bonds then Outstanding (but excluding any moneys on deposit in the Interest Fund from the proceeds of a series of Series 2014 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 2014 Bonds as it shall become due and payable (including accrued interest on any Series 2014 Bonds purchased or redeemed prior to maturity).

**Principal Fund.** On each Principal Payment Date, the Trustee is required to deposit in the Principal Fund an amount equal to (i) the aggregate amount of principal becoming due and payable on the Outstanding Serial Series 2014 Bonds and (ii) the aggregate principal amount of Series 2014 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 Series 2014 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 2014 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 2014 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 are required to 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 2014 Bonds to be redeemed.

**Reserve Fund and Rebate Fund.** Any moneys remaining in the Revenue Fund after the transfers described above are required to be deposited, in order of priority, into (i) the Reserve Account within the Reserve Fund for the Series 2014 Bonds to the extent that the amount therein is less than the Series 2014 Bonds Required Reserve, and (ii) 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 are required to remain on deposit in the Revenue Fund. The City may use and apply any moneys when received by it for any lawful purpose of the City, including the redemption of Series 2014 Bonds upon the terms and conditions set forth in the Trust Agreement and the purchase of Series 2014 Bonds as and when and at such prices as it may determine.

Reserve Fund. For a description of the Reserve Fund, see “–Reserve Fund.”

Rebate Fund. The Trustee is required to establish and maintain a fund designated as the “Rebate Fund” separate from any other fund held by the Trustee. The Trustee is required to deposit moneys into and disburse moneys from the Rebate Fund pursuant to written instructions from the City.

***Investment of Money in Accounts and Funds.*** All moneys in any of the funds and accounts held by the Trustee and established pursuant to the Trust Agreement are required to be invested solely as directed by the Authority, solely in Permitted Investments. See also APPENDIX C– “SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS–DEFINITIONS” and “–TRUST AGREEMENT–Revenues–Investment of Money in Accounts and Funds.”

## **Reserve Fund**

***Funding.*** Under the Trust Agreement, a Reserve Account for the Series 2014 Bonds (the “Series 2014 Reserve Account”) is established within Reserve Fund, which Series 2014 Reserve Account is held by the Trustee and pledged to payment of the Series 2014 Bonds. On the date of delivery of the Series 2014 Bonds proceeds of the Series 2014 Bonds in the amount of \$\_\_\_\_\_ will be deposited in the Series 2014 Reserve Account, which amount is equal to the Series 2014 Required Reserve. The “Series 2014 Required Reserve” is defined in the Trust Agreement to mean, as of any date of calculation for the Series 2014 Bonds, an amount equal to the least of (i) Maximum Annual Debt Service in any Bond Year on all Series 2014 Bonds Outstanding, (ii) 125% of Average Annual Debt Service in any Bond Year on the Series 2014 Bonds Outstanding, and (iii) 10% of the original principal amount of the Series 2014 Bonds.

The Series 2014 Required Reserve is \$\_\_\_\_\_, which is equal to *[identify test satisfied]*.

***Replenishment of the Reserve Fund.*** 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 2014 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 the Series 2014 Reserve Account and 1/4 of the aggregate amount of any deficiency due to any required valuations of the investments in the Series 2014 Reserve Account until the total of the cash balance in the Series 2014 Reserve Account and the amount available under any Reserve Facility (described below) is at least equal to the Series 2014 Required Reserve.

***Reserve Facilities.*** The requirement to deposit or replenish the Series 2014 Required Reserve may be satisfied with the acquisition of a letter of credit, insurance policy, surety bond or other Reserve Facility deposited with the Trustee meeting the requirements of a “Reserve Facility” set forth in APPENDIX C– “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–TRUST AGREEMENT–Funding and Application of Reserve Fund.” Any letter of credit or so delivered is required to be irrevocable and issued by a financial institution having unsecured debt obligations rated in one of two highest Rating Categories of Moody’s and Standard & Poor’s, in an amount, together with moneys, Permitted Investments or Reserve Facilities (described below) on deposit in the Series 2014 Reserve Account equal to the Series 2014 Required Reserve; have a term of no less than three years, or if less, equal to the maturity of the Series 2014 Bonds and provide by its terms that it may be drawn upon as provided in the Trust Agreement; [and be acceptable to the Credit Providers].

Any insurance policy, surety bond, or other Reserve Facility deposited in the Series 2014 Reserve Account must: (a) be 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 Categories of Moody's and Standard & Poor's and, if rated by A.M. Best & Company, be rated in the highest rating category of A.M. Best & Company; (b) have a term of no less than the maturity of the Series 2014 Bonds in connection with which such Reserve Facility was obtained; and (c) be acceptable to the insurers of the Series 2014 Bonds.

***Use of Amounts in the Reserve Fund.*** All amounts in the Series 2014 Reserve Account (including all amounts that may be obtained from Reserve Facilities on deposit therein) are required to be used and withdrawn by the Trustee solely for the purpose of making up 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 2014 Bonds then Outstanding, or for the payment of the final principal and interest payment with respect to the Series 2014 Bonds secured by the Series 2014 Reserve Account (provided that following such payment the amounts in the Series 2014 Reserve Account including the amounts that may be obtained from Reserve Facilities on deposit therein) will equal the Series 2014 Required Reserve. In such event, the Trustee are required to draw on the portion of the Series 2014 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 Series 2014 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 2014 Bonds when due.

***Transfer of Excess Amounts.*** Any amounts in the Series 2014 Reserve Account in excess of the Series 2014 Required Reserve (as calculated by the City) is required to be transferred by the Trustee to the City on the last Business Day of March and September of each year; provided that such amounts are required to be transferred only from the portion of the Series 2014 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 therein any available funds, including such Net Wastewater Revenues as the City determines are not needed to make Installment Payments. 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 only for inclusion in Wastewater Revenues, such withdrawals to be made until (but not after) 120 days after the end of such Fiscal Year. All interest or other earnings on deposits in the Rate Stabilization Fund are required to be withdrawn therefrom and accounted for as Wastewater Revenues. Currently, there are no monies on deposit in the Rate Stabilization Fund.

### **Parity Obligations**

The City may at any time execute Contracts or issue any City Revenue Bonds to fund improvements to the Wastewater System that are payable from and secured by a pledge of Net Wastewater Revenues that is on a parity with the pledge of and lien on the Net Wastewater Revenues as provided in the Installment Purchase Contract; *provided* the City satisfies the Debt Service Feasibility and Reserve Funding requirements summarized below.

***Debt Service Feasibility for Projects.*** For financing 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.

Historical Coverage Test. The historical coverage test is satisfied if the Net Wastewater 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 immediately preceding 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, produced a sum equal to at 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 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 Wastewater Revenues for the measurement period may be increased by:

- (i) the estimated amount of additional Net Wastewater Revenues that would have accrued to the Wastewater System from each new connection to the Wastewater 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 Wastewater Revenues that would have accrued to the Wastewater 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 Wastewater 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 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 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 Wastewater Revenues may include:

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

### **Installment Purchase Contract Default**

**Definition.** An Installment Purchase Contract Default shall occur if one or more of the following occurs:

- (i) a default is 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;
- (ii) a default is 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 60 days after the City has been given notice in writing of such default by the Authority; or



(iii) if the City files 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;

***Acceleration of Maturities.*** In each and every such case during the continuance of such Installment Purchase Contract Default specified in clause (i) above, the Authority is required to, 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 (i) 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.

**Application of Funds Upon Acceleration.** All moneys in the Wastewater Revenue Fund upon the date of the declaration of acceleration by the Authority as provided in the Installment Purchase Contract and all Wastewater Revenues thereafter received shall be applied in the following order:

*First:* to the payment of the Operation and Maintenance Costs of the Wastewater System;

*Second:* to the payment of the installment payments under the 2005 Contract;

*Third:* 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

*Fourth:* 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.

***Other Remedies of the Authority.*** The Authority also has the right: (i) 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 in the Installment Purchase Contract; (ii) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Authority; or (iii) 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.

See also 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.

## **THE WASTEWATER SYSTEM**

### **Overview**

The Wastewater System is one of three utilities maintained and operated by the City’s Public Works Department. The two other utilities are water and storm-water. The City is the exclusive provider for collection and transport for all municipal wastewater generated within the corporate limits of the City, serving an area of approximately 14.5 square miles and a population of approximately 56,908 as of January 1, 2013 (the most recent data available).

The Wastewater System is comprised of collection systems and a water pollution control treatment and disposal facility (the “WPCF”). The WPCF is located on an approximately 400-acre site in the southeastern portion of the City at 42929 County Road 24. The WPCF provides tertiary treatment of wastewater with ultra violet (UV) disinfection and is designated by the State Water Resources Control Board (the “WRCB”) as a class v facility, the highest treatment rating by the State. The current permitted capacities of the WPCF are 10.4 million gallons per day (“mgd”) average dry weather flow and 15.6 mgd peak wet weather flow. The WPCF and the Eiskine overflow pond (located immediately west of the WPCF) are surrounded by berms of an average height of 41 feet to provide protection against 100-year flood events on the Cache Creek. Berms surrounding the north ponds, which are located at higher elevations than the WPCF plant average 34-feet to provide flood protection against 100-year localized rainfall events. For a map of the WPCF, see page iii.

Rates and charges for the Wastewater System are established by Ordinance adopted by the City Council following notice to all ratepayers and a public hearing. The current rates and charges were approved by Ordinance No. 1555 adopted by the City Council on November 19, 2013 and will be in effect for calendar years 2014 through 2018. See “WASTEWATER SYSTEM FINANCES–Rate Setting, Billing and Collection Procedures–*Rate Setting Procedure*.”

The City of Woodland, Public Works Department (the “Public Works Department”) oversees the construction, maintenance, operation and repair of the equipment and facilities of the Wastewater System.

### **Service Area**

The Wastewater System provides wastewater service within the City, including approximately 1,097 acres comprising the Spring Lake Specific Plan Area (the “Spring Lake Area” and collectively, the “Service Area”) within the approximately 1,748 acre area south of the existing City limits (the “Master Plan Area”) that were identified in the updated General Plan, adopted February 7, 1996, as the area in which future growth would occur. Development within the Spring Lake Area is expected to be comprised primarily of residential housing, consisting of 2,880 single-family and 1,171 multifamily units, and related commercial development and occur over a 10-year period. Upon full development of the Spring Lake Area the population of the City is expected to increase by approximately 11,270 residents, an approximately 15%

increase over the most current population estimate of 56,908 as of January 1, 2013, however, the actual number and housing mix may change as projects are developed and market forces dictate. See also APPENDIX A—"GENERAL AND ECONOMIC INFORMATION CONCERNING THE CITY OF WOODLAND."

## **History**

The City's first wastewater treatment facility was constructed in the early 1900's and consisted of a pond primary treatment facility located northwest of the WPCF. This facility accommodated the wastewater treatment needs of the City until the 1980's, when federal law required secondary treatment of wastewater and the California Regional Water Quality Control Board, Central Valley Region (the "RWQCB") began to impose increasingly strict discharge requirements.

The City constructed its first secondary treatment facility in 1988, with the original ponds being used for diverting peak effluent flows away from the WPCF. This WPCF facility had a permitted capacity of 5.4 mgd. In 1997, the WPCF was expanded to a permitted capacity of 7.8 mgd on a monthly average daily flow basis during dry weather (May through October) with the construction and installation of an additional clarifier and other modifications.

In 2009, the City completed an improvement and expansion project of the WPCF that included the addition of: (i) a fourth 2.6 million gallon oxidation ditch equipped with four 50-hp brush aerators; (ii) a fourth 130-foot diameter secondary clarifier; (iii) a tertiary pump station; (iv) four tertiary cloth filters in stainless steel tanks mounted on concrete slabs with backwash pumps and appurtenant pipes and valves; and (v) replacement of the chlorination disinfection system with an ultraviolet (UV) light disinfection system, consisting of lamp modules mounted in concrete channels, with appurtenant flow-control flumes and gates, and an overhead crane-rail hoist for use during removal of lamp modules.

Following completion of these improvements, the permitted capacity of the WPCF was increased from 7.8 mgd to 10.4 mgd.

## **Regulatory Matters**

Wastewater treatment plants and sanitary sewer collection systems are required under State and federal law to meet various requirements for the operation, treatment, monitoring, maintenance and disposal and discharge of wastewater. These standards are set forth in National Pollution Discharge Elimination System (the "NPDES") permits issued and modified every five years by the RWQCB. The current NPDES permit for the WPCF is scheduled to be issued on February 4, 2014 (the "2014 Permit") and supersedes the prior permit issued on February 5, 2009 (the "2009 Permit"). The 2014 Permit prescribes the effluent, receiving water, groundwater and pond disposal limitations for the WPCF. The NPDES permit for the sanitary sewer collection system is a General Permit that is issued and modified every five years by the RWQCB. The current General Permit was issued in 2009 and a new General Permit is expected to be issued by the RWQCB in February 2014.

The 2014 Permit sets limits according to Title 22 requirements. The NPDES permit also requires several test and reports. The tests include a Chronic Toxicity Exam and Toxic Reduction Exam/Toxic Identification Exam to be collected and reported quarterly. Reports required by 2014 New Permit include; continuation of the Toxic Reduction Study and the Methylmercury Control Study, and initiation of a Total Organic Carbon in lieu of the Biological Oxygen Demand Testing Study.

## **Facilities**

**Overview.** The facilities of the WPCF consist of the: (i) wastewater collection, treatment and disposal systems; (ii) laboratory; (iii) Industrial Pretreatment Program; and (iv) Administration Services. The wastewater collection, treatment and disposal systems are operated by personnel licensed by the WRCB using an integrated Supervisory Control and Data Acquisition (SCADA) system. SCADA facilitates operation of the WPCF 24-hours, seven days a week, 365-days a year. During Fiscal Year 2012-13, an average of 4.5 mgd average dry weather flow of wastewater originating from residential, commercial, industrial and institutional customers within the Service Area was treated at the WPCF.

### ***Collection System***

The sanitary sewer collection system of the Wastewater System is separately permitted from the WPCF by the RWQCB General Permit. The sanitary sewer collection system is self-audited annually and the audit is submitted to the RWQCB every second year. The City is in full compliance with its Sanitary Sewer Management Plan (the "SSMP") and its General Permit requirements.

**Sanitary Sewer.** The sanitary sewer collection system consists of approximately 184 miles of sanitary sewer pipes with diameters ranging from six inches to 48 inches, including approximately 14,801 service laterals to customers, (representing approximately 48 miles) located within the City right-of-way, and a closed circuit television system to evaluate the condition of the pipelines and identify those pipelines to be repaired or replaced. The oldest gravity main section was installed in 1900 and the newest are located in the Spring Lake Development. Approximately five miles of sewer force mains convey wastewater from areas that cannot be connected by gravity to the sanitary sewer collection system. The oldest sections of pipeline (representing approximately 0.05 miles) are made of terra cotta clay pipe. The remaining 184 miles of pipeline are constructed from vitrified clay, reinforced concrete, unreinforced concrete and polyvinyl chloride.

The existing collection system conveys all untreated municipal wastewater generated in the Service Area to the WPCF. Wastewater collected from portions of the southeastern area of the City flows by gravity to a lift station at County Road 102 and East Gibson Road and then by gravity flow to the WPCF. Wastewater from the remainder of the City flows by gravity to the WPCF. Wastewater generated within the Spring Lake Area flows by gravity to a force main pump station located on Farmers Central Road and Meikle Drive and then by gravity flow to the WPCF. The existing sanitary collection system conveys all wastewater generated in the Service Area to the WPCF for secondary treatment. For a map of the collection system, see page iii.

**Storm Water.** The City maintains a separate collection system consisting of approximately 80 miles of pipelines with diameters ranging from 12 to 72 inches, nine ponds and 14 miles of channels to collect storm flows and reduce the amount of incidental water that seeps into the sanitary sewer system during storms. Water entering the storm water collection system is not treated before discharge to the Yolo Bypass.

### ***Wastewater Pollution Control Facility***

**Description.** The WPCF is located on an approximately 400 acre site east of the intersection of County Road 102 and East Gibson Road. The WPCF currently provides tertiary treatment of wastewater through four oxidation ditches using the activated sludge process, followed by treatment through one of two 130-foot diameter secondary clarifiers or through one of two 90 foot diameter clarifiers, and tertiary filtration. The effluent is disinfected with UV light before it is discharged into the Tule Canal, approximately four miles east of the WPCF. Three main trunk lines convey sewage to the headworks at the WPCF. The Erskine pond, west of the WPCF acts as an overflow basin. During wet weather, peak flows in excess of 21 mgd are diverted at the headworks facilities into Erskine pond, located west of the WPCF plant. Twelve south ponds are used for stabilization of waste sludge and provide additional flow storage during peak flow events or if

the treatment process cannot meet discharge specifications. A brief summary of the treatment process is described forth below. For a description of capital improvements planned for the Wastewater System, see “–Master Planning for the Wastewater System.”

Untreated wastewater flows from residential, commercial and industrial users are gathered by the regional collection system through the three sewer trunk lines located throughout the metropolitan area of the City. The flows are conveyed to the WPCF, which is equipped with an influent screw pump station that lifts sewage into the headworks. At the headworks the wastewater is screened for objects larger than six millimeters in diameter by mechanically cleaned bar screens prior to being sent to the clarifiers. The heavy, smaller inorganic materials, such as rock and sand are removed in grit chambers and these solids are collected and disposed of in a County sanitary landfill in accordance with applicable State and local regulations.

The wastewater then receives secondary treatment using the “activated sludge process,” the most common form of secondary treatment in the United States. The activated sludge process is a biologically based system which utilizes the conventional organic contaminants in the primary effluent as a nutrient source for maintaining and developing a controlled population of microorganisms. The main structural components of the activated sludge system consist of aeration tanks and secondary clarifiers. In the four oxidation ditches, the microorganisms come in contact with the primary effluent to “feed” on the contaminants. In the four secondary clarifiers, the wastewater flows radially from the center to the perimeter of the circular tanks during which time the force of gravity causes the majority of settleable solids, and a lesser amount of suspended solids to sink to the bottom of the clarifiers forming activated sludge. Activated sludge is continuously withdrawn from the bottom of the secondary clarifiers and returned to the aeration tanks to sustain the activated sludge process through conservation of the microorganism population. A prescribed amount of the activated sludge return flow is “wasted” to the one of the 12 south ponds for further biological breakdown and long-term stabilization.

The secondary effluent is then filtered and treated with UV light. A filter pump station, consisting of three multi-stage impeller pumps with a total pumping capacity of 19.5 mgd, pumps the secondary effluent under pressure through an Aqua Disc filtration system. The Aqua-Disc filtration system consists of four filter units, each equipped with 13 synthetic cloth filters, to provide filtration of particles larger than 10 microns in the secondary effluent. A chemical mixing system adds a coagulant during the process to aid in the removal of a higher amount of solids during the filtration process. The UV light disinfection system splits the filtered effluent into two channels that passes under UV lamps for disinfection. The final effluent is discharged into the Tule Canal, located east of City limits. The waste sludge is pumped into stabilization ponds located on approximately 300 acres of the WPCF. Due to the virtually impervious nature of the clay soils in the ponds, a minimal amount of the water percolates into the water table with the majority evaporating naturally.

Laboratory. Influent, final effluent and numerous other treatment points are monitored, sampled and analyzed by the WPCF for a variety of parameters as required by the 2014 Permit.

Industrial Pretreatment Program. The Industrial Pretreatment program (the “IPP”) regulates and monitors the discharge activities of local industrial and commercial dischargers, the IPP staff works to ensure the safety of the collection system and WPCF staff. They also ensure that the sewer collection system is protected from damage and that the WPCF facility is safe and can remain fully in compliance with all regulations.

Administration Services. Administration Services provides administrative and clerical services to the WPCF staff.

**Power Source.** The WPCF purchases electrical energy power from Pacific Gas & Electric (“PG&E”). In order to satisfy State requirements that all wastewater treatment facilities have an alternate source of power, the City constructed a power generation facility (the “PGF”) in the late 1990’s that generates approximately 1,200 kilowatts of electricity for use by the WPCF. The PGF operates on diesel fuel as a primary fuel supply. The PGF currently has the capacity to provide approximately 100% of the power demand for the WPCF primary and secondary processes. However, if power is lost, the UV process is discontinued and secondary treated water is diverted to storage ponds (Erskine and South Ponds).

## **Seismicity**

The WPCF, as is 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). The WPCF was designed to meet the applicable building code standards for this zone.

## **Insurance on the Wastewater System**

In addition to the insurance required by the Installment Purchase Contract to be maintained on the 2014 Wastewater Project, the City also maintains insurance on the Wastewater System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Wastewater System as are usually covered in connection with wastewater systems similar to the Wastewater System. See also APPENDIX A–“GENERAL, ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION CONCERNING THE CITY OF WOODLAND–FINANCIAL INFORMATION–Risk Management.”

## **Master Planning for the Wastewater System**

**Overview.** The General Plan of the City, adopted in 2002 (the “2002 General Plan”) prescribes the comprehensive and long-term plan for land use and development within the City. The 2002 General Plan identifies the Spring Lake master plan area as that in which future growth would occur. As a result of this anticipated growth and in accordance with the 2002 General Plan, the City prepared a Sewer System Management Plan (the “SSMP”) in 2009, a Wastewater Collection System Master Plan (January 2000) *[updated?]* and a 2005 Wastewater Treatment Plan to identify capital facilities, disposal options and the associated costs and necessary implementation schedule to meet the current and future Wastewater System needs of the City.

An updated General Plan to guide growth and development within the City through 2035 is underway and expected to be completed, including review required under the California Environmental Quality Act, in 2015.

**Major Project Financing Plan Fees.** The City adopted Major Project Financing Plan, as revised (the “MPFP”) and related fees (the “MPFP Fees”) on July 26, 2005 to fund projects that provide a Citywide benefit, such as roadways, water supply wells, sewer and wastewater improvements and other infrastructure projects. The MPFP Fees are updated periodically, most recently on December 17, 2008, and are charged to new development within the City to fund the costs to expand and upgrade such infrastructure to accommodate the development. As part of the MPFP Fees, a sewer development fee component (a “Development Fee”) in the current amount of \$5,210 per equivalent dwelling unit (an “EDU”) is imposed.

The costs to implement the projects in the MPFP are allocated between new development and the existing City funding requirements. New development is generally charged for the cost of new or expanded facilities needed to accommodate new growth. The existing City funding requirements, those that are not attributable to growth, include, maintenance and repair projects, and enhancements required to meet new

code or regulatory requirements. Funding for projects that serve both new and existing users (*i.e.* the tertiary treatment component of the 2005 Wastewater Project) was based on the percentage allocation between the new and existing service capability. The tertiary treatment facility was constructed to accommodate the full 10.4 mgd expanded plant. The current flows at the WPCF are approximately 5.7 mgd representing approximately 55% of the ultimate 10.4 mgd capacity. During development of the MPFP, flows from the community were represented 63% of the inflow to the WPCF, therefore, approximately 63% of the costs associated with this component of the 2005 Wastewater Project were allocated to existing users through the rate base, and the remaining approximately 37% was allocated to future users through the Development Fee.

In April 2002, the City Council adopted an Ordinance, as amended on June 1, 2004 (the “BUA Ordinance”), requiring the timed release of building unit allocations (a “BUA”) for the aggregate 2,579 single-family market rate homes approved for development in the Spring Lake Area. The BUA Ordinance established three release dates of BUAs to manage growth in conformance with the General Plan: October 2004, June 30, 2007 and between June 30, 2011 and June 30, 2015. Pursuant to the BUA Ordinance, any BUAs that remain unissued in any Fiscal Year may be carried over to the following Fiscal Year. Table 4 below summarizes the number of building permits per BUA release authorized and expected to be issued through 2015 when full buildout of the Master Plan Area is expected to be completed. Therefore, the collection of the Development Fees will be subject to the pace of development within the Spring Lake Area. See also “–Rates, Fees and Charges.”

**Table 5**  
**City of Woodland**  
**Schedule of Building Permits to be Issued in the Spring Lake Area**

| <u>Fiscal Year</u> | <u>Maximum Building Permits Per BUA Release</u> |                             | <u>Estimated Development</u>                           |
|--------------------|-------------------------------------------------|-----------------------------|--------------------------------------------------------|
|                    | <u>No. Authorized</u>                           | <u>Estimated No. Issued</u> | <u>Fee Revenue</u><br><u>(\$ in 000's)<sup>†</sup></u> |
| 2011-12            | 1,327                                           | 18                          | –                                                      |
| 2012-13            | –                                               | 80                          | \$544,491                                              |
| 2013-14            | –                                               | 100                         | 574,400                                                |
| 2014-15            | –                                               | 100                         | 585,888                                                |
| 2015-16            | –                                               | <u>125</u>                  | <u>747,007</u>                                         |
| TOTAL              | 1,327                                           | 423                         | \$2,451,786                                            |

<sup>†</sup> Revenue estimates are for Wastewater Impact Fee only; other City fees apply for development but are not attributable to wastewater and therefore not reflected.

Source: City of Woodland.

Of the 4,067 single and multi-family units planned for development in the Spring Lake area; approximately 3,000 remain to be constructed.

**Capital Planning and Budgets.** A City-wide balanced 10-year capital improvement plan (a “CIP”), consistent with departmental master plans, including the SSMP, is re-evaluated annually by the City Council, together with a one-year appropriations request. The most recent CIP was adopted by the City council on June 22, 2010 and includes planned projects through Fiscal Year 2019-20. The Wastewater System CIP consists of approximately \$30 million of capital improvements, including: (i) replacing the six millimeter bar screens at the WPCF with three millimeter plate screens to improve treatment processes; (ii) replacing the 10 micron synthetic filters with five micron synthetic filters to further improve filtration reliability; (iii) an Aeration Improvement Project that includes the construction and installation of a 30-inch pipeline to divert secondary treated water to Erskine and the South Ponds, if treated water fails to satisfy the 2014 Permit or PG&E power is lost; (iv) modification of the activated sludge system to permit full de-nitrification by modifying the four oxidation ditches into five anoxic (water containing less than 0.5 milligrams of dissolved oxygen per liter) and aerobic zones, adding diffused air as replacement for the existing brush rotors, and

adding dedicated mixers to the ditches; construction of a new blower building and installation of process control system to increase the maximum monthly solids capacity of the WPCF from 13,600 pounds of biochemical oxygen demand of wastewater during decomposition occurring over a five-day period (“BOD5”) to 18,900 pounds of BOD5 per day; (v) sanitary sewer trunk line repairs and replacement.

The Wastewater System Capital Budget for Fiscal Years 2013-14 through 2016-17 was approved by the City Council on June 18, 2013 and includes approximately \$22.4 million for various projects including maintenance and repair of existing infrastructure, biosolids disposal, and replacement of equipment at the WPCF.

**Sewer Rate Study.** The City contracted with HDR Engineering to complete a Comprehensive Sewer Rate Study (the “Rate Study”) in 2013. The results of the Rate Study analyzed (i) projected and existing revenue compared to expense to determine the required rate adjustment for Fiscal Years 2013-14 through 2022-23, with a focus on Fiscal Years 2014-15 through 2018-19 (Revenue Requirement Analysis); (ii) allocation of revenue requirements to customer classes in a fair and reasonable manner (Cost of Service Analysis); and (iii) considered the level and structure of the rate design to collect the required target level of revenues (Rate Design Analysis). The Rate Study included funding for capital improvement projects to ensure adequate future revenues to construct, install and maintain the Wastewater System. The Rate Study was finalized in November 2013 and new rates and charges were adopted by the City Council effective January 1, 2014. See “WASTEWATER SYSTEM FINANCES—Rates, Fees and Charges.”

## **Organization and Management of the Wastewater System**

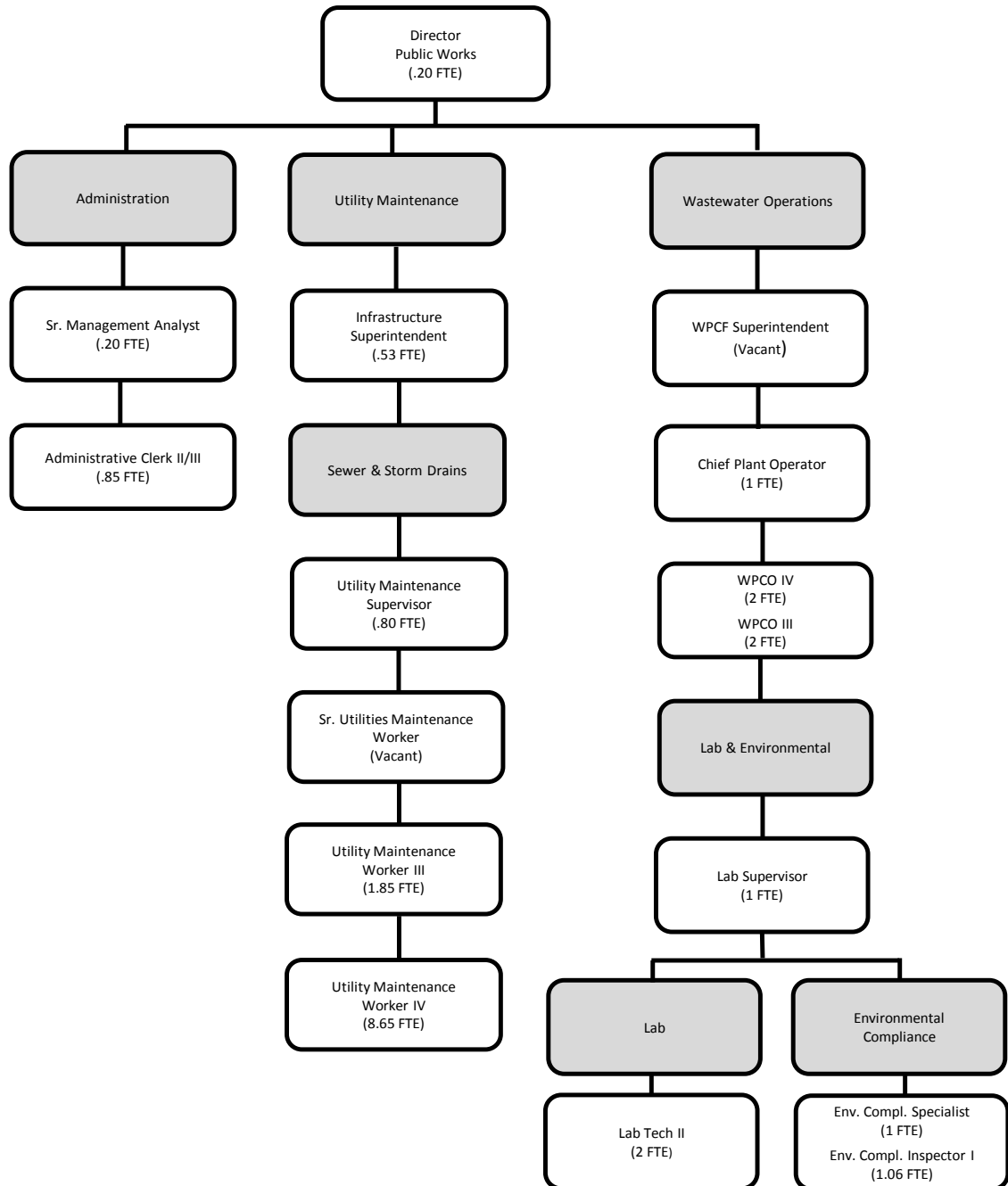
**Overview.** The Wastewater System is operated by the City as an enterprise fund under the authority of the City Council. Operations of the Wastewater System are under the supervision of the Public Works Department. The Public Works Department is administered by the Department Director who provides 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. The Public Works Department consists of approximately 88.5 full time equivalent employees (“FTEs”) of which 29.96 FTEs are assigned to operate and maintain the Wastewater System.

The divisions within the Public Works Department that provide services to the Wastewater System include: Administration (1.05 FTEs); Utility Maintenance, which includes sewer and storm drains (11.83 FTEs); and Wastewater Operations, which includes lab and environmental compliance (10.06 FTEs). The Wastewater Operations division is responsible for the operation of the WPCF and Wastewater Industrial Pollution (“WIPP”) and the Utility Engineering Division of Community Development is responsible for master planning of utility systems, development of capital program requirements, and operational engineering support for the City’s utilities.

**Health and Retirement Benefits.** The City provides health and retirement benefits to all full-time employees of the Wastewater System, the costs of which are reflected in its operating budgets. Retirement benefits are provided through a contract with the California Public Employees’ Retirement System. See also “—Revenues, Expenses and Debt Service Coverage” and APPENDIX A—“GENERAL, ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION CONCERNING THE CITY OF WOODLAND—FINANCIAL INFORMATION—Retirement Programs.”



**Public Works Department - Operations and Maintenance Division**  
**Branches and Positions Related to the Wastewater System**



Brief resumes for the Senior Management of the Public Works Department are set forth below:

**Gregor G. Meyer, Director.** Mr. Meyer is the Director of Public Works for the City and is responsible for the direction, management and supervision of seven Divisions. Within those seven Divisions there are 14 groups and 38 budgeted programs over which the Public Works Director is responsible, with nine budgeted programs directly reporting to the Director and indirect supervision over all staff assigned to the Department of Public Works. Mr. Meyer has the unique advantage as a Director in that he has worked in almost every Division over which he is responsible. Mr. Meyer started his public service management career first as a Maintenance Worker in the Street and Sewer Maintenance Division with the City of Watsonville, moving to an Assistant to the City Manager in the City of Salinas in June 1989 then to Superintendent of Public Works, Operations and Development Manager, to Deputy Director of Public Works for the City and finally to his current position. He has a Bachelor's Degree in Business Management. Mr. Meyer is a presenter at international, national, and regional professional organizations on leadership and technical subjects, a certified trainer in several interpersonal communication, leadership, and technological arenas, and the author of "*Working in Toxic Atmospheres*."

**Robert G. Sanders, Deputy Director of Public Works.** Mr. Sanders was appointed Deputy Director of Public Works in 2013 and is responsible for the direction, management and supervision of two Divisions. These Divisions consist of five groups and 29 budgeted programs. Mr. Sanders began his career with the City in 1988 as an electrician's assistant and over the past 26 years has also held positions as a journeyman electrician, and an electrical supervisor. In 2006, Mr. Sanders was promoted to the Right-of-Way Infrastructure Superintendent, a position he held until his appointment to Deputy Director. Mr. Sanders holds an Associate of Science degree in Electronics, an Associate of Arts in General Education, and completed an Executive Management Program from the University of California Davis.

**Shane Carlsen, Chief Plant Operator.** Mr. Carlsen has worked for the City since 1998 when he began as a maintenance worker. After working as plant operator for over 10 years, he was promoted to a Grade IV plant operator, and then to Chief Plant Operator in 2012. Mr. Carlsen is responsible for the operations and maintenance staff. Prior to joining the City, Mr. Carlsen worked for Cache Creek Indian casino as a water system technician and later as a contract operator for their wastewater treatment system. Mr. Carlsen holds an Associate of Science degree in computer aided design and drafting from ITT, Sacramento and has completed various wastewater, water and management courses. Mr. Carlsen has also worked as a contract plant operator throughout his years at the City, to assist other wastewater systems by providing general oversight, report preparation and regular inspection services.

**Mark Severeid, Laboratory/Pretreatment Supervisor.** Mr. Severeid has been with the City since 2004, serving in a variety of positions within the Wastewater Operations Division. As the Laboratory Supervisor, his primary area of responsibility is management of the City's water quality monitoring and reporting programs. In his capacity as Pretreatment Supervisor, he directs, plans and coordinates the functions of the City's Industrial Pretreatment Program and related activities. Mr. Severeid is the lead person for the Wastewater Operations Division on NPDES and other regulatory compliance issues. Mr. Severeid has over 25 years of experience as a manager and scientist in the water/wastewater treatment industry and holds a Bachelor's degree in Biological Science, with a concentration in microbiology, from California State University Sacramento.

## WASTEWATER SYSTEM FINANCES

### Rate Setting, Billing and Collection Procedures

Users of the Wastewater System who are connected to the City's water system are billed separately for sewer service and water 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 Wastewater System who are not connected to the City's water system are billed for sewer 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 Wastewater System. No other governmental authority, board, body or commission has jurisdiction over or is required to approve the Wastewater System rates established by the City Council. See, however "CERTAIN RISKS TO BONDHOLDERS–Right to Vote on Taxes Initiative."

In general, the method of establishing Wastewater System rates and charges is a three-step process: the *first* consists of estimating the annual costs of operating and maintaining the Wastewater System, including, administrative overhead, debt service requirements on sewer revenue bonds issued to finance any element of the Wastewater System and an allowance for future capital outlays for replacement of facilities and equipment; the *second* is allocating the annual monetary requirements to residential units and various types of commercial and industrial users; and the *third* is determining the customers of each type and, based upon the revenues needed, determining sewer service charges for each category of customer.

Residential customers, representing approximately [94%] of the accounts, are charged at a flat rate. For other customers, sewer service charges are based on the volume of the wastewater discharged by each such user. All non-residential users of the Wastewater System are charged a flat rate plus a charge based upon the strength category (*i.e.* low, medium or high) of the discharge into the Wastewater System. Sewage flow and solids are determined based upon the classification of the user, primarily the "rate of return" of water to the Wastewater System and the expected water generated by the type of uses, both as determined by the City.

**Billing Procedure.** Bills are issued monthly and 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 both water service and Wastewater Service remains unpaid for 30 days after its due date, 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 or Sewer Service fees are not reconnected until all delinquent fees and penalties are paid. Enforcement effectively takes place at the time of the next billing cycle. See also "–Rates, Fees and Charges–*Delinquencies*."

### Rates, Fees and Charges

Wastewater Revenues are derived from three sources: (i) monthly service charges and pretreatment charges imposed billed and collected by the City; (ii) Development Fees; and (iii) other miscellaneous charges, including interest income.

**Service Charges.** Customers of the Wastewater System are billed monthly sewer service charges 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 Wastewater System.

Residential. Residential users of the Wastewater System are billed a flat monthly charge depending upon the classification.

Nonresidential. All nonresidential users of the Wastewater System except for schools (*i.e.* commercial, government and industrial users) charged a monthly fixed charge in addition to a volume charge based on one-hundred cubic feet of metered water consumption. The rate structure for nonresidential customers is also further defined between three nonresidential customer groups based on sewer strength levels. Each nonresidential customer has a winter water use calculation based on the prior years winter water use, however, during the winter periods, the actual consumption is billed. The rate differential between the strength categories is based on the costs of treating higher strength wastewater.

The majority of nonresidential customers fall into the commercial volume charge class and the low-strength winter water average volume charge.

Schools. The City bills schools for wastewater service based upon the number of students (by average daily attendance) attending the institution. The applicable rate as of January 1, 2014 is \$1.20 per student per month.

Irrigation Water Meters. Customers who use significant quantities of water for landscape irrigation may install a separate irrigation water meter. Since none of this water is discharged to the Wastewater System, sewer service charges are not applied to the billing for irrigation accounts.

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The current Wastewater System Rates were approved by the City Council on April 17, 2012 and became effective January 1, 2013, with the last scheduled rate increase effective January 1, 2018. Table 6 sets forth the current and approved Wastewater System rates for the calendar years 2014 through 2018.

**Table 6**  
**City of Woodland**  
**Wastewater System**  
**Current and Approved Monthly Wastewater System Rates**  
**Calendar Years 2014-2018<sup>(1)</sup>**  
**(As of January 1)**

|                                          | 2014                | 2015                | 2016                | 2017                | 2018                |
|------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Residential Customer Class</u>        | <u>Monthly Rate</u> | <u>Monthly Rate</u> | <u>Monthly Rate</u> | <u>Monthly Rate</u> | <u>Monthly Rate</u> |
| Single Family                            | \$44.05             | \$48.00             | \$52.30             | \$57.00             | \$62.15             |
| Condo                                    | 28.75               | 31.35               | 34.14               | 37.20               | 40.55               |
| Apartments (per unit)                    | 28.75               | 31.35               | 34.15               | 37.20               | 40.55               |
| 4-plex or less                           | 28.75               | 31.35               | 34.15               | 37.20               | 40.55               |
| Residential Attached                     | 35.70               | 38.90               | 42.20               | 46.20               | 50.35               |
| Residential Multi-Unit                   | 35.70               | 38.90               | 42.20               | 46.20               | 50.35               |
| <br>                                     |                     |                     |                     |                     |                     |
| <u>Non-Residential Customer Class</u>    |                     |                     |                     |                     |                     |
| Fixed Charge                             | 27.25               | 29.15               | 31.75               | 34.60               | 37.70               |
| <br>                                     |                     |                     |                     |                     |                     |
| <u>Winter Water Average Water Charge</u> |                     |                     |                     |                     |                     |
| Low Strength                             | 5.59                | 5.98                | 6.52                | 7.11                | 7.75                |
| Medium Strength                          | 6.46                | 6.91                | 7.53                | 8.21                | 8.95                |
| High Strength                            | 7.34                | 7.85                | 8.56                | 9.33                | 10.17               |
| <br>                                     |                     |                     |                     |                     |                     |
| Correctional Facility <sup>(2)</sup>     | 6,384.88            | 6,831.82            | 7,446.68            | 8,116.88            | 8,847.70            |

(1) The charges for schools are based on average daily attendance.

(2) The charges for the correctional facility are based on existing negotiated contractual rates.

Source: City of Woodland, Public Works Department.

The City's single-family residential charges for Fiscal Year 2013-14 are set forth in Table 7 below with a comparison to rates charged by neighboring northern California cities.

**Table 7**  
**City of Woodland**  
**Wastewater System**  
**Monthly Wastewater Charge Comparison**  
**Single-Family Residential Service**  
**(As of Fiscal Year 2013-14)**

| <u>City</u>                                    | <u>Average Monthly Residential Charge</u> |
|------------------------------------------------|-------------------------------------------|
| Davis <sup>(1)</sup>                           | \$86.39                                   |
| Dixon <sup>(2)</sup>                           | 47.30                                     |
| <b>Woodland<sup>(1)</sup></b>                  | <b>44.05</b>                              |
| Vacaville <sup>(3)</sup>                       | 30.13                                     |
| Fairfield Suisun Sewer District <sup>(4)</sup> | 30.46                                     |
| West Sacramento <sup>(5)</sup>                 | 51.47                                     |
| Sacramento <sup>(1)(5)</sup>                   | 40.30                                     |

(1) Effective January 1, 2014.

(2) Operating under a cease and desist order requiring expansion of the wastewater treatment disposal system to accommodate existing flows, prevent inundation from bypassed overflows and permit a minimum of five years of growth with annual flow-consistent with 100-year winter storm conditions.

(3) Represents the fixed charge only effective \_\_\_\_\_. Wastewater service is made up of two components: a fixed and a variable charge. The fixed charge covers ongoing costs for sewer collection, treatment, and discharge. The variable charge is based upon actual winter water consumption use.

(4) Effective\_\_\_\_\_.

(5) Residential Charges are based upon the number of rooms. Rate indicated indicates the average rate.

Sources: City of Davis, City of Dixon, City of Vacaville, City of West Sacramento, City of Sacramento and Fairfield Suisun Sewer District.

**Pretreatment Charges.** In addition to the monthly service charges, the City collects fees for establishing and operating the WIPP and the pollution prevention program (the "PPP") to regulate discharges of wastewater and enforce compliance with the requirements of the Permit. The WIPP requires users of the Wastewater System with a potential for adversely impacting the Wastewater System, but to a lesser extent than significant industrial user (an "SIU"), to establish monitoring, reporting, notification and record keeping systems. An SIU is an industrial wastewater user of greater than 25,000 gal/day, or greater than 5% of the average dry weather flow, or 5% of the organic load capacity of the WPCF.

Pretreatment-related costs are those that are incurred to reduce the amount of pollutants, elimination of pollutants or the alteration of the nature of the pollutant properties in the wastewater to be less harmful prior to or in lieu of discharging such wastewater into the WPCF.

Pollution-related costs are those associated eighth regulating, monitoring and enforcing the restrictions on discharges that are prohibited or regulated. There are currently two permitted SIUs, which are tested more frequently, and seven industrial users (an "IU") located within the City.

**Table 8**  
**City of Woodland**  
**Wastewater System**  
**Current and Approved Pretreatment Charges**  
**Calendar Years 2014 through 2018**

| Customer Class      | 2014   | 2015   | 2016   | 2017   | 2018   |
|---------------------|--------|--------|--------|--------|--------|
| Residential         | \$1.69 | \$1.82 | \$1.96 | \$2.11 | \$2.27 |
| Non PPP- Commercial | 1.69   | 1.82   | 1.96   | 2.11   | 2.27   |
| PPP Commercial      | 8.57   | 9.90   | 10.64  | 11.44  | 12.30  |
| SIUs                | 185.12 | 213.93 | 229.97 | 247.22 | 265.76 |

Source: City of Woodland, Finance Department.

**Development Fees.** Development Fees are one-time charges levied by the City to recover costs incurred by the Wastewater System for providing increased capacity required by new development. The Development Fees were approved as part of the MPFP Fee. See “–Master Planning for the Wastewater System–Major Project Financing Plan Fees.”

**Interest Income.** The Wastewater System receives additional income from interest income earned on funds available for use in operations and for application to capital projects.

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## Delinquencies

Set forth in the table below is a summary of the amounts billed for charges for services and recognized as uncollectible for the last five Fiscal Years.

**Table 9**  
**City of Woodland**  
**Wastewater System**  
**Delinquency Rate by Type of Account**  
**(As of June 30 of each Fiscal Year)**

| <u>Type of Account</u>             | <u>Number of Delinquent Accounts</u> |                |                |                |                |                |                |                |                |                |
|------------------------------------|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                    | <u>2008-09</u>                       |                | <u>2009-10</u> |                | <u>2010-11</u> |                | <u>2011-12</u> |                | <u>2012-13</u> |                |
|                                    | <u>Amount</u>                        | <u>Percent</u> | <u>Amount</u>  | <u>Percent</u> | <u>Amount</u>  | <u>Percent</u> | <u>Amount</u>  | <u>Percent</u> | <u>Amount</u>  | <u>Percent</u> |
| Residential                        | 1,363                                | 9.40%          | 1,292          | 8.87%          | 1,658          | 11.53%         | 1,624          | 10.95%         | 1,559          | 10.36%         |
| Non-Residential                    |                                      |                |                |                |                |                |                |                |                |                |
| Commercial/Industrial <sup>†</sup> | <u>73</u>                            | <u>0.50</u>    | <u>71</u>      | <u>0.49</u>    | <u>105</u>     | <u>0.73</u>    | 110            | 0.74           | 81             | 0.54           |
| TOTAL DELINQUENT                   | 1,436                                | 9.90           | 1,363          | 9.36           | 1,763          | 12.26          | 1,734          | 11.69          | 1,640          | 10.90          |
| Non-Delinquent                     | <u>13,065</u>                        | <u>90.10</u>   | <u>13,205</u>  | <u>90.64</u>   | <u>12,614</u>  | <u>87.74</u>   | <u>13,094</u>  | <u>88.31</u>   | <u>13,402</u>  | <u>89.10</u>   |
| TOTAL ACCOUNTS                     | 14,501                               | 100.00%        | 14,568         | 100.00%        | 14,377         | 100.00%        | 14,828         | 100.00%        | 15,042         | 100.00%        |

<sup>†</sup> Includes hospitals, motels, hotels, restaurants, schools and all other non-residential accounts.

Source: City of Woodland, Public Works Department.



## Customer Base

The Wastewater System serves more than 15,000 residential, commercial, industrial and government customers. Table 10 below shows customer base by type of account. The 10 largest users of the Wastewater System by flow CCUFT are set forth in Table 11 and the ten largest users of the Wastewater System by revenues are set forth in Table 12.

**Table 10**  
**City of Woodland**  
**Wastewater System**  
**Customer Base by Type of Account**  
**(Fiscal Years)**

| <u>Type of Account</u>             | <u>2008-09</u> | <u>2009-10<sup>†</sup></u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|------------------------------------|----------------|----------------------------|----------------|----------------|----------------|
| Residential                        | 13,068         | 13,222                     | 13,270         | 13,694         | 13,825         |
| Non-Residential                    |                |                            |                |                |                |
| Commercial/Industrial <sup>†</sup> | 1,433          | 1,346                      | 1,107          | 1,107          | 1,190          |
| City Owned                         | <u>—</u>       | <u>—</u>                   | <u>—</u>       | <u>27</u>      | <u>27</u>      |
| SUBTOTAL NON-RESIDENTIAL           | 1,433          | 1,346                      | 1,107          | 1,134          | 1,217          |
| TOTAL                              | 14,501         | 14,568                     | 14,377         | 14,828         | 15,042         |

<sup>†</sup> Includes hospitals, motels, hotels, restaurants, schools and all other non-residential accounts.  
Source: City of Woodland, Public Works Department.

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Table 11 lists the largest users served by the Wastewater System in terms of annual flow and their respective annual flows per 100 cubic feet of water (“centi-cubic feet” or “CCUFT”) during Fiscal Year 2012-13, with 40,112 CCUFT/month equivalent to 1.000 mgd. Therefore, as of June 30, 2013 total annual flow for the 10 largest users corresponds to \_\_\_\_\_ mgd.

**Table 11**  
**City of Woodland**  
**Wastewater System**  
**Largest Users by Flow**  
**Fiscal Years 2010-11 through 2012-13<sup>†</sup>**

| User Name                              | Fiscal Year 2010-11 |         | Fiscal Year 2011-12 |         | Fiscal Year 2012-13 <sup>†</sup> |         |
|----------------------------------------|---------------------|---------|---------------------|---------|----------------------------------|---------|
|                                        | (CCUFT)             | Percent | (CCUFT)             | Percent | (CCUFT)                          | Percent |
| Woodland Biomass Power Ltd.            | —                   |         | 20,296              |         | 20,062                           |         |
| Autumn Run Apartments                  | —                   |         | 3,162               |         | 9,269                            |         |
| Woodland Joint Unified School District | 7,793               |         | 4,438               |         | 5,977                            |         |
| Idle Wheel/Royal Palm                  | 3,363               |         | 3,620               |         | 3,267                            |         |
| Woodland Memorial Hospital             | 20,158              |         | 2,075               |         | 2,200                            |         |
| Woodland Oaks Apartments               | —                   |         | 1,382               |         | 1,525                            |         |
| Fairmont Apartments                    | 2,030               |         | 1,909               |         | 1,465                            |         |
| Casa del Sol Mobile Home Park          | —                   |         | —                   |         | 1,404                            |         |
| Sycamore Pointe Apartments             | —                   |         | 1,360               |         | 1,308                            |         |
| Woodland Christian High School         | —                   |         | 1,431               |         | 1,218                            |         |
| Eaglewood Apartments                   | —                   |         | 1,322               |         | —                                |         |
| The Californian                        | 9,680               |         | —                   |         | —                                |         |
| Accor Motel 6 Site 000197              | 9,353               |         | —                   |         | —                                |         |
| Woodland School District               | —                   |         | —                   |         | —                                |         |
| Whittle & Associates Inc.              | 4,725               |         | —                   |         | —                                |         |
| Sexual Assault/Dom. Violence           | 3,419               |         | —                   |         | —                                |         |
| Wallace Ken                            | 1,926               |         | —                   |         | —                                |         |
| The Home Depot – Store 1068            | 1,576               |         | —                   |         | —                                |         |
| Subtotal Largest Users                 | 64,024              |         | 40,997              |         | 47,696                           |         |
| All Others                             | —                   |         | —                   |         | —                                |         |
| TOTAL                                  | —                   | 100.00% | —                   | 100.00% | —                                | 100.00% |

<sup>†</sup> Estimated.

Source: City of Woodland, Finance Department.

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Table 12 lists the largest users in terms of revenues and their respective percentages of total operating revenues.

**Table 12**  
**City of Woodland**  
**Wastewater System**  
**Largest Users by Revenues**  
**Fiscal Years 2010-11 through 2012-13<sup>†</sup>**

| <u>User Name</u>              | <u>Fiscal Year 2010-11</u>      |                                                         | <u>Fiscal Year 2011-12</u>      |                                                         | <u>Fiscal Year 2012-13<sup>†</sup></u>              |                                                         |
|-------------------------------|---------------------------------|---------------------------------------------------------|---------------------------------|---------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------|
|                               | <u>Annual</u><br><u>Revenue</u> | <u>Percent of</u><br><u>Operating</u><br><u>Revenue</u> | <u>Annual</u><br><u>Revenue</u> | <u>Percent of</u><br><u>Operating</u><br><u>Revenue</u> | <u>Estimated</u><br><u>Annual</u><br><u>Revenue</u> | <u>Percent of</u><br><u>Operating</u><br><u>Revenue</u> |
| Woodland Biomass Power Ltd.   | —                               | —                                                       | \$120,473                       | 1.15%                                                   | \$99,260                                            | 0.93%                                                   |
| Woodland Memorial Hospital    | \$87,464                        | 0.87%                                                   | 88,712                          | 0.85                                                    | 94,028                                              | 0.88                                                    |
| Autumn Run Apartments         | 108,856                         | 1.09                                                    | 93,163                          | 0.89                                                    | 80,368                                              | 0.75                                                    |
| Yolo County                   | 63,588                          | 0.64                                                    | 69,369                          | 0.66                                                    | 69,369                                              | 0.65                                                    |
| Fairmont Apartments           | 52,779                          | 0.53                                                    | 76,769                          | 0.73                                                    | 57,577                                              | 0.54                                                    |
| USA Properties Fund           | 42,883                          | 0.43                                                    | 46,781                          | 0.45                                                    | 46,781                                              | 0.44                                                    |
| Eaglewood Apartments          | 42,883                          | 0.43                                                    | 46,781                          | 0.45                                                    | 46,781                                              | 0.44                                                    |
| Idle Wheel/Royal Palm         | 42,058                          | 0.42                                                    | 45,882                          | 0.44                                                    | 45,882                                              | 0.43                                                    |
| Leisureville Mobile Home Park | 44,982                          | 0.45                                                    | —                               | —                                                       | 44,982                                              | 0.42                                                    |
| Sycamore Pointe Apartments    | 37,385                          | 0.37                                                    | —                               | —                                                       | 40,784                                              | 0.38                                                    |
| Pacific Coast Producers       | 41,185                          | 0.41                                                    | 46,314                          | 0.44                                                    | —                                                   | —                                                       |
| Costco Wholesale              | —                               | —                                                       | 45,353                          | 0.43                                                    | —                                                   | —                                                       |
| Subtotal Largest Users        | 564,063                         | 5.64                                                    | 679,597                         | 6.50                                                    | 625,812                                             | 5.87                                                    |
| All Others                    | <u>9,440,289</u>                | <u>94.36</u>                                            | <u>9,781,509</u>                | <u>93.50</u>                                            | <u>10,038,695</u>                                   | <u>94.13</u>                                            |
| TOTAL                         | \$10,004,352                    | 100.00%                                                 | \$10,461,106                    | 100.00%                                                 | \$10,664,507                                        | 100.00%                                                 |

<sup>†</sup> Estimated.

Source: City of Woodland, Finance Department.

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## Revenues, Expenses, Debt Service Coverage and Net Assets

**Historical Revenues and Expenses.** The Statements of Revenues and Expenses of the City's Wastewater System for the Fiscal Years 2008-09 through 2011-12, as summarized from information presented in the City of Woodland Comprehensive Annual Reports for those same Fiscal Years and unaudited information for Fiscal Year 2012-13 is set forth in Table 13.

**Table 13**  
**City of Woodland**  
**Wastewater System**  
**Historical Statement of Revenues and Expenses and Changes in Fund Net Assets**  
**(Fiscal Years Ended June 30)**  
**(\$ in thousands)**

|                                                | <u>2008-09</u>      | <u>2009-10</u>      | <u>2010-11</u>      | <u>2011-12</u>      | (Unaudited)<br><u>2012-13</u> |
|------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------------------|
| <b>Operating Revenue</b>                       |                     |                     |                     |                     |                               |
| Charges for Services                           | \$10,362,454        | \$10,736,302        | \$9,874,049         | \$10,335,378        | \$10,492,851                  |
| Other                                          | <u>125,298</u>      | <u>124,911</u>      | <u>130,303</u>      | <u>126,728</u>      | <u>171,656</u>                |
| TOTAL OPERATING REVENUES                       | 10,487,752          | 10,861,213          | 10,004,352          | 10,461,106          | \$10,664,507                  |
| <b>Operating Expenses</b>                      |                     |                     |                     |                     |                               |
| Personnel Services                             | 2,989,043           | 2,951,072           | 3,420,330           | 3,393,890           | 3,440,019                     |
| Utilities                                      | 693,895             | 712,596             | 779,405             | 691,168             | 689,669                       |
| Office Supplies and Expenses                   | 1,185,825           | 1,123,986           | 1,404,788           | 1,352,378           | 1,221,751                     |
| Small Tools and Supplies                       | 5,546               | 3,036               | 3,887               | 5,714               | 8,940                         |
| Contractual Services                           | 894,666             | 650,047             | 721,625             | 697,469             | 772,347                       |
| Depreciation                                   | 1,870,674           | 2,110,769           | 2,482,323           | 1,892,157           | 1,806,572                     |
| Equipment Rental and Maintenance               | 405,836             | 484,494             | 483,872             | 507,554             | 498,684                       |
| Insurance Premiums and Claims                  | <u>—</u>            | <u>—</u>            | <u>—</u>            | <u>110,262</u>      | <u>110,143</u>                |
| TOTAL OPERATING EXPENSES                       | 8,045,485           | 8,036,000           | 9,296,230           | 8,650,592           | 8,548,125                     |
| Operating Income (Loss)                        | 2,442,267           | 2,285,213           | 708,122             | 1,811,514           | 2,116,382                     |
| <b>Non-Operating Revenues (Expenses)</b>       |                     |                     |                     |                     |                               |
| Investment Earnings                            | 345,384             | 177,091             | 119,276             | 41,439              | 21,770                        |
| Interest Expense                               | (220,850)           | (628,032)           | (644,093)           | (642,775)           | (511,912)                     |
| Gain (loss) on disposal of capital assets      | <u>(754,218)</u>    | <u>—</u>            | <u>(23,147)</u>     | <u>—</u>            | <u>—</u>                      |
| TOTAL NON-OPERATING REVENUES (EXPENSES)        | (629,684)           | (450,941)           | (547,964)           | (601,336)           | (490,142)                     |
| <b>Income (Loss) Before Transfers</b>          | 1,812,583           | 2,374,272           | 160,158             | 1,210,178           | 1,626,240                     |
| Transfers In                                   | <u>—</u>            | <u>—</u>            | <u>—</u>            | <u>—</u>            | <u>—</u>                      |
| Transfers Out                                  | <u>(898,299)</u>    | <u>(1,858,476)</u>  | <u>(903,324)</u>    | <u>(13,907,492)</u> | <u>(2,437,754)</u>            |
| CHANGE IN NET ASSETS                           | 914,284             | 515,796             | (743,166)           | (12,697,314)        | (811,514)                     |
| <b>Net Assets (Deficit), Beginning of Year</b> | 65,580,285          | 65,494,569          | 65,958,949          | 65,215,783          | 52,518,469                    |
| <b>Net Assets (Deficit), End of Year</b>       | <u>\$65,494,569</u> | <u>\$66,010,365</u> | <u>\$65,215,783</u> | <u>\$52,518,469</u> | <u>\$51,706,955</u>           |

Source: Compiled from City's Comprehensive Annual Financial Reports; City of Woodland Finance Department.

***Historical Debt Service Coverage.*** Following a public hearing held on September 3, 2013, after notice thereof was mailed to all ratepayers in the City; the City Council adopted Ordinance No. 1555 on November 19, 2013, increasing the sewer rates commencing January 1, 2014 and establishing annual increases through the annual billing period beginning on January 1, 2018. Future rate increases will require further City Council action to become effective and are anticipated to generate Revenues sufficient to pay debt service on the Series 2014 Bonds, and provide other funds to maintain the Wastewater System. See also “–Rate Setting, Billing and Collection Procedures.”

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**Table 14**  
**City of Woodland**  
**Wastewater System**  
**Historical Debt Service Coverage**  
**Fiscal Years Ended June 30**  
**(\$ in thousands)**

|                                                                              | <u>Audited</u><br><u>2008-09</u> | <u>Audited</u><br><u>2009-10</u> | <u>Audited</u><br><u>2010-11</u> | <u>Audited</u><br><u>2011-12</u> | <u>Unaudited</u><br><u>2012-13</u> |
|------------------------------------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|------------------------------------|
| <b>Revenues</b>                                                              |                                  |                                  |                                  |                                  |                                    |
| Charges for Services                                                         | \$10,362                         | \$10,736                         | \$9,894                          | \$10,335                         | \$10,493                           |
| Connection Fees                                                              | 1                                | 344                              | 38                               | 171                              | 186                                |
| Interest Earnings                                                            | 345                              | 177                              | 119                              | 41                               | 22                                 |
| Other / Transfers                                                            | <u>125</u>                       | <u>125</u>                       | <u>130</u>                       | <u>126</u>                       | 172                                |
| <b>TOTAL GROSS REVENUE</b>                                                   | <b>10,834</b>                    | <b>11,383</b>                    | <b>10,162</b>                    | <b>10,673</b>                    | <b>10,873</b>                      |
| <b>Less: Operations and Maintenance (O&amp;M)</b>                            |                                  |                                  |                                  |                                  |                                    |
| Personnel Services                                                           | 2,989                            | 2,951                            | 3,420                            | 3,394                            | 3,440                              |
| Utilities                                                                    | 694                              | 713                              | 779                              | 691                              | 690                                |
| Office Supplies and Expenses                                                 | 1,186                            | 1,124                            | 1,405                            | 1,352                            | 1,222                              |
| Small Tools and Supplies                                                     | 6                                | 3                                | 4                                | 6                                | 9                                  |
| Contractual Services                                                         | 895                              | 650                              | 722                              | 697                              | 772                                |
| Equipment Rental and Maintenance                                             | <u>406</u>                       | <u>485</u>                       | <u>483</u>                       | <u>506</u>                       | <u>498</u>                         |
| <b>TOTAL OPERATIONS AND MAINTENANCE</b>                                      | <b>(5,176)</b>                   | <b>(5,925)</b>                   | <b>(6,814)</b>                   | <b>(6,646)</b>                   | <b>(6,631)</b>                     |
| <b>Net System Revenue<sup>(1)</sup></b>                                      | <b>5,658</b>                     | <b>5,458</b>                     | <b>3,348</b>                     | <b>4,027</b>                     | <b>4,242</b>                       |
| <b>Debt Service (Senior Lien)<sup>(2)</sup></b>                              |                                  |                                  |                                  |                                  |                                    |
| Certificates of Participation, Series 1992 Debt Service                      | 913                              | 912                              | 917                              | —                                | —                                  |
| Debt Service Coverage Ratio (Senior Only Lien)                               | 6.20x                            | 5.98x                            | 3.65x                            | —                                | —                                  |
| <b>Net Available Revenue<sup>(3)</sup></b>                                   | <b>4,745</b>                     | <b>4,546</b>                     | <b>2,431</b>                     | <b>4,027</b>                     | <b>4,242</b>                       |
| <b>Debt Service (Second Senior)</b>                                          |                                  |                                  |                                  |                                  |                                    |
| Wastewater Revenue Bonds, Series 2005 Debt Service                           | 845                              | 845                              | 845                              | 845                              | 1,175                              |
| Wastewater Revenue Bonds, Series 2009 Debt Service                           | =                                | <u>167</u>                       | <u>518</u>                       | <u>518</u>                       | <u>928</u>                         |
| Debt Service Coverage Ratio (Second Senior Lien Only)                        | 5.62x                            | 4.49x                            | 1.78x                            |                                  | 2.02x                              |
| <b>Aggregate Debt Service Coverage Ratio (All Series)</b>                    | <b>3.22x</b>                     | <b>2.84x</b>                     | <b>1.47x</b>                     | <b>2.95x</b>                     | <b>2.02x</b>                       |
| Aggregate Debt Service Coverage Ratio (All Series Excluding Connection Fees) | 3.22x                            | 2.66x                            | 1.45x                            | 2.83x                            | 1.93x                              |
| <b>Net Revenue Available for Development Debt Service and Capital</b>        | <b>3,900</b>                     | <b>3,531</b>                     | <b>1,068</b>                     | <b>2,664</b>                     | <b>2,139</b>                       |
| <b>Debt Service (Development)</b>                                            |                                  |                                  |                                  |                                  |                                    |
| Lease Revenue Bonds (2002 Capital Projects) Debt Service                     | 1,355                            | 1,355                            | 1,353                            | 1,350                            | 1,611                              |
| <b>TOTAL OTHER DEBT SERVICE</b>                                              | <b>1,355</b>                     | <b>1,355</b>                     | <b>1,353</b>                     | <b>1,350</b>                     | <b>1,611</b>                       |
| <b>Net Revenue After Development Debt Service<sup>(5)</sup></b>              | <b>\$2,545</b>                   | <b>\$2,176</b>                   | <b>(\$285)</b>                   | <b>\$1,314</b>                   | <b>\$528</b>                       |

(1) Includes interest income, late fees and penalties.

(2) The 1992 Certificates matured on March 1, 2012, at which time the Second Senior Lien Bonds *i.e.* the Series 2005 Bonds and the Series 2009 Bonds became secured by a senior pledge of Net Wastewater Revenues.

(3) Excludes depreciation expenses. For details, see Table 10—"Historical Statement of Revenues and Expenses and Changes in Fund Net Assets."

(4) Represents the ratio of debt service payable on the 1992 Certificates of Participation to the Net Operating Revenue Available for Debt Service.

(5) Represents the ratio of debt service payable on the 1992 Certificates of Participation to the Net Operating Revenue Available for Debt Service *excluding* Development Fees.

Sources: Comprehensive Annual Financial Reports of the City and Del Rio Advisors, LLC.

**Projected Revenues and Expenses and Debt Service Coverage.** Projected Net Wastewater Revenues and Expenses are set forth in Table 15 are based on the following assumptions, among others, annual increases at a rate equal to 9% for charges for services; 2% for labor costs, 4% for materials, supplies, equipment and training, 5% for other benefits and utilities, 3% for capital projects and other expenses, and 1% interest earnings. 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.

**Table 15**  
**City of Woodland**  
**Wastewater System**  
**Pro Forma Cash Flow Projection and Debt Service Coverage**  
**(Fiscal Years)**

|                                                          | Projected<br><u>2013-14</u> | Projected<br><u>2014-15</u> | Projected<br><u>2015-16</u> | Projected<br><u>2016-17</u> | Projected<br><u>2017-18</u> |
|----------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>System Revenues</b>                                   |                             |                             |                             |                             |                             |
| Rate Revenues                                            | \$10,555,808                | \$10,619,143                | \$10,725,334                | \$10,832,588                | \$10,940,914                |
| Additional Revenue from Proposed Rate Increase           | 686,128                     | 1,920,472                   | 3,079,528                   | 4,365,185                   | 5,790,314                   |
| Connection Fees <sup>(2)</sup>                           | 187,503                     | 188,628                     | 190,515                     | 192,420                     | 194,344                     |
| Other Miscellaneous Income                               | 171,656                     | 171,656                     | 171,656                     | 171,656                     | 171,656                     |
| Interest Income                                          | 12,867                      | 20,445                      | 24,998                      | 42,340                      | 57,473                      |
| <b>TOTAL SYSTEM REVENUE</b>                              | <b>11,613,962</b>           | <b>12,920,345</b>           | <b>14,192,031</b>           | <b>15,604,188</b>           | <b>17,154,701</b>           |
| <b>Less: Operations and Maintenance (O&amp;M)</b>        |                             |                             |                             |                             |                             |
| Accounting - Sewer                                       | 333,385                     | 346,558                     | 360,499                     | 375,265                     | 390,918                     |
| Sewage Collection System                                 | 1,964,608                   | 2,051,289                   | 2,143,088                   | 2,240,375                   | 2,343,548                   |
| Sewage Treatment Plant                                   | 3,227,534                   | 3,366,320                   | 3,512,514                   | 3,666,588                   | 3,829,047                   |
| Environmental Operations Laboratory                      | 622,006                     | 646,006                     | 671,354                     | 698,148                     | 726,491                     |
| Utilities Engineering                                    | 694,240                     | 722,043                     | 751,464                     | 782,618                     | 815,636                     |
| <b>TOTAL OPERATIONS AND MAINTENANCE</b>                  | <b>6,841,772</b>            | <b>7,132,217</b>            | <b>7,438,920</b>            | <b>7,762,994</b>            | <b>8,105,641</b>            |
| <b>NET SYSTEM REVENUE<sup>(3)</sup></b>                  | <b>4,772,190</b>            | <b>5,788,128</b>            | <b>6,753,112</b>            | <b>7,841,194</b>            | <b>9,049,060</b>            |
| <b>Senior Lien Debt Service</b>                          |                             |                             |                             |                             |                             |
| Series 2009                                              | 931,075                     | 933,325                     | 930,125                     | 929,875                     | 931,075                     |
| Series 2005                                              | 1,172,428                   | —                           | —                           | —                           | —                           |
| <b>TOTAL SENIOR LIEN DEBT SERVICE</b>                    | <b>2,103,503</b>            | <b>933,325</b>              | <b>930,125</b>              | <b>929,875</b>              | <b>931,075</b>              |
| <b>Parity Debt Service Coverage</b>                      |                             |                             |                             |                             |                             |
| <b>Debt Service Coverage</b>                             | <b>2.27x</b>                | <b>6.20x</b>                | <b>7.26x</b>                | <b>8.43x</b>                | <b>9.72x</b>                |
| <b>Debt Service Coverage (Excluding Connection Fees)</b> | <b>2.18x</b>                | <b>6.00x</b>                | <b>7.06x</b>                | <b>8.23x</b>                | <b>9.51x</b>                |
| <b>NET AVAILABLE REVENUE<sup>(4)</sup></b>               | <b>2,668,688</b>            | <b>4,854,803</b>            | <b>5,822,987</b>            | <b>6,911,319</b>            | <b>8,117,985</b>            |
| <b>Junior Lien Debt Service</b>                          |                             |                             |                             |                             |                             |
| Series 2014 (Refunding of Series 2005 Bonds)             | —                           | 1,149,729                   | 1,151,200                   | 1,150,550                   | 1,150,950                   |
| Series 2014 (Refunding of Series 2002 Bonds)             | —                           | 1,490,729                   | 1,493,200                   | 1,487,650                   | 1,489,650                   |
| Additional Bond Series (Local CIP) <sup>(5)</sup>        | —                           | —                           | —                           | 1,462,525                   | 1,460,475                   |
| <b>TOTAL JUNIOR LIEN DEBT SERVICE</b>                    | <b>—</b>                    | <b>2,640,458</b>            | <b>2,644,400</b>            | <b>4,100,725</b>            | <b>4,101,075</b>            |
| <b>Junior Lien Debt Service Coverage</b>                 |                             |                             |                             |                             |                             |
| <b>Debt Service Coverage</b>                             | <b>N/A</b>                  | <b>1.84x</b>                | <b>2.20x</b>                | <b>1.69x</b>                | <b>1.98x</b>                |
| <b>Debt Service Coverage (Excluding Connection Fees)</b> | <b>N/A</b>                  | <b>1.77x</b>                | <b>2.13x</b>                | <b>1.64x</b>                | <b>1.93x</b>                |

(Table continued on next page)

|                                                                       | Projected<br><u>2013-14</u> | Projected<br><u>2014-15</u> | Projected<br><u>2015-16</u> | Projected<br><u>2016-17</u> | Projected<br><u>2017-18</u> |
|-----------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Overall Debt Service Coverage</b>                                  |                             |                             |                             |                             |                             |
| <b>Debt Service Coverage</b>                                          | <b>2.27x</b>                | <b>1.62x</b>                | <b>1.89x</b>                | <b>1.56x</b>                | <b>1.80x</b>                |
| <b>Debt Service Coverage (Excluding Connection Fees)</b>              | <b>2.18x</b>                | <b>1.57x</b>                | <b>1.84x</b>                | <b>1.52x</b>                | <b>1.76x</b>                |
| <b>Net System Revenues Available After O&amp;M &amp; Debt Service</b> | <b>2,668,688</b>            | <b>2,214,345</b>            | <b>3,178,587</b>            | <b>2,810,594</b>            | <b>4,016,910</b>            |
| <b>Capital Expenditures</b>                                           |                             |                             |                             |                             |                             |
| Rate Funded Capital                                                   | 800,000                     | 1,050,000                   | 1,300,000                   | 1,550,000                   | 1,800,000                   |
| <b>TOTAL CAPITAL EXPENDITURES</b>                                     | <b>800,000</b>              | <b>1,050,000</b>            | <b>1,300,000</b>            | <b>1,550,000</b>            | <b>1,800,000</b>            |
| <b>Net System Revenues Available for Reserves</b>                     | <b>1,868,688</b>            | <b>1,164,345</b>            | <b>1,878,587</b>            | <b>1,260,594</b>            | <b>2,216,910</b>            |
| <b>Operating Reserve Fund</b>                                         | <b>2,886,742</b>            | <b>3,143,835</b>            | <b>4,308,180</b>            | <b>6,186,766</b>            | <b>7,447,360</b>            |
| <b>Beginning Reserve Balance</b>                                      |                             |                             |                             |                             |                             |
| Less: Rate Stabilization Deposit                                      | —                           | —                           | —                           | —                           | —                           |
| Less: Series 2002 Bonds Debt Service                                  | (1,611,595)                 | —                           | —                           | —                           | —                           |
| Less: Transfers Out and Other Adjustments                             | —                           | —                           | —                           | —                           | —                           |
| Year Ending Balance/(Deficiency) after proposed rate increase         | 1,868,688                   | 1,164,345                   | 1,878,587                   | 1,260,594                   | 2,216,910                   |
| <b>Ending Reserve Balance</b>                                         | <b>3,143,835</b>            | <b>4,308,180</b>            | <b>6,186,766</b>            | <b>7,447,360</b>            | <b>9,664,270</b>            |
| <b>Ending Balance as Percent of Operating Expenditures</b>            | <b>45.95%</b>               | <b>60.40%</b>               | <b>83.17%</b>               | <b>95.93%</b>               | <b>119.23%</b>              |

(1) Based on the City of Woodland 10-Year CIP Projection.

(2) Based on City of Woodland 10-Year CIP Projection (reflective of Expected Single-Family, Multi-Family and Commercial Projects).

(3) Represents amounts available to *first* pay debt service on the Senior Lien Bonds.

(4) Represents amounts remaining to pay debt service on the Second Senior Bonds and Parity Bonds.

(5) Assumes issuance of parity junior lien bonds in 2015 and 2018 in the amounts of \$20.1 million and \$9.9 million, respectively, to fund CIP projects. See also "THE WASTEWATER SYSTEM—Master Planning for Wastewater System—Capital Budgets and Planning."

Sources: City of Woodland, Finance Department and Del Rio Advisors, LLC.

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## Net Assets

Set forth in Table 16 is a summary of the Statement of Net Assets for the Wastewater System for the Fiscal Years 2008-09 through 2011-12, as summarized from information presented in the City of Woodland Comprehensive Annual Reports for those same Fiscal Years, and the unaudited information for Fiscal Year 2012-13.

**Table 16**  
**City of Woodland**  
**Wastewater System**  
**Historical Statement of Net Assets**  
**(Fiscal Years 2008-09 through 2011-12 and Unaudited Fiscal Year 2012-13)**  
**(\$ in thousands)**

|                                                              | <u>2008-09</u>             | <u>2009-10</u>             | <u>2010-11</u>             | <u>2011-12</u>             | <u>Unaudited<br/>2012-13</u> |
|--------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|------------------------------|
| <b>ASSETS</b>                                                |                            |                            |                            |                            |                              |
| Current Assets:                                              |                            |                            |                            |                            |                              |
| Cash and Investments                                         | \$6,305,013                | \$9,960,340                | \$2,196,453                | \$8,527,140                | \$7,263,028                  |
| Restricted cash and investments                              | —                          | —                          | 6,892,251                  | —                          | —                            |
| Accounts receivable                                          | 614,668                    | 775,761                    | 320,592                    | 268,977                    | 325,584                      |
| Due from other funds                                         | 3,991,043                  | 3,976,617                  | 2,898,967                  | —                          | —                            |
| Prepaid items and deposits                                   | 10,825                     | 8,490                      | 8,490                      | —                          | —                            |
| Other assets                                                 | —                          | —                          | —                          | —                          | —                            |
| <b>TOTAL CURRENT ASSETS</b>                                  | <b>10,921,549</b>          | <b>14,721,208</b>          | <b>12,316,753</b>          | <b>8,796,117</b>           | <b>7,588,612</b>             |
| <b>NONCURRENT ASSETS:</b>                                    |                            |                            |                            |                            |                              |
| Cash and investment with fiscal agents                       | 920,028                    | 1,858,108                  | 1,849,128                  | 937,200                    | 1,093,043                    |
| Advances to other funds                                      | —                          | 8,876,227                  | 8,876,227                  | —                          | —                            |
| Land                                                         | 2,957,761                  | 2,957,761                  | 2,957,761                  | 2,957,761                  | 2,957,761                    |
| Construction in progress                                     | 2,160,352                  | 280,582                    | 537,472                    | 2,337,997                  | 4,143,286                    |
| Depreciable capital assets (net of accumulated depreciation) | <u>62,409,934</u>          | <u>62,074,066</u>          | <u>63,147,264</u>          | <u>61,299,694</u>          | <u>59,766,360</u>            |
| <b>TOTAL NONCURRENT ASSETS</b>                               | <b>68,448,075</b>          | <b>76,046,744</b>          | <b>77,367,852</b>          | <b>67,532,652</b>          | <b>67,960,450</b>            |
| <b>TOTAL ASSETS</b>                                          | <b>79,396,624</b>          | <b>90,767,952</b>          | <b>89,684,605</b>          | <b>76,328,769</b>          | <b>75,549,062</b>            |
| <b>LIABILITIES</b>                                           |                            |                            |                            |                            |                              |
| Current Liabilities:                                         |                            |                            |                            |                            |                              |
| Accounts payable                                             | 345,954                    | 265,371                    | 396,925                    | 239,161                    | 413,878                      |
| Due to other funds                                           | —                          | —                          | —                          | —                          | —                            |
| Interest payable                                             | —                          | 205,184                    | 175,154                    | 175,154                    | 168,691                      |
| Compensated absences                                         | 44,014                     | 28,756                     | 42,165                     | 41,138                     | 31,573                       |
| Long-term debt – current position                            | 770,000                    | <u>820,000</u>             | <u>818,583</u>             | —                          | <u>740,000</u>               |
| <b>TOTAL CURRENT LIABILITIES</b>                             | <b>1,159,968</b>           | <b>1,319,311</b>           | <b>1,432,827</b>           | <b>455,453</b>             | <b>1,354,142</b>             |
| Noncurrent Liabilities:                                      |                            |                            |                            |                            |                              |
| Compensated absences                                         | 84,229                     | 98,092                     | 96,055                     | 120,972                    | 119,507                      |
| Advances from other funds                                    | —                          | —                          | —                          | —                          | —                            |
| Revenue bonds                                                | 10,087,220                 | 22,195,063                 | 22,202,220                 | 22,202,220                 | 21,052,220                   |
| Certificates of participation, net                           | 1,582,901                  | 715,751                    | —                          | —                          | —                            |
| Other post-employment benefits                               | —                          | <u>429,370</u>             | <u>737,720</u>             | <u>1,031,655</u>           | <u>1,316,238</u>             |
| <b>TOTAL NONCURRENT LIABILITIES</b>                          | <b>11,754,350</b>          | <b>23,438,276</b>          | <b>23,035,995</b>          | <b>23,354,847</b>          | <b>22,487,965</b>            |
| <b>TOTAL LIABILITIES</b>                                     | <b>12,914,318</b>          | <b>24,757,587</b>          | <b>24,468,822</b>          | <b>23,810,300</b>          | <b>23,842,107</b>            |
| <b>NET ASSETS</b>                                            |                            |                            |                            |                            |                              |
| Invested in capital assets, net of related debt              | 55,087,926                 | 41,581,595                 | 36,729,443                 | 45,330,423                 | 46,168,230                   |
| Restricted for debt service                                  | —                          | —                          | —                          | —                          | —                            |
| Unrestricted                                                 | <u>11,367,380</u>          | <u>24,428,770</u>          | <u>28,486,340</u>          | <u>7,188,037</u>           | <u>5,538,725</u>             |
| <b>TOTAL NET ASSETS (DEFICIT)</b>                            | <b><u>\$66,455,306</u></b> | <b><u>\$66,010,365</u></b> | <b><u>\$65,215,783</u></b> | <b><u>\$52,518,469</u></b> | <b><u>\$51,706,955</u></b>   |

Sources: Comprehensive Annual Financial Reports of the City and City Finance and Management Agency.

## **Investment of Revenues**

Investment of Wastewater Revenues (except pension and retirement funds) are made in accordance with the City's Investment Policy. For a description of the Investment Policy see APPENDIX A—"GENERAL, ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION RELATING TO THE CITY OF WOODLAND—FINANCIAL INFORMATION—Investment Policy."

## **CERTAIN RISKS TO BONDHOLDERS**

*This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2014 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2014 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Series 2014 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Series 2014 Bonds or the ability of the City to make Installment Payments. There can be no assurance that other risk factors not discussed herein will not become material in the future.*

### **General**

**The Installment Payments are payable solely from and secured solely by the Net Wastewater Revenues pledged therefor under 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 Wastewater Revenues to pay the Installment Payments, the City will not be obligated to utilize any other of its funds, other than amounts available under in the Reserve Accounts or under the Reserve Facility and certain other amounts on deposit in the funds and accounts established under the Trust Agreement to pay debt service on the Bonds. See also "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Reserve Fund."**

**The pledge of Net Wastewater Revenues to pay the Series 2014 Bonds is junior and subordinate to the pledge of Net Wastewater Revenues to pay the Series 2009 Bonds [and the remaining Series 2005 Bonds].**

### **System Demand**

There can be no assurance that the demand for sewer services will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges in order to comply with the rate covenant.

### **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.

## **Future Parity Debt**

The Series 2014 Bonds are payable from the Installment Payments from Net Wastewater Revenues. As described under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS–Parity Debt,” the Trust Agreement permits the issuance of Parity Debt that would be payable from Net Wastewater Revenues on a parity with the Installment Payments securing payment of debt service on the Series 2014 Bonds.

## **Limited Recourse on Default**

If the City defaults on its obligation to pay debt service on the Series 2014 Bonds, the Trustee has the right to accelerate the total unpaid principal amount of the Series 2014 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 Wastewater 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. Article XIII A, Article XIII B, Article XIII C, Article XIII D, and Proposition 218, were adopted as measures that qualified for the ballot through California’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 Net Wastewater Revenues or the ability of the City to expend its revenues. 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 Wastewater Revenues and adversely affect the security for the Series 2014 Bonds.

## **Statutory and Regulatory Impact**

Laws and regulations governing collection, treatment and disposal of wastewater 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 to protect the environment, 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 Wastewater Revenues in the amounts required by the Installment Purchase Contract and to pay debt service on the Series 2014 Bonds. Certain potential increasing regulatory standards which could materially increase the cost to the City of providing sewer services.

## **Risk of Earthquake and Other Natural Disasters**

**Earthquake.** There are several active geological faults in the State that have potential to cause serious earthquakes that could result in damage within the City to the Water System, buildings, roads, bridges, and other property. 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). While the City is not located in any existing special study zone delineated by the State Division of Mines and

Geology as an area of known active faults, it is possible that new geological faults could be discovered in the area and that an earthquake occurring on such faults could result in damage of varying degrees of seriousness to property and infrastructure in the City, including the Wastewater System.

In the event of a severe seismic event in or around the City, there could be substantial damage to the Wastewater System facilities resulting in a reduction of Net Wastewater Revenues. Such reduction of Net Wastewater Revenues could have an adverse effect on the City's ability to make timely payments of debt service on the Series 2014 Bonds. The WPCF was designed to meet the applicable building code standards for seismic zone 3. See also "THE WASTEWATER SYSTEM–Seismicity."

**Risk of Flooding.** In accordance with the National Flood Insurance Reform Act (the "NFIRA") requiring, among other things, that the Federal Emergency Management Agency ("FEMA") assess its flood hazard map inventory at least once every five years.

In the aftermath of Hurricane Katrina in August 2005, the Corps of Engineers delivered letters to agencies nationwide withdrawing certification of the flood hazard maps. As a result, FEMA implemented a Flood Map Modernization effort to update existing FIRMs, policies, regulations and procedures. In particular, FEMA has placed a high priority on reviewing, identifying and certifying levees and levee systems nationwide to verify whether such levees and levee systems provide adequate flood protection in areas currently designated as within a 100-year floodplain. To assure that levees shown on modernized FIRMs still provide that level of protection, FEMA is requiring that each levee in the country be inspected and accredited.

FEMA completed inspection of the levees in the County. A preliminary FIRM was released by FEMA on December 19, 2008 significantly expanding the area of high-risk flood zones within the County, including designating approximately 1/3 of the northern part of the City within a 100-year floodplain with shallow sheet flow (*i.e.* an area in which flooding is expected to be less than two feet and subside within 24 hours). The preliminary FIRM is an approximation of potential future flood plain areas and do not replace the existing official floodplain maps. Until final FIRMs are issued, the current FIRMs remain in effect. In September 2009 the City submitted a Letter of Map Revision (a "LOMR") to FEMA seeking removal of between 2,400 to 3,400 homes from the 100-year floodplain based on new hydraulic two dimensional mapping. Final FIRMs are expected to become effective in early 2010.

In addition, the DWR is in the process of evaluating and upgrading aging and deteriorating levees along the Sacramento and San Joaquin River Valleys and the Delta. DWR is evaluating more than 300 miles of urban project levees in these areas, with plans to later survey the entire 1,600 miles of project levees in the Central Valley of the State.

Although the WPCF is protected by berms constructed in 2007 to an elevation of 41 feet (see "THE WASTEWATER SYSTEM–Facilities–Wastewater Pollution Control Facility–Flood Protection Improvements"), the City makes no representation that the construction of the FPRP will guaranty that FEMA will accredit the levee improvements completed in 1998 or any of the other levees within the City or that FEMA will not issue revised FIRMs in the future that place all or some of the City within the boundaries of a 100-year floodplain.

### **Risk Management and Insurance**

The City employs a full-time Risk Manager, as well as safety and loss control professionals, for the prevention and mitigation of property, liability and employee claims for injury or damage. 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. See also, "THE WASTEWATER SYSTEM–Lease of Portions of the Wastewater System."

Although the City is insured for Fiscal Year 2013-14 as to earthquake damage to the Wastewater System facilities the City makes no representation that such insurance will be maintained in the future.

### **Limitations on Remedies**

The ability of the City to comply with its covenants under the Installment Purchase Contract and to generate Net Wastewater Revenues sufficient to pay principal of and interest on the Series 2014 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 2014 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 2014 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 Wastewater System 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 2014 Bonds, will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Series 2014 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 on the Series 2014 Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Series 2014 Bonds.

### **Loss of Tax Exemption for the Series 2014 Bonds**

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2014 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 2014 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such Series 2014 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 2014 Bonds. The Series 2014 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 2014 Bonds) is expected to increase significantly under the new TE/GE Division. There is no assurance that if an IRS examination of the Series 2014 Bonds was undertaken that it would not adversely affect the market value of the Series 2014 Bonds. See "TAX MATTERS."

## **Secondary Market**

There can be no guarantee that there will be a secondary market for the Series 2014 Bonds or, if a secondary market exists, that the Series 2014 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 1, 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 1, 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 2012-13 was \$\_\_\_\_\_, and the amount shown in its budget for that year as the appropriations subject to limitation was \$\_\_\_\_\_. The City’s appropriations limit for Fiscal Year 2013-14 is \$57,096,268, and the amount shown in such budget as the appropriations subject to limitation is \$26,458,696.

## Proposition 218

**General.** 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. The interpretation and application of Proposition 218 has been and likely will be subject to further judicial determinations, and it is not possible at this time to predict with certainty the outcome of future determinations.

**Article XIII C.** Article XIII C provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIII C does not define the terms “local tax,” “assessment,” “fee” or “charge.” On July 24, 2006, the Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil* that the provisions of Article XIII C applied to rates and fees charged for domestic water use. In that decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. In any event, the City does not believe that Article XIII C grants to the voters within the City the power to repeal or reduce rates and charges in a manner that would be inconsistent with the contractual obligations of the City. No assurance can be given that the voters of the City under the Installment Purchase Contract, including the rate covenant will not, in the future, approve initiatives that seek to repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the fees and charges for the Wastewater System, which are the source of Available Revenues pledged by the City to make the Installment Payments.

**Article XIII D.** Article XIII D established procedural requirements for imposition of assessments, defined to mean any levy or charge upon real property for a special benefit conferred upon real property, including standby charges. The procedural requirements include the conducting of a public hearing and an election, by mailed ballot, with notice the record owner of each parcel subject to the assessment. If a majority of the ballots returned oppose the assessment may not be imposed.

Article XIII D conditions the imposition or increase of any “fee” or “charge” upon there being no written majority protest after a required public hearing and, for fees and charges other than for sewer, water or refuse collection services, voter approval. Article XIII D defines “fee” or “charge” to mean levies (other than *ad valorem* or special taxes or assessments) imposed by a local government upon a parcel or upon a person as an incident of the ownership or tenancy of real property, including a user fee or charge for a “property-related service.” One of the requirements of Article XIII D is that before a property related fee or charge may be imposed or increased, a public hearing upon the proposed fee or charge must be held and mailed notice sent to the record owner of each identified parcel of land upon which the fee or charge is proposed for imposition. In the public hearing if written protests of the proposed fee or charge are presented by a majority of the owners of affected identified parcel(s), an agency may not impose the fee or charge.

In *Howard Jarvis Taxpayers Association v. City of Los Angeles*, the Court of Appeal held that fees for water that are based upon metered amounts used are charges for a commodity and not related to property ownership and, consequently, Article XIII D does not apply to such fees. However, in a decision rendered in February 2004, the California Supreme Court in *Richmond et al. v. Shasta Community Services District*, 32 Cal. 4th 409, upheld a Court of Appeals decision that water connection fees were not property related fees or charges subject to Article XIII D, while at the same time stating in dicta that fees for ongoing water service through an existing connection were property related fees and charges. In October 2004, the California Supreme Court granted review of the decision of the Fourth District Court of Appeal in *Bighorn-Desert View Water Agency v. Berington*, 120 Cal. App. 4th 891 (2004), in which the appellate court had relied on *Howard Jarvis Taxpayers Association v. City of Los Angeles* and rejected the Supreme Court’s dicta in *Richmond et al. v. Shasta Community Services District*. On March 23, 2005, the California Fifth District Court of Appeal published *Howard Jarvis Taxpayers Association v. City of Fresno*, 127 Cal.App.4th 914 (5th Dist. 2005),



holding that an “in lieu” fee which is payable to the general fund of the City of Fresno from its water utility and which is included in the water rate structure of the city was invalid. In reaching its decision, the court concluded that the city’s water rates were “property related” fees, governed by the limitations of Article XIII D. The City of Fresno requested a review of this decision by the California Supreme Court, which denied review. On July 24, 2006, the Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*. In dicta, the Supreme Court repeated its previous dicta in *Richmond et al. v. Shasta Community Services District* that fees and charges for ongoing water service through an existing connection were property related fees and charges under Article XIII D.

In addition to the procedural requirements of Article XIII D, under Article XIII D all property related fees and charges, including those which were in existence prior to the passage of Proposition 218 in November 1996, must meet the following substantive standards: (i) the revenues derived from the fee or charge cannot exceed the funds required to provide the property-related service; (ii) the revenues derived from the fee or charge must not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel; (iv) no fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question, fees or charges based on potential or future use of a service are not permitted, and standby charges, whether characterized as charges or assessments, must be classified as assessments and cannot be imposed without compliance with Section 4 of Article XIII D (relating to assessments); and (v) no fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services where the service is available to the public at large in substantially the same manner as it is to property owners.

The City believes that its rates comply with the foregoing standards.

***Effect of Proposition 218 and of Possible General Limitations on Enforcement Remedies.*** The ability of the City to expeditiously comply with its covenants under the Installment Purchase Contract and to generate Wastewater Revenues sufficient to make the Installment Payments 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) under Article XIII C or Article XIII D by voters or property owners. Furthermore, any remedies available to the owners of the Series 2014 Bonds upon the occurrence of an event of default under the Trust Agreement 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.

Based on the foregoing, in the event the City fails to comply with its covenants under the Installment Purchase Contract, including its covenants to generate sufficient Wastewater Revenues, as a consequence of the application of Article XIII C and Article XIII D to make the Installment Payments, there can be no assurance that available remedies will be adequate to fully protect the interests of the holders of the Series 2014 Bonds.

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. See also “CERTAIN RISKS TO BONDHOLDERS—Limitation Remedies.”

## **Proposition 1A of 2004**

The California Constitution generally requires the State to reimburse the local governments when the State “mandates” a new local program or higher level of service. Due to the ongoing financial difficulties of the State, it has not provided in recent years reimbursements for many mandated costs. In other cases, the State has “suspended” mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

Proposition 1A of 2004 was approved by the voters of the State on November 3, 2004 and amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. Beginning in Fiscal Year 2005-06, if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A of 2004 expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility.

In response to its worsening financial condition, pursuant to the Amended 2009 State Budget Act (defined herein), the State is in the process of borrowing local property tax receipts from local governments, including the City. See APPENDIX A–“GENERAL, ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION CONCERNING THE CITY OF WOODLAND–FINANCIAL INFORMATION–State Budgets–City Responses to the Amended 2009 State Budget Act.”

## **Future Initiatives**

Article XIII A, Article XIII B and Proposition 218 and Proposition 1A of 2004 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, DEMOGRAPHIC AND FINANCIAL INFORMATION CONCERNING THE CITY OF WOODLAND."

## **TAX MATTERS**

### ***[TO BE REVIEWED/REVISED BY BOND COUNSEL]***

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, interest on the Series 2014 Bonds is excludable from gross income for federal income tax purposes. In the opinion of Bond Counsel, interest on the Series 2014 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax nor is such interest taken into account in determining adjusted current earnings for the purpose of computing the corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2014 Bonds is exempt from State of California personal income taxes. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

### **Series 2014 Bonds**

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 2014 Bonds. The Authority and the City have covenanted to comply with certain restrictions designed to assure that interest on the Series 2014 Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Series 2014 Bonds being included in federal gross income, possibly from the date of issuance of the Series 2014 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 2014 Bonds may affect the tax status of interest on the Series 2014 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 2014 Bonds. Prospective Owners of Series 2014 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 2014 Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of the Series 2014 Bonds or the accrual or receipt of interest on the Series 2014 Bonds may otherwise affect the owner's federal 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.

## **CERTAIN LEGAL MATTERS**

The proceedings in connection with the issuance of the Series 2014 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 Best, Best & Krieger LLP and for the Authority and the City by Schiff Hardin LLP, 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 2014 Bonds.

## **ABSENCE OF MATERIAL LITIGATION**

At the time of delivery of and payment for the Series 2014 Bonds, the Authority and the City will 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 2014 Bonds, the execution and delivery of the Trust Agreement, the Installment Purchase Contract or the payment of Installment Payments.

Various legal actions are pending against the City. The aggregate amount of the uninsured liabilities of the City that 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 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 2014 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 2014 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 2014 Bonds.

## **CONTINUING DISCLOSURE**

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2014 Bonds or to any decision to purchase, hold or sell the Series 2014 Bonds and the Authority will not provide any such information. The City has undertaken all responsibilities of the Authority for any continuing disclosure to Holders of the Series 2014 Bonds as described below, and the Authority shall have no liability to the Holders of the Series 2014 Bonds of the Series 2014 Bonds or any other person with respect to S.E.C. Rule 15c2-12.

The City has covenanted for the benefit of the Owners to provide certain financial information and operating data relating to the Series 2014 Bonds by not later seven months following the end of the City's Fiscal Year (which currently would be June 30) commencing with the report for the 2013-14 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. The

Annual Report and notices of significant events will be filed by means of the EMMA site maintained by the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of significant events is contained within APPENDIX D—"FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

In the past five years, the City did not fail to comply in any material respect with its obligation to file annual reports, but did fail on occasion to timely file notices of bond insurer-related rating changes and certain tabular data required to be updated annually. The City filed all required notices by \_\_\_\_\_, 2014 and has established procedures, including adding the Trustee as a party for receipt of the Annual Report and notices of significant events, \_\_\_\_\_, \_\_\_\_\_ and the designation of the Finance Officer as the party responsible for monitoring and making the required filings that the City believes will be sufficient to ensure timely future compliance with its continuing disclosure undertakings.

## **RATINGS**

Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("S&P") has assigned a rating of "\_\_\_" to the Series 2014 Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P at the following address: Standard & Poor's Corporation, 55 Water Street, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency may have an adverse effect on the market price of the Series 2014 Bonds.

There is no assurance that such ratings will continue for any given period of time or that they will not be reduced or withdrawn entirely by the rating agencies, or either of them, if in their, or 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 2014 Bonds.

## **UNDERWRITING**

The Series 2014 Bonds were purchased through negotiation by Southwest Securities, Inc. (the "Underwriter"). The purchase contract pursuant to which the Underwriter is purchasing the Series 2014 Bonds provides that the Underwriter will purchase all of the Series 2014 Bonds if any are purchased. Under the terms of the purchase contract, the obligation of the Underwriter to make the purchase is subject to certain terms and conditions set forth in the purchase contract.

The Underwriter purchased the Series 2014 Bonds at a price of \$\_\_\_\_\_ (which represents the principal amount of the Series 2014 Bonds plus an original issue premium in the amount of \$\_\_\_\_\_ and less an underwriter's discount in the amount of \$\_\_\_\_\_). The Underwriter may change the initial public offering prices set forth on the cover page. The Underwriter may offer and sell the Series 2014 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Upon delivery of the Series 2014 Bonds the arithmetical accuracy of certain computations included in the schedules provided by the Underwriter on behalf of the City relating to the adequacy of forecasted receipts of principal and interest on the noncallable securities and cash to be held pursuant to the Escrow Agreement will be verified by Grant Thornton LLP, Minneapolis, Minnesota, independent certified public accountants (the "Verification Agent"). Such verification shall be based solely upon information and assumptions supplied to the Verification Agent by the Underwriter. The Verification Agent has not made a study or evaluation of the information and assumptions on which such computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the forecasted outcome.

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## MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Authority, the City and the Underwriter of the Series 2014 Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the 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 or the City since the date hereof.

Any references or summaries or explanations of the Trust Agreement, the Installment Purchase Contract, the Series 2014 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 2014 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 Underwriter. The information contained herein should not be construed as representing all conditions affecting the Authority, the City or the Series 2014 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: \_\_\_\_\_  
Paul Navazio  
City Manager

## APPENDIX A

### GENERAL, ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION CONCERNING THE CITY OF WOODLAND

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## GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

### 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**

| <u>Member</u>           | <u>Position</u> | <u>Term Expires</u> |
|-------------------------|-----------------|---------------------|
| Art Pimentel            | Mayor           | June 2014           |
| Marlin H. “Skip” Davies | Vice Mayor      | June 2016           |
| William L. Marble       | Member          | June 2016           |
| Martie L. Dote          | Member          | June 2014           |
| Tom Stallard            | Member          | June 2016           |

**Table A-2**  
**City of Woodland**  
**Key Administrative Personnel**

| <u>Member</u>     | <u>Position</u>                                    |
|-------------------|----------------------------------------------------|
| Art Pimentel      | Mayor                                              |
| Paul Navazio      | City Manager                                       |
| Andrew Morris     | City Attorney                                      |
| Kimberly McKinney | Finance Officer                                    |
| Greg Meyer        | Public Works Director                              |
| Sue Vannucci      | Director of Administrative Services and 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 [328] for Fiscal Year 2013-14, all of whom are full-time permanent employees. Of the budgeted full-time employees, [88] are assigned to the Police Department and [52] to the Fire Department. Fire protection service is provided by the City, which has three stations within its borders.

### **Population**

Between 2009 and 2013, the City's population increased by a total of 2,158 or approximately 3.9%. The City is the second most populous in the County. Table A-3 summarizes the population of the City, the County and the State of California (the "State") for 2000 and 2009 through 2013.

**Table A-3**  
**City, County and State Population**  
**(As of January 1)**

| <u>Year</u>         | <u>City</u> | <u>Yolo County</u> | <u>State</u> |
|---------------------|-------------|--------------------|--------------|
| 2000 <sup>(1)</sup> | 48,850      | 167,400            | 33,753,000   |
| 2009                | 54,750      | 198,642            | 36,966,713   |
| 2010 <sup>(1)</sup> | 55,400      | 200,484            | 37,223,900   |
| 2011                | 55,345      | 201,071            | 37,427,946   |
| 2012                | 56,275      | 204,349            | 37,668,804   |
| 2013 <sup>(2)</sup> | 56,908      | 205,999            | 37,966,471   |

(1) Decennial Census.

(2) Most recent data available.

Sources: U.S. Census Bureau for the decennial census. California State Department of Finance, E-4: Population Estimates for Cities, Counties and State, 2001-2010 with 2000 and 2010 Census Counts.

## Employment

Table A-4 summarizes the average labor patterns in the City, the County, the State, and the United States from 2008 through 2012.

**Table A-4**  
**Estimates of Civilian Labor Force Employment and Unemployment**  
**2008 through 2012**

| <u>Year and Area</u>    | <u>Labor Force</u> | <u>Employment</u> | <u>Unemployment</u> | <u>Unemployment Rate</u> |
|-------------------------|--------------------|-------------------|---------------------|--------------------------|
| <b>2012<sup>†</sup></b> |                    |                   |                     |                          |
| City                    | 29,000             | 25,100            | 3,900               | 13.5%                    |
| County                  | 98,500             | 87,200            | 11,300              | 11.5                     |
| State                   | 18,494,900         | 16,560,300        | 1,934,500           | 10.5                     |
| United States           | 154,975,000        | 142,469,000       | 12,506,000          | 8.1                      |
| <b>2011</b>             |                    |                   |                     |                          |
| City                    | 28,800             | 24,600            | 4,200               | 14.7%                    |
| County                  | 97,700             | 85,500            | 12,200              | 12.5                     |
| State                   | 18,404,500         | 16,237,300        | 2,167,200           | 11.8                     |
| United States           | 153,617,000        | 139,869,000       | 13,747,000          | 8.9                      |
| <b>2010</b>             |                    |                   |                     |                          |
| City                    | 29,000             | 24,700            | 4,300               | 14.9%                    |
| County                  | 98,400             | 85,900            | 12,500              | 12.7                     |
| State                   | 18,176,200         | 15,916,300        | 2,259,900           | 12.4                     |
| United States           | 153,889,000        | 139,064,000       | 14,825,000          | 9.6                      |
| <b>2009</b>             |                    |                   |                     |                          |
| City                    | 29,000             | 25,200            | 3,800               | 13.2%                    |
| County                  | 98,500             | 91,200            | 7,200               | 7.4                      |
| State                   | 18,204,200         | 16,141,500        | 2,062,700           | 11.3                     |
| United States           | 154,142,000        | 139,877,000       | 14,265,000          | 9.3                      |
| <b>2008</b>             |                    |                   |                     |                          |
| City                    | 28,700             | 26,200            | 2,500               | 8.7%                     |
| County                  | 99,500             | 91,200            | 7,200               | 7.4                      |
| State                   | 18,391,800         | 17,059,600        | 1,332,300           | 7.2                      |
| United States           | 154,287,000        | 145,362,000       | 8,924,000           | 5.8                      |

<sup>†</sup> Most recent annual data available.

Sources: California State Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

## Principal Employers

Table A-5 represents the principal public and private employers in the City.

**Table A-5**  
**City of Woodland**  
**Principal Employers**  
**As of June 30, 2013**  
***[UPDATE]***

| <u>Employer</u>                        | <u>Product/Service</u>  | <u>Estimated<br/>Number of<br/>Employees</u> |
|----------------------------------------|-------------------------|----------------------------------------------|
| Yolo County                            | Governmental Operations | 1,410                                        |
| Dayton Hudson (Target)                 | Distribution Center     | 1,337                                        |
| Woodland Joint Unified School District | School District         | 1,125                                        |
| Woodland Healthcare                    | Health Services         | 944                                          |
| Target Distribution Center             | Distribution Center     | 800                                          |
| Raley's/Bel Air                        | Supermarket             | 600                                          |
| Rite Aid Distribution Center           | Distribution Center     | 500                                          |
| Nugget Markets/Food 4 Less             | Food Warehouse          | 350                                          |
| City of Woodland                       | Local Government        | 322                                          |
| Walgreens                              | Distribution Center     | 300                                          |

Source: City of Woodland Comprehensive Annual Financial Reports for the Fiscal Years Ended June 30, 2012.

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The Industry Employment and Labor Force for the County are set forth in Table A-6.

**Table A-6**  
**County of Yolo**  
**Industry Employment<sup>(1)</sup> and Labor Force**  
**By Annual Average**  
**2012 Benchmark**

|                                        | <u>2008</u>   | <u>2009</u>   | <u>2010</u>  | <u>2011</u>  | <u>2012<sup>(2)</sup></u> |
|----------------------------------------|---------------|---------------|--------------|--------------|---------------------------|
| Farm                                   | 4,700         | 4,900         | 4,900        | 5,100        | 5,400                     |
| Natural Resources and Mining           | 300           | 100           | 200          | 200          | 100                       |
| Construction                           | 4,800         | 4,000         | 3,500        | 3,300        | 3,200                     |
| Manufacturing                          | 5,800         | 5,200         | 5,200        | 4,700        | 4,800                     |
| Wholesale Trade                        | 5,300         | 4,600         | 4,200        | 4,300        | 4,300                     |
| Retail Trade                           | 8,000         | 7,700         | 7,700        | 7,800        | 7,700                     |
| Transportation, Warehousing, Utilities | 7,900         | 6,900         | 6,400        | 6,400        | 6,300                     |
| Information                            | 1,100         | 1,000         | 1,000        | 1,000        | 1,000                     |
| Financial Activities                   | 3,500         | 3,500         | 3,100        | 2,900        | 2,900                     |
| Professional and Business Services     | 7,700         | 7,100         | 6,900        | 7,200        | 7,800                     |
| Educational and Health Services        | 6,800         | 6,800         | 6,900        | 6,800        | 7,100                     |
| Leisure and Hospitality                | 6,700         | 6,700         | 6,400        | 6,300        | 6,800                     |
| Other Services                         | 2,100         | 2,000         | 1,900        | 2,000        | 2,100                     |
| Federal Government                     | 2,300         | 2,200         | 2,300        | 2,300        | 2,300                     |
| State Government                       | 24,000        | 24,400        | 24,200       | 24,300       | 24,600                    |
| Local Government                       | <u>10,300</u> | <u>10,200</u> | <u>9,700</u> | <u>9,400</u> | <u>9,300</u>              |
| TOTAL ALL INDUSTRIES                   | 103,308       | 99,309        | 96,510       | 96,011       | 95,700                    |

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers on strike. Columns may not total due to rounding.

(2) Most recent data available.

Source: State of California Employment Development Department, Labor Market Information Division.

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## Agriculture

The City's diversified economic base includes manufacturing, warehousing, retail and agriculture. Table A-7 lists the top 10 leading agricultural crops within the County for the past five calendar years.

**Table A-7**  
**County of Yolo**  
**Ten Leading Crops**  
**Calendar Years 2008 to 2012<sup>(1)</sup>**  
**(\$ in 000's)**

| <u>Crop</u>            | <u>2008</u>           | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012<sup>(1)</sup></u> |
|------------------------|-----------------------|-------------|-------------|-------------|---------------------------|
| Processing Tomatoes    | \$105,040             | \$127,752   | \$87,920    | \$106,793   | \$111,567                 |
| Wine Grapes            | 41,984                | 56,424      | 45,650      | 48,757      | 66,293                    |
| Rice                   | 57,820 <sup>(2)</sup> | 53,479      | 56,306      | 58,159      | 60,012                    |
| Alfalfa Hay            | 73,405                | 29,979      | 27,878      | 45,935      | 51,446                    |
| Walnuts                | 16,221                | 19,158      | 24,366      | 33,507      | 49,284                    |
| Almonds                | 24,075                | 24,987      | 16,801      | 26,480      | 41,412                    |
| Organic Production     | 21,718                | 22,824      | 26,243      | 30,230      | 40,162                    |
| Corn, Field            | (3)                   | (3)         | 16,737      | 24,625      | 29,796                    |
| Sunflower Seed         | (3)                   | (3)         | (3)         | 19,655      | 29,767                    |
| Wheat                  | 21,718                | 11,680      | 15,317      | 20,675      | 20,435                    |
| Seed Crops             | 35,184                | 33,425      | (3)         | (3)         | (3)                       |
| Cattle and Calves      | 13,679                | 12,828      | 14,230      | (3)         | (3)                       |
| TOTAL 10 LEADING CROPS | 410,844               | 392,536     | 331,448     | 414,816     | 500,174                   |
| Other Crops            | 90,896                | 69,597      | 112,094     | 134,434     | 145,593                   |
| TOTAL                  | \$501,740             | \$462,133   | \$443,542   | \$549,250   | \$645,767                 |
| Percent Change         | 16.3%                 | (7.9%)      | (4.0%)      | 23.8%       | 17.5%                     |

(1) Most recent annual data available.

(2) Included Federal Rice Payment.

(3) Was not among the top 10 leading crops for this year.

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-8 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 2008 through 2012 (most recent annual data available).

**Table A-8  
County of Yolo  
Personal Income  
Calendar Years 2008 through 2012<sup>†</sup>**

| <b><u>Year and Area</u></b> | <b><u>Personal Income</u><br/><u>(millions of dollars)</u></b> | <b><u>Per Capita</u><br/><u>Personal Income</u><br/><u>(dollars)</u></b> |
|-----------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------|
| <b>2012<sup>†</sup></b>     |                                                                |                                                                          |
| County                      | \$8,534                                                        | \$41,811                                                                 |
| State                       | 1,768,039                                                      | 46,477                                                                   |
| United States               | 13,729,063                                                     | 43,735                                                                   |
| <b>2011</b>                 |                                                                |                                                                          |
| County                      | 8,268                                                          | 40,892                                                                   |
| State                       | 1,683,204                                                      | 44,666                                                                   |
| United States               | 13,179,561                                                     | 42,298                                                                   |
| <b>2010</b>                 |                                                                |                                                                          |
| County                      | 7,623                                                          | 37,902                                                                   |
| State                       | 1,579,148                                                      | 42,297                                                                   |
| United States               | 12,423,332                                                     | 40,163                                                                   |
| <b>2009</b>                 |                                                                |                                                                          |
| County                      | 7,563                                                          | 37,857                                                                   |
| State                       | 1,536,430                                                      | 41,569                                                                   |
| United States               | 12,073,738                                                     | 39,357                                                                   |
| <b>2008</b>                 |                                                                |                                                                          |
| County                      | 7,611                                                          | 38,604                                                                   |
| State                       | 1,596,282                                                      | 43,609                                                                   |
| United States               | 12,429,284                                                     | 40,873                                                                   |

<sup>†</sup> Most recent annual data available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.



## Construction

A five-year history of building permits and valuations is set forth in Table A-9.

**Table A-9**  
**City of Woodland**  
**Building Permits Valuations**  
**Fiscal Years 2008 through 2012<sup>(1)</sup>**  
**(\$ in 000's)**

| Year                | Residential   |            |             |           |           | Value of<br>Alterations and<br>Additions | Total<br>Residential<br>Valuation | Nonresidential<br>Valuation | Total <sup>(2)</sup> |
|---------------------|---------------|------------|-------------|-----------|-----------|------------------------------------------|-----------------------------------|-----------------------------|----------------------|
|                     | Single Family |            | Multifamily |           |           |                                          |                                   |                             |                      |
|                     | Units         | Valuation  | Units       | Valuation |           |                                          |                                   |                             |                      |
| 2012 <sup>(1)</sup> | 64            | \$15,988.6 | 0           | \$0.0     | \$2,065.5 | \$18,054.1                               | \$9,091.3                         | \$27,145.4                  |                      |
| 2011                | 66            | 15,413.9   | 0           | 0.0       | 3,240.1   | 18,653.1                                 | 42,987.3                          | 61,640.4                    |                      |
| 2010                | 9             | 1,970.1    | 43          | 3,927.5   | 2,607.9   | 8,505.5                                  | 9,193.2                           | 17,698.7                    |                      |
| 2009                | 119           | 26,907.2   | 6           | 528.8     | 2,049.1   | 29,485.1                                 | 8,346.6                           | 37,831.6                    |                      |
| 2008                | 189           | 37,540.7   | 0           | 0.0       | 2,646.0   | 40,186.8                                 | 42,975.0                          | 83,161.8                    |                      |

(1) Most recent annual data available.

(2) Total represents the sum of residential and nonresidential building permit valuations. Data may not total due to independent rounding.

Source: Construction Industry Research Board.

## 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 18 scheduled passenger airlines 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 was designed to accommodate the department through 2020. The fire department operates out of three fire stations and consists of 57 full time personnel (including administrative personnel) and a reserve force of nine.

## **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.

The Sacramento Municipal Utilities District (“SMUD”) supplies electricity throughout Sacramento County, which is immediately adjacent to the County. The electrical rates of SMUD are among the lowest in the nation.

## **FINANCIAL INFORMATION**

### **City Budget Process**

The City's budget is developed on the basis of Generally Accepted Accounting Principles ("GAAP"), except for proprietary funds which budget for principal debt service; special revenue funds and capital projects funds, which are budgeted on a project basis.

The City follows these procedures in establishing its budgets:

- Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the Fiscal Year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public meetings are conducted during June to obtain taxpayers comments.
- The budget is adopted by the City Council through passage of a minute order on or before June 30.

The City Council employs an independent certified public accountant who examines books, records, inventories, and reports of all officers and employees who receive, control, handle or disburse public funds, and those of any other employees or departments as the City Council directs. These duties are performed both annually and upon request. The City's independent auditor since Fiscal Year 2004-05 has been Macias, Gini & O'Connell LLP, Sacramento, California who was selected following a request for proposals process.

Within a reasonable period following the Fiscal Year end, the accountant submits the final audit to the City Council. The City then publishes the financial statements as of the close of the Fiscal Year.

A new independent auditor will be selected by the City to complete the Fiscal Year 2013-14 audit following a request for proposals process.

### **Financial and Accounting Information**

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories which include Governmental, Proprietary (which includes Enterprise Funds) and Fiduciary funds. Wastewater Revenues are accounted for as an Enterprise Fund.

#### ***Proprietary Funds***

Enterprise Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operation of its water, sewer, wastewater pretreatment, storm drain, construction and demolition program, fire training center, Dubach Park and youth activities.

Internal Service Funds. Internal Service Funds are used to report activities that provide supplies and services for certain City programs and activities. The City operates seven internal service funds.

**Basis of Accounting.** Proprietary funds distinguish operating revenues, such as charges for services, from nonoperating items. Operating revenues and expenses principally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services rendered. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For its business-type activities and enterprise funds, the City has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply private-sector standards issued after November 30, 1989. GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitute accounting principles generally accepted in the United States of America.

Revenues for the Enterprise Funds, including the Wastewater System, are recognized based on cycle billings rendered to customers and the period for which service is being delivered.

## **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 17, 2005 (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. A complete copy of the current Investment Policy is attached as Appendix B.

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 53601 *et seq.* and 53635 *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 Council, Mayor and City Manager a report at least each quarter. The report is 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 City's investment policy is adopted annually by a resolution of the City Council. Any modifications made thereto must be approved by the City Council. A complete copy of the current Investment Policy is attached as APPENDIX B.

**Summary of Current Investments.** As of June 30, 2013, the portfolio had a weighted average maturity of \_\_\_\_ days and a current weighted average yield of \_\_\_\_%. The following Table A-10 shows the type of investments and other information on the portfolio as of June 30, 2013.

**Table A-10**  
**City of Woodland**  
**Portfolio Summary**  
**As of June 30, 2013**  
**[UPDATE]**

| <u>Investment</u>    | <u>Amortized<br/>Cost</u> | <u>Percent</u> | <u>Market<br/>Value</u> | <u>Maturity<br/>Value</u> |
|----------------------|---------------------------|----------------|-------------------------|---------------------------|
| Federal Agency Notes | \$14,000,000.00           | 36.8%          | \$14,338,750.00         | \$14,000,000.00           |
| LAIF                 | <u>24,057,171.92</u>      | <u>63.2</u>    | <u>24,057,171.92</u>    | <u>24,057,171.92</u>      |
| TOTAL INVESTMENTS    | \$38,057,171.92           | 100.0%         | \$38,395,921.92         | \$38,057,171.92           |

Source: City of Woodland Finance Department.

## Assessed Valuation

### ***Ad Valorem Property Taxes.***

**Tax Levies, Collections and Delinquencies.** City property taxes are assessed and collected by the County of Yolo (the "County") at the same time and on the same rolls as are County, school and special district property taxes. The County is permitted under State law to pass on costs for certain services provided to local government agencies including the collection of property taxes. The County imposed a fee on the City of approximately 1.5% of taxes collected for tax collection services provided in Fiscal Year 2009-10.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding January 1. A supplemental roll is developed when property changes hands or new construction is completed that produces additional revenue.

Secured property taxes are due on November 1 and March 1 and become delinquent, if not paid by December 10 and April 10, respectively. A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1st of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Each county levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within that county's taxing boundaries.

Teeter Plan. The City is located within County of Yolo (the "County"), which is following the "Teeter Plan" (defined below) with respect to property tax collection and disbursement procedures. Under this plan, a county can implement an alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Section 4701 through 4717, inclusive) (the "Law"), commonly referred to as the "Teeter Plan." The Law has authorized the use of the Teeter Plan for over 45 years.

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes, special taxes and assessments are distributed to taxing agencies within a county included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. A county then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all taxing agencies is avoided. In connection with the Teeter Plan, a county can advance to the participating taxing agencies an amount equal to 95% of the total then-prior years' delinquent secured property taxes, 100% of the total then-prior years' delinquent secured special taxes, including the associated penalties and interest, and 100% of the then-current year's secured roll levy.

The valuation of property is determined as of January 1 each year and equal installments of tax levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due May 15 and become delinquent August 31.

The Board of Supervisors of the County may discontinue the procedures under the Teeter Plan altogether, or with respect to any tax or assessment levying agency in the County, if the rate of secured tax and assessment delinquency in that agency in any year exceed 3% of the total of all taxes and assessment levied on the secured rolls for that agency.

Thus, so long as the County maintains its policy of collecting taxes pursuant to said procedures and the City meets the Teeter Plan requirements, the City will receive 100% of the annual installments levied without regard to actual collections in the City. There is no assurance, however, that the County Board of Supervisors will maintain its policy of apportioning taxes pursuant to the aforementioned procedures.

**Assessed Valuations.** All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, nonprofit hospitals and charitable institutions.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year. The availability of revenue from growth in tax bases to such entities may be affected by the establishment of redevelopment agencies which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values.

The passage of Assembly Bill 454 in 1987 changed the manner in which unitary and operating nonunitary property is assessed by the State Board of Equalization. The legislation deleted the formula for the allocation of assessed value attributed to such property and imposed a State-mandated local program requiring the assignment of the assessment value of all unitary and operating non-unitary property in each county of each State assessee other than a regulated railway company. The legislation established formulas for the computation of applicable county-wide rates for such property and for the allocation of property tax revenues attributable to such property among taxing jurisdictions in the county beginning in fiscal year 1988-89. This legislation requires each County to issue each State assessee, other than a regulated railway company, a single tax bill for all unitary and operating nonunitary property.

In 1978, the voters of the State passed Proposition 8, a constitutional amendment to Article XIII A that allows a *temporary* reduction in assessed value when real property suffers a decline in value. A decline in value occurs when the *current market* value of real property is less than the *current assessed* (taxable) factored base year value as of the lien date, January 1.

For Fiscal Year 2012-13, the County Assessor reassessed the parcels within the County resulting in an aggregate reduction in assessed value of approximately \$66,376,927.

For Fiscal Year 2012-13, the effect for the Proposition 8 temporary reassessments to the City is a reduction in the secured roll of \$\_\_\_\_\_ (\_\_\_\_%). The reduction in the unsecured roll is \$\_\_\_\_\_ (\_\_\_\_%). In Fiscal Year 2013-14 the General Fund Budget, the City assumed that assessed value would [increase / decrease] approximately \_\_% compared to the Fiscal Year 2012-13 assessed value. See also “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII A of the California Constitution.”

Table A-11 represents a five-year history of assessed valuations in the City:

**Table A-11**  
**City of Woodland**  
**Assessed Valuations**  
**(\$ in \$000's)**

| <u>Fiscal Year</u>     | <u>Secured</u> | <u>Unsecured</u> | <u>Total</u> | <u>% Change</u> |
|------------------------|----------------|------------------|--------------|-----------------|
| 2008-09                | \$4,602,561    | \$252,589        | \$4,795,499  | 1.4%            |
| 2009-10 <sup>(2)</sup> | 4,449,706      | 251,978          | 4,701,683    | (1.9)           |
| 2010-11                | 4,252,281      | 229,376          | 4,482,197    | (4.7)           |
| 2011-12                | 4,113,262      | 193,494          | 4,306,756    | (3.9)           |
| 2012-13                | _____          | _____            | _____        | —.-             |

(1) The City does not impose any utility taxes.

(2) Preliminary.

Source: Yolo County Assessor’s Office.

A summary of the City's Fiscal Year 2012-13 largest secured taxpayers is presented in Table A-12 below:

**Table A-12**  
**City of Woodland**  
**Top Ten Secured Taxpayers**  
**Fiscal Year 2012-13**

| <u>Tax Payer</u>        | <u>Type of Business</u> | <u>2012-13<br/>Assessed Valuation</u> | <u>% Total<br/>Assessed<br/>Valuation</u> |
|-------------------------|-------------------------|---------------------------------------|-------------------------------------------|
| Walgreen Co.            | Distribution Facility   |                                       |                                           |
| Dayton Hudson Corp.     | Distribution Facility   |                                       |                                           |
| Pacific Coast Producers | Distribution Facility   |                                       |                                           |
| Industrial Woodlands    | Distribution Facility   |                                       |                                           |
| Costco Wholesale        | Retail                  |                                       |                                           |
| Woodland Development    | Retail Developer        |                                       |                                           |
| Payless Drug Stores     | Retail                  |                                       |                                           |
| Autumn Run Investors    | Real Estate Investment  |                                       |                                           |
| TRT-DCT Hanson          | Real Estate Investment  |                                       |                                           |
| Target                  | Retail                  |                                       |                                           |
| TOTAL TOP TEN           |                         |                                       |                                           |
| Others                  | Various                 |                                       |                                           |
| TOTAL                   |                         |                                       | 100.00%                                   |

Source: Yolo County Assessor's Office.

Assessment Appeals. Property tax values determined by the County Assessor may be subject to appeal by property owners. Assessment appeals are annually filed with the Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner.

Each assessment appeal could result in a reduction of the taxable value of the real property, personal property or possessory interest of the property which is the subject of the appeal. Alternatively, an appeal may be withdrawn by the applicant or the Assessment Appeals Board may deny or modify the appeal at a hearing or by stipulation.

Effect of Delinquencies and Foreclosures on Property Tax Collections. As described under "*Ad Valorem Property Taxes—Teeter Plan*," once an installment of property tax becomes delinquent, penalties are assessed commencing on the applicable delinquency date until the delinquent installment(s) and all assessed penalties are paid. In the event of foreclosure and sale of property by a mortgage holder, all past due property taxes, penalties and interest is required to be paid before the property can be transferred to a new owner.



Based on information provided by an independent data collection service, for calendar year 2013, mortgage holders had sent 105 notices of default with respect to properties located within the City compared to 328 during calendar year 2012, and 76 trustee deeds had been recorded (indicating that the property has been lost to foreclosure) during calendar year 2013 compared to 175 during calendar year 2012. These events are related to the collapse of the subprime sector of the mortgage market that is impacting certain homeowners nationwide. In California, the greatest impacts to date are in regions of the Central Valley (such as San Joaquin County) and the Inland Empire in Southern California, where the largest number of new mortgages were originated as growth occurred within the County.

A summary of the notices of default sent and trustee deeds recorded for the City and the County for calendar years 2009 through 2013 is set forth in Table A-13.

**Table A-13**  
**City of Woodland, Yolo County and State of California**  
**Summary of Foreclosure Activity**  
**Calendar Years 2009 through 2013**

|               | Notices of Default |             |             |             |             | Trustee Deeds (Foreclosures) |             |             |             |             |
|---------------|--------------------|-------------|-------------|-------------|-------------|------------------------------|-------------|-------------|-------------|-------------|
|               | <u>2009</u>        | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2009</u>                  | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| <b>CITY</b>   |                    |             |             |             |             |                              |             |             |             |             |
| Number        | 727                | 493         | 386         | 328         | 105         | 340                          | 306         | 313         | 175         | 76          |
| % Change      | –                  | (32.18%)    | (21.70%)    | (15.03%)    | (67.99%)    | –                            | (10.00%)    | 2.29%       | (44.09%)    | (56.57%)    |
| <b>COUNTY</b> |                    |             |             |             |             |                              |             |             |             |             |
| Number        | 1,910              | 1,371       | 1,116       | 888         | 322         | 872                          | 807         | 887         | 465         | 189         |
| % Change      | –                  | (28.22%)    | (18.60%)    | (20.43%)    | (63.74%)    | –                            | (7.45%)     | (9.91%)     | (47.58%)    | (59.35%)    |
| <b>STATE</b>  |                    |             |             |             |             |                              |             |             |             |             |
| Number        | 453,324            | 302,955     | 256,123     | 192,336     | 82,235      | 190,339                      | 171,234     | 155,563     | 95,860      | 39,320      |
| % Change      | –                  | (33.17%)    | (15.46%)    | (24.90%)    | (57.24%)    | –                            | (10.04%)    | (9.15%)     | (38.38%)    | (58.98%)    |

Source: MDA DataQuick Information.

The level of default and foreclosure activity is related to the collapse of the subprime sector of the mortgage market that is impacting certain homeowners nationwide and has resulted in downward pressure on home prices in the affected areas. Within the State, the greatest impacts to date are in regions of the Central Valley, including the City, the Inland Empire, and other areas in the State where the large numbers of new mortgages were originated in more affordable areas.

The increased level of default and foreclosure activity has resulted in downward pressure on home prices in the affected areas. In response, the City has continued to implement its aggressive collection activities that include mailing timely demand letters to delinquent property owners with follow up by a foreclosure attorney, if required.

## **Retirement Programs**

**Pension Reform.** On August 31, 2012, the State Legislature approved Assembly Bill 340 (Chapter 296, Statutes of 2012), a comprehensive pension reform package affecting State and local government, and the Governor signed it into law on September 12, 2012. AB 340, known as the “*Public Employee Pension Reform Act of 2012*” (“PEPRA”) implements lower defined-benefit formulas with higher retirement ages for new employees hired on or after January 1, 2013, and includes provisions to increase current employee contributions. Key changes to retirement plans affecting the City include: (i) permitting the employer and employee organization to mutually agree to any cost sharing agreement for pension benefits between January 1, 2013 and December 31, 2017, however, commencing January 1, 2018, the employer may unilaterally require employees to pay 50% of the total annual normal cost (*i.e.* the cost of service accrual for the upcoming Fiscal Year for active employees, in the absence of any surplus or unfunded liability, express as a percentage of payroll) up to an 8% contribution rate for Miscellaneous Plan employees and an 11% or 12% contribution rate for Safety Plan employees and employers are prohibited from paying any of the required employee contribution; (ii) eliminating the ability of an employer to provide better health benefits or health benefit vesting to non-represented employees than it does for represented employees; (iii) eliminating the ability of any public employee to purchase nonqualified service or “airtime,” unless an official application was received by the system prior to January 1, 2013; (iv) requiring the combined employer and employee contributions, in any fiscal year, to cover that year’s normal cost; (v) requiring both current and future public officials and employees to forfeit pension and related benefits if they are convicted of a felony in carrying out official duties, in seeking an elected office or appointment, or in connection with obtaining salary or pension benefits, subject to certain requirements; (vi) limiting post retirement public employment by: (A) prohibiting working more than 960 hours or 120 days per year for any public employer; (B) requiring a 180-day “sit-out” period before a retiree could return to work except under certain circumstances; (C) requiring a one-year “sit-out” period for retirees who received either a golden handshake or some other employer incentive to retire; (D) prohibiting an individual receiving an industrial disability retirement from working for another public employer doing the same or substantially similar job; and (E) requiring a public retiree appointed to a full time State board or commission to suspend his or her retirement allowance and become a member of PERS; and (vii) requiring PERS (for plans it administers) to develop requirements for defining a significant increase in actuarial liability for a former employer due to excessive compensation paid by a subsequent public employer, and to develop a plan to assess the cost of that excess liability to the employer who paid the excessive compensation.

In addition to the above reforms, employees hired on or after January 1, 2013 will be subject to: (i) a new benefit formula equal to 2% percent at 62 for Miscellaneous Plan employees with an early retirement age of 52 and a maximum benefit factor of 2.5% at 67 and for Safety Plan employees with a normal retirement age at 50 and a maximum retirement age at 57 with the defined benefit formula ranging from 1.426% at age 50 under the basic formula to 2.7% at age 57; (ii) a cap on pensionable salaries at the Social Security contribution and wage base of \$110,100 (or 120% of that amount for employees not covered by Social Security), adjusted annually based on the CPI for All Urban Consumers; (iii) rules

prohibiting a retirement board from administering, and a public employer from offering, a benefit replacement plan; (iv) a requirement that: (A) all public retirement systems in the State to adhere to the federal compensation limit when calculating retirement benefits for new members and (B) prohibit a public employer from making contributions to any qualified public retirement plan based on any portion of compensation that exceeds the limit; (iv) contributions equal to 50% of the total annual normal cost of pension benefits; (v) a requirement that compensation be defined as the normal rate of regular, recurring pay, excluding special bonuses, unplanned overtime, payouts for unused vacation or sick leave, and other special pay, provided that these requirements do not apply to the extent a system has adopted a more restrictive definition of compensation earnable; and (vi) a requirement that final compensation be defined as the highest average annual final compensation during a consecutive 36 month period, subject to the cap.

Costs for other post-employment benefits are not addressed in PEPPRA. However, later retirement ages will help reduce such liabilities in the long-term.

The City is evaluating the impact this legislation will have on its near-term and long-term pension costs.

***California Public Employees' Retirement System.*** *The following information concerning PERS has been obtained from publicly available information on the PERS and State Treasurer websites. The City believes such information to be reliable, however the City takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information.*

*PERS does not prepare department specific information for its members. The following information related to the City includes costs for all City departments, including those funded by the General Fund.*

The City contributes to PERS, an agent, multiple-employer, public employee, defined benefit, pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: Lincoln Plaza North, 400 Q Street, Sacramento, California 95814.

The staff actuaries at PERS prepare annually an actuarial valuation which covers a Fiscal Year ending approximately 12 months before the actuarial valuation is prepared (thus, the actuarial valuation as of June 30, 2011 (the "PERS 2011 Actuarial Valuation") was delivered to the City in October 2012). The actuarial valuation expresses the City's required contribution rates 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 PERS 2011 Actuarial Valuation, are effective during the City's Fiscal Year 2013-14). PERS rules require the City to implement the actuary's recommended rates.

Actuarial Methods. Generally, the ultimate cost that PERS incurs is equal to benefits paid plus the expenses resulting from administration. These costs are paid through contributions to the plan and investment earnings on PERS' assets. Using the schedule of benefits, member data, and a set of actuarial assumptions of each applicable plan, PERS' actuary estimates the cost of the benefits to be paid. Then, using the actuarial funding method determined by PERS (as described below), the actuary allocates these costs to the Fiscal Years within the employee's career. PERS' financial objective is to fund in a manner which keeps contribution rates approximately as a level percentage of payroll from generation to generation, while accumulating sufficient assets over each member's working career. The primary funding method used to accomplish this objective is the "Entry Age Normal Cost Method." New GASB standards will require all states and local governments with pension liabilities to use the Entry Age Normal Cost Method beginning in

Fiscal Year 2014-15 if they are not already doing so. Annual actuarial valuations are performed as of each June 30. Information through the most recent valuation date for the City of June 30, 2011 is summarized below. According to PERS, the actuarial assumptions and methods used by PERS for funding purposes meet the current parameters set for disclosures presented in the Financial Section by GASB Statements 25 and 27.

Under the Entry Age Normal Cost Method, projected benefits are determined for all members. For active members, liabilities are spread in a manner that produces level annual costs as a level percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current Fiscal Year is called the “normal cost.” The Actuarial Accrued Liability (“AAL”) for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The AAL for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants. The excess of the total AAL over the value of plan assets is called the unfunded actuarial accrued liability. The required contribution is then determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payroll. With respect to PERS, the unfunded liability is broken down into components, or bases, according to their date of origin and the cause that gave rise to that component. A component of the unfunded liability that arose due to a change in plan provisions or in actuarial methods or assumptions is separately tracked and amortized over a declining 20-year period. The actuarial assumptions discussed below are used to determine projected benefits. The effect of differences between those assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences are actuarial gains or losses. Gains and losses are tracked separately and amortized over a rolling 30-year period (except as described below with respect to gains and losses in Fiscal Years 2008-09 through 2010-11). A maximum 30-year amortization payment on the entire unfunded liability is enforced on the amortization methods described above. In addition, when the amortization methods described above result in either mathematical inconsistencies or unreasonable actuarial results, all unfunded liability components are combined into a single base and amortized over a period of time, as determined by the PERS Chief Actuary. There is a minimum employer contribution equal to normal cost, less 30-year amortization of surplus (negative unfunded liability), if any. In 2009, the PERS Board adopted a change to the amortization policy, described below. This change resulted in all actuarial gains and losses for Fiscal Years 2008-09, 2009-10, and 2010-11 to be amortized over a fixed 30-year period instead of a rolling 30-year period. The rolling 30-year period for amortization resumed with actuarial gains and losses for Fiscal Year 2011-12. The PERS Board recently adopted new amortization and smoothing methodologies. The new methodologies replace the current 15-year asset-smoothing policy with a 5-year direct-rate smoothing process and replace the current 30-year rolling amortization of actuarial gains and losses with a 30-year fixed amortization period.

Actuarial Valuation; Determination of Required Contribution. The required contributions to PERS are determined on an annual basis by the PERS Chief Actuary. The actuary uses demographic and other data (such as employee age, salary, and service credits) and various assumptions (such as estimated salary increases, interest rates, employee turnover, and mortality and disability rates) to determine the amount that the state must contribute in a given year to provide sufficient funds to PERS to pay benefits when due. The actuary then produces a report, called the “actuarial valuation,” in which the actuary reports on the assets, liabilities, and required contribution for the following fiscal year. State law requires the state to make the actuarially-required contribution to PERS each year.

A portion of the actuarial valuations performed by PERS actuaries are audited each year by an independent actuarial firm. The most recent audit was for the June 30, 2012 actuarial valuation and was completed in the fall of 2013. The audit for the June 30, 2013 actuarial valuation is expected to be completed in February or fall 2014.

The market value of assets measures the value of the assets available in the pension plan to pay benefits. The actuarial value of assets is used to determine the required employer contributions. Various methods exist for calculating the actuarial value of assets. Since 2005, PERS has recognized investment gains and losses on the market value of assets equally over a 15-year period when determining the actuarial value of assets. (This is referred to as “smoothing.”) The recognized portion is added to the gains and losses and (except as described herein) is amortized over a rolling 30-year period (as described herein under “Actuarial Methods”). This is currently an approved method for determining actuarial value of assets under GASB Statements 25 and 27. Asset smoothing delays recognition of gains and losses, however, thereby providing an actuarial value of assets that does not reflect the market value of pension plan assets at the time of measurement. As a result, presenting the actuarial value of assets as determined using “smoothing” might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes investment gains and losses annually. As discussed under the caption “–GASB Accounting Standards,” beginning in Fiscal Year 2014-15, GASB Statement 68 will require state and local governments with pension liabilities to recognize the difference between expected and actual investment returns over a closed five-year period. PERS will continue to set contributions based on an actuarial value basis until Fiscal Year 2015-16, at which time PERS will implement a new direct-rate smoothing policy as described below.

In addition to the use of “smoothing,” as described above, when PERS sets contribution rates, the actuarial value of assets generally cannot be more than 120% of the market value or less than 80% of the market value (referred to as the “corridor”). Any asset value changes outside these ranges will be recognized immediately, and will result in a greater impact on future state contribution rates. However, in 2009 PERS adjusted the “corridor” to mitigate the effects of a negative 24% Fiscal Year 2008-09 investment loss.

According to PERS, the three-year phase-in of the Fiscal Year 2008-09 investment loss is achieved by temporarily relaxing the constraints on the smoothed value of assets. Previously, the actuarial value of assets could not be more than 120% of the market value or less than 80% of the market value. Under the three-year phase in, assets are treated as follows:

1. For the June 30, 2009 actuarial valuations of the State plans setting the contribution requirements for Fiscal Year 2010-11, the actuarial value of assets cannot be more than 140% of the market value or less than 60% of the market value.
2. For the June 30, 2010 actuarial valuations of the State plans setting the contribution requirements for Fiscal Year 2011-12, the actuarial value of assets cannot be more than 130% of the market value or less than 70% of the market value.
3. For the June 30, 2011 actuarial valuations of the State plans setting the contribution requirements for Fiscal Year 2012-13, the actuarial value of assets cannot be more than 120% of the market value or less than 80% of the market value.

Lastly, the asset loss outside of the 80 – 120% corridor will be isolated, and paid down with a fixed and certain 30-year amortization schedule. By utilizing a fixed and certain 30-year payment schedule, these losses will be paid in full at the end of 30 years, and will be independent of any investment gain/loss experienced by the remaining portfolio as a whole.

The use of “smoothing” and the “corridor” described above will mitigate short term increases in the required annual contribution. While this will limit extreme increases in the required annual contribution to PERS in the near term, absent investment returns significantly over and above the 7.5% assumed by PERS, it is expected to result in significantly higher required contributions in future Fiscal Years. Depending on actual investment returns and other factors, the required annual contribution to PERS could increase significantly and is estimated to be a total of \$\_\_\_\_\_ for Fiscal Year 2013-14 for the City.

At the April 16 and 17, 2013, meetings, the PERS Board approved a plan to replace the current 15-year asset-smoothing policy with a 5-year direct-rate smoothing process and replace the current 30-year rolling amortization of unfunded liabilities with a 30-year fixed amortization period. The Chief Actuary said the approach provides a single measure of funded status and unfunded liabilities, less volatility in extreme years, a faster path to full funding, and more transparency to employers about future contribution rates. These changes will accelerate the repayment of unfunded liabilities (including Fiscal Year 2008-09 investment losses) in the near term. Under the PERS Board action, actual rates will not be set using the new methods until Fiscal Year 2015-16, reflected in the June 30, 2014 valuation. The impact of the new amortization and smoothing policies are estimated to increase City retirement contributions to 33.1% for Safety Plan employees and 21.7% for Miscellaneous Plan employees in Fiscal Year 2015-16 and 35.7% for Safety Plan employees and 23.5% for Miscellaneous Plan employees in Fiscal Year 2016-17. See “–*Projected Rates.*”

Actuarial Assumptions. The PERS Chief Actuary considers various factors in determining the assumptions to be used in preparing the actuarial report. Demographic assumptions are based on a study of actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability, and other factors. This experience study is generally done once every four years. The most recent experience study was completed in 2010 in connection with the preparation of actuarial recommendations by the PERS Chief Actuary as described below.

**Table A-14**  
**Public Employees’ Retirement Fund**  
**Certain Actuarial Assumptions Utilized for PERS**

| <u>Actuarial Assumption</u>     | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---------------------------------|-------------|-------------|-------------|-------------|
| Investment Returns              | 7.75%       | 7.75%       | 7.50%       | 7.50%       |
| Inflation                       | 3.00        | 3.00        | 2.75        | 2.75        |
| Salary Increase (Total Payroll) | 3.25        | 3.25        | 3.00        | 3.00        |

Funding Status. Table A-19 sets forth the schedule of funding progress relating to the participation of the State in PERS as of the seven most recent actuarial valuation dates. Funding progress is measured by a comparison of the State’s share of PERs assets to pay State employee benefits with plan liabilities.

As reflected in the actuarial valuation report of the Fiscal Year ended June 30, 2012, the investment return for the PERS in Fiscal Year 2011-12 was 0.1%. As a result of this investment return, the funded ratio on an MVA basis was approximately 66.1% as of June 30, 2012, as compared to approximately 70.3% as of June 30, 2011, and the unfunded liability was approximately \$45.5 billion on an MVA basis as of June 30, 2012, as compared to approximately \$38.5 billion on an MVA basis as of June 30, 2011.

At the PERS Finance and Administration Committee meeting on June 18, 2013, staff presented the employer retirement contribution rates and other actuarial information to be incorporated into the June 30, 2012 Actuarial Valuation. The full PERS Board adopted these items on June 19, 2013. The full June 30, 2012 Actuarial Valuation was released on September 27, 2013.

*The actuarial report for the Fiscal Year ended June 30, 2012 can be found on the PERS website.*

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 Liability (the “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 earned through the valuation date by retirees and active employees. The UAAL is based on several assumptions such as, among others, the rate of investment return, life expectancy, 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, the UAAL is an estimate of the unfunded actuarial present value of the benefits that the City will fund under the PERS Plans to retirees and active employees upon their retirement and is not as a fixed or hard expression of the liability the City owes to PERS under the PERS Plans.

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For Fiscal Year 2011-12, PERS reported that its return on investments was 1.7% which was below the assumed investment return of 7.50%.

**Table A-15**  
**Public Employees' Retirement Fund**  
**Schedule of Funding Projections (State Employees Only)**  
**(Fiscal Years Ended June 30)**  
**(Dollars in Millions)**

|                                                                                            | Fiscal Year Ended June 30 |             |             |             |             |             |             |
|--------------------------------------------------------------------------------------------|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                                                            | <u>2006</u>               | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Market Value of Assets (MVA)                                                               | \$81,968                  | \$96,988    | \$91,349    | \$68,179    | \$76,266    | \$91,159    | \$88,810    |
| Actuarial Value of Assets (AVA)                                                            | 77,143                    | 83,439      | 89,304      | 93,377      | 97,346      | 102,452     | 106,145     |
| Actuarial Accrued Liabilities<br>(AAL)-entry age                                           | 92,557                    | 100,352     | 107,642     | 116,827     | 121,446     | 129,648     | 134,314     |
| Excess of Actuarial Value of Assets over AAL or Surplus<br>Unfunded AAL (UAAL) - MVA Basis | (10,589)                  | (3,365)     | (16,293)    | (48,648)    | (45,180)    | (38,489)    | (45,504)    |
| Excess of Actuarial Value of Assets over AAL or Surplus<br>UAAL - AVA Basis                | (15,414)                  | (16,913)    | (18,338)    | (23,450)    | (24,100)    | (27,195)    | (28,169)    |
| Covered Payroll                                                                            | 13,299                    | 14,571      | 15,890      | 16,333      | 16,281      | 16,212      | 15,680      |
| Funded Ratio (MVA)                                                                         | 88.6%                     | 96.6%       | 84.9%       | 58.4%       | 62.8%       | 70.3%       | 66.1%       |
| Funded Ratio (AVA)                                                                         | 83.4%                     | 83.1%       | 83.0%       | 79.9%       | 80.2%       | 79.0%       | 79.0%       |

Source: PERS.



The level of future required contributions depends on a variety of other factors, including future investment portfolio performance, actuarial assumptions and additional potential changes in retirement benefits. There can be no assurance that the required annual contribution to PERS will not continue to significantly increase, despite the recent enhancement to rate stabilization methods, and that such increases will not materially adversely affect the financial condition of the State.

Complete updated inflation and actuarial assumptions can be obtained by contacting PERS at the address shown above.

**Employer Contribution Rate History.** The tables below provide recent history of the employer contribution for the PERS Plans, as determined by the PERS annual actuarial valuation. It does not account for prepayments or benefit changes made in the middle of the year. For additional information regarding annual pension costs for the PERS Plans, see Tables A-16A and A-16B.

**Table A-16A  
City of Woodland  
PERS Required Employer Contribution Rates  
Safety Plan**

| <u>Fiscal<br/>Year</u> | <u>Employer<br/>Normal Cost<sup>(1)</sup></u> | <u>Unfunded<br/>Rate<sup>(2)</sup></u> | <u>Total Employer<br/>Contribution Rate</u> | <u>Annual<br/>Pension Cost</u> |
|------------------------|-----------------------------------------------|----------------------------------------|---------------------------------------------|--------------------------------|
| 2009-10                | 12.717%                                       | 6.779%                                 | 19.496%                                     | \$__.                          |
| 2010-11                | 12.391                                        | 8.872                                  | 21.263                                      | __.                            |
| 2011-12                | 13.878                                        | 11.211                                 | 25.089                                      | __.                            |
| 2012-13                | 13.869                                        | 12.262                                 | 26.131                                      | __.                            |
| 2013-14 <sup>(3)</sup> | 17.787                                        | 14.869                                 | 32.656                                      | __.                            |
| 2014-15 <sup>(4)</sup> | _____                                         | __.                                    | __.                                         | __.                            |
| 2015-16 <sup>(5)</sup> | _____                                         | __.                                    | __.                                         | __.                            |

(1) Represents the percentage of payroll to pay costs or service accrual for such Fiscal Year for active employees in the absence of any surplus or unfunded liability.

(2) Represents the percentage of payroll to pay costs to retire the portion of the unfunded liability attributable to such Fiscal Year.

(3) At its March 14, 2012 meeting, the PERS Board voted to lower the investment earnings assumption to 7.5% (a reduction of 0.25%) commencing with the actuarial valuation dated June 30, 2011, which resulted in an increase in the total contribution made by the City to PERS for Fiscal Year 2013-14 by approximately 2% to 3% for Safety Plan employees.

(4) The minimum employer rate under PEPRA is the greater of the required employer rate or the employer normal cost.

(5) Projected. Assumes no future contract amendments and no liability gains or losses (such as larger than expected pay increases, higher retirements than expected, etc.)

Sources: PERS Actuarial Valuations.

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**Table A-16B**  
**City of Woodland**  
**PERS Required Employer Contribution Rates**  
**Miscellaneous Plan**

| <u>Fiscal Year</u>     | <u>Employer Normal Cost<sup>(1)</sup></u> | <u>Unfunded Rate<sup>(2)</sup></u> | <u>Total Employer Contribution Rate</u> | <u>Annual Pension Cost</u> |
|------------------------|-------------------------------------------|------------------------------------|-----------------------------------------|----------------------------|
| 2009-10                | 10.203%                                   | 4.510%                             | 14.718%                                 | \$____                     |
| 2010-11                | 10.199                                    | 5.043                              | 15.242                                  | ____                       |
| 2011-12                | 10.262                                    | 8.286                              | 18.548                                  | ____                       |
| 2012-13                | 10.073                                    | 10.692                             | 20.765                                  | ____                       |
| 2013-14 <sup>(3)</sup> | 10.370                                    | 12.675                             | 23.045                                  | ____                       |
| 2014-15 <sup>(4)</sup> | ____                                      | ____                               | ____                                    | ____                       |
| 2015-16 <sup>(5)</sup> | ____                                      | ____                               | ____                                    | ____                       |

- (1) Represents the percentage of payroll to pay costs or service accrual for such Fiscal Year for active employees in the absence of any surplus or unfunded liability.
- (2) Represents the percentage of payroll to pay costs to retire the portion of the unfunded liability attributable to such Fiscal Year.
- (3) At its March 14, 2012 meeting, the PERS Board voted to lower the investment earnings assumption to 7.5% (a reduction of 0.25%) commencing with the actuarial valuation dated June 30, 2011, which resulted in an increase in the total contribution made by the City to PERS for Fiscal Year 2013-14 by approximately 1% to 20% for Miscellaneous Plan employees.
- (4) The minimum employer rate under PEPR is the greater of the required employer rate or the employer normal cost.
- (5) Projected. Assumes no future contract amendments and no liability gains or losses (such as larger than expected pay increases, higher retirements than expected, etc.)

Sources: PERS Actuarial Valuations.

**Funding Progress.** An actuarial valuation of assets differs from a market valuation of assets in that an actuarial valuation reflects so-called smoothing adjustments which smooth the impact of gains and losses over multiple years. As of June 30, 2011, the actuarial value of the assets in each of the Safety Plan and the Miscellaneous Plan was approximately \$100.0 million and \$91.3 million, respectively. As a result, even if the market rate of return of the assets in the PERS Plans is above the actuarial assumed rate of 7.50% (net of expenses) in future Fiscal Years, the actuarial practice of smoothing losses over several years may cause the investment rate of return for actuarial purposes to be less than the market rate of return.

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The PERS investment returns for Fiscal Years 2010-11, 2011-12 and 2012-13 were negative 21.7%, 13.3% and 12.5%, respectively.

**Table A-17A**  
**City of Woodland**  
**PERS Schedule of Funding Progress**  
**Safety Plan**

| Valuation<br>Date | Accrued<br>Liability<br>(a) | Actuarial<br>Value<br>of Assets (AVA)<br>(b) | Unfunded<br>(Overfunded)<br>Liability<br>(a)-(b) | Funded Ratios  |                 | Annual<br>Covered<br>Payroll<br>(c) | Unfunded<br>Liability<br>(Overfunded)<br>as % of<br>Payroll<br>[(a)-(b)]/(c) |
|-------------------|-----------------------------|----------------------------------------------|--------------------------------------------------|----------------|-----------------|-------------------------------------|------------------------------------------------------------------------------|
|                   |                             |                                              |                                                  | AVA<br>(b)/(a) | Market<br>Value |                                     |                                                                              |
| 06/30/07          | \$71,838,593                | \$62,689,398                                 | \$9,149,195                                      | 87.3%          | 101.3%          | \$8,732,026                         | 104.8%                                                                       |
| 06/30/08          | 81,156,625                  | 67,446,670                                   | 13,709,955                                       | 83.1           | 84.9            | 9,792,117                           | 140.0                                                                        |
| 06/30/09          | 87,762,686                  | 70,645,378                                   | 17,117,308                                       | 80.5           | 58.5            | 10,023,068                          | 170.8                                                                        |
| 06/30/10          | 92,463,009                  | 74,124,588                                   | 18,338,421                                       | 80.2           | 62.7            | 9,700,164                           | 189.1                                                                        |
| 06/30/11          | 100,029,464                 | 77,832,229                                   | 22,197,235                                       | 77.8           | 69.2            | 9,211,150                           | 241.0                                                                        |
| 06/30/12          |                             |                                              |                                                  | —              | —               |                                     | —                                                                            |

Sources: PERS Actuarial Valuations.

**Table A-17B**  
**City of Woodland**  
**PERS Schedule of Funding Progress**  
**Miscellaneous Plan**

| Valuation<br>Date | Accrued<br>Liability<br>(a) | Actuarial<br>Value<br>of Assets (AVA)<br>(b) | Unfunded<br>(Overfunded)<br>Liability<br>(a)-(b) | Funded Ratios  |                 | Annual<br>Covered<br>Payroll<br>(c) | Unfunded<br>Liability<br>(Overfunded)<br>as % of<br>Payroll<br>[(a)-(b)]/(c) |
|-------------------|-----------------------------|----------------------------------------------|--------------------------------------------------|----------------|-----------------|-------------------------------------|------------------------------------------------------------------------------|
|                   |                             |                                              |                                                  | AVA<br>(b)/(a) | Market<br>Value |                                     |                                                                              |
| 06/30/07          | \$63,804,355                | \$54,544,747                                 | \$9,259,608                                      | 85.5%          | 99.6%           | \$12,242,335                        | 75.6%                                                                        |
| 06/30/08          | 69,853,899                  | 58,663,549                                   | 11,190,350                                       | 84.0           | 86.0            | 13,364,749                          | 83.7                                                                         |
| 06/30/09          | 79,034,005                  | 61,762,034                                   | 17,271,971                                       | 78.1           | 57.0            | 13,456,471                          | 128.4                                                                        |
| 06/30/10          | 84,324,258                  | 64,657,639                                   | 19,666,619                                       | 76.1           | 60.2            | 11,935,255                          | 164.8                                                                        |
| 06/30/11          | 91,365,313                  | 68,295,256                                   | 23,070,057                                       | 74.7           | 66.8            | 11,280,782                          | 204.5                                                                        |
| 06/30/12          |                             |                                              |                                                  | —              | —               |                                     | —                                                                            |

Source: PERS Actuarial Valuations.

Funding Policy. Miscellaneous Plan participants are required to contribute 8% of their annual covered salary, while Safety Plan participants are required to contribute 9% of their annual covered salary. [The City ceased making required contributions of City employees on their behalf and for the account of City employees in 20\_\_\_\_.] The City, as employer, was required to contribute for Fiscal Year 2012-13 at an actuarially determined rate of \_\_\_\_% and \_\_\_\_% of annual covered payroll for Safety Plan and Miscellaneous Plan employees, respectively. The contribution requirements of plan members and the City are established and may be amended by PERS. Total employer contributions based on actuarially determined rates amounted to \$\_\_\_\_\_ for the year ended June 30, 2013.

Annual Pension Cost. For Fiscal Year 2012-13, the City's total annual pension cost of approximately \$\_\_\_\_\_ million. The required contribution was determined using the Entry Age Normal Cost actuarial method. The required contributions to PERS for the last seven Fiscal Years are set forth in the tables below.

For Fiscal Year 2013-14, the City's total annual pension cost for PERS is expected to be approximately \$\_\_\_\_\_ million for the Safety and Miscellaneous Plans combined, which amount is included in the Adopted Biennial Operating Budget, Fiscal Year 2013-14 to Fiscal Year 2014-15.

**Table A-18A**  
**City of Woodland**  
**PERS Schedule of Annual Pension Cost**  
**Safety Plan**

| <u>Fiscal Year</u>     | <u>Annual<br/>Pension Cost<br/>(APC)</u> | <u>Source of APC Payment</u> |                                       | <u>Percentage of<br/>APC<br/>Contributed</u> | <u>Balance Prepaid<br/>Pension<br/>Obligation</u> |
|------------------------|------------------------------------------|------------------------------|---------------------------------------|----------------------------------------------|---------------------------------------------------|
|                        |                                          | <u>Paid by City</u>          | <u>Prepaid<br/>Pension Obligation</u> |                                              |                                                   |
| 2007-08                |                                          |                              |                                       |                                              |                                                   |
| 2008-09                |                                          |                              |                                       |                                              |                                                   |
| 2009-10                |                                          |                              |                                       |                                              |                                                   |
| 2010-11                |                                          |                              |                                       |                                              |                                                   |
| 2011-12 <sup>(1)</sup> |                                          |                              |                                       |                                              |                                                   |
| 2012-13                |                                          |                              |                                       |                                              |                                                   |

(1) Most recent audited information available.

(2) Budgeted.

Sources: *City of Woodland, Comprehensive Annual Financial Reports for Fiscal Years 2007-08 through 2011-12, City of Woodland Finance Department and Adopted Budget, Fiscal Year 2012-13.*

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**Table A-18B**  
**City of Woodland**  
**PERS Schedule of Annual Pension Cost**  
**Miscellaneous Plan**

| <u>Fiscal Year</u>     | <u>Annual<br/>Pension Cost<br/>(APC)</u> | <u>Source of APC Payment</u> |                                       | <u>Percentage of<br/>APC<br/>Contributed</u> | <u>Balance<br/>Prepaid<br/>Pension<br/>Obligation</u> |
|------------------------|------------------------------------------|------------------------------|---------------------------------------|----------------------------------------------|-------------------------------------------------------|
|                        |                                          | <u>Paid by City</u>          | <u>Prepaid<br/>Pension Obligation</u> |                                              |                                                       |
| 2005-06                |                                          |                              |                                       |                                              |                                                       |
| 2006-07                |                                          |                              |                                       |                                              |                                                       |
| 2007-08                |                                          |                              |                                       |                                              |                                                       |
| 2008-09                |                                          |                              |                                       |                                              |                                                       |
| 2009-10                |                                          |                              |                                       |                                              |                                                       |
| 2010-11                |                                          |                              |                                       |                                              |                                                       |
| 2011-12 <sup>(1)</sup> |                                          |                              |                                       |                                              |                                                       |
| 2012-13                |                                          |                              |                                       |                                              |                                                       |

(1) Most recent audited information available.

(2) Budgeted.

Sources: *City of Woodland, Comprehensive Annual Financial Reports for Fiscal Years 2207-08 through 2011-12, City of Woodland Finance Department and Adopted Budget, Fiscal Year 2012-13.*

**Projected Rates.** On August 17, 2013, the PERS Board approved a recommendation to change the PERS amortization and smoothing policies. Beginning with June 30, 2013 valuations that will set the Fiscal Year 2015-16 rates, PERS will employ an amortization and rate smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a five-year period. The table below shows projected employer contribution rates (before cost sharing) for the next five Fiscal Years, assuming PERS earns 12% for Fiscal Year 2012-13 and 7.50% ever Fiscal Year thereafter, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of Fiscal Year 2015-16. Consequently, these projections do not take into account potential rate increases from likely future assumption changes, nor do they take into account the positive impact PEPR is expected to gradually have on the normal cost.

|                      | <u>New Rate<br/>2014-15</u> | <u>Projected Future Employer Contribution Rates</u> |                |                |                |                |
|----------------------|-----------------------------|-----------------------------------------------------|----------------|----------------|----------------|----------------|
|                      |                             | <u>2015-16</u>                                      | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
| Safety Plan          |                             |                                                     |                |                |                |                |
| Contribution Rates:  | 30.512%                     | 33.1%                                               | 35.7%          | 38.4%          | 41.0%          | 43.6%          |
| Miscellaneous Plan   |                             |                                                     |                |                |                |                |
| Contributions Rates: | 19.858%                     | 21.7                                                | 23.5           | 25.4           | 27.2           | 29.1           |

**Analysis of Future Investment Return Scenario.** The investment return for Fiscal Year 2011-12 was estimated to be 0%. Note that this return is before administrative expenses and also does not reflect final investment return information for real estate and private equities. The final return information for these two asset classes is expected to be available later in October. For purposes of projecting future employer rates, a 0% investment return for Fiscal Year 2011-12.

The investment return realized during a fiscal year first affects the contribution rate for the Fiscal Year two years later. Specifically, the investment return for Fiscal Year 2011-12 will first be reflected in the June 30, 2012 actuarial valuation that will be used to set the 2014-15 employer contribution rates, the Fiscal Year 2012-13 investment return will first be reflected in the June 30, 2013 actuarial valuation that will be used to set the Fiscal year 2015-16 employer contribution rates and so forth.

Based on a 0% investment return for Fiscal Year 2011-12 and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the Fiscal Year 2014-15, the effect on the Fiscal Year 2014-15 Employer Rate is as follows:

|                    | Estimated<br>Fiscal Year 2014-15<br><u>Employer Rate</u> | Estimated Increase in<br>Employer Rate between<br><u>Fiscal Year 2013-14 and 2014-15</u> |
|--------------------|----------------------------------------------------------|------------------------------------------------------------------------------------------|
| Safety Plan        | 34.4%                                                    | 1.7%                                                                                     |
| Miscellaneous Plan | 24.3                                                     | 1.3                                                                                      |

As part of Annual Valuation Report, a sensitivity analysis was performed to determine the effects of various investment returns during Fiscal Years 2012-13, 2013-14 and 2014-15 on the Fiscal Year 2015-16, 2016-17 and 2017-18 employer rates. Once again, the projected rate increases assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits or funding will occur.

Five different investment return scenarios selected.

- The first scenario is what would be expected if the markets were to give a 5th percentile return from July 1, 2012 through June 30, 2015. The 5th percentile return corresponds to a (-4.1%) return for each of the Fiscal Years 2012-13, 2013-14 and 2014-15.
- The second scenario is what would be expected if the markets were to give a 25th percentile return from July 1, 2012 through June 30, 2015. The 25th percentile corresponds to a 2.6% return for each of the Fiscal Years 2012-13, 2013-14 and 2014-15.
- The third scenario assumed the return for Fiscal Years 2012-13, 2013-14 and 2014-15, would be the assumed 7.5% investment return which represents about a 49th percentile event.
- The fourth scenario is what would be expected if the markets were to give a 75th percentile return from July 1, 2012 through June 30, 2015. The 75th percentile return corresponds to a 11.9% return for each of the Fiscal Years 2012-13, 2013-14 and 2014-15.
- Finally, the last scenario is what would be expected if the markets were to give a 95th percentile return from July 1, 2012 through June 30, 2015. The 95th percentile return corresponds to a 18.5% return for each of the Fiscal Years 2012-13, 2013-14 and 2014-15.

The tables below show the estimated projected contribution rates and the estimated increases for the Safety Plan and Miscellaneous Plan under the five different scenarios.

| <b>Safety Plan</b>                    |                         |                |                | Estimated Change                                      |
|---------------------------------------|-------------------------|----------------|----------------|-------------------------------------------------------|
| 2012-15 Investment<br>Return Scenario | Estimated Employer Rate |                |                | in Employer<br>Rate between<br>2014-15 and<br>2017-18 |
|                                       | <u>2015-16</u>          | <u>2016-17</u> | <u>2017-18</u> | <u>2017-18</u>                                        |
| (-4.1%) (5th percentile)              | 40.4%                   | 45.8%          | 50.7%          | 16.3%                                                 |
| 2.6% (25th percentile)                | 36.9                    | 39.3           | 41.7           | 7.3                                                   |
| 7.5%                                  | 34.9                    | 35.3           | 35.8           | 1.4                                                   |
| 11.9% (75th percentile)               | 34.7                    | 35.0           | 35.0           | 0.6                                                   |
| 18.5% (95th percentile)               | 34.5                    | 34.3           | 33.7           | (0.7)                                                 |

| <b>Miscellaneous Plan</b>             |                         |                |                | Estimated Change                                      |
|---------------------------------------|-------------------------|----------------|----------------|-------------------------------------------------------|
| 2012-15 Investment<br>Return Scenario | Estimated Employer Rate |                |                | in Employer<br>Rate between<br>2014-15 and<br>2017-18 |
|                                       | <u>2015-16</u>          | <u>2016-17</u> | <u>2017-18</u> | <u>2017-18</u>                                        |
| (-4.1%) (5th percentile)              | 28.5%                   | 32.4%          | 35.9%          | 11.6%                                                 |
| 2.6% (25th percentile)                | 26.0                    | 27.8           | 29.4           | 5.1                                                   |
| 7.5%                                  | 24.7                    | 25.0           | 25.3           | 1.0                                                   |
| 11.9% (75th percentile)               | 24.6                    | 24.7           | 24.7           | 0.4                                                   |
| 18.5% (95th percentile)               | 24.2                    | 24.3           | 23.8           | (0.5)                                                 |

Source: PERS Annual Valuation Report as of June 30, 2011.

## Risk Management

The City manages risk by participating in a ten-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. For Fiscal Year 2013-14, YCPARMIA provides workers' compensation insurance coverage up to \$145,000,000 per occurrence above the City's self insurance limit of \$1,000 per occurrence; general and auto liability coverage of \$40,000,000, above the City's self insurance limit of \$5,000; boiler and machinery insurance up to \$100,000,000, above the City's self insurance limit of \$1,000; "All-Risk" property damage insurance (including flood, and boiler/machinery) up to \$714,356,856, above the City's self insurance limit of \$1,000 for vehicles, and \$1,000 per other occurrence. The City is not insured for earthquake damage.

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 2012-13, the City contributed \$\_\_\_\_\_ 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.

## **Labor Relations**

City employees are represented by eight labor unions and associations, identified in Table A-19. Currently approximately 99% of City employees are represented by unions, with the General Services Bargaining Unit, which represents approximately 42% of all City employees being the largest. The City has never experienced an employee work stoppage.

**Table A-19**  
**City of Woodland**  
**Labor Relations**  
**(As of June 30, 2013)**  
**[UPDATE]**

| <u>Employee Organization/<br/>Bargaining Unit</u> | <u>Number of Employees</u> | <u>Contract<br/>Termination Date</u> |
|---------------------------------------------------|----------------------------|--------------------------------------|
| General Services                                  | 136                        | 2010                                 |
| Police Officers/CSO                               | 69                         | 2012                                 |
| Fire Fighters                                     | 42                         | 2012                                 |
| Police Sergeants                                  | 9                          | 2012                                 |
| Police Mid-Management                             | 4                          | 2012                                 |
| Fire Mid-Management                               | 5                          | 2010                                 |
| General Mid-Management                            | 49                         | 2010                                 |
| Confidential                                      | <u>4</u>                   | 2010                                 |
| TOTAL                                             | 318                        |                                      |

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Source: City of Woodland Human Resources.

## **Health Insurance**

The City provides health benefits to certain employees and their dependents for medical, dental and vision care. For Fiscal Years 2006-07, 2007-08 and 2008-09, the City paid premiums in the amount of \$2,578,655, \$3,209,518 and \$3,125,636, respectively. Each employee and dependent is covered by a life insurance policy and the employee also is covered by a long-term disability policy.

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 2006-07, 2007-08 and 2008-09, the City paid premiums in the amount of \$180,551, \$184,406 and \$173,949, respectively.



## Post Employment Benefits

The City provides post-retirement 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 cost of the premiums associated with these benefits is recognized on a pay-as-you-go basis when the City makes the payment. 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 A-20**  
**City of Woodland**  
**Post Employment Benefit Summary**

| <u>Fiscal Year</u><br><u>(As of June 30)</u> | <u>Number of</u><br><u>Participating Retirees<sup>(1)</sup></u> | <u>City Contribution</u><br><u>(\$ in 000's)</u> |
|----------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------|
| 2005                                         | 155                                                             | \$1,012,123                                      |
| 2006                                         | 155                                                             | 1,161,306                                        |
| 2007                                         | 171                                                             | 1,310,831                                        |
| 2008                                         | 171                                                             | 1,669,170                                        |
| 2009                                         | 190 <sup>(2)</sup>                                              | 1,825,000 <sup>(2)</sup>                         |

(1) Includes retirees and dependents receiving benefits.

(2) Estimated.

Sources: City of Woodland Comprehensive Annual Financial Reports for the Fiscal Years Ended June 30, 2005 through 2008 and City of Woodland Human Resources for the Fiscal Year Ended June 30, 2009.

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 became effective for the City's Fiscal Year ending June 30, 2009.

GASB 45 is likely to result in a substantial increase in the annual expense recognized by the City for post-retirement health care benefits. If those expenses are not funded as determined by an actuary, a substantial liability will accumulate over time and will be reported on the statement of net assets.

The City retained the services of Demsey, Filliger & Associates, an independent actuary, to determine the extent of the City's OPEB liability. In an actuarial analysis delivered to the City dated December 22, 2006, the actuary estimated actuarial liability for current and future retirees to be \$49,035,550 as of July 1, 2005, representing the present value of all benefits (the "PVFB") expected to be paid by the City for its 155 retirees, covered dependents and survivors and the 319 active employees expected to retire and receive benefits in the future, at an assumed 6% discount rate per annum.

The PVFB is comprised of the past service liability (the “Accrued Liability”) in the amount of \$33,468,305 as of July 1, 2005, of which \$18,163,021 is attributable to retirees and \$15,305,284 is attributable to active employees. The Accrued Liability represents the present value of all benefits earned to date assuming that an employee earns retiree medical benefits ratably over their career. Because the City currently has no fund set aside for the retiree benefits, the Unfunded Accrued Liability (the “UAL”) which is the Accrued Liability less the assets, is also equal to \$33,468,305.

GASB 45 also requires the calculation of an Annual Required Contribution (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.

For fiscal years beginning after December 15, 2006, GASB 45 requires that these post-retirement medical plan liabilities be recognized on an accounting basis, if there are no dedicated assets or funding arrangements. The City was not required to implement this standard until Fiscal Year 2008-09. The City has issued a request for proposals for actuarial services to determine the Fiscal Year 2008-09 ARC. An updated actuarial analysis of the City’s OPEB liability as of January 1, 2009 was prepared by Bickmore Risk Services & Consulting (the “2009 Actuarial Report”). The actuary estimated the accumulated post-employment benefit obligation (the “APBO”) as of January 1, 2009 for all participants (*i.e.* active participating and non-participating employees and retirees) under the current contribution schedule. The 2009 Actuarial Report was prepared assuming 530 participants comprised of: 260 active (participating) employees, 76 active (not currently participating) employees and 194 retirees.

The 2009 Actuarial Report provides financial results for annual contributions to be made by the City depending upon the elects to pre-fund liabilities and if so, whether the City elects to amortize the past service liability and the method of amortization (*i.e.* on a level percent of pay or level dollar basis).

Table A-21A shows the minimum contribution alternatives amortized over a 30-year period for the Actuarial Present Value of Projected Benefits (the “APVPB”) and the Actuarial Accrued Liability (the “AAL”), the ARC, the expected UAAL and the expected net contribution to be made by the City in Fiscal Year 2008-09, calculated (i) at a discount rate of 4.5% (reflecting the current pay-as-you-go (“PAYGO”) funding method), (ii) at a discount rate of 7.75% (assuming amortization at a level percent of pay), and (iii) at a discount rate of 7.75% (assuming amortization at a level dollar amount). Table A21-B shows the normal costs and ARC calculated using the same actuarial assumptions.

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**Table A-21A**  
**City of Woodland**  
**Post Employment Health Benefits Plan**  
**Minimum Contribution Alternatives**  
**APVPB and AAL**  
**as of January 1, 2009**  
**[TO BE UPDATED]**

|                                                               | APVPB @ 4.5%<br>Level % of Pay<br>(PAYGO) | APVPB @ 7.75%<br>Level % of Pay<br>(Prefunding) | APVPB @ 7.75%<br>Level Dollar<br>(Prefunding) |
|---------------------------------------------------------------|-------------------------------------------|-------------------------------------------------|-----------------------------------------------|
| <b>Amortization Period (in Years)</b>                         | 30                                        | 30                                              | 30                                            |
| <b>Present Value of Projected Benefits (APVPB)</b>            |                                           |                                                 |                                               |
| Active Employees                                              |                                           |                                                 |                                               |
| Participating                                                 | \$43,350,056                              | \$20,106,975                                    | \$20,106,975                                  |
| Not Currently Participating                                   | 11,383,463                                | 5,628,839                                       | 5,628,839                                     |
| Retirees                                                      | <u>29,782,246</u>                         | <u>20,773,765</u>                               | <u>20,773,765</u>                             |
| TOTAL APVPB                                                   | \$84,515,765                              | \$46,509,579                                    | \$46,509,579                                  |
| <b>Actuarial Accrued Liability</b>                            |                                           |                                                 |                                               |
| Active Employees                                              |                                           |                                                 |                                               |
| Participating                                                 | 20,317,585                                | 11,829,460                                      | 11,829,460                                    |
| Not Currently Participating                                   | 5,693,067                                 | 3,347,588                                       | 3,347,588                                     |
| Retirees                                                      | <u>29,782,246</u>                         | <u>20,773,765</u>                               | <u>20,773,765</u>                             |
| TOTAL AAL                                                     | 55,792,898                                | 35,950,813                                      | 35,950,813                                    |
| Actuarial Value of Assets                                     | 0                                         | 0                                               | 0                                             |
| Unfunded AAL (UAAL)                                           | 55,792,898                                | 35,950,813                                      | 35,950,813                                    |
| <b>Annual Required Contribution (ARC)</b>                     |                                           |                                                 |                                               |
| Normal Cost                                                   | 2,489,897                                 | 1,181,965                                       | 1,181,965                                     |
| Amortization of UAAL                                          | 2,202,342                                 | 2,079,793                                       | 2,894,105                                     |
| Interest to June 30, 2009                                     | <u>102,968</u>                            | <u>122,304</u>                                  | <u>152,838</u>                                |
| TOTAL ARC                                                     | 4,795,207                                 | 3,384,062                                       | 4,228,908                                     |
| Additional Payment expected toward UAAL                       | 0                                         | 0                                               | 0                                             |
| Expected Net Employer Contribution<br>For Fiscal Year 2008-09 | 1,541,102                                 | 3,384,062                                       | 4,228,908                                     |
| Net OPEB Obligation at July 1, 2008 <sup>†</sup>              | 0                                         | 0                                               | 0                                             |
| Expected Net OPEB Obligation (Asset)<br>At June 30, 2009      | 3,254,105                                 | 0                                               | 0                                             |

<sup>†</sup> Assumes adoption of GASB 45 for Fiscal Year 2008-09. The net OPEB obligation is \$0 at the start of the first fiscal year in which GASB 45 is adopted with prospective application.  
Source: Bickmore Risk Services & Consulting.

**Table A-21B**  
**City of Woodland**  
**Post Employment Health Benefits Plan**  
**Minimum Contribution Alternatives**  
**Calculation of Normal Cost and ARC**  
**As of January 1, 2009**  
**[TO BE UPDATED]**

|                             | APVPB @ 4.5%<br>Level % of Pay<br><u>(PAYGO)</u> | APVPB @ 7.75%<br>Level % of Pay<br><u>(Prefunding)</u> | APVPB @ 7.75%<br>Level Dollar<br><u>(Prefunding)</u> |
|-----------------------------|--------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|
| Normal Cost as % of Payroll | 11.6%                                            | 5.5%                                                   | 5.5%                                                 |
| ARC as a % of Payroll       | 22.3                                             | 15.8                                                   | 10.7                                                 |
| ARC per Active Employee     | \$14,271                                         | \$10,072                                               | \$12,586                                             |

Source: Bickmore Risk Services & Consulting.

Table A-21A shows other contribution alternatives amortized over 10 and one year periods for the APVPB, the AAL, the ARC, the expected UAAL and the expected net contribution to be made by the City in Fiscal Year 2008-09, calculated (i) at a discount rate of 7.75% (assuming amortization at a level percent of pay), and (ii) at a discount rate of 7.75% (assuming amortization at a level dollar amount). Table A21-B shows the normal costs and ARC calculated using the same actuarial assumptions.

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**Table A-22A**  
**City of Woodland**  
**Post Employment Health Benefits Plan**  
**Minimum Contribution Alternatives**  
**APVPB and AAL**  
**As of January 1, 2009**  
**[TO BE UPDATED]**

|                                                               | APVPB @ 4.5%<br>Level % of Pay<br>(PAYGO) | APVPB @ 7.75%<br>Level % of Pay<br>(Prefunding) | APVPB @ 7.75%<br>Level Dollar<br>(Prefunding) |
|---------------------------------------------------------------|-------------------------------------------|-------------------------------------------------|-----------------------------------------------|
| <b>Amortization Period (in Years)</b>                         | 10                                        | 10                                              | 1                                             |
| <b>Present Value of Projected Benefits (APVPB)</b>            |                                           |                                                 |                                               |
| Active Employees                                              |                                           |                                                 |                                               |
| Participating                                                 | \$20,106,975                              | \$20,106,975                                    | \$20,106,975                                  |
| Not Currently Participating                                   | 5,628,839                                 | 5,628,839                                       | 5,628,839                                     |
| Retirees                                                      | <u>20,773,765</u>                         | <u>20,773,765</u>                               | <u>20,773,765</u>                             |
| TOTAL APVPB                                                   | 46,509,579                                | 46,509,579                                      | 46,509,579                                    |
| <b>Actuarial Accrued Liability</b>                            |                                           |                                                 |                                               |
| Active Employees                                              |                                           |                                                 |                                               |
| Participating                                                 | 11,829,460                                | 11,829,460                                      | 11,829,460                                    |
| Not Currently Participating                                   | 3,347,588                                 | 3,347,588                                       | 3,347,588                                     |
| Retirees                                                      | <u>20,773,765</u>                         | <u>20,773,765</u>                               | <u>20,773,765</u>                             |
| TOTAL AAL                                                     | 35,950,813                                | 35,950,813                                      | 35,950,813                                    |
| Actuarial Value of Assets                                     | 0                                         | 0                                               | 0                                             |
| Unfunded AAL (UAAL)                                           | 35,950,813                                | 35,950,813                                      | 35,950,813                                    |
| <b>Annual Required Contribution (ARC)</b>                     |                                           |                                                 |                                               |
| Normal Cost                                                   | 1,181,965                                 | 1,181,965                                       | 1,181,965                                     |
| Amortization of UAAL                                          | 4,323,404                                 | 4,916,448                                       | 35,950,813                                    |
| Interest to June 30, 2009                                     | <u>206,432</u>                            | <u>228,669</u>                                  | <u>1,392,346</u>                              |
| TOTAL ARC                                                     | 5,711,801                                 | 6,327,081                                       | 38,525,124                                    |
| Additional Payment expected toward UAAL                       | 0                                         | 0                                               | 0                                             |
| Expected Net Employer Contribution<br>For Fiscal Year 2008-09 | 5,711,801                                 | 6,327,081                                       | 38,525,124                                    |
| Net OPEB Obligation at July 1, 2008 <sup>†</sup>              | 0                                         | 0                                               | 0                                             |
| Expected Net OPEB Obligation (Asset)<br>At June 30, 2009      | 0                                         | 0                                               | 0                                             |

<sup>†</sup> Assumes adoption of GASB 45 for Fiscal Year 2008-09. The net OPEB obligation is \$0 at the start of the first fiscal year in which GASB 45 is adopted with prospective application.  
Source: Bickmore Risk Services & Consulting.

**Table A-22B**  
**City of Woodland**  
**Post Employment Health Benefits Plan**  
**Calculation of Normal Cost and ARC**  
**As of January 1, 2009**  
**[TO BE UPDATED]**

|                             | APVPB @ 7.75%<br>Level % of Pay<br><u>(Prefunding)</u> | APVPB @ 7.75%<br>Level % of Pay<br><u>(Prefunding)</u> | APVPB @ 7.75%<br>Level Dollar<br><u>(Prefunding)</u> |
|-----------------------------|--------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|
| Normal Cost as % of Payroll | 505%                                                   | 5.5%                                                   | 5.5%                                                 |
| ARC as a % of Payroll       | 26.6                                                   | 29.5                                                   | 179.5                                                |
| ARC per Active Employee     | \$16,999                                               | \$13,939                                               | \$114,658                                            |

Source: Bickmore Risk Services & Consulting.

## **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

[Closing Date]

Members of the Board  
Woodland Finance Authority  
300 First Street  
Woodland, California 95695

Re: Woodland Finance Authority  
Wastewater Revenue Bonds (Junior Lien), Series 2014  
(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 \$\_\_\_\_\_ aggregate principal amount of its Wastewater Revenue Bonds (Junior Lien), Series 2014 (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, 2014, 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 Wastewater 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

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

*[TO COME]*

## 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 2014 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2014 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2014 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, New York, will act as securities depository for the Series 2014 Bonds. The Series 2014 Bonds will be issued as fully-registered Series 2014 Bonds 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 2014 Bond certificate will be issued for each maturity of the Series 2014 Bonds, each in the aggregate principal amount of such issue, 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, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2014 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 2014 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 Series 2014 Bonds, except in the event that use of the book-entry system for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 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 Series 2014 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014 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 Series 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2014 Bond documents. For example, Beneficial Owners of Series 2014 Bonds may wish to ascertain that the nominee holding the Series 2014 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 2014 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2014 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 City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Series 2014 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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 securities depository with respect to the Series 2014 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2014 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2014 Bond certificates will be printed and delivered to DTC.

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