

EXETER CITY COUNCIL ACTION MINUTES
March 10, 2020

A closed session of the City Council, City of Exeter was held on Tuesday, March 10, 2020, at 6:30 p.m., in the Exeter City Council Chambers, 137 North F Street.

COUNCIL PRESENT: Mary Waterman-Philpot, Frankie Alves, Dave Hails

COUNCIL ABSENT: Barbara Sally, Jeremy Petty

STAFF PRESENT: Adam Ennis, Julia Lew, Shonna Oneal

A. CALL TO ORDER CLOSED SESSION

Mayor Waterman-Philpot called the closed session to order at 6:30 p.m.

B. PUBLIC COMMENTS REGARDING CLOSED SESSION MATTERS – Mayor Waterman-Philpot requested those who wish to speak on matters listed on the Closed Session Agenda to do so at this time.

There were no public comments presented.

C. ADJOURN TO CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION(S):

Mayor Waterman-Philpot adjourned to closed session at 6:30 p.m.

1. 54956.9(d)(1) Conference with Legal Counsel re: Potential Initiation of litigation by the City: One (1) case

A regular session of the City Council, City of Exeter was held on Tuesday, March 10, 2020, at 7:00 p.m., in the Exeter City Council Chambers, 137 North F Street.

COUNCIL PRESENT: Mary Waterman-Philpot, Frankie Alves, Dave Hails

COUNCIL ABSENT: Barbara Sally, Jeremy Petty

STAFF PRESENT: Adam Ennis, Julia Lew, John Hall, Daymon Qualls, Chris Tavarez, Shonna Oneal

STAFF ABSENT: Lisa Wallis-Dutra

D. CALL TO ORDER REGULAR SESSION AND REPORT ON CLOSED SESSION ITEMS (if any)

Mayor Waterman-Philpot called the regular session to order at 7:00 p.m. City Attorney Julia Lew advised there were no reportable actions. There were no further actions reported.

E. PLEDGE OF ALLEGIANCE AND INVOCATION

Council Member Alves led the Pledge of Allegiance and an invocation was given by John Cotta.

F. SPECIAL PRESENTATIONS (if any): None

G. PUBLIC COMMENTS:

Mayor Waterman-Philpot requested those who wish to speak on matters that are not on the agenda that are within the jurisdiction of the Exeter Council, or to address or request a matter be pulled from the consent calendar to do so at this time. She also stated comments related to Individual Business or Public Hearing items that are listed on the agenda will be heard at the time that matter is addressed on the agenda.

Linda Wachter and Dan Espinola, residents and employees of the City of Exeter, addressed the Council regarding an idea for planting memory trees to replace trees removed by the City.

ACTION MINUTES
EXETER CITY COUNCIL
Page 2, MARCH 10, 2020

H. CONSENT CALENDAR:

It was moved by Council Member Alves, seconded by Council Member Hails and carried 3-0 (Mayor Pro Tem Sally and Council Member Petty absent) that the items on the Consent Calendar be approved as presented.

1. Approve minutes of February 25, 2020
2. Payment of the Bills
3. Payroll: February 21, 2020
4. Approve request by Exeter, A Festival of Arts Mural Team to close South E Street, from Pine Street to the public parking lot south of the Wildflower Cafe on Sunday, May 3, 2020 from Noon to 9:00 p.m. for their annual Garden Party fundraiser.
5. Award a contract in the amount of \$39,300.70 to Monarch Ford (Exeter, CA) for the purchase of one Ford Explorer and authorize the City Administrator to execute the purchase piggybacking the State Department of General Services Statewide California Multiple Award Schedules (CMAS) competitively bid agreements and Council appropriate \$39,300.70 from the following funds Streets 35% (104.472.074.000), 38% Water (105.461.074.000), 27% Sewer (107.441.074.000).

I. INDIVIDUAL BUSINESS ITEMS

1. **Administrative Hearing to Consider Confirmation of Nuisance Abatement Cost Recovery Amount and Special Assessment Approval for 333 East Palm, Exeter, CA 93221, Assessor's Parcel Number 138-092-012-000.** Public Works Director Daymon Qualls provided a report for Council's review and consideration. Mayor Waterman-Philpot opened the administrative hearing for public comment at 7:13 p.m. and receiving no public comment, closed the administrative hearing at 7:13 p.m.

Following brief discussion, it was moved by Council Member Hails, seconded by Council Member Alves and carried 3-0 (Mayor Pro Tem Sally and Council Member Petty absent) to confirm the nuisance abatement cost recovery amount of \$11,764.02 and approve the levying of a special assessment on 333 East Palm for the amount to recover the City's nuisance abatement cost.

2. **Adopt Resolution 2020-06 to approve the City of Exeter's Fiscal Year 2020/21 list of projects for approximately \$207,793 of funding from SB 1: The Road Repair and Accountability Act Road Maintenance and Rehabilitation Account.** Public Works Director Daymon Qualls provided a report for Council's review and consideration. Following discussion, it was moved by Council Member Hails, seconded by Council Member Alves and carried 3-0 (Mayor Pro Tem Sally and Council Member Petty absent) to adopt Resolution 2020-06 as presented.
3. **Informational presentation regarding Facility Maintenance and Repair needs that may be considered as part of the Proposed Revenue Measure.** City Administrator Adam Ennis provided PowerPoint presentation highlighting the needs of Facility Maintenance and Repairs. Following discussion, no action was requested, or taken.

J. CITY COUNCIL ITEMS OF INTEREST

Council Member Alves and Mayor Waterman-Philpot reported on recent meetings and events they have attended.

K. CITY ADMINISTRATOR/DEPARTMENT COMMENTS

City Administrator Adam Ennis provided a brief update on the PRMAC meetings and reported on upcoming events and projects.

L. ADJOURN REGULAR MEETING

Mayor Waterman-Philpot adjourned the regular meeting at 7:52 p.m.

Shonna Oneal City Clerk

ACS/XEROX FINANCIAL SYSTEM
03/19/2020 10:03:33

Payments for Publication

CITY OF EXETER
GL060S-V08.14 RECAPPAGE
GL335R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
----	-----	
104	GENERAL FUND	5,725.72
105	WATER FUND	607.13
106	SANITATION FUND	235.11
107	SEWER FUND	235.11
TOTAL ALL FUNDS		6,803.07

BANK RECAP:

BANK	NAME	DISBURSEMENTS
----	-----	
BANK	BANK OF THE SIERRA	6,803.07
TOTAL ALL BANKS		6,803.07

Approved on 3/12/2020 for Payments Through 3/12/2020

Vendor Name	Description	Amount
AFLAC	FEB AFLAC PREMIUMS	3,163.34
ALLEN/ HAYLEE	UB DEPOSIT REFUND	86.40
ANDERSON FENCE COMPANY	8" DOUBLE WHEEL COURIER	257.79
AT&T	FEB LIVESCAN	416.01
BEN-E-LECT INC.	APR CLAIMS	3,450.83
CALIFORNIA BUSINESS MACHINES	ADMIN-3/8/20 TO 4/7/20	194.32
CCP INDUSTRIES INC.	BREATHABLE BARRIER COVER	128.64
CENTRAL CAL WATERWORKS, INC	MAR 2020 WWTP	6,233.33
CITY OF EXETER	1/18-2/18/20 ASSESSMENT	1,586.62
CITY OF VISALIA	MAR 2020 ANIMAL SERVICE	6,316.67
COLLINS & SCHOETTLER	FEB 2020 PARKING STUDY	5,000.00
CRAIGS AUTO PARTS	NAPA 55GAL 5W20-SHOP	1,685.46
CULLIGAN	FEB PD WATER SERVICE	173.00
DEPT OF TRANSPORTATION	OCT-DEC 2019 SIGNAL/LIGH	221.30
DIGITAL ALLY, INC	CHARGER FVHD BATTERY	221.19
ELBERTS DISTRIBUTING INC	EXTENDED LIFE MOA	179.07
ELITE CORPORATE MEDICAL SERV	MEDICAL CLINIC FEES-53	1,451.50
EMD NETWORKING SERVICES, INC.	FEB 2020 VOIP	1,003.48
EXETER CHAMBER OF COMMERCE	SPONSOR-ANNUAL BANQUET	200.00
EXETER IRRIGATION & SUPPLY	LEAD FREE BRASS BALL VAL	99.15
EXETER MERCANTILE CO.	HAMPTON LEAK-HAMMER MASO	319.41
EXETER MOTORS, INC.	14 EXPLORER-PUMP/3" RED	2,217.84
FASTENAL COMPANY	WHT (RC1-R) HAT	193.78
FERGUSON ENTERPRISES INC	LF 3/4 B63-332W-NL BV	949.22
FERNANDEZ/ CESAR	MEALS-CLW WORKSHOP	15.00
FRESNO OXYGEN	STD LRG FOWS CYLS	96.10
FRONTIER CALIFORNIA INC.	6682/2-22 TO 3/21/20	166.82
GAR BENNETT LLC	LIFELINE/GLY STAR PLUS	3,302.54
HAGANS/ BEN	UB DEPOSIT REFUND	134.00
HUGHES/ CAROL ANN	UB DEPOSIT REFUND	58.88
INTERSTATE BATTERIES, DBA	C65-XHD BATTERY	416.60
JACK GRIGGS INC	FEB 2020 GAS	5,767.63
KEY EVIDENCE LOCK & SAFE, INC.	RE-KEY & MASTER CYLINDER	160.00
LAWRENCE TRACTOR CO	MOTOR-GX160 QX2-VIB PLAT	414.68
MOORE TWINING ASSOCIATES, INC	GM WWTF GW MONITORING	6,019.00
MUNICIPAL CODE CORPORATION	3/1/20-2/28/21 CODE HOST	550.00
ORONA/ KATELYN B	UB DEPOSIT REFUND	84.10
PACIFIC CRANE SERVICE INC	CHANGE LIGHT BULBS	1,040.00
PRUDENTIAL OVERALL SUPPLY	2/27/20 UNIFORM SERVICE	206.36
RODRIGUEZ/ ROGELIO	UB DEPOSIT REFUND	18.95
SIMMONS TIRE SERVICE	SPRAYER-POWER KING HWY	443.81
SMITH/ MICHAEL G.	UB DEPOSIT REFUND	381.88
SONIA DOWLING	BACKGROUND FEE-HAMPTON	600.00
SOUTHERN CALIFORNIA EDISON	9240C/1-25 TO 2/25/20	18,004.18
SOUTHERN CALIFORNIA GAS CO.	0891/1-27 TO 2/26/20	1,003.58
SUBURBAN PIPE & STEEL	2" PBC 15-118-C	8.20
TAVAREZ/ CHRIS	COPY PAPER-CH	65.08
TF TIRE AND SERVICE	08 EXPED-R/R TIE ROD	1,153.16

Approved on 3/12/2020 for Payments Through 3/12/2020

Vendor Name	Description	Amount
TOWN & COUNTRY CAR WASH	DEC CAR WASH	22.99
TRANSUNION RISK & ALTERNATIVE	FEB PERSON SEARCH	50.00
TU CO TREASURER-TAX COLLECTOR	2019 TAXES/PETERSON, J	1,052.26
TUCKER/ COREY	UB DEPOSIT REFUND	97.74
TULARE COUNTY	JAN MAIL-DELIQ/WTR	3,305.71
TULARE COUNTY INFO TECHNOLOGY	INSTALL MICROWAVE RADIO	3,753.23
US BANK N.A.	FEB CUSTODY CHARGES	44.75
USA BLUEBOOK	TUBE ASSEMBLY -A100 PUMP	228.29
VALLEY EXPETEC	MAR LENOVO THINK PADS	2,409.30
VALLEY GREEN LANDSCAPE	FEB CITY PARK MAINTENANC	9,076.00
VAST NETWORKS	MAR 2020 UTILITY SYSTEM	1,000.00
VERIZON WIRELESS	1/29/20-2/28/20	1,310.10
Final Totals...		98,209.27

PAYROLL.....S BI-WEEKLY RUN-03/03/2020 15.38.53 PAGE 2
 CHECK FORM..STUB CHECK REGISTER PR311R-V14.09 Paymate

PERIOD 1 DATING 2/17/2020- 3/01/2020 CHECK DATE 3/06/2020
 DIRECT DEPOSIT IS TURNED ON

CHECK NUMBER	CHECK AMOUNT	EMPLOYEE/BANK/VENDOR NAME	CODE	CHECK SEQ
47623	198.00	CLOCEA	4	1 VENDOR STUB ONLY
47624	728.00	EXETER POLICE OFFICER AS	3	1 VENDOR STUB ONLY
47625	219.66	EXETER POLICE OFFICER AS	3A	1 VENDOR STUB ONLY
47626	1,033.93	BRITO/ELISHA	403	1 STUB ONLY
47627	4,432.35	ENNIS/ADAM	206	1 STUB ONLY
47628	2,343.94	ONEAL/SHONNA N	203	1 STUB ONLY
47629	1,257.89	HERNANDEZ/XOCHITL	306	1 STUB ONLY
47630	1,414.72	IBARRA/MARLENE	302	1 STUB ONLY
47631	3,302.49	TAVAREZ/CHRISTOPHER	309	1 STUB ONLY
47632	1,655.91	SEE/EEKHONG	304	1 STUB ONLY
47633	35.09	CANALES/MICHAEL W	430	1 STUB ONLY
47634	1,196.41	CARRETERO/VANESSA	402	1 STUB ONLY
47635	2,219.54	CORREA/GABRIEL JR	436	1 STUB ONLY
47636	1,898.31	CULLUM/TRENT	444	1 STUB ONLY
47637	2,278.89	DURKEE/MARK	404	1 STUB ONLY
47638	1,599.02	ECHEVARRIA/TYLER J	443	1 STUB ONLY
47639	2,281.65	FERNANDEZ/CESAR	434	1 STUB ONLY
47640	2,306.71	FRICK/JOCELYNN LEANN	433	1 STUB ONLY
47641	2,290.38	GIEFER/MICHAEL DAVID	438	1 STUB ONLY
47642	1,711.51	GUZMAN/TIMOTHY CHARLES	410	1 STUB ONLY
47643	3,184.21	HALL/JOHN T	406	1 STUB ONLY
47644	3,318.47	INGLEHART/BRETT A	411	1 STUB ONLY
47645	1,844.86	KNOX/MARK	442	1 STUB ONLY
47646	1,469.13	SALINAS/ALEXANDER	419	1 STUB ONLY
47647	1,790.27	WALKER/PAUL	425	1 STUB ONLY
47648	2,404.79	YARBER/ISABEL	422	1 STUB ONLY
47649	834.53	ALDRIDGE/GARY	618	1 STUB ONLY
47650	1,410.30	ARROYO/MARIE	623	1 STUB ONLY
47651	1,018.77	CABRERA/GUADALUPE	628	1 STUB ONLY
47652	1,839.43	ESPINOLA/DANIEL M	602	1 STUB ONLY
47653	1,469.13	HUGGINS/KYLE AARON	621	1 STUB ONLY
47654	2,832.97	QUALLS/DAYMON	607	1 STUB ONLY
47655	1,652.14	RAMIREZ/JUAN	608	1 STUB ONLY
47656	817.84	WENDT/EDDIE	626	1 STUB ONLY
47657	1,255.92	CARTER/AMY JO	502	1 STUB ONLY
47658	96.04	MILLER/SKYLAR	558	1 STUB ONLY
47659	1,103.61	WACHTER/LINDA S	517	1 STUB ONLY
47660	1,222.57	MILLAN/MARCUS	622	1 STUB ONLY
47661	1,149.62	MILLER/JAMES	624	1 STUB ONLY
47662	734.97	MIRWALD/PHILIP	625	1 STUB ONLY
47663	1,179.07	QUIROZ/PATRICK P	512	1 STUB ONLY
47664	1,624.30	HAYES/CURTIS W	437	1 STUB ONLY

PERIOD 1 DATING 2/17/2020- 3/01/2020 CHECK DATE 3/06/2020
DIRECT DEPOSIT IS TURNED ON

CHECK NUMBER	CHECK AMOUNT	EMPLOYEE/BANK/VENDOR NAME	CODE	CHECK SEQ
1020	63.69	CA STATE DISBURSEMENT UN 2		1 VENDOR CHECK
1021	50.00	TULARE CO SHERIFF'S OFFI 9		1 VENDOR CHECK
1022	1,859.81	PHELPS/KEVIN M	429	1
1023	1,158.80	PHELPS/KEVIN M	429	2
1024	90.04	BILLUPS/SAMANTHA	550	1
1025	212.67	DAVIDSON/KAYTEE	567	1
1026	290.29	ENGLAND/QUINCEY	566	1
1027	96.04	GARVER/ELIJAH MORGAN	507	1
1028	162.08	HERNANDEZ/ETHAN	568	1
1029	185.90	MILLER/LYNCOLN	569	1

TOTALS FOR CHECK FORM: CHEK			
NEGOTIABLE CHECKS		COUNTS	
4,055.63	*EMPLOYEE CHECKS	8	
113.69	*VENDOR CHECKS	2	
0.00	*BANK CHECKS	0	
4,169.32	**TOTAL NEGOTIABLE CHECKS	10	
OTHER CHECKS			
0.00	*MANUAL CHECKS	0	
0.00	*CANCELLED CHECKS	0	
4,169.32	**TOTAL FOR CHECK FORM		
NON-NEGOTIABLE CHECKS			
0.00	*DIRECT DEPOSIT STUBS	0	
0.00	*VENDOR DIR DEP STUBS	0	

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CITY OF EXETER

PO BOX 237 - 137 N F STREET, EXETER 93221
Phone 592-3710 - Fax 592-3556

Treasurer's Report January 2020

Beginning Balance as of January 1, 2020 \$ 1,156,619.77

Deposits

#1437	\$	19,184.79
#1438		76982.8
#1439	\$	98,252.90
#1440	\$	86,423.59
#1441	\$	26,562.43
Direct Deposit #1442	\$	442,136.98

TOTAL DEPOSITS

\$ 749,543.49

Withdrawals

City Checks Processed	\$	566,827.21
Payroll EFT	\$	140,268.11
Payroll Checks	\$	5,677.40
CalPERS Retirement costs	\$	44,093.02
P/R Taxes	\$	24,333.97
Def Comp	\$	1,785.40
FSA Disbursements	\$	2,960.54
Bank Charges/Misc	\$	114.90
Chargebacks	\$	132.92
State DU	\$	737.52
Postage Upload	\$	1,000.00

TOTAL WITHDRAWALS

\$ 787,930.99

Ending Bank Balance as of Jan 31, 2020

\$ 1,118,232.27

Undeposited cash on hand #1443

\$ 5,789.93

Bank of the Sierra ending balance

\$ 1,124,022.20

Outstanding Checks

General	\$	252,548.87
Payroll	\$	787.12
	\$	-

\$ 253,335.99

Adjusted Bank Balance as of January 31, 2020

\$ 870,686.21

Investments

US Savings	\$	535,740.04
Government Agency Bond	\$	250,777.00
CD's	\$	1,730,000.00
Local Agency Investment Fund	\$	4,042,051.95
Fair Market Value Adjustment gain/(loss)	\$	11,199.80
Charles Schwab	\$	0.23

\$ 6,569,769.02

Total City Funds 1/31/2020

\$ 7,440,455.23

Ratio of Invested Funds/Available Funds

88%

City of Exeter
Treasurer's Report
Investments as of 1/31/2019

<u>Rate</u>	<u>Maturity Date</u>	<u>Description</u>	<u>Purchase Date</u>	<u>Principal Value</u>
<u>Certificates of Deposit</u>				
1.75%	6/30/2021	WELLS FARGO #5AH48	Dec-19	\$ 249,000
1.70%	1/21/2021	GOLDMAN SACHS BANK USA	Jan-20	\$ 245,000
1.35%	6/10/2020	MB FINANCIAL BANK #CRZ1	Jun-16	\$ 248,000
1.75%	10/29/2021	COMENITY CAPITAL #ASX5	Oct-16	\$ 249,000
1.75%	11/2/2021	DISCOVER BANK #2M39	Nov-16	\$ 247,000
2.40%	11/15/2022	CAPITAL ONE #RKE0	Nov-17	\$ 247,000
3.00%	8/9/2021	ALLY BANK #GEE9	Aug-18	\$ 245,000
1.96% Average				<u>\$ 1,730,000</u>
<u>Money Market Funds</u>				
1.97% Demand		Local Agency Investment Fund	Various	\$ 4,042,052
Demand		US Savings	Various	\$ 535,740
Demand		Charles Schwab	Various	<u>\$ 0.23</u>
				<u>\$ 4,577,792</u>
<u>Government Securities</u>				
1.88%		Federal Home Loan Bank		<u>246,375</u>
				<u>\$ 246,375</u>
			Total Investments	<u>\$ 6,554,167</u>

By - E. See/C. Tavaraz

City of Exeter Agenda Item Transmittal

Meeting Date: March 24, 2020

Agenda Item Number:

H5

Wording for Agenda: Adopt Resolution 2020-07 Authorizing Access to Local, State and Federal Level Summary Criminal History Information for Employment Purposes; and authorize the City Administrator to make minor conforming corrections to the Resolution as requested by the Department of Justice.

Submitting Department: Administration

Contact Name: Shonna Oneal, Human Resources Manager

Phone Number: 592-9244

Email: soneal@exetercityhall.com

For action by:

☒ City Council

Regular Session:

☒ Consent Calendar

☐ Regular Item

☐ Public Hearing

Review:

**City Administrator
(Initials Required)**



Department Recommendation:

Staff recommends that the Council adopt Resolution 2020-07; and authorize the City Administrator to make minor conforming corrections to the Resolution as requested by the Department of Justice.

Summary:

On August 13, 2019, the Council adopted Resolution 2019-20 Authorizing Access to Local, State and Federal Level Summary Criminal History Information for Employment Purposes and pre-authorized the appointment of the Custodian of Records. The application and Resolution 2019-20 were submitted to the Department of Justice (DOJ) for processing. The Custodian of Records was fingerprinted and approved.

Upon final review of the City's application package and prior to submittal to the FBI, the DOJ requested modifications to the last paragraph of the Resolution. Therefore, this edited resolution is being presented for approval pursuant to their request. The minor edit eliminates that licenses or certificates will be verified through the fingerprinting process. The proposed Resolution has been submitted to the DOJ for approval as to form. As of the date of this staff report, a response has not been received. Accordingly, staff is requesting Council authorize the City Administrator to make minor conforming corrections to the Resolution as requested by the DOJ to not delay this process because there is a potential that upcoming Council meetings in April will be cancelled due to the COVID-19 pandemic.

Background:

The City hires employees and volunteers to provide service to the community. As part of the hiring process, the City requires potential employees and volunteers to submit to a background check, which includes LiveScan fingerprinting of the potential employees and volunteers for local, state and federal level criminal history. Currently, the City of Exeter Police Department (EPD) is serving in the role of the Custodian of Records for this process for all potential City employees and volunteers. Since the EPD does not oversee the employment of non-sworn personnel in the City, it was recommended that the Council designate the City of Exeter as an authorized agency, which would begin the process to designate the Human Resources Manager as Custodian of Records for non-sworn employees and volunteers.

Penal Code §11105 (b)(11) and 13300(b)(11), state cities are authorized to access federal, state and local summary criminal history information for employment purposes. In order to qualify for this access, the Penal Code requires the authorizing body provide specific authorization for access to this information for employment purposes. The attached resolution for Council's proposed adoption would meet the requirements under the code and start the application process to appoint a Custodian of Records to manage and maintain the security, storage, dissemination, and destruction of criminal records furnished to the City for employment purposes.

Per state law, as of January 1, 2011, no person shall serve as an agency Custodian of Records unless they have been confirmed by the Department of Justice (DOJ). A Custodian of Records means the individual designated by an agency as responsible for hiring decisions, and for the security, storage, dissemination, and destruction of the criminal records furnished to the agency, and who serves as the primary contact for the DOJ for any related issues. Each agency must designate at least one Custodian of Records. To facilitate the establishment of a Custodian of Records, the DOJ has established an application process. This application process includes submitting for pre-authorization of the recommended Custodian of Records and confirming the City is an authorized agency.

Fiscal Impact: Minimal fees for the application process.

Prior Council/Board Actions: Council adopted Resolution 2019-20 Authorizing Access to Local, State and Federal Level Summary Criminal History Information for Employment Purposes on August 13, 2019.

Attachments: Resolution 2020-07

Recommended motion to be made by Council/Board: I move to adopt Resolution 2020-07 and authorize the City Administrator to make minor conforming corrections to the Resolution as requested by the Department of Justice.

RESOLUTION 2020-07

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EXETER AUTHORIZING
ACCESS TO LOCAL, STATE AND FEDERAL LEVEL SUMMARY CRIMINAL HISTORY
INFORMATION FOR EMPLOYMENT PURPOSES**

WHEREAS, Penal Code Sections 11105(b)(11) and 13300(b)(11) authorize cities, counties, districts and joint powers authorities to access state and local summary criminal history information for employment, licensing or certification purposes; and

WHEREAS, Penal Code Section 11105(b)(11) authorizes cities, counties, districts and joint powers authorities to access federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation; and

WHEREAS, Penal Code Section 11105(b)(11) and 13300(b)(11) require that there be a requirement or exclusion from employment, licensing, or certification based on specific criminal conduct on the part of the subject of the record; and

WHEREAS, Penal Code Sections 11105(b)(11) and 13300(b)(11) require the city council, board of supervisors, governing body of a city, county or district or joint powers authority to specifically authorize access to summary criminal history information for employment, licensing, or certification purposes; and

NOW, THEREFORE, BE IT RESOLVED that the City of Exeter is hereby authorized to access state and federal level summary criminal history information for employment, including volunteers and contract employees, purposes and may not disseminate the information to a private entity.

Passed, approved, and adopted this 24th day of March, 2020, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Mayor

Attest:

City Clerk

City of Exeter Agenda Item Transmittal

Meeting Date: March 24, 2020

Agenda Item Number: H6

Wording for Agenda: Accept Notice of Completion for the construction contract for Phase I of the City's Belmont Bike Path, Project CML-5195(017), with Emmett's Excavation, Inc., authorize the City Engineer to sign the Notice of Completion, and the City Clerk to file the notice with the County Recorder's Office and approve an additional appropriation of \$351,515 in the Measure R Fund (131.497.029.001).

Submitting Department: Public Works
Contact Name: Daymon Qualls
Phone Number: 559.592.3318
Email: dqualls@exetercityhall.com

For action by:

☒ City Council

Regular Session:

☒ Consent Calendar

☐ Regular Item

☐ Public Hearing

Review:

**City Administrator
(Initials Required)**



Department Recommendation:

Staff recommends that Council accepts this item as presented.

Summary/Background:

At its regularly scheduled meeting of April 10, 2018, the Council awarded a construction contract to Emmett's Excavation, Inc. in the amount of \$1,279,083.35 to provide construction services for Phase I of the City's Belmont Bike Path Project, Project CML-5195(017).

A final punch list walk was conducted on March 17, 2020 and no out-standing items were noted.

Now that the contractor has fulfilled his contractual obligation for construction of the project, a Notice of Completion (Attachment 1) needs to be recorded with the County Clerk Recorder's office.

Description of Change Orders:

PCO #	Description	Prop'd Cost	Apprv'd Cost	City CO #	Comments
1	Price Escalations due to Pipe and Project Start Date Delay	\$ 17,277.91	\$ 17,277.91	1	Daymon accepted 1/18/19.
2	Electrical System Changes	\$ 623.82	\$ 623.82	2	Daymon accepted 5/9/19
3	CD 1 Plan Revisions	\$ 24,589.00	\$ 24,589.00	3	Daymon Accepted 3/7/19. Received back from Jerry on 1/15/19, 4Creeks to review. Emailed CD 1 to Emmett's 1/3/19, Need PCO
4	CD 1 Add to do Palm half and half	\$ 3,025.00	\$ 3,025.00	4	Daymon accepted 3/7/19. Received from Jerry on 2/5/19, 4Creeks to review.

5	CIC for Water main being Mismarked	\$ 2,647.83	\$ 2,647.83	5	Received email from Emmett's on 2/11/19. Received PCO 7/23/19 from Emmett's. Sent to Daymon for approval 8/1/19. Daymon Accepted 8/2/19
6	Fairway SD Overflow Pipe CD 2	\$ 10,056.00	\$ 10,056.00	6	Daymon accepted 7/9/19.
7	DI Replacement	\$ 16,300.00	\$ 16,300.00	7	Daymon accepted 11/22/2019
8	Work Day Contract Extension			8	Daymon Accepted 12/18/2019
9	Work Day Contract Extension			9	Daymon accepted 3/3/2020
10	Additional Electrical Breaker	\$1,743.43	\$1,743.43	10	Additional breaker needed to power up the pump. Circuit breaker details not included in the plans and submittals included the two 20 amp. When it came time to hook up the pump it was determined that the pump required a dedicated dual switch 50 amp breaker. This change order cost reflects the site visits made by electrician to determine what was required for installation and installation. Daymon accepted 3/3/2020
11	Balance of Quantities Change order	\$6,855.88	\$6,855.88	11	

Change Order Sub Total	\$ 83,118.87	\$ 83,118.87
---------------------------------------	---------------------	---------------------

Original Bid Amount:	\$1,279,083.35
Approved Change Orders:	\$83,118.87
Change Order %	6.5%
Final Construction Contract Total:	\$1,362,202.22

Of the approved change orders, approximately 1.7% (\$22,292.99) were due to unforeseen conditions that arose throughout the duration of the project. In addition, improvements to the storm drain system at the intersection of Belmont and Fairway were added to the project. These improvements were necessary to ensure proper storm drainage collection from the newly constructed trail. Required ADA improvements were also made at the intersection of Belmont and Palm Avenue. The improvements at these two locations accounted for approximately 4.2% (\$53,970) of the total change orders. The remaining 0.6% of the change order total (\$6,855.88) went towards balancing quantities of certain bid items.

The Engineer's opinion of probable construction costs for the project prior to bid was \$1,510,994.32.

Additional costs also incurred as part of this project but not included in the construction budget amount:

4 Creeks – Construction Management services	\$149,432.
SCE – Street lighting	\$100,000.
QK – City engineering	\$20,000.

Total Project Cost

\$1,631,515.

Fiscal Impact: This project is being paid for with Congestion Mitigation and Air Quality (CMAQ) funds and a small portion of Measure R Local funding for City Engineer expenditures. The total available federal funding for this project was \$2,030,207 paid to the City on a reimbursement basis out of the City's Measure R Fund. There was an original appropriation of \$1,280,000 in the Measure R Fund approved in the 2018/2019 Budget. An additional appropriation of \$351,515 will cover all expenses of the project (total of \$1,631,515).

Prior Council/Board Actions: April 10, 2018 - Council awarded the construction contract to Emmett's Excavation, Inc. in the amount of \$1,279,083.35. Numerous other Council actions are on file pertaining to preliminary engineering, PS&E, and right of way.

Attachments: Notice of Completion

Recommended motion to be made by Council/Board: I move to accept the Notice of Completion for the construction contract for Phase I of the City's Belmont Bike Path Project with Emmett's Excavation, Inc., authorize the City Engineer to sign the Notice of Completion and the City Clerk to file the notice with the County Recorder's Office and approve an additional appropriation of \$351,515 in to the Measure R Fund (131.497.029.001).

City of Exeter
P.O. Box 237
Exeter, CA 93221
FREE RECORDING: Govt. Code 6103

NOTICE IS HEREBY GIVEN:

Belmont Bike Path Project, Phase 1 along Belmont Road, Exeter, CA 93221

5. That the Nature of the owner's interest or estate is: In Fee

6. That Resolution No. _____ authorizing acceptance of construction of said project, is attached.

Dated: March 24, 2020, _____

City of: Exeter

A Municipal Corporation

By:

Lisa Wallis-Dutra, City Engineer

STATE OF CALIFORNIA)

)SS

COUNTY OF TULARE)

The undersigned being duly sworn says: That she is the City Engineer of the City of Exeter, a Municipal Corporation, and gives notice for and on behalf of said Municipal Corporation, that she has read the foregoing notice and knows the contents thereof, and the same is true of her own knowledge.

By:

Lisa Wallis-Dutra, City Engineer

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

STATE OF CALIFORNIA)

)ss

COUNTY OF TULARE)

Subscribed and sworn (or affirmed) to before me on this ____ day of March, 2020, by Lisa Wallis-Dutra, who proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct. Witness my hand and official seal.

Notary Public in and for the County of Tulare, State of California

Commission Expiration Date

Attached to Notice of Completion for Exeter Municipal Project:

Belmont Bike Path Project, Phase 1, along Belmont Road in Exeter, CA

(Insert name of project on line above)

City of Exeter Agenda Item Transmittal

Meeting Date: March 24, 2020

Agenda Item Number:

11

Wording for Agenda: Adopt Resolution 2020-08 of the City of Exeter approving the placement agent agreement with Brandis Tallman, LLC and approving an updated Indenture for the 2020 Sewer Revenue Refunding Bonds and certain other matters.

Submitting Department: Finance

Contact Name: Chris Tavaréz, Finance Director

Phone Number: 592-2755

Email: ctavarez@exetercityhall.com

For action by:

☒ City Council

Regular Session:

☐ Consent Calendar

☒ Regular Item

☐ Public Hearing

Review:

**City Administrator
(Initials Required)**



Department Recommendation

Staff recommends that Council adopt resolution 2020-08 of the City of Exeter approving the placement agent agreement with Brandis Tallman, LLC and approving an updated Indenture for the 2020 Sewer Revenue Refunding Bonds and certain other matters.

Summary

On February 25, 2020, the City Council approved Resolution 2020-05 authorizing staff to proceed with a public sale of bonds in order to refund the City's 1999 USDA Loan. Since February 25, the municipal bond market has been volatile as a result of the economic disruption caused by the coronavirus disease (COVID-19). The City's municipal advisor, NHA Advisors, has recommended that the City explore a private placement of the bonds, a structure under which all of the bonds will be sold to a single bank or other sophisticated investor.

In order to effect a private placement of the bonds, the entity that would have underwritten the sale of the bonds (Brandis Tallman LLC) will act as a placement agent tasked with placing the bonds with a single buyer. The City's agreement with the placement agent is memorialized in a Placement Agent Agreement, the form of which is included in the agenda materials. In addition, the form of the bond Indenture that was approved in Resolution 2020-05 has been modified slightly to reflect the fact that the bonds will be sold to a single buyer. The modified Indenture, the form of which is included in the agenda materials, limits future transfers of the bonds to other sophisticated investors.

Background:

When City Council approved the issuance of the 2020 Sewer Revenue Refunding Bonds (the "Bonds") through a sale to the public markets, the market was characterized by historically low interest rates and high investor demand. As of February 25, market rates for a refinancing of the outstanding 1999 USDA Loan would have resulted in an estimated annual cashflow savings of \$5,700 per year and net present value savings of \$101,000 (or 3.0% of refunded par). Up until recently, the estimated interest rates on a public sale of the City's Bonds has resulted in greater economic benefit to the City than a private sale to a large investor or bank.

However, in the last few weeks, the financial markets have been materially impacted by investor concern arising from the COVID-19 strain of coronavirus, resulting in a decrease in investor

demand and an increase in interest rates. This has resulted in bond financing transactions across the United States being cancelled or postponed. After receiving feedback from potential investors, the City's financing team decided to postpone the sale of the Bonds and evaluate the sale on a day-by-day basis to see if a lessening of market volatility would increase investor demand for the Bonds.

However, while the investing public is showing less demand for bonds in general, banks are actively looking for bonds to purchase for their portfolios. Preliminary discussions with several banks have indicated that there is a possibility that a direct sale of the City's bonds to a bank (a "private placement") could be an economically viable option for the City.

One key benefit of a private placement with a bank is the option to lock in the interest rate for the transaction 30-60 days in advance of when the financing closes. This option mitigates the significant interest rate risk that characterizes the current, volatile market.

Through Resolution 2020-05, City Council approved a Bond Indenture that functions as the basic loan document for the refinancing of the Sewer Fund's 1999 USDA Loans for the Sewer System. Key provisions of the document are (1) a covenant of the City to raise rates as required to cover operating expenses and debt service and (2) a formal pledge of revenues net of operating expenses to pay debt service on the Bonds. However, the Indenture that was approved through Resolution 2020-05 envisioned a public sale of the City's bonds and slight changes are required to make the document suitable for a private placement.

Additionally, City Council approved a bond purchase agreement with Brandis Tallman through Resolution 2020-05. This document also assumes a public sale of the City's bonds. However, in the event that the City's bonds are sold through a private placement, the role of Brandis Tallman transitions from an underwriter (i.e. buying the bonds from the City and re-selling them to the public) to a placement agent (i.e. negotiating with banks to directly purchase the City's bonds). As a result, approval of a placement agent agreement is required to enable Brandis Tallman to serve the City in this capacity.

Staff is asking Council to authorize the City to approve a placement agent agreement with Brandis Tallman, LLC and to approve an updated Indenture to enable the City to sell the City's bonds directly to a bank through a private placement.

Fiscal Impact

Based on the not-to-exceed interest rate in Resolution 2020-05, the minimum savings for the financing to proceed is a break-even in savings (including the cost of the refunding) to the Sewer Fund (i.e. new net debt service equals prior debt service). This worst-case scenario would still enable the City to achieve the early release of approximately \$460,000 in restricted reserves associated with the 1999 USDA Loan.

While it is unknown at this time what the final interest rates would be for either a private placement or public sale of the Bonds, some purchasers have given early indications of a 2.40% interest rate. Estimated refinancing analysis based on that early indication results in annual cashflow savings to the Sewer Fund of \$7,400 per year and net present value savings of \$122,000 (or 3.7% of refunded par). Combining these savings with the release of approximately \$460,000 in restricted reserves associated with the 1999 USDA Loan results in present value benefit of over \$582,000 to the Sewer Fund.

By way of comparison, a public offering of the City's bonds is currently estimated to have an interest rate of approximately 2.70% and result in approximately \$2,100 annual savings and net present value savings of \$39,000 (1.2% of refunded par).

There is no impact to the General Fund from this refinancing.

Prior Council/Board Actions: Resolution 2020-05 was adopted by Council on February 25, 2020.

Attachments:

Resolution 2020-08

Revised Indenture of Trust

Placement Agent Agreement

Recommended motion to be made by Council/Board: I move to adopt Resolution 2020-08 as presented.

RESOLUTION 2020-08

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EXETER AUTHORIZING A PRIVATE PLACEMENT OF 2020 SEWER REVENUE REFUNDING BONDS AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the City Council of the City of Exeter (the “**City**”), a municipal corporation that is duly organized and existing under its charter and the Constitution of the State of California, adopted Resolution 2020-05 on February 25, 2020 (the “**Prior Resolution**”) authorizing the issuance of 2020 Sewer Revenue Refunding Bonds (the “**Bonds**”) for the purpose of refunding a 1999 USDA – Sewer System Improvement Loan (the “**Prior USDA Loan**”); and

WHEREAS, the Prior Resolution contemplated a public offering of the Bonds;
and

WHEREAS, since the date of the Prior Resolution, the municipal bond market has experienced volatility and a lack of liquidity as a result of the economic disruption caused by an outbreak of COVID-19; and

WHEREAS, the City's municipal advisor, NHA Advisors, LLC, has advised the City that, under current market conditions, a private placement of the Bonds with a single buyer may enable the City to accomplish the refunding of the Prior USDA Loan on a more cost-efficient basis than a public offering; and

WHEREAS, the City wishes to authorize a private placement of the Bonds while preserving the option to undertake a public sale of the Bonds as contemplated by Resolution No. 2020-05 should market conditions permit; and

WHEREAS, in order to effect a private placement of the Bonds, the City has determined that it is in the best interest of the City to make revisions to the Indenture of Trust (as so revised, the “**Private Placement Indenture**”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the Bonds will be issued, and to approve certain other documents, to provide for the issuance of privately placed Bonds; and

WHEREAS, the City desires to enter into a Placement Agent Agreement (the “**Placement Agent Agreement**”) with Brandis Tallman LLC under which Brandis Tallman LLC will act as placement agent (the “**Placement Agent**”) for the Bonds, tasked with using its best efforts to identify a buyer for the Bonds; and

WHEREAS, in the event that the City undertakes a private placement of the Bonds, it will not be obligated to enter into a Bond Purchase Contract with Brandis Tallman LLC, to execute a Continuing Disclosure Certificate or to prepare a final Official Statement for the Bonds;

**NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, DECLARED
AND RESOLVED AS FOLLOWS:**

Section 1. Approval of Recitals. The City hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Approval of Private Placement Indenture. The Private Placement Indenture is hereby approved substantially in the form on file with the City Clerk. The Mayor, the Mayor Pro Tem, the City Administrator or the Finance Director of the City (each, an “**Authorized Officer**”) is hereby authorized and directed to execute and deliver such Private Placement Indenture with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 3. Approval of Placement Agent Agreement. The Placement Agent Agreement is hereby approved substantially in the form on file with the City Clerk. Each Authorized Officer is hereby authorized and directed to execute and deliver such Placement Agent Agreement with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 4. Approval of Private Placement of Bonds. The Authorized Officers are authorized to execute such other documents as are needed to effect a private placement of the Bonds; provided, however, that in no event shall the aggregate principal amount of the Bonds exceed \$3,700,000, nor shall the Placement Agent’s fee exceed \$21,000, nor shall the true interest cost of the Bonds exceed 2.80%.

Section 9. Other Actions Authorized. The Authorized Officers, the City Clerk or any other proper officer of the City, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Private Placement Indenture, the Placement Agent Agreement and this Resolution. In the event that the Mayor and Mayor Pro Tem are unavailable to sign any of the agreements described herein, the City Administrator may sign such agreement.

Section 10. Resolution 2020-05 to Remain in Effect. Resolution 2020-05 shall remain in effect and is not rescinded or modified by this Resolution.

Section 11. Effective Date. This Resolution shall become effective upon the date hereof.

Section 12. Certification. The Clerk shall certify to the adoption of this Resolution.

PASSED, ADOPTED AND APPROVED this 24th day of March, 2020 by the following vote:

AYES:

NOS:

ABSTAIN:

ABSENT:

MAYOR

ATTEST:

CITY CLERK

INDENTURE OF TRUST

Dated as of April 1, 2020

By and between

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

and the

CITY OF EXETER

Relating to

**\$ _____
CITY OF EXETER
2020 SEWER REVENUE REFUNDING BONDS**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST is made and entered into and dated as of April 1, 2020 (the “**Indenture**”), by and between the CITY OF EXETER, a municipal corporation that is duly organized and existing under its charter and the Constitution of the State of California (the “**City**”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association that is duly organized and existing under the laws of the United States of America, as trustee hereunder (the “**Trustee**”).

RECITALS

A. The City previously entered into a 1999 USDA – Sewer System Improvement Loan and issued an associated 1999 Wastewater Revenue Bond (the “**USDA Loan**”) to finance certain capital improvements to the City’s municipal sewer system.

B. The City desires to prepay the USDA Loan in full, including redeeming the associated bonds in full.

C. The City is authorized pursuant to Section 4.3 of the City’s charter, City Ordinance 690 effective December 12, 2019, Chapter 3.02, Section 3.02.010 of the City Code of Ordinances and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53570) of the Government Code of the State of California to issue sewer revenue refunding bonds for the purpose of prepaying the USDA Loan.

D. In order to provide for the authentication and delivery of sewer revenue refunding bonds (the “**2020 Bonds**”), to establish and declare the terms and conditions upon which such 2020 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, the City has authorized the execution and delivery of this Indenture.

E. The City has determined that all acts and proceedings required by law necessary to make the 2020 Bonds, when executed by the City, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the City, and to constitute the Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

GRANTING CLAUSES

The City, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the mutual covenants herein contained and of the purchase and acceptance of the 2020 Bonds by the owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, in order to secure the payment of the principal of and the interest and premium (if any) on all 2020 Bonds at any time issued and Outstanding under the Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, does hereby assign and pledge unto, and grant a security interest in, the following (the “**Trust Estate**”) to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the City to the 2020 Bond Owners hereinafter set forth:

FIRST

All right, title and interest of the City in and to the Revenues (as such term is defined herein), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any Revenues payable to or receivable by the City under the Constitution of the State, the Government Code of the State, the Indenture, the charter of the City and any other applicable laws of the State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which the City is or may become entitled to do thereunder, subject to the terms hereof.

SECOND

All moneys and securities held in funds and accounts of this Indenture, except amounts held in the Rebate Fund, and all other rights of every name and nature from time to time herein or hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the City or by anyone on its behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever for the benefit of the Owners, and such pledge shall constitute a lien on and security interest in such Trust Estate;

IN TRUST, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the 2020 Bonds issued under and secured by the Indenture without privilege, priority or distinction as to the lien or otherwise of any of the 2020 Bonds over any of the other 2020 Bonds;

PROVIDED, HOWEVER, that if the City, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the 2020 Bonds due or to become due thereon, at the times and in the manner provided in the 2020 Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as herein provided, the Indenture and the rights hereby granted shall cease, terminate and be void; otherwise the Indenture shall remain in full force and effect.

It is expressly declared that all 2020 Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all sold property, rights and interests, including, without limitation, the Revenues, hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the City has agreed and covenanted and does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the 2020 Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of the Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

Accountant's Report. The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Authorized Representative. The term "Authorized Representative" means, with respect to the City, its Mayor, Mayor Pro Tem, City Clerk, City Administrator, Finance Director or any other person designated as an Authorized Representative of the City by a Certificate of the City signed by its Mayor, Mayor Pro Tem, City Clerk, City Administrator or Finance Director and filed with the Trustee.

Bond Counsel. The term "Bond Counsel" means Stradling Yocca Carlson & Rauth, a Professional Corporation, or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

Bonds. The term "Bonds" means all revenue bonds or notes of the City authorized, executed, issued and delivered by the City, the payments of which are payable from Net Revenues on a parity with the 2020 Bonds and which are secured by a pledge of and lien on Revenues as described in Section 5.01 hereof.

Bond Year. The term "Bond Year" has the meaning that is set forth in the Tax Certificate.

Business Day. The term "Business Day" means: (1) a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State, or in any other state in which the Office of the Trustee is located, are closed; or (2) a day on which the New York Stock Exchange is not closed.

Certificate; Direction; Request; Requisition. The terms "Certificate," "Direction," "Request" and "Requisition" of the City mean a written certificate, direction, request or requisition signed in the name of the City by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

City. The term "City" means the City of Exeter, a municipal corporation that is duly organized and existing under its charter and the Constitution of the State of California.

Closing Date. The term "Closing Date" means the date on which the 2020 Bonds are delivered to the original purchaser thereof.

Code. The term "Code" means the Internal Revenue Code of 1986, as amended.

Contracts. The term “Contracts” means all contracts of the City previously or hereafter authorized and executed by the City, the payments under which are payable from Net Revenues on a parity with the 2020 Bonds and which are secured by a pledge and lien on Revenues as described in Section 5.01 hereof; but excluding contracts entered into for operation and maintenance of the Sewer System.

Costs of Issuance. The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, issuance, sale and delivery of the 2020 Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the 2020 Bonds and any other cost, charge or fee in connection with the original issuance of the 2020 Bonds.

Costs of Issuance Fund. The term “Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.03.

Debt Service. The term “Debt Service” means, for any period of calculation, the sum of:

(1) the interest payable during such period 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 capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(2) those portions of the principal amount of all outstanding serial Bonds maturing in such period;

(3) those portions of the principal amount of all outstanding term Bonds required to be redeemed or paid in such period; and

(4) those portions of the Contracts required to be paid during such period, (except to the extent that the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts;

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of:

(i) the then current variable interest rate borne by such Bonds or Contracts plus 1%; and

(ii) the highest variable rate borne over the preceding 24 months by outstanding variable rate debt issued by the City or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

provided further that if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that if the Bonds or Contracts constitute Paired Obligations, the interest rate on such Bonds or Contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the City with respect to such Paired Obligations, but only if the applicable Paired Obligations satisfies the requirement set forth in Section 11.16 hereof; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and to the extent that 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 descending order, until such amount is exhausted.

Event of Default. The term “Event of Default” means any of the events specified in Section 7.01.

Federal Securities. The term “Federal Securities” means any direct, noncallable general 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 of the United States of America), or noncallable obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

Fiscal Year. The term “Fiscal Year” means the twelve month period beginning on July 1 of each year and ending on the next succeeding June 30, both dates inclusive, or any other twelve month period hereafter selected and designated as the official fiscal year period of the City.

Fitch. The term “Fitch” means Fitch Ratings, Inc., or any successor thereto.

Generally Accepted Accounting Principles. The term “Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants 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.

Indenture. The term “Indenture” means the Indenture of Trust, dated as of April 1, 2020, by and between the City and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Independent Certified Public Accountant. The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by the City, each of whom is independent of the City pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Financial Consultant. The term “Independent Financial Consultant” means a financial consultant or firm of such consultants appointed by the City, and who, or each of whom: (1) is in fact independent and not under domination of the City; (2) does not have any substantial interest, direct or indirect, with the City; (3) is an Independent Registered Municipal Advisor under Section 15B of the Securities Exchange Act of 1934; and (4) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

Information Services. The term “Information Services” means the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the City may specify in a certificate to the Trustee.

Initial Rating Requirement. The term “Initial Rating Requirement” means the rating requirement described in Section 11.16(a).

Interest Account. The term “Interest Account” means the account by that name in the Payment Fund established pursuant to Section 5.02.

Interest Payment Date. The term “Interest Payment Date” means November 1, 2020 and each May 1 and November 1 thereafter.

Investment Agreement. The term “Investment Agreement” means any investment agreement (including guaranteed investment contracts, forward delivery agreements, repurchase agreements or similar obligations) with, or guaranteed by, an entity the long-term unsecured obligations or the claims paying ability of which are rated “A” or better by a nationally recognized rating agency (without regard to gradations or modifiers within such category) at the time of initial investment.

Minimum Rating Requirement. The term “Minimum Rating Requirement” means the rating requirement described in Section 11.16(b).

Moody’s. The term “Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

Net Proceeds. The term “Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award

remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such proceeds.

Net Revenues. The term "Net Revenues" means, for any period, the Revenues for such period less the Operation and Maintenance Costs for such period. When held by the Trustee in any funds or accounts established hereunder, Net Revenues shall include all interest or gain derived from the investment of amounts in any of such funds or accounts.

Office. The term "Office" means with respect to the Trustee, the corporate trust office of the Trustee at 400 South Hope Street, Suite 500, Los Angeles, California 90071 Attention: Corporate Trust, Reference: City of Exeter 2020, or such other or additional offices as may be specified in writing by the Trustee to the City, except that with respect to presentation of 2020 Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

Operation and Maintenance Costs. The term "Operation and Maintenance Costs" means costs spent or incurred for maintenance and operation of the Sewer System calculated in accordance with Generally Accepted Accounting Principles applicable to governmental agencies, including, but not limited to, the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Sewer System in good repair and working order, and including administrative costs of the City that are charged directly or apportioned to the Sewer System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the City or charges (other than debt service payments) required to be paid by it to comply with the terms of the 2020 Bonds or of this Indenture or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds; but excluding in all cases operation and maintenance costs of any recycled water system, depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

Opinion of Counsel. The term "Opinion of Counsel" means a written opinion of counsel (including but not limited to counsel to the City) selected by the City. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

Outstanding. The term "Outstanding," when used as of any particular time with reference to 2020 Bonds, means (subject to the provisions of Section 11.09) all 2020 Bonds theretofore or thereupon being authenticated and delivered by the Trustee under the Indenture except: (i) 2020 Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2020 Bonds with respect to which all liability of the City shall have been discharged in accordance with Section 10.02, including 2020 Bonds (or portions thereof) described in Section 11.09; and (iii) 2020 Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2020 Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

Owner; 2020 Bond Owner. The term "Owner" or "2020 Bond Owner," whenever used herein with respect to a 2020 Bond, means the person in whose name the ownership of such 2020 Bond is registered on the Registration Books.

Paired Obligation Provider. The term “Paired Obligation Provider” means a party to a Paired Obligation other than the City.

Paired Obligations. The term “Paired Obligations” means any Bond or Contract (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are simultaneously issued or executed and delivered: (i) the principal of which is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts; and (ii) the interest rates which, taken together, are reasonably expected to result in a fixed interest rate obligation of the City for the term of such Bond or Contract, as certified by an Independent Financial Consultant in writing, and which comply with the provisions of Section 11.16 hereof.

Payment Fund. The term “Payment Fund” means the fund by that name established pursuant to Section 5.02.

Permitted Investments. The term “Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein. The Trustee is entitled to rely upon the written investment direction of the City as a representation that such investment constitutes a legal investment under the laws of the State.

(a) for all purposes, including but not limited to defeasance investments in refunding escrow accounts: (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below); and (2) 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, including REFCORP Interest STRIPS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; and

(b) for all purposes other than defeasance investments in refunding escrow accounts: (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including the Export - Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHA's); and Federal Housing Administration; (2) bonds, notes or other evidences of indebtedness rated at least “AA-” or “Aa3” by the applicable Rating Agency issued by Fannie Mae or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (3) U.S. dollar denominated deposit accounts, certificates of deposit (including those placed by a third party pursuant to a separate agreement between the City and the Trustee), other deposit products, time deposits, trust funds, trust accounts, interest-bearing deposits, overnight bank deposits, interest-bearing money market accounts, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and its affiliates) which are either insured by the Federal Deposit Insurance Corporation or have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (4) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody's and which matures not more than 270 days after the date of purchase; (5) investments in a money market fund rated “AAM”, “AAM-G”, “AAAM” or “AAAM-G” or better by S&P, including such funds for which the Trustee or an affiliate receives and retains a

fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise; (6) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on the escrow, in the highest rating category of S&P and Moody's; (7) any Investment Agreement; and (8) the Local Agency Investment Fund.

Principal Account. The term "Principal Account" means the account by that name in the Payment Fund established pursuant to Section 5.02.

Purchaser's Certificate. The term "Purchaser's Certificate" means a letter in substantially the form that is set forth in Exhibit C.

Qualified Institutional Buyer. The term "Qualified Institutional Buyer" means "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof.

Rate Stabilization Fund. The term "Rate Stabilization Fund" means the fund by that name established pursuant to Section 5.08.

Rating. The term "Rating" means any currently effective rating on the 2020 Bonds issued by a Rating Agency.

Rating Agencies. The term "Rating Agencies" means S&P, Moody's or Fitch, as the context dictates.

Rebate Fund. The term "Rebate Fund" means the fund by that name established pursuant to Section 5.07.

Record Date. The term "Record Date" means, with respect to any Interest Payment Date, the fifteenth (15th) day of the calendar month preceding such Interest Payment Date, whether or not such day is a Business Day.

Redemption Date. The term "Redemption Date" means the date fixed for an optional redemption prior to maturity of the 2020 Bonds.

Redemption Fund. The term "Redemption Fund" means the fund by that name established pursuant to Section 5.05.

Redemption Price. The term "Redemption Price" means, with respect to any 2020 Bond (or portion thereof), the principal amount of such 2020 Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such 2020 Bond and the Indenture.

Registration Books. The term "Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the 2020 Bonds pursuant to Section 2.05.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the corporate trust services division (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee within the Office (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Office because of such person’s knowledge of any familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

Revenue Fund. The term “Revenue Fund” means the Sewer Fund of the City and/or such other fund or account of the City in which Revenues are deposited.

Revenues. The term “Revenues” means all income, rents, rates, fees, charges, connection fees, capacity fees and other moneys derived from the ownership of or operation of the Sewer System, including, without limiting the generality of the foregoing: (1) all Sewer System charges (including investment earnings thereon) collected by or on behalf of the City; (2) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City from the provision of sewage collection and treatment services or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Sewer System; and (3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, proceeds or other moneys, including City reserves, but excluding in all cases: (x) revenues of any recycled water system; (y) customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the City; and (z) proceeds of taxes or benefit assessments restricted by law to be used by the City to pay amounts due on bonds or other obligations hereafter incurred.

“Revenues” also include all amounts transferred from the Rate Stabilization Fund to the Revenue Fund during any Fiscal Year in accordance with Section 5.08. “Revenues” do not include any amounts transferred from the Revenue Fund to the Rate Stabilization Fund during any Fiscal Year in accordance with Section 5.01(b)(iii).

S&P. The term “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successor thereto.

Sewer Service. The term “Sewer Service” means the sewage collection and treatment service that is made available or provided by the Sewer System.

Sewer System. The term “Sewer System” means the whole and each and every part of the sewage collection, treatment and disposal system serving the City, whether owned or operated by the City or another party, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such Sewer System or any part thereof hereafter acquired or constructed. Any recycled water system of the City is not part of the Sewer System.

State. The term “State” means the State of California.

Supplemental Indenture. The term “Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the City and the Trustee, supplementing, modifying or

amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the 2020 Bonds issued by the City on the date of issuance of the 2020 Bonds, including any and all exhibits attached thereto.

Term Bond. The term “Term Bond” means the 2020 Bonds maturing on November 1, 20__.

Trustee. The term “Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States of America, or its successor as Trustee hereunder as provided in Section 8.01.

1999 Project. The term “1999 Project” means the capital improvements to the Sewer System financed from proceeds of the USDA Loan, as described in Exhibit B.

2020 Bonds. The term “2020 Bonds” means the City of Exeter 2020 Sewer Revenue Refunding Bonds issued by the City and at any time Outstanding pursuant to the Indenture.

USDA. The term “USDA” means the United States of America, acting through the Rural Utilities Service.

USDA Loan. The term “USDA Loan” means, collectively, the 1999 USDA – Sewer System Improvement Loan and associated 1999 Wastewater Revenue Bond issued to USDA to finance the 1999 Project.

Written Consent of the City; Written Order of the City; Written Request of the City; Written Requisition of the City. The terms “Written Consent of the City,” “Written Order of the City,” “Written Request of the City” and “Written Requisition of the City” mean, respectively, a written consent, order, request or requisition signed by or on behalf of the City by an Authorized Representative of the City or by any two persons who are specifically authorized by resolution of the City to sign or execute such a document on its behalf.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in the Indenture except the certificate of destruction provided for in Section 11.05 hereof, with respect to compliance with any provision hereof shall include: (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such person he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (e) 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 City may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an Independent Certified Public Accountant or Independent Financial 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 or an Independent Certified Public Accountant or Independent Financial Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City) upon a certificate or opinion of or representation by an officer of the City, unless such counsel or Independent Certified Public Accountant or Independent Financial 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 City, or the same counsel or Independent Certified Public Accountant or Independent Financial Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture, but different officers, counsel or Independent Certified Public Accountants or Independent Financial Consultants may certify to different matters, respectively.

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE 2020 BONDS

Section 2.01. Authorization of 2020 Bonds. The City hereby authorizes the issuance hereunder from time to time of the 2020 Bonds, which shall constitute special obligations of the City, for the purpose of prepaying the USDA Loan in full and redeeming the associated bonds in full. The 2020 Bonds are hereby designated the "City of Exeter 2020 Sewer Revenue Refunding Bonds" in the aggregate principal amount of \$_____. The Indenture constitutes a continuing agreement with the Owners from time to time of the 2020 Bonds to secure the full payment of the principal of and interest and premium (if any) on all the 2020 Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the 2020 Bonds. The 2020 Bonds shall be issued in fully registered form without coupons in denominations of \$1 or any integral multiple thereof.

The 2020 Bonds shall mature on November 1 in each of the years and in the amounts set forth below and shall bear interest on each Interest Payment Date at the rates set forth below:

<i>Maturity Date</i> <i>(November 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
20__	\$	%

*

* Term Bond.

Interest on the 2020 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date. Principal of and premium (if any) on any 2020 Bond shall be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the 2020 Bonds shall be payable in lawful money of the United States of America.

Each 2020 Bond shall be dated the date of initial delivery, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before October 15, 2020, in which event it shall bear interest from the date of initial delivery; provided, however, that if, as of the date of authentication of any 2020 Bond, interest thereon is in default, such 2020 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made

available for payment thereon. Interest on the 2020 Bonds shall be calculated on the basis of a 360 day year composed of twelve 30 day months.

Section 2.03. Transfer of 2020 Bonds. Subject to the limitations in the following paragraph, any 2020 Bond may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2020 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any 2020 Bond or Bonds shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and shall deliver a new 2020 Bond or Bonds of authorized denominations in a like aggregate principal amount. The Trustee shall require the 2020 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

A 2020 Bond Owner may only transfer the 2020 Bonds to a new 2020 Bond Owner if the principal amount transferred is not less than \$1,000,000 and the new 2020 Bond Owner has delivered a Purchaser's Certificate (in the form that is set forth in Exhibit C) to the City, Brandis Tallman LLC, as the placement agent for the 2020 Bonds, and the Trustee. For purposes of such a transfer, the Trustee may rely upon all new 2020 Bond Owner representations as set forth in the Purchaser's Certificate.

The transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.04. Exchange of 2020 Bonds. 2020 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee shall not be required to exchange any 2020 Bond during the period in which the Trustee is selecting 2020 Bonds for redemption and any 2020 Bond that has been selected for redemption. The Trustee shall require the 2020 Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2020 Bonds, the Trustee will cancel and destroy the 2020 Bonds that it has received.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2020 Bonds, which shall upon reasonable notice and at reasonable times be open to inspection during regular business hours by the City and the Owners; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2020 Bonds as hereinbefore provided.

The person in whose name any 2020 Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest on and principal and Redemption Price of by such 2020 Bonds shall be made only to or upon the order in writing of such registered Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such 2020 Bond to the extent of the sum or sums so paid.

Section 2.06. Form and Execution of 2020 Bonds. The 2020 Bonds shall be in substantially the form set forth in Exhibit A hereto. The 2020 Bonds shall be executed in the name

and on behalf of the City with the manual or facsimile signature of its Mayor. The 2020 Bonds may carry a seal, and such seal may be in the form of a facsimile of the City's seal and may be reproduced, imprinted or impressed on the 2020 Bonds. The 2020 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 2020 Bonds shall cease to be such officer or officers of the City before the 2020 Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the City, such 2020 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though those who signed and attested the same had continued to be such officers of the City, and also any 2020 Bonds may be signed and attested on behalf of the City by such persons as at the actual date of execution of such 2020 Bonds shall be the proper officers of the City although at the nominal date of such 2020 Bonds any such person shall not have been such officer of the City.

Only such of the 2020 Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the 2020 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of the Indenture.

Section 2.07. 2020 Bonds Mutilated, Lost, Destroyed or Stolen. If any 2020 Bond shall become mutilated, the City, at the expense of the Owner of said 2020 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2020 Bond of like tenor, series and authorized denomination in exchange and substitution for the 2020 Bonds so mutilated, but only upon surrender to the Trustee of the 2020 Bond so mutilated. Every mutilated 2020 Bond so surrendered to the Trustee shall be canceled by it and upon the Written Request of the City delivered to, or upon the order of, the City. If any 2020 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the City, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2020 Bond of like tenor, series and authorized denomination in lieu of and in substitution for the 2020 Bond so lost, destroyed or stolen (or if any such 2020 Bond shall have matured or shall be about to mature, instead of issuing a substitute 2020 Bond, the Trustee may pay the same without surrender thereof). The City may require payment by the Owner of a sum not exceeding the actual cost of preparing each new 2020 Bond issued under this Section and of the expenses which may be incurred by the City and the Trustee in the premises. Any 2020 Bond issued under the provisions of this Section in lieu of any 2020 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the 2020 Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other 2020 Bonds secured by the Indenture. Notwithstanding any other provision of this Section, in lieu of delivering a new 2020 Bond for a 2020 Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of such 2020 Bond upon receipt of indemnity satisfactory to the Trustee.

Section 2.08. Initial Delivery of 2020 Bonds. The 2020 Bonds shall be initially delivered as registered bonds in the name of the Owner and shall not be delivered as book entry bonds.

ARTICLE III

ISSUANCE OF 2020 BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the 2020 Bonds. At any time after the execution of the Indenture, the City may execute and the Trustee shall authenticate and, upon Written Request of the City, deliver the 2020 Bonds in the aggregate principal amount of \$_____.

Section 3.02. Application of Proceeds of the 2020 Bonds. The proceeds of the sale of the 2020 Bonds received by the Trustee in the amount of \$_____ shall be applied by the Trustee as follows:

(a) the Trustee shall transfer \$_____ to USDA to prepay the USDA Loan in accordance with separate instructions provided to the Trustee and USDA; and

(b) the Trustee shall deposit \$_____ into the Costs of Issuance Fund.

The Trustee may establish temporary funds or accounts in its records to record and facilitate such deposits.

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Written Requisitions of the City stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is proper charge against said fund and that payment for such charge has not previously been made. Each such Written Requisition of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the six month anniversary of the issuance of the 2020 Bonds, or upon the earlier Written Request of the City, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Interest Account and the Costs of Issuance Fund shall be closed. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be applied in accordance with Section 5.06 hereof.

Section 3.04. Validity of 2020 Bonds. The validity of the authorization and issuance of the 2020 Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the City or the Trustee with respect to any other agreement. The recital contained in the 2020 Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of the validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF 2020 BONDS

Section 4.01. Terms of Redemption.

(a) The 2020 Bonds with stated maturities on or after November 1, 20____, shall be subject to redemption prior to their respective stated maturities, as a whole or in part on ____ 1, 20____, or any date thereafter, as directed by the City in a Written Request provided to the Trustee at least 35

days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$1, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

(b) The Term Bonds with stated maturities on November 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on November 1, 20__ and each November 1 thereafter, in integral multiples of \$1 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (November 1)</i>	<i>Principal Amount</i>
20[]	\$

*

* Maturity.

If some but not all of the Term Bonds are redeemed pursuant to subsections (a) or (b) above, the principal amount of the applicable Term Bonds to be redeemed pursuant to this subsection (c) on any subsequent November 1 will be reduced, by \$1 or an integral multiple thereof, as designated by the City in a Written Order of the City filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the applicable Term Bonds redeemed pursuant to subsections (a) or (b) above.

Section 4.02. Selection of 2020 Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2020 Bonds, the Trustee shall select the 2020 Bonds for redemption as a whole or in part on any date as directed by the City and by lot within each maturity in integral multiples of \$1 in accordance with Section 4.01 hereof. The Trustee will promptly notify the City in writing of the numbers of the 2020 Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by first class mail at least twenty (20) days but not more than sixty (60) days before any Redemption Date, to the respective Owners of any 2020 Bonds designated for redemption at their addresses appearing on the Registration Books and to the Information Services. Each notice of redemption shall state the date of the notice, the Redemption Date, the place or places of redemption, the Redemption Price, the maturities, and, in the case of 2020 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the Redemption Date there will become due and payable on each of said 2020 Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2020 Bond to be redeemed in part only, together with interest accrued thereon to the Redemption Date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such Redemption Date interest thereon shall cease to accrue, and shall require that such 2020 Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of

any 2020 Bond. Notice of redemption of 2020 Bonds shall be given by the Trustee, at the expense of the City, for and on behalf of the City.

With respect to any notice of optional redemption of 2020 Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2020 Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such 2020 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 4.04. Partial Redemption of 2020 Bonds. Upon surrender of any 2020 Bond redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new 2020 Bond or 2020 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2020 Bonds surrendered and of the same series, interest rate and maturity.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the date fixed for redemption on, the 2020 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the Redemption Date designated in such notice, the 2020 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the 2020 Bonds so called for redemption shall cease to accrue, said 2020 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2020 Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof. The Trustee shall, upon surrender for payment of any of the 2020 Bonds to be redeemed on their Redemption Dates, pay such 2020 Bonds at the Redemption Price.

All 2020 Bonds redeemed pursuant to the provisions of this Article shall be canceled and destroyed upon surrender thereof to the Trustee.

ARTICLE V

REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Revenue Fund.

(a) All of the Revenues, all amounts held in the Revenue Fund described in subsection (b) below, all amounts that are transferred from the Rate Stabilization Fund to the Revenue Fund as described in Section 5.08, and any other amounts (including proceeds of the sale of the 2020 Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund and the Rate Stabilization Fund (other than those amounts which are transferred by the City from the Rate Stabilization Fund to the Revenue Fund)) are hereby irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the 2020 Bonds in accordance with their terms and the provisions of the Indenture, and the Revenues shall not be used for any other purpose while the 2020 Bonds remain Outstanding; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. Said pledge, together

with the pledge created by all other Contracts and Bonds, shall constitute a first lien on and security interest on Revenues and, subject to application of Revenues and all amounts on deposit therein as permitted herein, the Revenue Fund and other funds and accounts created hereunder for the payment of the principal of and interest, and the premium, if any, on the 2020 Bonds and all Contracts and Debt Service on Bonds in accordance with the terms hereof, and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice hereof.

(b) In order to carry out and effectuate the pledge and lien contained herein, the City agrees and covenants that all Revenues shall be received by the City in trust hereunder and shall be deposited when and as received in the Revenue Fund, which fund the City agrees and covenants to maintain and to hold separate and apart from other funds so long as the 2020 Bonds and any Contracts or Debt Service on Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the City as provided herein. All moneys in the Revenue Fund shall be held in trust and shall be applied, used and withdrawn for the purposes set forth in this Section.

The City shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. All remaining moneys in the Revenue Fund shall be set aside by the City at the following times for the transfer to the following respective special funds in the following order of priority:

(i) Interest and Principal Payments. Not later than the third Business Day prior to each Interest Payment Date, the City shall, from the moneys in the Revenue Fund, transfer to the Trustee for deposit in the Payment Fund or the Redemption Fund the payments of interest and principal or mandatory sinking fund payments, as applicable, on the 2020 Bonds due and payable on such Interest Payment Date. The City shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the respective 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 in accordance with the provisions of any Bond or Contract.

(ii) Reserve Funds. After making the payments, allocations or transfers provided for in subsection (i) above, the City shall, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for such reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts, that sum, if any, necessary to restore such funds or accounts to an amount equal to the reserve requirement applicable to such Bonds or Contracts.

(iii) Surplus. Moneys on deposit in the Revenue Fund on any date when the City reasonably expects such moneys will not be needed for the payment of Operation and Maintenance Costs or any of the purposes described in clauses (b)(i) or (b)(ii) may be deposited in the Rate Stabilization Fund or expended by the City at any time for any purpose permitted by law.

(iv) Investments. All moneys held by the City in the Revenue Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

Section 5.02. Allocation of Revenues. There is hereby established with the Trustee the Payment Fund, which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any principal of and interest on the 2020 Bonds remain unpaid. Except as directed herein, all payments of interest and principal on the 2020 Bonds received by the Trustee pursuant to Section 5.01(b) shall be promptly deposited by the Trustee upon receipt thereof into the Payment Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the Redemption Fund shall be promptly deposited therein. All payments of interest and principal on the 2020 Bonds deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee shall also establish and hold an Interest Account and a Principal Account within the Payment Fund.

The Trustee shall transfer from the Payment Fund and deposit into the following respective accounts, the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the Business Day preceding each Interest Payment Date, the Trustee shall deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all 2020 Bonds then Outstanding. No deposit need be made into the Interest Account so long as there shall be in such fund moneys sufficient to pay the interest becoming due and payable on such date on all 2020 Bonds then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the 2020 Bonds shall become due and payable hereunder, the Trustee shall deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2020 Bonds coming due and payable on such date. No deposit need be made into the Principal Account so long as there shall be in such fund moneys sufficient to pay the principal becoming due and payable on such date on all 2020 Bonds then Outstanding.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2020 Bonds as it shall become due and payable (including accrued interest on any 2020 Bonds purchased or accelerated prior to maturity pursuant to the Indenture).

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the 2020 Bonds at maturity, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such 2020 Bonds, upon written direction of the City, the Trustee shall apply such amounts to the purchase of 2020 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Written Request of the City, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2020 Bonds.

Section 5.05. Application of Redemption Fund. There is hereby established with the Trustee a special fund designated as the "Redemption Fund." All amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the Redemption Price of

the 2020 Bonds to be redeemed on any Redemption Date pursuant to Section 4.01; provided, however, that at any time prior to selection for redemption of any such 2020 Bonds, upon written direction of the City, the Trustee shall apply such amounts to the purchase of 2020 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Written Request of the City, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2020 Bonds.

Section 5.06. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the City pursuant to a Written Request of the City filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such directions from the City, the Trustee shall invest any such moneys in Permitted Investments described in clause (b)(5) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the City specifying a specific money market fund and, if no such written direction from the City is so received, the Trustee shall hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Interest Account unless otherwise provided in the Indenture. For purposes of acquiring any investments hereunder, the Trustee may commingle funds (other than the Rebate Fund) held by it hereunder upon the Written Request of the City. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 5.06.

The City acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the City with periodic cash transaction statements which shall include detail for all investment transactions effected by the Trustee hereunder. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

The City shall invest, or cause to be invested, all moneys in any fund or accounts established with the Trustee as provided in the Tax Certificate.

For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately. In making any valuations of investments hereunder, the Trustee may utilize and rely on generally recognized pricing information services (including

brokers and dealers in securities) that may be available to the Trustee, including those available through the Trustee accounting system, and shall value such investments at market value.

Section 5.07. Rebate Fund.

(a) Establishment. The Trustee shall establish a fund for the 2020 Bonds designated the “Rebate Fund” when required in accordance herewith. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2020 Bonds will not be adversely affected, the City shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the 2020 Bonds shall be governed by this Section and the Tax Certificate, unless and to the extent that the City delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2020 Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee: (i) shall be deemed conclusively to have complied with the provisions thereof if it follows all Requests of the City; (ii) shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate; (iii) may rely conclusively on the City’s calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review the City’s calculations or determinations thereunder.

(i) Computation. Within 55 days of the end of each fifth Bond Year, the City shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (*e.g.*, the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “**1½% Penalty**”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “**Rebatable Arbitrage**”). The City shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Transfer. Within 55 days of the end of each fifth Bond Year, upon the Written Request of the City, an amount shall be deposited to the Rebate Fund by the Trustee from any Net Revenues legally available for such purpose (as specified by the City in the aforesaid Written Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon Written Request of the City, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Payment Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Written Request of the City, to the United States Treasury, out of amounts in the Rebate Fund:

(A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all of the 2020 Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (prepared by the City), or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the 2020 Bonds and the payments described in subsection (a) above being made may be withdrawn by the City and utilized in any manner by the City.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the 2020 Bonds.

Section 5.08. Establishment and Application of Rate Stabilization Fund. The City shall establish, maintain and hold in trust a special fund designated as the "Rate Stabilization Fund." The City agrees and covenants to maintain and to hold such fund separate and apart from other funds so long as the 2020 Bonds or any other Contracts or Bonds remain unpaid. Money transferred by the City from the Revenue Fund to the Rate Stabilization Fund in accordance with Section 5.01(b)(iii) will be held in the Rate Stabilization Fund and applied in accordance herewith.

The City may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Revenue Fund for application in accordance with Section 5.01 or, in the event that all or a portion of the 2020 Bonds are discharged in accordance with Article X, transfer all or any portion of such amounts for application in accordance with Article X. Any such amounts transferred from the Rate Stabilization Fund to the Revenue Fund in accordance with the Indenture constitute pledged Revenues.

Section 5.09. Reserved.

Section 5.10. Application of Funds and Accounts When No 2020 Bonds are Outstanding. On the date on which all 2020 Bonds shall be retired hereunder or provision made therefor pursuant to Article X and after payment of all amounts due the Trustee hereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to

the Indenture shall be withdrawn by the Trustee and paid to the City for use by the City at any time for any purpose permitted by law.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The City shall punctually pay or cause to be paid the principal and interest to become due in respect of all of the 2020 Bonds, in strict conformity with the terms of the 2020 Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Net Revenues and other assets pledged for such payment as provided in the Indenture.

Section 6.02. Extension of Payment of 2020 Bonds. The City shall not directly or indirectly extend or assent to the extension of the maturity of any of the 2020 Bonds or the time of payment of any claims for interest by the purchase of such 2020 Bonds or by any other arrangement, and in case the maturity of any of the 2020 Bonds or the time of payment of any such claims for interest shall be extended, such 2020 Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the 2020 Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the City to issue Bonds for the purpose of refunding any Outstanding 2020 Bonds, and such issuance shall not be deemed to constitute an extension of maturity of 2020 Bonds.

Section 6.03. Against Encumbrances. The City will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund except as provided herein. The City may at any time, or from time to time, execute Contracts or issue Bonds as permitted herein. The City may also at any time, or from time to time, incur evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of lien on Revenues on any moneys in the Revenue Fund as may from time to time be deposited therein, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 6.04. Power to Issue 2020 Bonds and Make Pledge and Assignment. The City is duly authorized pursuant to law to issue the 2020 Bonds, to enter into the Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned under the Indenture in the manner and to the extent provided in the Indenture. The 2020 Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the City in accordance with their terms, and the City shall and the Trustee may, at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the 2020 Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Section 6.05. Accounting Records and Financial Statements.

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of 2020 Bonds and all funds and accounts established by it pursuant to the Indenture. Such books of record and account shall be available for inspection by the City upon reasonable prior notice during business hours and under reasonable circumstances.

(b) The City will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Sewer System, which records shall be available for inspection by the Trustee (which shall have no duty to inspect such records) at reasonable hours and under reasonable conditions.

(c) The City will prepare and file with the Trustee annually by April 1 after the end of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2020) financial statements of the City for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon. The Trustee shall have no duty to review, verify or analyze such financial statements, and shall hold such financial statements solely as a repository for the benefit of the 2020 Bond Owners. The Trustee shall not be deemed to have notice of any information contained therein, or default or Event of Default which may be disclosed therein in any manner.

Section 6.06. Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of the portion of interest on the 2020 Bonds will not be adversely affected for federal income tax purposes, the City covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the 2020 Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The City will take no action, refrain from taking any action and make no use of the proceeds of the 2020 Bonds or of any other moneys or property which would cause the 2020 Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(b) Arbitrage. The City will make no use of the proceeds of the 2020 Bonds or of any other amounts or property, regardless of the source, and will take no action and refrain from taking any action which will cause the 2020 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The City will make no use of the proceeds of the 2020 Bonds and will not take or omit to take any action that would cause the 2020 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The City will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the 2020 Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The City will make no use of the proceeds of the 2020 Bonds or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the 2020 Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the City takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2020 Bonds for federal income tax purposes; and

(f) Miscellaneous. The City will take no action and refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the City in

connection with the issuance of the 2020 Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the City from causing the Trustee to issue revenue bonds or to execute and deliver contracts payable on a parity with the 2020 Bonds, the interest with respect to which has been determined by Bond Counsel to be subject to federal income taxation.

Section 6.07. Waiver of Laws. The City shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the 2020 Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the City to the extent permitted by law.

Section 6.08. Further Assurances. The City will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the 2020 Bonds of the rights and benefits provided in the Indenture.

Section 6.09. Budgets. On or prior to the fifteenth day of each Fiscal Year, the City shall certify to the Trustee that the amounts budgeted for payment of the principal of and interest on the 2020 Bonds are fully adequate for the payment of all such payments for such Fiscal Year. If the amounts so budgeted are not adequate for the payment of the principal of and interest on the 2020 Bonds due under the Indenture, the City will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be raised by the City in the then ensuing Fiscal Year for the payment of the principal of and interest on the 2020 Bonds due under the Indenture and will notify the Trustee of the proceedings then taken or proposed to be taken by the City.

Section 6.10. Observance of Laws and Regulations. To the extent necessary to assure its performance hereunder, the City will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on the City by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 6.11. Compliance with Contracts. The City will neither take nor omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the City to pay principal of or interest on the 2020 Bonds; and 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 other contracts affecting or involving the Sewer System, to the extent that the City is a party thereto.

Section 6.12. Prosecution and Defense of Suits. The City shall promptly, upon request of the Trustee or any 2020 Bond Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Sewer System or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and

other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee (including all of its employees, officers and directors), the Trustee and every 2020 Bond Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

The City shall defend against every suit, action or proceeding at any time brought against the Trustee (including all of its employees, officers and directors) or any 2020 Bond Owner upon any claim arising out of the receipt, application or disbursement of any of the payments of principal of or interest on the 2020 Bonds or involving the rights of the Trustee or any 2020 Bond Owner under the Indenture; provided that the Trustee or any 2020 Bond Owner at such party's election may appear in and defend any such suit, action or proceeding. The City shall indemnify and hold harmless the Trustee and the 2020 Bond Owners against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the 2020 Bond Owners against any attorneys' fees or other expenses which any of them may incur in connection with any litigation (including pre-litigation activities) to which any of them may become a party by reason of ownership of 2020 Bonds. The City shall promptly reimburse any 2020 Bond Owner in the full amount of any attorneys' fees or other expenses which such Owner may incur in litigation or otherwise in order to enforce such party's rights under the Indenture or the 2020 Bonds, provided that such litigation shall be concluded favorably to such party's contentions therein.

Section 6.13. Continuing Disclosure. [TO COME].

Section 6.14. Additional Contracts and Bonds. The City may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided that

(a) The Net Revenues for the last audited Fiscal Year of the City, or for any consecutive twelve calendar month period during the eighteen calendar month period, preceding the date of adoption by the City Council of the City of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the City, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service for such Fiscal Year or other twelve month period. When calculated for purposes of this subsection, Net Revenues do not include amounts transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to Section 5.08 that are in excess of fifteen percent (15%) of Debt Service for such Fiscal Year; and

(b) The Net Revenues for the last audited Fiscal Year of the City, or for any consecutive twelve calendar month period during the eighteen calendar month period, preceding the date of adoption by the City Council of the City of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in rates and charges for the Sewer Service approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the City, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service for such Fiscal Year or other twelve month period, plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year or other twelve month period, assuming that such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year or other twelve month period, plus the Debt Service which would have accrued had such proposed additional Contract been executed or proposed

additional Bonds been issued at the beginning of such Fiscal Year or other twelve month period. When calculated for purposes of this subsection, Net Revenues do not include amounts transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to Section 5.08 that are in excess of fifteen percent (15%) of Debt Service for such Fiscal Year.

Notwithstanding the foregoing, Bonds issued or Contracts executed to refund Bonds or prepay Contracts may be delivered without satisfying the conditions set forth above if total Debt Service after the issuance of such refunding Bonds or execution of such refunding Contracts executed is not greater than total Debt Service would have been prior to the issuance of such Bonds or execution of such Contracts.

Section 6.15. Against Sale or Other Disposition of Property. The City will not enter into any agreement or lease which impairs the operation of the Sewer System or any part thereof necessary to secure adequate Revenues for the payment of the principal of and interest on the 2020 Bonds, or which would otherwise impair the operation of the Sewer System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Sewer System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the City to pay the principal of and interest on the 2020 Bonds and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the City to sell any portion of the Sewer System if such portion is immediately repurchased by the City and if such arrangement cannot by its terms result in the purchaser of such portion of the Sewer System exercising any remedy which would deprive the City of or otherwise interfere with its right to own and operate such portion of the Sewer System.

Section 6.16. Against Competitive Facilities. To the extent that it can so legally obligate itself, the City covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the City any municipal sewer system that is competitive with the Sewer System.

Section 6.17. Maintenance and Operation of the Sewer System. The City will maintain and preserve the Sewer System in good repair and working order at all times and will operate the Sewer System in an efficient and economical manner and will pay all Operation and Maintenance Costs as they become due and payable.

Section 6.18. Payment of Claims. The City will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or on any funds in the hands of the City pledged to pay the principal of or interest on the 2020 Bonds or to the Owners prior or superior to the lien under the Indenture.

Section 6.19. Insurance.

(a) The City will procure and maintain or cause to be procured and maintained insurance on the Sewer System with responsible insurers in such amounts and against such risks (including damage to or destruction of the Sewer System) as are usually covered in connection with

facilities similar to the Sewer System so long as such insurance is available from reputable insurance companies.

In the event of any damage to or destruction of the Sewer 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 Sewer System. The City shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and 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 Sewer System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement portion of the Sewer System, and/or the cost of the construction of additions, betterments, extensions or improvements to the Sewer System, then the excess Net Proceeds may be applied in part to defeasance of 2020 Bonds and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of 2020 Bonds then bears to the aggregate unpaid principal amount of such 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 2020 Bonds as well as the entire obligations evidenced by 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 Sewer System, and/or not to construct other additions, betterments, extensions or improvements to the Sewer System; and thereupon such Net Proceeds shall be applied to the retirement of 2020 Bonds and to the retirement of such Bonds and Contracts.

(b) The City will procure and maintain such other insurance as it shall deem advisable or necessary to protect its interests and the interests of the 2020 Bond Owners, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with municipal sewer systems similar to the Sewer System.

(c) Any insurance required to be maintained by paragraph (a) above and, if the City determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with municipal sewer systems similar to the Sewer System and is, in the opinion of an accredited actuary, actuarially sound.

Section 6.20. Payment of Taxes and Compliance with Governmental Regulations. The City will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Sewer System, or any part thereof or upon the 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 Sewer 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 6.21. Amount of Rates and Charges.

(a) In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund on the first day of such Fiscal Year is less than the payments of principal of and interest on the

2020 Bonds payable in such Fiscal Year, to the fullest extent permitted by law, the City will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Sewer Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to one hundred fifteen percent (115%) of Debt Service for such Fiscal Year. When calculated for purposes of this subsection, Net Revenues do not include amounts which are transferred from the Rate Stabilization Fund pursuant to Section 5.08 that are in excess of fifteen percent (15%) of Debt Service for such Fiscal Year.

(b) In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund on the first day of such Fiscal Year is at least equal to the payments of principal of and interest on the 2020 Bonds payable in such Fiscal Year, to the fullest extent permitted by law, the City will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Sewer Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Revenues equal to one hundred fifteen percent (115%) of the Operation and Maintenance Costs for such Fiscal Year. When calculated for purposes of this subsection, Revenues do not include any amounts which are transferred from the Rate Stabilization Fund pursuant to Section 5.08.

(c) The City may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 6.22. Collection of Rates and Charges. The City will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Service and providing for the billing thereof and for a due date and a delinquency date for each bill.

Section 6.23. Eminent Domain Proceeds. If all or any part of the Sewer System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If: (1) the City files with the Trustee a certificate showing: (i) the estimated loss of annual Net 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 Sewer System proposed to be acquired and constructed by the City from such Net Proceeds; and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements; and (2) the City, on the basis of such certificate filed with the Trustee, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net 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 certificate 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 Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied by the City in part to the defeasance or redemption of 2020 Bonds as provided herein, and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and

Contracts in the same proportion which the aggregate unpaid principal balance of 2020 Bonds then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

Section 6.24. Enforcement of Contracts. The City will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into if such rescission or amendment would in any manner impair or adversely affect the ability of the City to pay principal of and interest on the 2020 Bonds.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF 2020 BOND OWNERS

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default by the City in the due and punctual payment of the principal of any 2020 Bonds, the principal of any Bonds or the principal with respect to any Contract, when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default by the City in the due and punctual payment of any installment of interest on any 2020 Bonds, any installment of interest on any Bond or any installment of interest with respect to any Contract, when and as the same shall become due and payable.

(c) Default by the City in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the 2020 Bonds, or required by any Bond or indenture relating thereto or by any Contract, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the City by the Trustee or by the Owners of not less than a majority in aggregate principal amount of 2020 Bonds Outstanding, a majority in principal amount of such Bond outstanding, or a majority in principal amount outstanding with respect to such Contract, as applicable; provided, however, that, if in the reasonable opinion of the City the default stated in the notice can be corrected, but not within such thirty (30) day period, and corrective action is instituted by the City within such thirty (30) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder; provided, however, that such extended cure period shall not be longer than 180 days from the delivery date of such default notice.

(d) 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 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.

(e) Payment of the principal of any Bond or with respect to any Contract is accelerated in accordance with its terms.

Section 7.02. Remedies Upon Event of Default. If any Event of Default specified in Section 7.01(d) or (e) shall occur and be continuing, the Trustee shall, and for any other Event of Default, the Trustee may, in each case, upon notice in writing to the City, declare the principal of all of the 2020 Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration, the same shall become and shall be immediately due and payable, anything in the Indenture or in the 2020 Bonds contained to the contrary notwithstanding.

Nothing contained herein shall permit or require the Trustee to accelerate payments due under the Indenture if the City is not in default of its obligation hereunder.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the 2020 Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective 2020 Bonds to the extent permitted by law, and the reasonable fees, disbursements and expenses of the Trustee, or shall deposit with the applicable trustee with respect to any Contract a sum sufficient to pay all the principal and installments of interest with respect to such Contract payment of which is overdue, with interest on such overdue principal at the rate borne by such Contract to the extent permitted by law, and the reasonable charges and expenses of the applicable trustee with respect to such Contract, or shall deposit with the applicable trustee with respect to any Bond a sum sufficient to pay all the principal of and installment of interest on such Bond payment of which is overdue, with interest on such overdue principal at the rate borne by such Bonds to the extent permitted by law, and the reasonable charges and expenses of the applicable trustee with respect to such Bonds, and any and all other Events of Default actually known to a Responsible Officer of the Trustee or the applicable trustee with respect to such Contract or Bonds (other than in the payment of principal of and interest on the 2020 Bonds, payment of principal and interest with respect to such Contract or payment of principal and interest on such Bond, as applicable, due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee shall on behalf of the Owners of all of the 2020 Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

Section 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues held or thereafter received by the Trustee and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (other than amounts held in the Rebate Fund) shall be applied in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the 2020 Bonds, Contract or Bonds and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(b) If and as directed by the City, to the payment of Operation and Maintenance Costs; and

(c) To the payment of the principal of and interest then due on the 2020 Bonds (upon presentation of the 2020 Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid), in accordance with the provisions of the Indenture, and if and as directed by the City, to the payment of the principal and interest then due with respect to such Contract in accordance with the provisions thereof and the payment of the principal of and interest then due on such Bonds in accordance with the provisions thereof and of any indenture related thereto, in the following order of priority:

First: To the payment to the persons entitled thereto of all installments of interest then due on the 2020 Bonds, with respect to such Contract or on such Bonds, as applicable, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any 2020 Bonds, principal with respect to such Contract or principal of any Bonds, as applicable, which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of eight percent (8%) per annum, and, if the amount available shall not be sufficient to pay in full all the 2020 Bonds, all amounts due under such Contract or all the Bonds, as applicable, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Third: If there shall exist any remainder after the foregoing payments, such remainder shall be paid to the City.

Section 7.04. Trustee to Represent 2020 Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the 2020 Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the 2020 Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2020 Bonds or the Indenture and applicable provisions of law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the 2020 Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2020 Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the 2020 Bonds or the Indenture or any law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the 2020 Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2020 Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such 2020 Bonds, subject to the provisions of the Indenture.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any 2020 Bond Owner any plan of reorganization, arrangement, adjustment, or composition affecting the 2020 Bonds or the rights of any 2020 Bond Owner thereof, or to authorize the Trustee to vote in respect of the claim of any 2020 Bond Owner in any such proceeding without the approval of the 2020 Bond Owners so affected.

Section 7.05. 2020 Bond Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2020 Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction to direct the method of conduct in all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee (which determination the Trustee has no duty to make) would be unjustly prejudicial to 2020 Bond Owners not parties to such direction.

Section 7.06. Suit by Owners. No Owner of any 2020 Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture with respect to such 2020 Bonds, unless: (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than fifty percent (50%) in aggregate principal amount of the 2020 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the 2020 Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of 2020 Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of 2020 Bonds shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of 2020 Bonds, or to enforce any right under the 2020 Bonds, the Indenture, or applicable law with respect to the 2020 Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding 2020 Bonds, subject to the provisions of the Indenture.

Section 7.07. Absolute Obligation of the City. Nothing in this Section 7.07 or in any other provision of the Indenture or in the 2020 Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of and interest on the 2020 Bonds to the respective Owners of the 2020 Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2020 Bonds.

Section 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 2020 Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.09. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the 2020 Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture, and no implied covenants or duties shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The City may remove the Trustee at any time upon thirty days' prior notice, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time 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 2020 Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or 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 thereupon shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the 2020 Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the retiring Trustee or any 2020 Bond Owner (on behalf of such 2020 Bond Owner and all other 2020 Bond 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. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all of the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all of the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the City 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, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City shall mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the 2020 Bonds and to the 2020 Bond Owners at the addresses shown on the Registration Books. If the City 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.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company, banking association or bank having the powers of a trust company, having a combined capital and surplus of at least Seventy Five Million Dollars (\$75,000,000), and subject to supervision or examination by the Office of the Comptroller of the Currency. If such bank, banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such trust company, banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02. Merger or Consolidation. Any trust company, banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such trust company, banking association or bank shall be eligible under subsection (e) of Section 8.01, 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.

Section 8.03. Liability of Trustee.

(a) The recitals of facts herein and in the 2020 Bonds shall be taken as statements of the City, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Indenture or the 2020 Bonds, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the 2020 Bonds assigned to or imposed upon it.

The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the 2020 Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of 2020 Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of 2020 Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the 2020 Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) 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 such other percentage provided for herein) in aggregate principal amount of the 2020 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 the Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture.

(e) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder unless and until a Responsible Officer of the Trustee shall have actual knowledge of such event or the Trustee shall have been notified in writing, in accordance with Section 11.07, of such event by the City or the Owners of not less than fifty percent (50%) of the 2020 Bonds then Outstanding. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the City of any of the terms, conditions, covenants or agreements herein or any of the documents executed in connection with the 2020 Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it.

(f) No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture, including at the request, order or direction of any of the Owners pursuant to the Indenture, unless such Owners shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(h) Whether or not herein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

(i) The Trustee shall have no responsibility or liability 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 2020 Bonds.

(j) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Sewer System, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(m) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Indenture and delivered using Electronic Means (“**Electronic Means**” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to

assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(n) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(o) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the 2020 Bonds appearing in the Trustee's Registration Books as the absolute owners of the 2020 Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee 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 be deemed to be conclusively proved and established by a Certificate, Request or Requisition of the City, and such Certificate, Request or Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Certificate, Request or Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents that are received by the Trustee under the provisions of the Indenture shall be retained in its possession during the term hereof in accordance with applicable document retention policies and shall be subject at all reasonable times to the inspection of the City and any 2020 Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06. Compensation and Indemnification. The City shall pay to the Trustee from time to time all reasonable compensation for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their

attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture.

The City shall indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred without negligence or willful misconduct on its part, arising out of or in connection with the execution of the Indenture, acceptance or administration of this trust or any other document or transaction executed in connection herewith, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the City under this Section 8.06 shall survive removal or resignation of the Trustee hereunder or the discharge of the 2020 Bonds and the Indenture.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. Upon an Event of Default, and only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any 2020 Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.01. Amendments Permitted.

(a) The Indenture and the rights and obligations of the City and of the Owners of the 2020 Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the City and the Trustee may enter into when the written consent of the Owners of a majority in aggregate principal amount of all 2020 Bonds then Outstanding, exclusive of 2020 Bonds disqualified as provided in Section 11.09 hereof, shall have been filed with the Trustee. No such modification or amendment shall: (1) extend the fixed maturity of any 2020 Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2020 Bond so affected; or (2) reduce the aforesaid percentage of 2020 Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted herein, or deprive the Owners of the 2020 Bonds of the lien created by the Indenture on such Revenues and other assets except as permitted herein, without the consent of the Owners of all of the 2020 Bonds then Outstanding. It shall not be necessary for the consent of the 2020 Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the City and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the 2020 Bonds at the respective addresses shown on the Registration Books. 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 Indenture.

(b) The Indenture and the rights and obligations of the City, the Trustee and the Owners of the 2020 Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may enter into without the consent of any 2020 Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Outstanding 2020 Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2020 Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the City;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the City may deem necessary or desirable;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereunder in effect, and to add such other terms conditions and provisions as may be permitted by said act or similar federal statute; and

(4) to modify, amend or supplement the Indenture in such manner as to cause interest on the 2020 Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the 2020 Bonds from federal income taxation and from state income taxation.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the City, the Trustee and all Owners of 2020 Bonds Outstanding shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Section 9.03. Endorsement of 2020 Bonds; Preparation of New 2020 Bonds. 2020 Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any 2020 Bonds Outstanding at the time

of such execution and presentation of his or her 2020 Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such 2020 Bonds. If the Supplemental Indenture shall so provide, new 2020 Bonds so modified as to conform, in the opinion of the City and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the City and authenticated by the Trustee, and upon demand on the Owners of any 2020 Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any 2020 Bond Owner, for 2020 Bonds then Outstanding, upon surrender for cancellation of such 2020 Bonds, in equal aggregate principal amount of the same maturity.

Section 9.04. Amendment of Particular 2020 Bonds. The provisions of this Article shall not prevent any 2020 Bond Owner from accepting any amendment as to the particular 2020 Bonds held by such Owner.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. The 2020 Bonds may be paid by the City in any of the following ways, provided that the City also pays or causes to be paid any other sums payable hereunder by the City:

(a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on the 2020 Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all 2020 Bonds then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, all of the 2020 Bonds then Outstanding.

If the City shall also pay or cause to be paid all other sums payable hereunder by the City, then and in that case, at the election of the City (as evidenced by a Certificate of the City, filed with the Trustee, signifying the intention of the City to discharge all such indebtedness and the Indenture), and notwithstanding that any 2020 Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the City under the Indenture shall cease, terminate, become void and be completely discharged and satisfied, except for the City's obligations under Section 8.06. In such event, upon the Written Request of the City, the Trustee shall execute and deliver to the City 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 all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of 2020 Bonds not theretofore surrendered for such payment or redemption to the City.

Section 10.02. Discharge of Liability on 2020 Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding 2020 Bonds (whether upon or prior to the maturity or the Redemption Date of such 2020 Bonds), provided that, if such Outstanding 2020 Bonds are to be

redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the City in respect of such 2020 Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of Section 10.04.

The City may at any time surrender to the Trustee for cancellation by it any 2020 Bonds previously issued and delivered, which the City may have acquired in any manner whatsoever, and such 2020 Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in the Indenture 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 2020 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 the Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such 2020 Bonds and all unpaid interest thereon to maturity, except that, in the case of 2020 Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such 2020 Bonds and all unpaid interest and premium, if any, thereon to the Redemption Date; or

(b) Federal Securities the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant or Independent Financial Consultant filed with the City and the Trustee, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the Redemption Date (with premium, if any), as the case may be, on the 2020 Bonds to be paid or redeemed, as such principal, interest and premium, if any, become due, provided that in the case of 2020 Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that: (i) the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Written Request of the City) to apply such money to the payment of such principal, interest and premium, if any, with respect to such 2020 Bonds; (ii) the City shall have delivered to the Trustee an opinion of Bond Counsel addressed to the City, the Trustee to the effect that such 2020 Bonds have been discharged in accordance with the Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's or Independent Financial Consultant's opinion referred to above); and (iii) at least (three) 3 Business Days prior to any defeasance with respect to the 2020 Bonds, the City shall deliver to the Trustee draft copies of: (A) an escrow agreement; (B) an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the 2020 Bonds (as referred to in clause (ii)); and (C) a verification report (a "**Verification Report**") prepared by a nationally recognized Independent Certified Public Accountant or Independent Financial Consultant regarding the sufficiency of the escrow fund.

Section 10.04. Payment of 2020 Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any 2020 Bonds and remaining unclaimed for two (2) years after the principal of all of the 2020 Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the 2020 Bonds became due and payable, shall be repaid to the City (without liability for interest) free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the City and the Trustee indemnifying the Trustee with respect to claims of Owners of 2020 Bonds which have not yet been paid, 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 City as aforesaid, the Trustee shall at the written direction of the City (at the cost of the City) first mail to the Owners of 2020 Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the 2020 Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of City Limited to Revenues. Notwithstanding anything in the Indenture or the 2020 Bonds, but subject to the priority of payment with respect to Operation and Maintenance Costs, the City shall not be required to advance any moneys derived from any source other than the Revenues, the Revenue Fund and other moneys pledged under the Indenture for any of the purposes mentioned in the Indenture, whether for the payment of the principal of or interest on the 2020 Bonds or for any other purpose of the Indenture. Nevertheless, the City may, but shall not be required to, advance for any of the purposes hereof any funds of the City which may be made available to it for such purposes.

The obligation of the City to pay interest and principal on the 2020 Bonds is a special obligation of the City payable solely from the Net Revenues, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof (other than the City) in contravention of any constitutional or statutory debt limitation or restriction.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties and 2020 Bond Owners. Nothing in the Indenture or in the 2020 Bonds expressed or implied is intended or shall be construed to give to any person other than the City, the Trustee and the Owners of the 2020 Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Trustee and the Owners of the 2020 Bonds.

Section 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in the Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in the Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of 2020 Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the City of any 2020 Bonds, the Trustee shall destroy such 2020 Bonds as may be allowed by law, and, upon the City's request, deliver a certificate of such destruction to the City.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in the Indenture or in the 2020 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 the Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of the Indenture, and the Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City hereby declares that it would have entered into the Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2020 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. Any notice to or demand upon the City or the Trustee shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile, electronic mail, overnight mail or courier, or by being deposited, first class mail, postage prepaid, in a post office letter box, addressed, as the case may be, to the City at City of Exeter, 137 North F Street, Exeter, California 93221, Attention: City Administrator (or such other address as may have been filed in writing by the City with the Trustee), or to the Trustee at its Office. Notwithstanding the foregoing provisions of this Section 11.07, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

Section 11.08. Evidence of Rights of 2020 Bond Owners. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by 2020 Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such 2020 Bond 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 2020 Bonds transferable by delivery, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and the City 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.

The Ownership of 2020 Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any 2020 Bond shall bind every future Owner of the same 2020 Bond and the Owner of every 2020 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in accordance therewith or reliance thereon.

Section 11.09. Disqualified 2020 Bonds. In determining whether the Owners of the requisite aggregate principal amount of 2020 Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, 2020 Bonds which are actually known by a Responsible Officer of the Trustee to be owned or held by or for the account of the City, or by any other obligor on the 2020 Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the 2020 Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, unless all 2020 Bonds are so owned or held, in which case such 2020 Bonds shall not be disregarded and shall be deemed to be Outstanding. 2020 Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such 2020 Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the 2020 Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, the City shall certify to the Trustee those 2020 Bonds that are disqualified pursuant to this Section 11.09 and the Trustee may conclusively rely on such certificate.

Section 11.10. Money Held for Particular 2020 Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular 2020 Bonds (or portions of 2020 Bonds in the case of registered 2020 Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the 2020 Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof but without any liability for interest thereon.

Section 11.11. Funds and Accounts. Any fund or account required by the Indenture 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 and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 6.05(a) and for the protection of the security of the 2020 Bonds and the rights of every Owner thereof.

Section 11.12. Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of the City shall be individually or personally liable for the payment of the principal of or premium or interest on the 2020 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by the Indenture.

Section 11.13. Execution in Several Counterparts. The Indenture 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 City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14. [Reserved].

Section 11.15. Choice of Law. THE INDENTURE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

Section 11.16. Paired Obligation Provider Guidelines. For purposes of Sections 6.14 and 6.21, Paired Obligations shall comply with the following conditions:

(a) A Paired Obligation Provider shall initially have a long-term rating of A- or better by S&P and A3 or better by Moody's.

(b) So long as the long-term rating of the Paired Obligation Provider is not reduced below BBB by S&P or Baa2 by Moody's, the interest rate of such Paired Obligation shall be deemed to be equal to the irrevocable fixed interest rate attributable thereto for purposes of Sections 6.14 and 6.21.

In the event that a Paired Obligation Provider does not maintain the Minimum Rating Requirement and the City does not replace such Paired Obligation Provider with another Paired Obligation Provider which maintains the Initial Rating Requirement within ten (10) Business Days of notice that the Paired Obligation Provider has not maintained the Minimum Rating Requirement, interest with respect to such Paired Obligations shall be computed for purposes of Sections 6.14 and 6.21 without regard to payments to be received from the Paired Obligation Provider. The Trustee has no obligation to monitor the ratings of any Paired Obligation Providers.

IN WITNESS WHEREOF, the City has caused the Indenture to be signed in its name by its Authorized Representative, and the Trustee, in token of its acceptance of the duties and obligations of the Trustee created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY OF EXETER

By: _____
Its: _____

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

By: _____
Its: Authorized Officer

EXHIBIT A

FORM OF 2020 BOND

THE REGISTERED OWNER OF THIS BOND ACKNOWLEDGES AND AGREES THAT THIS BOND MAY ONLY BE TRANSFERRED UPON SATISFACTION OF THE REQUIREMENTS IN THE INDENTURE, INCLUDING THE DELIVERY TO THE TRUSTEE OF A PURCHASER'S CERTIFICATE IN THE FORM REQUIRED BY THE INDENTURE. ANY TRANSFER OF THIS BOND IN VIOLATION OF THE TRANSFER RESTRICTIONS CONTAINED IN THE INDENTURE SHALL BE VOID AND OF NO EFFECT.

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CITY OF EXETER
2020 SEWER REVENUE REFUNDING BONDS

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	November 1, 20__	April __, 2020	[301702] ____

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The CITY OF EXETER, a municipal corporation that is duly organized and existing under its charter and the Constitution of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond (unless: (i) this Bond is authenticated after the fifteenth day of the calendar month preceding an interest payment date, whether or not such day is a business day, and on or before the following interest payment date, in which event it shall bear interest from such interest payment date; or (ii) this Bond is authenticated on or before [October 15], 2020, in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if as of the date of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond), at the Interest Rate per annum specified above, payable on [November 1, 2020] and each May 1 and November 1 thereafter, calculated on the basis of a 360 day year composed of twelve 30 day months. Principal hereof and premium, if any, upon early redemption hereof are payable by check of the Trustee upon presentation and surrender hereof at the Office (as defined in the hereinafter described Indenture) of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Interest hereon is payable by check of the Trustee sent by first class mail on the applicable interest payment date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each interest payment date (except that in the

case of a Registered Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Registered Owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Registered Owner prior to the fifteenth (15th) day of the month preceding such interest payment date).

This Bond is not a debt of the State of California, or any of its political subdivisions (other than the City), and neither the State, nor any of its political subdivisions (other than the City), is liable hereon, nor in any event shall this Bond be payable out of any funds or properties of the City other than the Net Revenues (as such term is defined in the Indenture of Trust, dated as of April 1, 2020 (the "Indenture"), by and between the City and the Trustee) and other moneys pledged therefor under the Indenture. The obligation of the City to make payments in accordance with the Indenture is a limited obligation of the City as set forth in the Indenture and the City shall have no liability or obligation in connection herewith except with respect to such payments to be made pursuant to the Indenture. This Bond does not constitute an indebtedness of the City in contravention of any constitutional or statutory debt limitation or restriction.

This Bond is one of a duly authorized issue of bonds of the City designated as the "City of Exeter 2020 Sewer Revenue Refunding Bonds" (the "2020 Bonds"), of an aggregate principal amount of ____ Million ____ Hundred ____ Thousand Dollars (\$____), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers or interest rates) and all issued pursuant to the provisions of Section 4.3 of the City's charter and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53570) of the Government Code of the State of California, and pursuant to the Indenture and the resolution authorizing the issuance of the 2020 Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the City) and all supplements thereto for a description of the terms on which the 2020 Bonds are issued, the provisions with regard to the nature and extent of the Net Revenues, and the rights thereunder of the Owners of the 2020 Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the City hereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees. The 2020 Bonds have been issued in fully registered form without coupons in denominations of \$1 or any integral multiple thereof.

The 2020 Bonds have been issued by the City for the purpose of prepaying certain obligations to the United States of America, Rural Utilities Service and financing certain capital improvements to the City's municipal sewer system.

This Bond and the interest, premium, if any, hereon and all other 2020 Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special obligations of the City, secured by a pledge and lien on the Revenues and any other amounts on deposit in certain funds and accounts created under the Indenture, and payable from the Net Revenues. As and to the extent set forth in the Indenture, all of the Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on this Bond.

The Indenture and the rights and obligations of the City and the Owners of the 2020 Bonds and the Trustee may be modified or amended from time to time and at any time with the written consent of the Owners of a majority in aggregate principal amount of all 2020 Bonds then Outstanding, exclusive of Bonds disqualified as set forth in the Indenture, in the manner, to the extent

and upon the terms provided in the Indenture, but no such modification or amendment shall: (i) extend the fixed maturity of any 2020 Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each 2020 Bond so affected; or (ii) reduce the aforesaid percentage of 2020 Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted in the Indenture, or deprive the Owners of the 2020 Bonds of the lien created by the Indenture on such Revenues and other assets, except as expressly provided in the Indenture, without the consent of the Owners of all of the 2020 Bonds then Outstanding.

The Indenture and the rights and obligations of the City, of the Trustee and the Owners of the 2020 Bonds may also be modified or amended for certain purposes described more fully in the Indenture at any time in the manner, to the extent and upon the terms provided in the Indenture by a supplemental indenture, which the City and the Trustee may enter into without the consent of any 2020 Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such supplemental indenture will not materially adversely affect the interests of the Owners of the Outstanding 2020 Bonds.

The 2020 Bonds with stated maturities on or after November 1, 20__, are subject to redemption prior to their respective stated maturities, as a whole or in part on __ 1, 20__, or any date thereafter, as directed by the City in a Written Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$1, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

The Term Bonds with stated maturities on November 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on November 1, 20__ and each November 1 thereafter, in integral multiples of \$1 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(November 1)</i>	<i>Principal</i> <i>Amount</i>
20__	\$

*

* Maturity.

If some but not all of the Term Bonds are redeemed pursuant to the optional or extraordinary redemption provisions of the Indenture, as described above, the principal amount of the applicable Term Bonds to be redeemed on any subsequent November 1 will be reduced, by \$1 or an integral multiple thereof, as designated by the City in a Written Order of the City filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate

amount of the applicable Term Bonds redeemed pursuant to the optional or extraordinary redemption provisions of the Indenture.

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail at least 20 days but not more than 60 days prior to the date fixed for redemption to the respective Owners of any 2020 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither the failure to receive such notice nor any defect in the notice or the mailing thereof shall affect the validity of the redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all of the 2020 Bonds and the interest accrued thereon may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his or her duly authorized attorney in writing, at the Office of the Trustee but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new 2020 Bond or 2020 Bonds of the same series, of authorized denomination or denominations, for the same aggregate principal amount of the same maturity will be issued to the transferee in exchange therefor.

This Bond may be exchanged at said Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series and same maturity, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer or exchange of this Bond during the period in which the Trustee is selecting 2020 Bonds for redemption or if this Bond has been selected for redemption.

The City and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the City and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Indenture and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limit under any laws of the State of California, and is not in excess of the amount of 2020 Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Mayor as of this [] day of April, 2020.

CITY OF EXETER

By: _____
Its: Mayor

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture.

Dated: April [], 2020

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

By: _____
Its: Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within registered Bond and hereby irrevocably constitute(s) and appoint(s) _____
_____ attorney, to transfer the same on the registration books of the Trustee
with full power of substitution in the premises.

Dated: _____

Note: The signature(s) on this Assignment must
correspond with the name(s) as written on the
face of the within Bond in every particular
without alteration or enlargement or any
change whatsoever.

Signature Guaranteed:

Note: Signature guarantee shall be made by a
guarantor institution participating in
the Securities Transfer Agents
Medallion Program or in such other
guarantee program acceptable to the
Trustee.

EXHIBIT B
DESCRIPTION OF 1999 PROJECT

<i>Component</i>	<i>Capital Cost</i>
Wastewater Treatment System Improvements	\$5,000,000

EXHIBIT C

FORM OF PURCHASER'S CERTIFICATE

City of Exeter
137 North F Street
Exeter, California 93221
Attention: City Administrator

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust, Reference: City of Exeter 2020 Sewer Bonds

Brandis Tallman LLC
22 Battery Street, Suite 500
San Francisco, California 94111

Re: City of Exeter 2020 Sewer Revenue Refunding Bonds

The undersigned, a duly authorized representative of _____, and its successors, assigns and transferees (the "**Purchaser**"), hereby certifies to the City of Exeter (the "**City**"), The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**") and Brandis Tallman LLC, as placement agent (the "**Placement Agent**"), as follows:

(i) The Purchaser has purchased on the date hereof the above-referenced bonds (the "**Bonds**"), issued in the aggregate principal amount of \$_____ pursuant to the Indenture of Trust, dated as of April 1, 2020 (the "**Indenture**"), by and between the City and the Trustee. Capitalized terms that are used herein and not defined have the meanings that are set forth in the Indenture.

(ii) The Bonds are being acquired by the Purchaser for its own loan account and not with a present intent for any resale or distribution thereof, in whole or in part, to others; provided, however, that the Purchaser shall not be precluded from transferring or assigning its interest in the Bond in accordance with the terms and conditions set forth in the Indenture. The Purchaser agrees that it is bound by and will abide by such provisions of the Indenture relating to transfer, the restrictions noted on the face of the Bonds and this letter. The Purchaser also covenants to comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Bonds by the Purchaser. The Purchaser is not participating, directly or indirectly, in a distribution of the Bonds and will not take, or cause to be taken, any action that would cause the Purchaser to be deemed an "underwriter" of such Bonds as defined in Section 2(11) of the Securities Act of 1933, as amended (the "**Securities Act**"). The Purchaser understands that it may need to bear the risks of this investment for an indefinite period of time, since a sale of the Bonds, or any portion thereof, prior to maturity may not be possible. The Purchaser understands that the City has no obligation to register the Bonds for resale under the Securities Act or otherwise qualify the Bonds for sale under the "Blue Sky" laws and regulations of any state. The Purchaser further understands that the Bonds are being sold in a transaction that is exempt from the registration requirements of the Securities Act. The Purchaser acknowledges that: (i) the City will not be entering into a continuing disclosure agreement pursuant to Section 15c2-12 of the Securities

Exchange Act of 1934, as amended; (ii) the Bonds have not been rated by any credit rating agency; and (iii) the City has not provided any offering or other disclosure document with respect to the Bonds.

(iii) The Purchaser has had access to all materials, books, records, documents, and information relating to the City and the Bonds, and has been able to verify the accuracy of, and supplement, the information contained therein.

(iv) The Purchaser has had an opportunity to ask questions of, and receive satisfactory answers from, duly designated representatives of the City concerning the terms and conditions pursuant to which the offer to purchase the Bonds is being made, and any request for such information has been fully complied with to the extent the City possesses such information or can acquire it without unreasonable effort or expense.

(v) The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks relating to such Bonds and has evaluated: (i) the information furnished to it by the City; (ii) its or such representative's personal knowledge of the business and affairs of the City; (iii) the records, files, and plans of the City, to all of which it or such representative has had full access; (iv) such additional information as it or such representative may have requested and have received from the City; and (v) the independent inquiries and investigations undertaken by it or such representative.

(vi) The Purchaser certifies that it is a "Qualified Institutional Buyer," as defined in the Indenture.

(vii) The Purchaser has made an independent investigation and evaluation of the financial condition and prospects of, and the risks associated with, the Bonds or the City, or has caused such investigation and evaluation to be made by persons it deems competent to do so, and it has not relied upon the City in making its lending decision to purchase the Bonds.

(viii) No person has given any information or made any representation to the Purchaser except as authorized in writing by the City. The Purchaser understands and agrees that any information or representation not contained therein must not, and will not, be relied upon and that nothing contained therein should be construed as legal or tax advice to the Purchaser.

(ix) No person has made any direct or indirect representation or warranty of any kind to the Purchaser with respect to the economic return which may accrue to the Purchaser. The Purchaser has consulted with its own counsel and other advisors with respect to making the loan as evidenced by the Bonds.

(x) Inasmuch as the Bonds represent a negotiated transaction, the Purchaser is not acting as a fiduciary of the City, but rather is acting solely in its capacity as the Original Purchaser (as defined in the Indenture), for its own loan account. The City acknowledges and agrees that: (i) the transaction contemplated herein is an arm's length commercial transaction among the City and the Purchaser and its affiliates; (ii) in connection with such transaction, the Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term as defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"); (iii) the Purchaser and its affiliates are relying on the Purchaser exemption in the Municipal Advisor Rules; (iv) the Purchaser

and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the City with respect to the transaction contemplated by the Bonds and the discussions, undertakings and procedures leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has provided other services or advised, or is currently providing other services or advising the City, on other matters); and (v) the Purchaser and its affiliates have financial and other interests that differ from those of the City.

(xi) The Purchaser understands that the obligation of the City to pay the 2020 Bonds shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City, nor shall anything contained in the Bonds constitute a pledge of the full faith and credit or taxing power of the City.

(xii) The signatory of this letter is a duly authorized officer of the Purchaser with the authority to sign this letter on behalf of the Purchaser, and this letter has been duly authorized, executed, and delivered by the Purchaser.

(xiii) The Purchaser acknowledges and agrees that the City takes no responsibility for, and make no representation to the Purchaser, or any subsequent purchaser, with regard to, a sale, transfer or other disposition of the Bonds in violation of the provisions hereof, or any securities law or income tax law consequences thereof. The Purchaser also acknowledges that, with respect to the Purchaser's obligations and liabilities, the Purchaser is solely responsible for compliance with the sales restrictions on the Bonds in connection with any subsequent transfer of the Bonds made by the Purchaser.

(xiv) The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

(xv) The interpretation of the provisions hereof shall be governed and construed in accordance with California law without regard to principles of conflicts of laws.

(xvii) All representations of the Purchaser contained in this letter shall survive the execution and delivery of the Bonds to the Purchaser as representations of fact existing as of the date of execution and delivery of this letter.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Dated: ____ __, 20__

[]

By: _____

Name:

Title:

**CITY OF EXETER
2020 SEWER REVENUE REFUNDING BONDS**

PLACEMENT AGENT AGREEMENT

March __, 2020

City of Exeter
137 North F Street
Exeter, California 93221

Ladies and Gentlemen:

The undersigned, Brandis Tallman LLC (the “**Placement Agent**”), acting on its own behalf and not as a fiduciary or agent of any other party, offers to enter into the following agreement (this “**Agreement**”) with respect to the above-entitled bonds (the “**Bonds**”) with the City of Exeter (the “**Agency**”), which, upon acceptance by the Agency, will be binding upon the Agency and the Placement Agent. Capitalized terms that are used in this Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Indenture of Trust, dated as of April 1, 2020 (the “**Indenture**”), by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee.

Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Placement Agent and the Agency hereby agree as follows:

1. Appointment of Placement Agent; Placement of the Bonds.

(i) The Agency hereby appoints the Placement Agent to act, and the Placement Agent hereby agrees to act, solely as a placement agent for the Agency in connection with the private sale of the Bonds, and the Placement Agent hereby accepts such appointment.

The Bonds will be dated as of their date of initial issuance, will bear interest from such date at the rates per annum set forth on the inside front cover page hereof, payable on November 1, 2020 and each May 1 and November 1 thereafter (each, an “**Interest Payment Date**”), and will mature on the dates set forth in the Indenture. Interest on the Bonds will be computed on the basis of a 360 day year composed of twelve 30 day months. The Bonds will be subject to redemption as set forth in the Indenture.

As compensation for its services hereunder, the Placement Agent shall charge a fee equal to \$[] (such fee excludes certain costs related to the California Debt and Investment Advisory Commission). At the closing of any such placement of the Bonds, the Agency shall pay or cause to be paid such fee to the Placement Agent by wire transfer or immediately available funds. The above fee does not include any services the Placement Agent may render in the future to the Agency with respect to any offering or placement of municipal securities other than the Bonds.

(ii) The Agency understands that the Placement Agent will be acting as the agent of the Agency in the placement of the Bonds and agrees that, in connection therewith, the Placement Agent will use its “best efforts” to place the Bonds, and the Agency hereby retains the Placement Agent as an agent of the Agency to offer and place the Bonds, on an all or none basis. This Agreement shall not give rise to any expressed or implied commitment by the Placement Agent to purchase or place any of the Bonds. The Agency agrees and acknowledges that there is no guarantee of the successful placement of the Bonds. In the event that the Placement Agent cannot place all of the Bonds, under no circumstances is the Placement Agent obligated to purchase, underwrite, place or otherwise provide any financing for any of the Bonds.

(iii) The Placement Agent has the right to use or to disclose any information provided to it in connection with the Bonds, including, but not limited to, the legal documents prepared in connection with the issuance of the Bonds and the Preliminary Official Statement (as such term is defined in Section 3).

(iv) The Indenture shall contain provisions limiting transfers of the Bonds to certain investors. The Placement Agent shall, on a “best efforts” basis, make offers and placements of the Bonds solely to persons qualified to purchase the Bonds, including entities affiliated with the Placement Agent (“**Approved Buyers**”) (each such purchaser herein referred to as a “**Purchaser**”) and shall deliver to the Agency: (i) a completed and duly executed Investor Letter addressed to the Placement Agent and the Agency substantially in the form included as Exhibit C (Form of Investor Letter) to the Indenture; and (ii) as applicable, a subscription agreement, bond purchase agreement, term sheet, private placement agreement or commitment letter, if any, from Purchasers to purchase Bonds in form and substance satisfactory to the Agency. There is no assurance that any or all of the Bonds will be sold, and the Placement Agent is under no obligation to purchase any of the Bonds on its own behalf or on behalf of others or otherwise to provide any financing for any of the Bonds.

(v) The Agency shall: (i) allow each Purchaser an opportunity to conduct its own independent examination of, and ask questions and receive answers concerning, the Agency, the Indenture, the Bonds, and the security therefor, and the transactions and documents related to or contemplated by the foregoing; and (ii) furnish each Purchaser with all documents and information regarding the Agency, the Indenture, the Bonds, and the security therefor, and the transactions and documents related to or contemplated by the foregoing, and all matters related thereto, that such Purchaser requests.

(vi) The Agency acknowledges and agrees that: (i) arranging for Approved Buyers to purchase the Bonds pursuant to this Agreement is an arm’s-length commercial transaction between the Agency and the Placement Agent, and the only obligations that the Placement Agent has to the Agency with respect to the transaction contemplated hereby expressly are set forth in this Agreement; (ii) in connection with such transaction and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Placement Agent is and has been acting solely as an arm’s-length counterparty and not as a fiduciary or Municipal Advisor (as such term is defined in Section 15B of The Securities Exchange Act of 1934, as amended) of the Agency; (iii) the Placement Agent has not assumed (individually or collectively) an advisory or fiduciary responsibility in favor of the Agency with respect to: (x) the placement of the Bonds or the process leading thereto (whether or not the Placement Agent has advised or is currently advising the Agency on other matters); or (y) any other obligation to the Agency except the obligations expressly set forth in this Agreement; (iv) the Placement Agent has financial and other interests that may differ from and be adverse to those of the Agency; and (v) the Agency has consulted with its own legal,

financial, accounting, tax and other advisors to the extent that it deemed appropriate in connection with the placement of the Bonds. The Agency agrees that it will not claim that the Placement Agent acted as a Municipal Advisor to the Agency or rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Agency, in connection with the offering or sale of the Bonds or the process leading thereto.

2. Covenants, Representations and Warranties of the Agency. The Agency represents, warrants and agrees as follows:

(i) the Agency is, and will be on the date of issuance of the Bonds, a municipal corporation that is duly organized, validly existing and operating pursuant to its charter and the Constitution of the State of California (the “State”) with full power and authority to observe and perform the covenants and agreements set forth in this Agreement;

(ii) the Agency is duly authorized to execute and deliver this Agreement and the Indenture, and to perform its obligations hereunder and thereunder and to cause the issuance of the Bonds;

(iii) on the date of issuance of the Bonds, the Indenture will have been duly authorized, executed, and delivered by the Agency and, assuming due authorization, execution and delivery by the other party hereto, constitutes a legal, valid and binding agreement of the Agency enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against the Agency in the State;

(iv) any certificate signed by an authorized officer of the Agency and delivered to the Placement Agent shall be deemed a representation and warranty by the Agency in connection with this Agreement to the Placement Agent as to the statements made therein for the purposes for which such statements are made; and

(v) the Agency agrees promptly from time to time to take such action as the Placement Agent may reasonably request to qualify, if such qualification is necessary, the Bonds for placement of the Bonds as a private placement under the securities laws of such states as the Placement Agent may reasonably request, and the Agency further agrees to comply with such laws so as to permit such placement(s); provided, however, that the Agency shall not be required to register as a dealer or a broker of securities or to consent to service of process in connection therewith. Any applicable filings will be prepared by the Agency’s counsel, whose fees and disbursements in connection therewith shall be for the account of the Agency.

3. Reliance. The Agency has furnished the Placement Agent with a Preliminary Official Statement that contains information and material concerning the Agency, the Sewer System and the Bonds that the Placement Agent has requested in connection with the performance of its obligations hereunder. The Agency represents and warrants that all information in the Preliminary Official Statement is, and will be at all times during the period of the engagement of the Placement Agent hereunder, complete and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances under which such statements are made. The Agency further represents and warrants that any projections in the Preliminary Official Statement

have been prepared in good faith and are based upon assumptions which, in light of the circumstances under which they are made, are reasonable. Nothing in this Agreement is intended to confer upon any other person (including creditors, employees or other constituencies of the Agency) any rights or remedies hereunder or by reason hereof.

4. **Termination.** The Placement Agent's authorization to carry out its duties hereunder may be terminated by the Agency or the Placement Agent at any time with or without cause, effective upon receipt of written notice to that effect by the other party; provided, however, that the Agency shall not terminate this Agreement and enter into a placement with an investor that made a *bona fide* offer to purchase the Bonds and was identified timely in writing (name of buyer, contact person and contact information) to the Agency by the Placement Agent within a period of 90 days hereof.

5. **Notices.** Any notice or other communication to be given to any of the parties to this Agreement may be given by delivering the same in writing as follows: to the Agency at the address set forth above; and to the Placement Agent at Brandis Tallman LLC, 22 Battery St # 500, San Francisco, CA 94111, Attn.: Rick Brandis.

6. **Survival of Representations, Warranties and Agreements.** This Agreement is made solely for the benefit of the Agency and the Placement Agent, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Agency contained in this Agreement shall remain operative and in full force and effect regardless of delivery of any payment for the Bonds.

7. **Counterparts.** This 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.

8. **Effectiveness.** This Agreement shall become effective upon the execution of the acceptance hereof by a duly authorized signatory of the Agency, which acceptance hereof shall be indicated on the signature page hereof, and shall be valid and enforceable as of the time of such acceptance. This Agreement may be executed by facsimile transmission and in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

9. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

10. No Prior Agreements. This Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the placement of the Bonds.

Very truly yours,

BRANDIS TALLMAN LLC

By: _____
Authorized Representative

The foregoing is hereby agreed to and accepted
as of the date first above written:

CITY OF EXETER

By: _____
City Administrator

City of Exeter Agenda Item Transmittal

Meeting Date: March 24, 2020

Agenda Item Number:

12

Wording for Agenda: Adopt Resolution 2020-09, a resolution approving the engineer's reports along with diagrams and assessments for eight (8) Landscape and Lighting Maintenance Assessment Districts (LLMAD) (Nos. 04-02; 05-02; 04-04; 06-01; 04-05; 08-01; 91-01a; and 91-01b) with district fund balances and annual revenues in deficit; and, adopt Resolution 2020-10, a resolution of intention to increase these deficit district's annual assessments for future fiscal years beginning fiscal year 2020-2021. Authorize staff to ballot property owners of these eight districts and preliminarily set the Proposition 218 Public Hearing date for May 19, 2020.

Submitting Department: Finance
Contact Name: Eekhong See, Financial Analyst
Phone Number: 559-592-3710
Email: esee@exetercityhall.com

For action by:

☒ City Council

Regular Session:

☐ Consent Calendar

☒ Regular Item

☐ Public Hearing

Review:

**City Administrator
(Initials Required)**



Department Recommendation:

Staff recommends that City Council:

- Adopt Resolution 2020-09, a resolution approving the engineer's reports along with diagrams and assessments for eight (8) Landscape and Lighting Maintenance Assessment Districts (LLMAD) (Nos. 04-02; 05-02; 04-04; 06-01; 04-05; 08-01; 91-01a; and 91-01b) with district fund balances and annual revenues in deficit
- Adopt Resolution 2020-10, a resolution of intention to increase these deficit district's annual assessments for future fiscal years beginning fiscal year 2020-2021. Authorize staff to ballot property owners of these eight districts and set the Proposition 218 Public Hearing date for May 19, 2020.

Summary/Background:

In the City of Exeter, there are a total of eighteen LLMADs. Funding for each LLMAD comes from special assessments that were approved by the property owners in each district at the time of the assessments and are included on the property owner's annual property tax bill. Funds collected from the property tax bills are used to maintain improvements identified in a City Engineer's report for each district.

To continue maintaining the common area encompassed by each District, the City Engineer's report is updated annually to estimate the current maintenance costs and present the required assessments to cover those costs. After review of the City Engineer's Report of the LLMAD's for Fiscal Year 2019-2020, eight out of the eighteen LLMAD's are operating in an annual deficit. Since each of these LLMADs has not been collecting enough revenue each year to cover the maintenance costs this has also resulted in significant deficit fund balances in these districts.

The eight LLMADs in deficit standing are as follows:

<u>Landscape and Lighting Maintenance Districts</u>	<u># of Parcels</u>
Orchard Estates (04-02)	30
Park Place No.1 (04-04)	39
Park Place No. 2 (04-05)	66
Country View Estates No. 3 (05-02)	5
Rocky Hill Haciendas (06-01)	13
Exeter Golf Estates (08-01)	10
Country View Estates No. 1/ Country View Estates No. 2 /Awbrey Estates (91-01a)	52
Wildrose Estates No. 1 (91-01b)	44

Staff gathers fiscal year costs for each district annually and works with the City Engineer developing the annual report of special assessments that must be submitted to Tulare County for inclusion on the property tax roll. As shown below in Table 1 and Table 2, deficit district assessment shortfalls have gradually increased each year and the district balances sink further into a negative position.

Table 1, City of Exeter LLMAD's Summary of each deficit Funded District's balance from fiscal year end 6/30/2018 and 6/30/2019.

	<u>District</u>	<u>Name</u>	<u>Parcel #</u>	<u>District Balance as of 6/30/18</u>	<u>District Balance at 6/30/2019</u>
1	04-02	Orchard Estates	30	\$ (6,072.92)	\$ (6,773.48)
2	04-04	Park Place No. 1	39	\$ (10,768.41)	\$ (11,285.90)
3	04-05	Park Place No. 2	66	\$ (22,083.84)	\$ (22,974.46)
4	05-02	Country View Estates No. 3	5	\$ (8,765.96)	\$ (9,357.02)
5	06-01	Rocky Hill Haciendas	13	\$ (13,944.85)	\$ (16,880.78)
6	08-01	Exeter Golf Estates	10	\$ (2,613.82)	\$ (3,238.48)
7	91-01a	Country View Estates No. 1/ Country View No. 2/ Awbrey Estates	52	\$ 2,402.12	\$ (1,695.99)
8	91-01b	Wildrose Estates No. 1	44	\$ (19,972.93)	\$ (22,439.31)
		Totals	259.00	\$ (81,820.61)	\$ (94,645.42)

Table 2, City of Exeter Deficit Funded LLMAD's current assessment and proposed assessment cost

District Name			Current Assessment	Current Total Assessment	Parcel Need	Total Need	Parcel Increase	
1	04-02	Orchard Estates	\$ 123.64	\$ 3,709.24	\$ 184	\$ 5,538	\$ 60.36	49%
2	04-04	Park Place No. 1	\$ 98.45	\$ 3,839.45	\$ 142	\$ 5,538	\$ 43.54	44%
3	04-05	Park Place No. 2	\$ 77.46	\$ 5,112.10	\$ 136	\$ 8,913	\$ 58.54	76%
4	05-02	Country View Estates No. 3	\$ 171.37	\$ 856.86	\$ 582	\$ 2,913	\$ 410.63	240%
5	06-01	Rocky Hill Haciendas	\$ 195.97	\$ 2,547.58	\$ 310	\$ 4,038	\$ 114.03	58%
6	08-01	Exeter Golf Estates	\$ 400.83	\$ 4,008.35	\$ 578	\$ 5,788	\$ 177.17	44%
7	91-01a	Country View Estates No. 1/ Country View No. 2/ Awbrey Estates	\$ 113.28	\$ 5,890.56	\$ 284	\$ 14,718	\$ 170.72	151%
8	91-01b	Wildrose Estates No. 1	\$ 53.30	\$ 2,345.20	\$ 174	\$ 7,687	\$ 120.70	226%
Totals				\$ 28,309.33		\$ 55,130		

Deficit funded district expenditures are more than the total assessment collected. Assessment increases needed vary from \$43.54 to \$410.63 annually per parcel based on each district's cost for maintenance and the number of parcels. Sharing in that cost three LLMAD's including Country View Estates No. 3 (05-02), Country View Estates No.1/Country View Estates No.2/ Awbrey Estates (91-01a), and Wildrose Estates No. 1(91-01b) need an increase of more than 100%. Overall, the revenue to fully maintain these LLMAD's current common area is in need of a substantial increase despite past and ongoing efforts to keep costs as low as possible. Projected district fund balance deficits at the end of fiscal year 2019/20 are estimated to increase \$26,820.27 from last fiscal year 2018/19 with an ending deficit balance of \$121,465.69. This shortfall would need to have a General Fund loan in order to not have a negative cash position, which cannot continue long term. These LLMADs funds will require adjustments to begin eliminating the current cash deficit balance and annual deficits. While City staff manages maintenance of the LLMADs, the full financial responsibility is with the property owners.

Due to increasing costs over the years, past and current assessments have fallen short of being able to sustain regular maintenance despite significant efforts by City staff to decrease expenditures. To address increasing costs over time an annual cost adjustment has been established for all but two of the districts through an Automatic Benefit Assessment (ABA) increase allowance. Districts 09-01a and 91-01b are still in need of an ABA increase allowance along with the above noted increases. With above noted assessment increases, as well as a standard ABA increase allowance, each district's deficit cash balances and annual deficits will resolve over time. The standard ABA increase allowance in each of the eight districts could be applied in the future without the cost of a ballot. With an ABA increase allowance, each district is reviewed annually to determine if an increase or decrease is needed. If total cost is greater than the annual assessment received, a standardized calculation is used to determine the allowable increase for that year. If an increase is warranted it will be limited to the amount of total costs, 5% per year cumulative increase or 10% of current assessment, whichever is the least. Decreases to assessments do not require ballot approval and would be automatically completed to keep rates consistent with the costs. All adjustments to the assessments would be made to appropriately align revenues with the current costs.

If assessment increases, and ABA increase allowances for the two districts, are not approved by the parcel owners in each district then that district's maintenance costs must be reduced to bring them below the current revenue level so that the district deficit can be addressed. The cost reduction of maintenance may be through decreased frequency of maintenance activities or reduction of LLMAD improvements to further reduce the costs. Moving forward those districts without increases will have reduced maintenance, and possibly improvements, to keep a balance between the cost of maintenance and revenue.

Revenues need to sustain LLMAD's fund balance and bring them out of deficit standing. With current and on-going cost projections, it is estimated that it will take approximately 10 years for the increased revenues determined above to fully repay and maintain fund balance. Staff proposes to ballot the eight LLMADs following Proposition 218 requirements as required. The approval or denial of the proposed increase will be determined by majority of returned ballots for each LLMAD balloted.

Ballot Process

The current ballot process is largely governed by the requirements of Proposition 218 (Prop 218), the "Right to Vote on Taxes Act". The resolutions provided for Council adoption with this item is the first step in following the proper procedure to ballot Landscape and Lighting districts under Prop 218. With Council adoption of these resolutions, new ballots would be mailed to the property owners no later than April 3, 2020. The ballot mailing would include information specific to the individual property owner's district and its financial condition, as well as an official ballot. Ballots may be returned using the envelope provided or you may hand deliver ballot to City Hall in person by the end of business on May 19, 2020. During the 45-day ballot period, a public informational meeting would be scheduled for May 12, 2020 at the Council Chambers located at Exeter City Hall, 137 North F Street. Notice of this meeting would be provided in the ballot mailing. Members of the public may come to this meeting to ask questions of City staff concerning the process and their specific district. At the end of the balloting period, on May 19, 2020, all ballots received would be brought to Council. At that time, a public hearing would be held, and the ballots would be counted. Districts with majority approval would pass, if a majority denies it would fail, if a tie occurs then Council may approve. The above dates would be set but could be pushed out further if required due to the status of the Coronavirus situation.

Fiscal Impact: Currently, the above eight districts each have funds that are in annual deficit with revenue in each district not meeting maintenance costs, which will continue to increase deficits in each district's fund. Projected district fund balance deficits at the end of fiscal year 2019/20 are estimated to increase \$26,820.27 from last fiscal year 2018/19 with an ending deficit balance of \$121,465.69. This shortfall would need to have a General Fund loan in order to not have a negative cash position, which cannot continue long term.

There are simply two options to correct the deficits described; 1) increase revenue or 2) decrease costs. If a majority of the property owners in each district approve implementation of the recommended assessment increases, and ABA increase allowances where needed, the increase will eliminate the annual deficit in that district so that current maintenance can continue and, eventually, correct the current deficit fund balance in that district.

If balloting does not occur or the increases are not approved for the districts with deficits, the current level of maintenance must be reduced. Initially, water and landscaping services would be reduced in areas not impacting trees. If revenues are still not enough to cover maintenance costs all irrigation would need to be capped except for trees, as well as landscape maintenance reduced to weed control. This would occur after 60 days of a failed ballot.

Prior Council/Board Actions: None

Attachments:

- Attachment A - Resolution 2020-09, Resolution to approve Engineers Reports for LLMADs
- Attachment B - Resolution 2020-10, Resolution of Intention to Increase LLMADs
- Attachment C - 19/20 Potential Districts to Ballot Summary
- Attachment D - 8 Potential Districts to Ballot
- Attachment E - Notice of Public Hearing (Draft)

Recommended motion to be made by Council/Board: I move to adopt Resolution 2020-09 and Resolution 2020-10 as presented and authorize staff to proceed with the balloting process of the 8 LLMADs with deficits and preliminary set the Proposition 218 Public Hearing date for May 19, 2020.

RESOLUTION NO. 2020-09

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EXETER APPROVING
ENGINEER'S REPORTS AND CONFIRMING THE DIAGRAMS AND ASSESSMENTS
THEREIN FOR PURPOSES OF AMENDING LANDSCAPE AND LIGHTING DISTRICT
NOS. 04-02, 04-04, 04-05, 05-02, 06-01, 08-01, AND 91-01 (A/B) IN SUPPORT OF
PROPOSED INCREASES TO ANNUAL ASSESSMENTS FOR FISCAL YEAR 2020-
2021 FOR THE CITY OF EXETER**

IT IS NOW THEREFORE RESOLVED THAT:

1. The City Engineer has filed the amended Engineer's Report with the City Clerk.
2. The City Council hereby approves the Engineer's Reports as presented and confirms the diagrams and assessments contained in the Engineer's Reports, attached exhibits hereto, and proposes to levy the assessments for fiscal year 2020-21.

Exhibit A – Orchard Estates (04-02)

Exhibit B – Park Place No.1 (04-04)

Exhibit C – Park Place No.2 (04-05)

Exhibit D – Country View Estates No.3 (05-02)

Exhibit E – Rocky Hill Haciendas (06-01)

Exhibit F – Exeter Golf Estates (08-01)

Exhibit G – Country View Estates No.1/ Country View Estates No.2/ Awbrey Estates (91-01a)

Exhibit H – Wildrose Estates No.1 (91-01b)

**PASSED AND ADOPTED THIS 24TH DAY OF MARCH, 2020, BY THE FOLLOWING
VOTE:**

AYES:

NOES:

ABSTAIN:

ABSENT:

Mayor

ATTEST:

City Clerk

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 04-02**

**EXHIBIT A
SUBDIVISION 02-03, ORCHARD ESTATES**

General Description

Assessment District (No. 04-02, Orchard Estates) is located along North Filbert Rd and Northeast corner of Old Line Ct and Atwood Ave. Exhibit "A" is a map of Assessment District No. 04-02. This District includes maintenance of turf areas, shrubs, trees, irrigation systems, and block walls. The maintenance of irrigation systems and block wall includes, but is not limited to, maintaining the structural and operational integrity of these features and repairing any acts of vandalism that may occur. All 30 lots within this District will be assessed for Fiscal Year 2020-2021.

Determination of Benefit

The purpose of landscaping is to provide an appealing impression for the area. The block wall provides security, aesthetics, and sound suppression. The maintenance of the landscape areas and block walls is vital for each District for protection of both economic and humanistic values of the development. In order to preserve real property values within developments and to concurrently have an adequate funding source for maintenance, the City of Exeter allowed developers of subdivisions to form Landscape and Lighting Maintenance Districts under the Landscape and Lighting Act of 1972 to ensure satisfactory levels of maintenance in common areas of each District.

Method of Apportionment

In order to provide an equitable assessment to all property owners within the District, the following method of apportionment has been used. All lots within the District benefit equally, including lots not adjacent to landscape areas and block walls. The lots not adjacent to common areas benefit by the uniform maintenance and overall appearance of the District.

Estimated Costs

The estimated costs to maintain the common areas in the District includes landscaping, irrigation systems, block walls, and incidental costs.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 04-02**

**EXHIBIT A
SUBDIVISION 02-03, ORCHARD ESTATES**

The estimated costs are as follows:

MAINTENANCE COSTS

A. Contractor Costs	\$2,200
B. Water	1,400
C. Electricity	300
D. Irrigation	00
E. Tree Trimming	00
	<u>\$3,900</u>

INCIDENTAL COSTS

A. Parks and Recreation (Contracting and Supervision)	\$75
B. City Clerk (Budgeting, Accounting, Annual Resolutions)	75
C. Engineering (Annual Report)	225
D. City Administrator's Report	75
E. County Administration Expense	80
	<u>\$530</u>

TOTAL COST:	\$4,430
25% Reserve Fund	<u>1,108</u>

GRAND TOTAL	<u>\$5,538</u>
NUMBER OF LOTS	30
ANNUAL PER LOT ASSESSMENT	\$184

ANNUAL COST INCREASE

This assessment district shall be subject to an automatic annual increase derived by the following formula:

$$\text{Year "n" assessment} = (\text{Base Year Assessment Amount}) (1.05)^{(n-1)}$$

where "n" equals the age of the assessment district with year (1) being the year that the assessment district formed;

However, in no case shall the assessment be greater than 1) The actual cost of providing the benefit conferred to each parcel plus any prior years' deficit and less any carryover, as determined annually or; 2) a 10% increase over the prior year's assessment.

City Engineer Certification

I hereby certify that this report is based on information obtained from the improvement plans of the subject development.

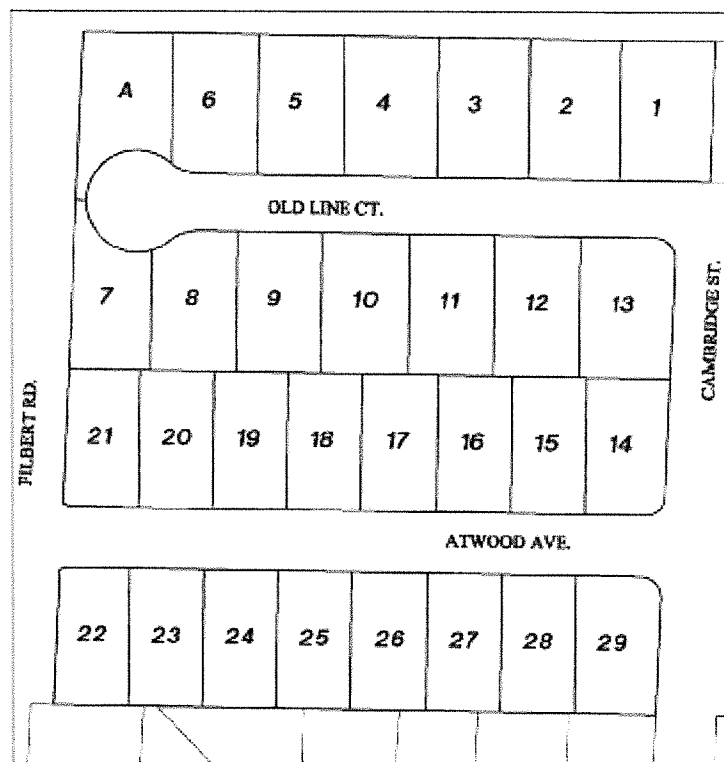
March 19, 2020	
_____ Lisa M. Wallis-Dutra, City Engineer	_____ Date

ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 04-02

EXHIBIT A
SUBDIVISION 02-03, ORCHARD ESTATES

DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT

SUBDIVISION 02-03



NOTE: The lines and dimension of the parcels being assessed in this landscaping and lighting assessment district are shown on County of Tulare Assessor's map 138-22, which is incorporated in this Report by reference.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 04-04**

**EXHIBIT B
SUBDIVISION 93-01, PARK PLACE NO. 1**

General Description

Assessment District (No. 04-04, Park Place No.1) is located along Belmont Ave and Northwest corner of Glaze Ave. Exhibit "A" is a map of Assessment District No. 04-04. This District includes maintenance of turf areas, shrubs, trees, irrigation systems, and block walls. The maintenance of irrigation systems and block wall includes, but is not limited to, maintaining the structural and operational integrity of these features and repairing any acts of vandalism that may occur. All 39 lots within this District will be assessed for Fiscal Year 2020-2021.

Determination of Benefit

The purpose of landscaping is to provide an appealing impression for the area. The block wall provides security, aesthetics, and sound suppression. The maintenance of the landscape areas and block walls is vital for each District for protection of both economic and humanistic values of the development. In order to preserve real property values within developments and to concurrently have an adequate funding source for maintenance, the City of Exeter allowed developers of subdivisions to form Landscape and Lighting Maintenance Districts under the Landscape and Lighting Act of 1972 to ensure satisfactory levels of maintenance in common areas of each District.

Method of Apportionment

In order to provide an equitable assessment to all property owners within the District, the following method of apportionment has been used. All lots within the District benefit equally, including lots not adjacent to landscape areas and block walls. The lots not adjacent to common areas benefit by the uniform maintenance and overall appearance of the District.

Estimated Costs

The estimated costs to maintain the common areas in the District includes landscaping, irrigation systems, block walls, and incidental costs.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 04-04**

**EXHIBIT B
SUBDIVISION 93-01, PARK PLACE NO. 1**

The estimated costs are as follows:

MAINTENANCE COSTS

A. Contractor Costs	\$2,200
B. Water	1,400
C. Electricity	200
D. Irrigation	100
E. Tree Trimming	00
	<u>\$3,900</u>

INCIDENTAL COSTS

A. Parks and Recreation (Contracting and Supervision)	\$75
B. City Clerk (Budgeting, Accounting, Annual Resolutions)	75
C. Engineering (Annual Report)	225
D. City Administrator's Report	75
E. County Administration Expense	80
	<u>\$530</u>

TOTAL COST:	\$4,430
25% Reserve Fund	<u>1,108</u>
GRAND TOTAL	<u>\$5,538</u>
NUMBER OF LOTS	39
ANNUAL PER LOT ASSESSMENT	\$142

ANNUAL COST INCREASE

This assessment district shall be subject to an automatic annual increase derived by the following formula:

$$\text{Year "n" assessment} = (\text{Base Year Assessment Amount}) (1.05)^{(n-1)}$$

where "n" equals the age of the assessment district with year (1) being the year that the assessment district formed;

However, in no case shall the assessment be greater than 1) The actual cost of providing the benefit conferred to each parcel plus any prior years' deficit and less any carryover, as determined annually or; 2) a 10% increase over the prior year's assessment.

City Engineer Certification

I hereby certify that this report is based on information obtained from the improvement plans of the subject development.

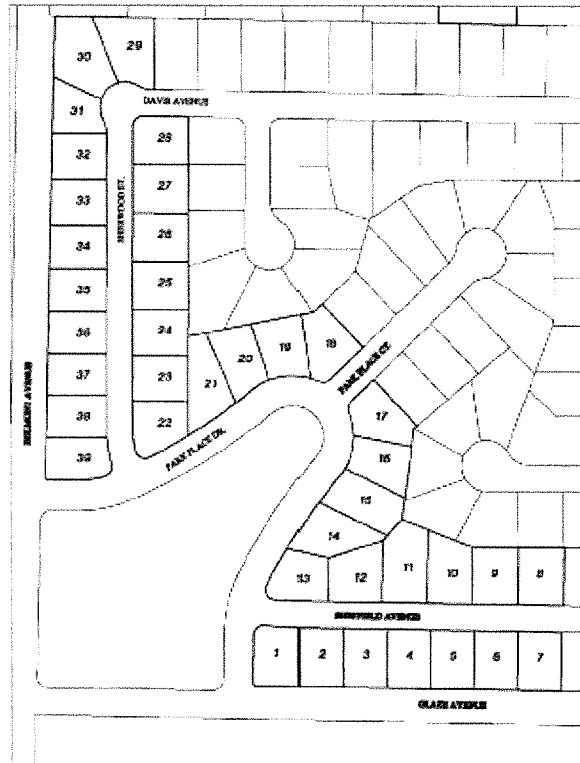
March 19, 2020
_____ Date
Lisa M. Wallis-Dutra, City Engineer

ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 04-04

EXHIBIT B
SUBDIVISION 93-01, PARK PLACE NO. 1

DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT

SUBDIVISION 93-01



NOTE: The lines and dimension of the parcels being assessed in this landscaping and lighting assessment district are shown on County of Tulare Assessor's maps 135-31 and 135-32, which is incorporated in this Report by reference.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 04-05**

**EXHIBIT C
SUBDIVISION 93-01, PARK PLACE NO. 2**

General Description

Assessment District (No. 04-05, Park Place No.2) is located along Belmont Ave and Northwest corner of Glaze Ave. Exhibit "A" is a map of Assessment District No. 04-05. This District includes maintenance of turf areas, shrubs, trees, irrigation systems, and block walls. The maintenance of irrigation systems and block wall includes, but is not limited to, maintaining the structural and operational integrity of these features and repairing any acts of vandalism that may occur. All 66 lots within this District will be assessed for Fiscal Year 2020-2021.

Determination of Benefit

The purpose of landscaping is to provide an appealing impression for the area. The block wall provides security, aesthetics, and sound suppression. The maintenance of the landscape areas and block walls is vital for each District for protection of both economic and humanistic values of the development. In order to preserve real property values within developments and to concurrently have an adequate funding source for maintenance, the City of Exeter allowed developers of subdivisions to form Landscape and Lighting Maintenance Districts under the Landscape and Lighting Act of 1972 to ensure satisfactory levels of maintenance in common areas of each District.

Method of Apportionment

In order to provide an equitable assessment to all property owners within the District, the following method of apportionment has been used. All lots within the District benefit equally, including lots not adjacent to landscape areas and block walls. The lots not adjacent to common areas benefit by the uniform maintenance and overall appearance of the District.

Estimated Costs

The estimated costs to maintain the common areas in the District includes landscaping, irrigation systems, block walls, and incidental costs.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 04-05**

**EXHIBIT C
SUBDIVISION 93-01, PARK PLACE NO. 2**

The estimated costs are as follows:

MAINTENANCE COSTS

A. Contractor Costs	\$3,700
B. Water	1,300
C. Electricity	400
D. Irrigation	100
E. Tree Trimming	<u>1,100</u>
	\$6,600

INCIDENTAL COSTS

A. Parks and Recreation (Contracting and Supervision)	\$75
B. City Clerk (Budgeting, Accounting, Annual Resolutions)	75
C. Engineering (Annual Report)	225
D. City Administrator's Report	75
E. County Administration Expense	<u>80</u>
	\$530

TOTAL COST:	\$7,130
25% Reserve Fund	<u>1,783</u>

GRAND TOTAL	<u>\$8,913</u>
NUMBER OF LOTS	66
ANNUAL PER LOT ASSESSMENT	\$136

ANNUAL COST INCREASE

This assessment district shall be subject to an automatic annual increase derived by the following formula:

$$\text{Year "n" assessment} = (\text{Base Year Assessment Amount}) (1.05)^{(n-1)}$$

where "n" equals the age of the assessment district with year (1) being the year that the assessment district formed;

However, in no case shall the assessment be greater than 1) The actual cost of providing the benefit conferred to each parcel plus any prior years' deficit and less any carryover, as determined annually or; 2) a 10% increase over the prior year's assessment.

City Engineer Certification

I hereby certify that this report is based on information obtained from the improvement plans of the subject development.

Lisa M. Wallis-Dutra, City Engineer

March 19, 2020

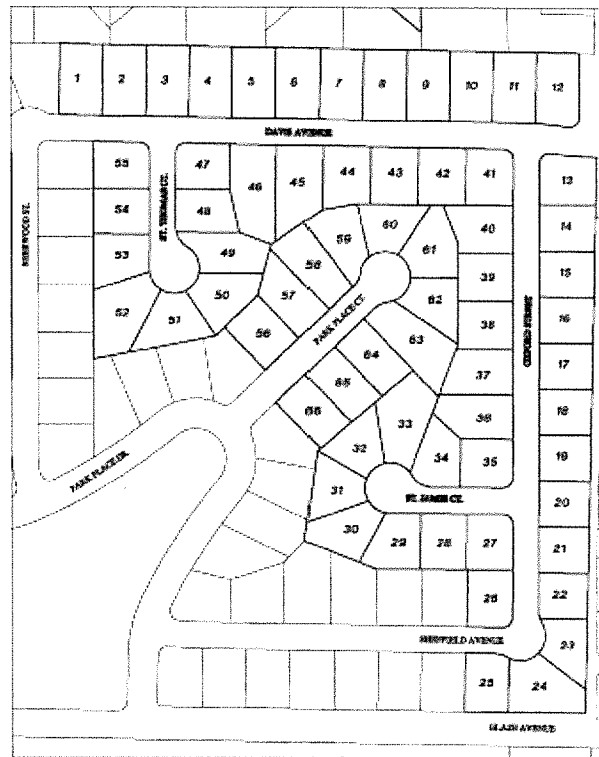
Date

ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 04-05

EXHIBIT C
SUBDIVISION 93-01, PARK PLACE NO. 2

EXHIBIT A
DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT

SUBDIVISION 93-01



NOTE: The lines and dimension of the parcels being assessed in this landscaping and lighting assessment district are shown on County of Tulare Assessor's maps 135-31 and 135-32, which is incorporated in this Report by reference.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 05-02**

**EXHIBIT D
SUBDIVISION 04-02, COUNTRY VIEW ESTATES NO.3**

General Description

Assessment District (No. 05-02, Country View Estates No.3) is located on the Northeast corner of Olivewood Ave and Joyner Ave. Exhibit "A" is a map of Assessment District No. 05-02. This District includes maintenance of turf areas, shrubs, trees, irrigation systems, and block walls. The maintenance of irrigation systems and block wall includes, but is not limited to, maintaining the structural and operational integrity of these features and repairing any acts of vandalism that may occur. All 5 lots within this District will be assessed for Fiscal Year 2020-2021.

Determination of Benefit

The purpose of landscaping is to provide an appealing impression for the area. The block wall provides security, aesthetics, and sound suppression. The maintenance of the landscape areas and block walls is vital for each District for protection of both economic and humanistic values of the development. In order to preserve real property values within developments and to concurrently have an adequate funding source for maintenance, the City of Exeter allowed developers of subdivisions to form Landscape and Lighting Maintenance Districts under the Landscape and Lighting Act of 1972 to ensure satisfactory levels of maintenance in common areas of each District.

Method of Apportionment

In order to provide an equitable assessment to all property owners within the District, the following method of apportionment has been used. All lots within the District benefit equally, including lots not adjacent to landscape areas and block walls. The lots not adjacent to common areas benefit by the uniform maintenance and overall appearance of the District.

Estimated Costs

The estimated costs to maintain the common areas in the District includes landscaping, irrigation systems, block walls, and incidental costs.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 05-02**

**EXHIBIT D
SUBDIVISION 04-02, COUNTRY VIEW ESTATES NO.3**

The estimated costs are as follows:

MAINTENANCE COSTS

A. Contractor Costs	\$600
B. Water	200
C. Electricity	100
D. Irrigation	200
E. Tree Trimming	<u>700</u>
	\$1,800

INCIDENTAL COSTS

A. Parks and Recreation (Contracting and Supervision)	\$75
B. City Clerk (Budgeting, Accounting, Annual Resolutions)	75
C. Engineering (Annual Report)	225
D. City Administrator's Report	75
E. County Administration Expense	<u>80</u>
	\$530

TOTAL COST:	\$2,330
25% Reserve Fund	<u>583</u>

GRAND TOTAL	<u>\$2,913</u>
NUMBER OF LOTS	5
ANNUAL PER LOT ASSESSMENT	\$582

ANNUAL COST INCREASE

This assessment district shall be subject to an automatic annual increase derived by the following formula:

$$\text{Year "n" assessment} = (\text{Base Year Assessment Amount}) (1.05)^{(n-1)}$$

where "n" equals the age of the assessment district with year (1) being the year that the assessment district formed;

However, in no case shall the assessment be greater than 1) The actual cost of providing the benefit conferred to each parcel plus any prior years' deficit and less any carryover, as determined annually or; 2) a 10% increase over the prior year's assessment.

City Engineer Certification

I hereby certify that this report is based on information obtained from the improvement plans of the subject development.

March 19, 2020
Lisa M. Wallis-Dutra, City Engineer

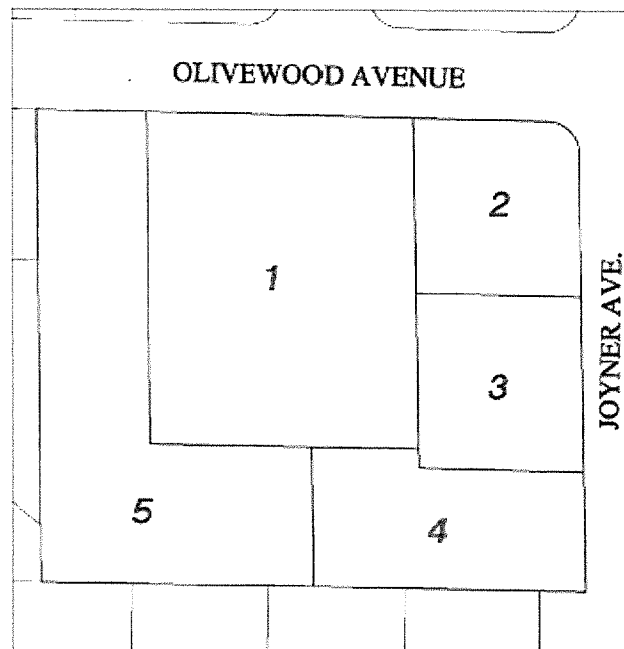
Date

ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 05-02

EXHIBIT D
SUBDIVISION 04-02, COUNTRY VIEW ESTATES NO.3

DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT

SUBDIVISION 04-02



NOTE: The lines and dimension of the parcels being assessed in this landscaping and lighting assessment district are shown on County of Tulare Assessor's Map 135-30, which is incorporated in this Report by reference.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 06-01**

**EXHIBIT E
SUBDIVISION 04-01, ROCKY HILL HACIENDAS**

General Description

Assessment District (No. 06-01, Rocky Hill Haciendas) is located along North Filbert Rd and Northeast corner of W. Sequoia Ct and King Ct. Exhibit "A" is a map of Assessment District No. 06-01. This District includes maintenance of turf areas, shrubs, trees, irrigation systems, and block walls. The maintenance of irrigation systems and block wall includes, but is not limited to, maintaining the structural and operational integrity of these features and repairing any acts of vandalism that may occur. All 13 lots within this District will be assessed for Fiscal Year 2020-2021.

Determination of Benefit

The purpose of landscaping is to provide an appealing impression for the area. The block wall provides security, aesthetics, and sound suppression. The maintenance of the landscape areas and block walls is vital for each District for protection of both economic and humanistic values of the development. In order to preserve real property values within developments and to concurrently have an adequate funding source for maintenance, the City of Exeter allowed developers of subdivisions to form Landscape and Lighting Maintenance Districts under the Landscape and Lighting Act of 1972 to ensure satisfactory levels of maintenance in common areas of each District.

Method of Apportionment

In order to provide an equitable assessment to all property owners within the District, the following method of apportionment has been used. All lots within the District benefit equally, including lots not adjacent to landscape areas and block walls. The lots not adjacent to common areas benefit by the uniform maintenance and overall appearance of the District.

Estimated Costs

The estimated costs to maintain the common areas in the District includes landscaping, irrigation systems, block walls, and incidental costs.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 06-01**

**EXHIBIT E
SUBDIVISION 04-01, ROCKY HILL HACIENDAS**

The estimated costs are as follows:

MAINTENANCE COSTS

A. Contractor Costs	\$1,300
B. Water	1,100
C. Electricity	300
D. Irrigation	0
E. Tree Trimming	<u>0</u>
	\$2,700

INCIDENTAL COSTS

A. Parks and Recreation (Contracting and Supervision)	\$75
B. City Clerk (Budgeting, Accounting, Annual Resolutions)	75
C. Engineering (Annual Report)	225
D. City Administrator's Report	75
E. County Administration Expense	<u>80</u>
	\$530

TOTAL COST:	\$3,230
25% Reserve Fund	<u>808</u>

GRAND TOTAL	<u>\$4,038</u>
NUMBER OF LOTS	13
ANNUAL PER LOT ASSESSMENT	\$310

ANNUAL COST INCREASE

This assessment district shall be subject to an automatic annual increase derived by the following formula:

$$\text{Year "n" assessment} = (\text{Base Year Assessment Amount}) (1.05)^{(n-1)}$$

where "n" equals the age of the assessment district with year (1) being the year that the assessment district formed;

However, in no case shall the assessment be greater than 1) The actual cost of providing the benefit conferred to each parcel plus any prior years' deficit and less any carryover, as determined annually or; 2) a 10% increase over the prior year's assessment.

City Engineer Certification

I hereby certify that this report is based on information obtained from the improvement plans of the subject development.

March 19, 2020
Lisa M. Wallis-Dutra, City Engineer

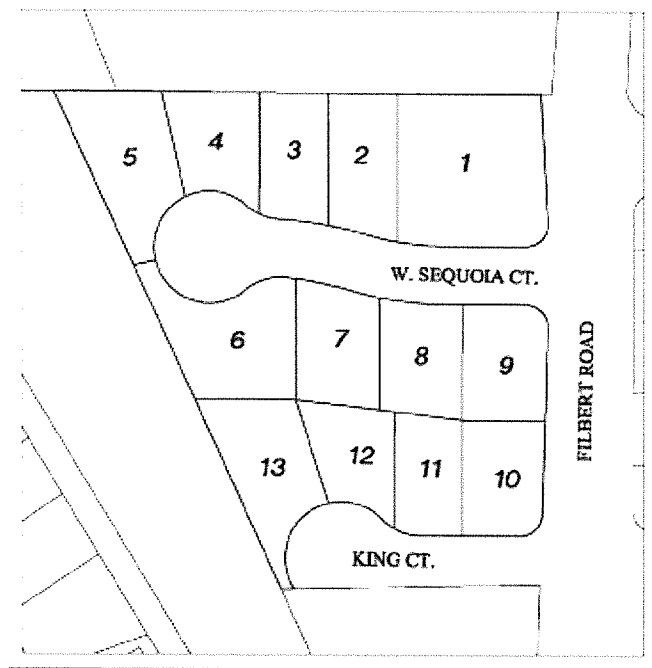
Date

ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 06-01

EXHIBIT E
SUBDIVISION 04-01, ROCKY HILL HACIENDAS

DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT

SUBDIVISION 04-01



NOTE: The lines and dimension of the parcels being assessed in this landscaping and lighting assessment district are shown on County of Tulare Assessor's maps 135-31 and 135-32, which is incorporated in this Report by reference.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 08-01**

**EXHIBIT F
SUBDIVISION 05-01, EXETER GOLF ESTATES**

General Description

Assessment District (No. 08-01, Exeter Golf Estates) is located on West Visalia Road and North Belmont Ave. Exhibit "A" is a map of Assessment District No. 08-01. This District includes maintenance of turf areas, shrubs, trees, irrigation systems, and block walls. The maintenance of irrigation systems and block wall includes, but is not limited to, maintaining the structural and operational integrity of these features and repairing any acts of vandalism that may occur. All 10 lots within this District will be assessed for Fiscal Year 2020-2021.

Determination of Benefit

The purpose of landscaping is to provide an appealing impression for the area. The block wall provides security, aesthetics, and sound suppression. The maintenance of the landscape areas and block walls is vital for each District for protection of both economic and humanistic values of the development. In order to preserve real property values within developments and to concurrently have an adequate funding source for maintenance, the City of Exeter allowed developers of subdivisions to form Landscape and Lighting Maintenance Districts under the Landscape and Lighting Act of 1972 to ensure satisfactory levels of maintenance in common areas of each District.

Method of Apportionment

In order to provide an equitable assessment to all property owners within the District, the following method of apportionment has been used. All lots within the District benefit equally, including lots not adjacent to landscape areas and block walls. The lots not adjacent to common areas benefit by the uniform maintenance and overall appearance of the District.

Estimated Costs

The estimated costs to maintain the common areas in the District includes landscaping, irrigation systems, block walls, and incidental costs.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 08-01**

**EXHIBIT F
SUBDIVISION 05-01, EXETER GOLF ESTATES**

The estimated costs are as follows:

MAINTENANCE COSTS

A. Contractor Costs	\$3,500
B. Water	300
C. Electricity	300
D. Irrigation	0
E. Tree Trimming	0
	<u>\$4,100</u>

INCIDENTAL COSTS

A. Parks and Recreation (Contracting and Supervision)	\$75
B. City Clerk (Budgeting, Accounting, Annual Resolutions)	75
C. Engineering (Annual Report)	225
D. City Administrator's Report	75
E. County Administration Expense	80
	<u>\$530</u>

TOTAL COST:	\$4,630
25% Reserve Fund	<u>1,158</u>
GRAND TOTAL	<u>\$5,788</u>
NUMBER OF LOTS	10
ANNUAL PER LOT ASSESSMENT	\$578

ANNUAL COST INCREASE

This assessment district shall be subject to an automatic annual increase derived by the following formula:

$$\text{Year "n" assessment} = (\text{Base Year Assessment Amount}) (1.05)^{(n-1)}$$

where "n" equals the age of the assessment district with year (1) being the year that the assessment district formed;

However, in no case shall the assessment be greater than 1) The actual cost of providing the benefit conferred to each parcel plus any prior years' deficit and less any carryover, as determined annually or; 2) a 10% increase over the prior year's assessment.

City Engineer Certification

I hereby certify that this report is based on information obtained from the improvement plans of the subject development.

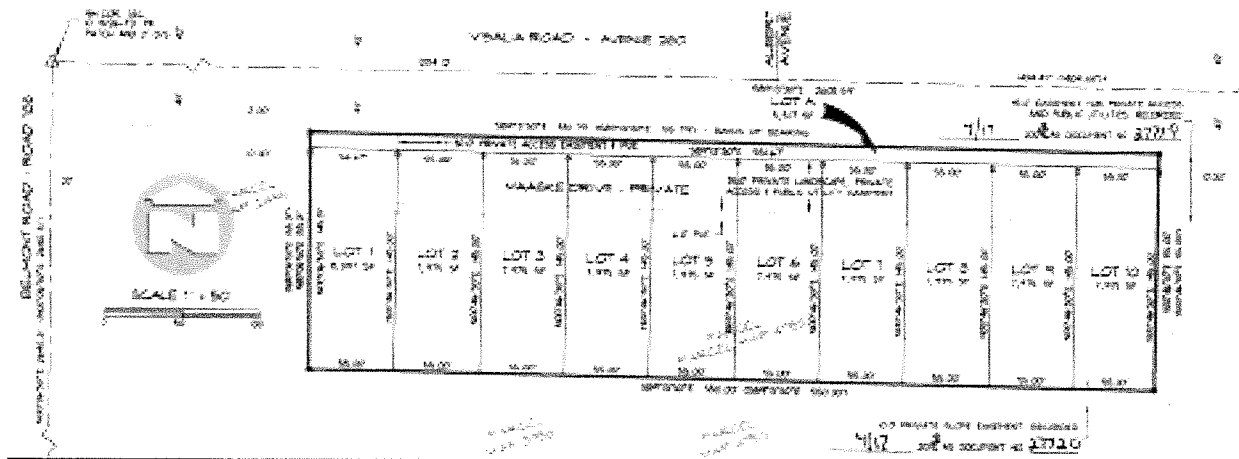
March 19, 2020
_____ Lisa M. Wallis-Dutra, City Engineer
_____ Date

ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 08-01

EXHIBIT F
SUBDIVISION 05-01, EXETER GOLF ESTATES

DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT

SUBDIVISION 05-01



NOTE: The lines and dimension of the parcels being assessed in this landscaping and lighting assessment district are shown on County of Tulare Assessor's maps 135-31 and 135-32, which is incorporated in this Report by reference.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 91-01**

**EXHIBIT G
SUBDIVISION 91-01, COUNTRY VIEW ESTATES NO. 1
SUBDIVISION 91-02, COUNTRY VIEW ESTATES NO.2
SUBDIVISION 93-02, AWBREY ESTATES**

General Description

Assessment District (No. 91-01, Country View Estates No.1, Country View Estates No.2, and Awbrey Estates) is located along Belmont Ave and between W. Powell Ave and W Firebaugh Ave. Exhibit "A" is a map of Assessment District No. 91-01 This District includes maintenance of turf areas, shrubs, trees, irrigation systems, and block walls. The maintenance of irrigation systems and block wall includes, but is not limited to, maintaining the structural and operational integrity of these features and repairing any acts of vandalism that may occur. All 52 lots within this District will be assessed for Fiscal Year 2020-2021.

Determination of Benefit

The purpose of landscaping is to provide an appealing impression for the area. The block wall provides security, aesthetics, and sound suppression. The maintenance of the landscape areas and block walls is vital for each District for protection of both economic and humanistic values of the development. In order to preserve real property values within developments and to concurrently have an adequate funding source for maintenance, the City of Exeter allowed developers of subdivisions to form Landscape and Lighting Maintenance Districts under the Landscape and Lighting Act of 1972 to ensure satisfactory levels of maintenance in common areas of each District.

Method of Apportionment

In order to provide an equitable assessment to all property owners within the District, the following method of apportionment has been used. All lots within the District benefit equally, including lots not adjacent to landscape areas and block walls. The lots not adjacent to common areas benefit by the uniform maintenance and overall appearance of the District.

Estimated Costs

The estimated costs to maintain the common areas in the District includes landscaping, irrigation systems, block walls, and incidental costs.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 91-01**

**EXHIBIT G
SUBDIVISION 91-01, COUNTRY VIEW ESTATES NO. 1
SUBDIVISION 91-02, COUNTRY VIEW ESTATES NO.2
SUBDIVISION 93-02, AWBREY ESTATES**

The estimated costs are as follows:

MAINTENANCE COSTS

A. Contractor Costs	\$5,600
B. Water	2,000
C. Electricity	300
D. Irrigation	1,600
E. Tree Trimming	<u>700</u>
	\$10,200

INCIDENTAL COSTS

A. Parks and Recreation (Contracting and Supervision)	\$225
B. City Clerk (Budgeting, Accounting, Annual Resolutions)	75
C. Engineering (Annual Report)	225
D. City Administrator's Report	75
E. County Administration Expense	<u>102</u>
	\$702

TOTAL COST:	\$10,902
25% Reserve Fund	2,726
10% ABA Increase	<u>1,090</u>

GRAND TOTAL	<u>\$14,718</u>
NUMBER OF LOTS	52
ANNUAL PER LOT ASSESSMENT	\$284

ANNUAL COST INCREASE

This assessment district shall be subject to an automatic annual increase derived by the following formula:

$$\text{Year "n" assessment} = (\text{Base Year Assessment Amount}) (1.05)^{(n-1)}$$

where "n" equals the age of the assessment district with year (1) being the year that the assessment district formed;

However, in no case shall the assessment be greater than 1) The actual cost of providing the benefit conferred to each parcel plus any prior years' deficit and less any carryover, as determined annually or; 2) a 10% increase over the prior year's assessment.

City Engineer Certification

I hereby certify that this report is based on information obtained from the improvement plans of the subject development.

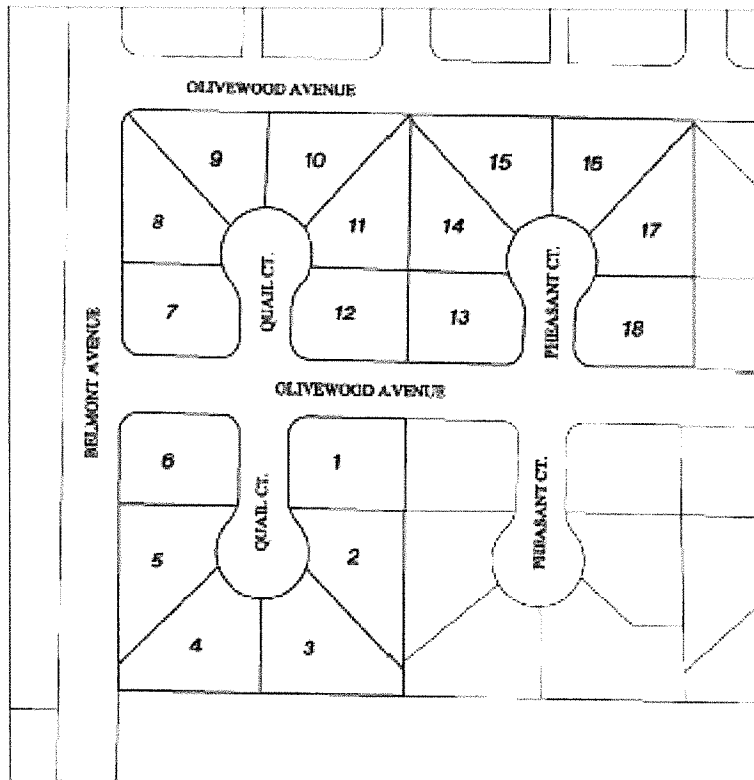
	March 19, 2020
Lisa M. Wallis-Dutra, City Engineer	Date

ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 91-01

EXHIBIT G
SUBDIVISION 91-01, COUNTRY VIEW ESTATES NO. 1
SUBDIVISION 91-02, COUNTRY VIEW ESTATES NO.2
SUBDIVISION 93-02, AWBREY ESTATES

DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT

SUBDIVISION 91-01



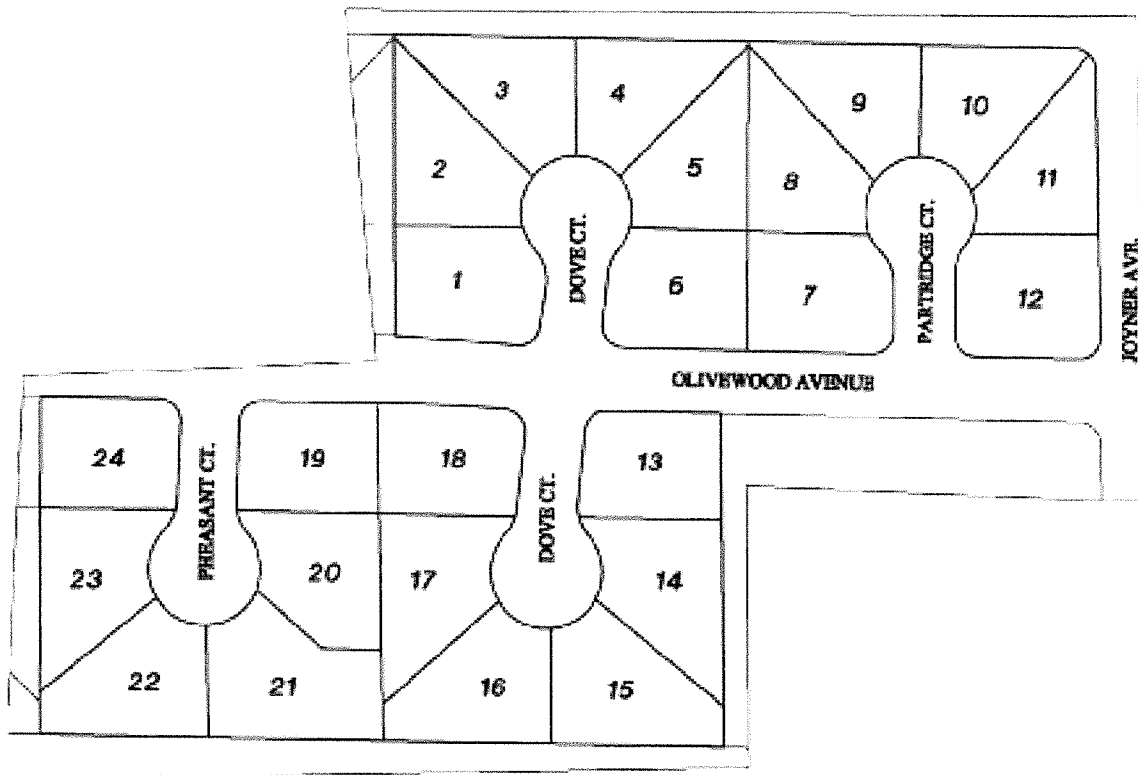
NOTE: The lines and dimension of the parcels being assessed in this landscaping and lighting assessment district are shown on County of Tulare Assessor's maps 135-01, which is incorporated in this Report by reference.

ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 91-01

EXHIBIT G
SUBDIVISION 91-01, COUNTRY VIEW ESTATES NO. 1
SUBDIVISION 91-02, COUNTRY VIEW ESTATES NO.2
SUBDIVISION 93-02, AWBREY ESTATES

DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT

SUBDIVISION 91-02



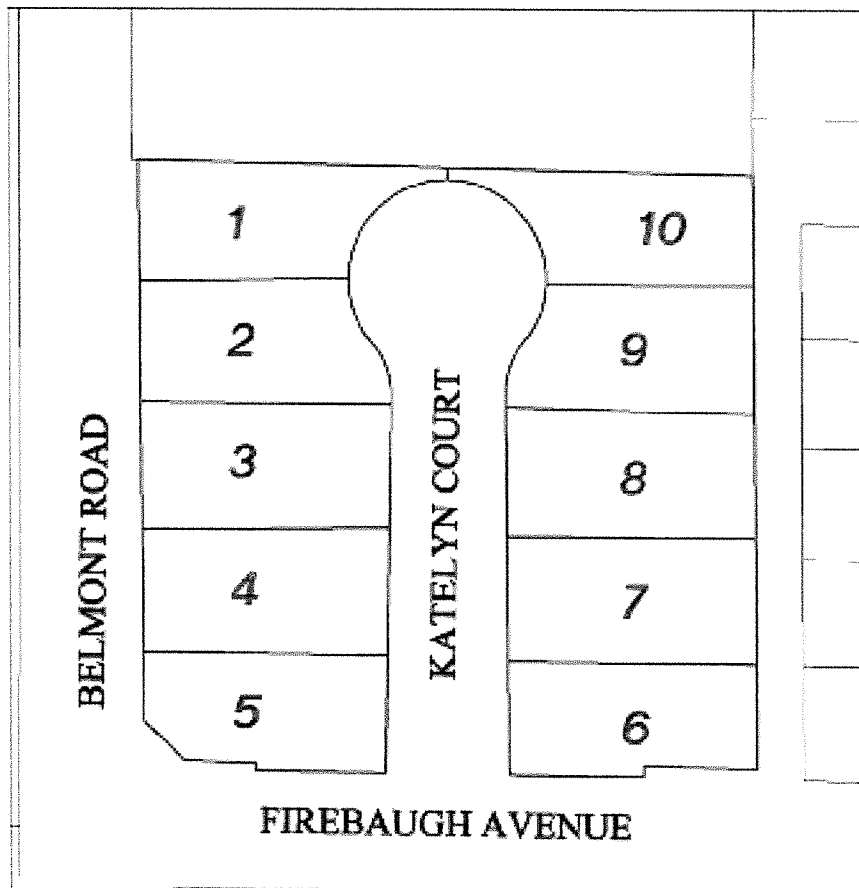
NOTE: The lines and dimension of the parcels being assessed in this landscaping and lighting assessment district are shown on County of Tulare Assessor's maps 135-30, which is incorporated in this Report by reference.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 91-01**

**EXHIBIT G
SUBDIVISION 91-01, COUNTRY VIEW ESTATES NO. 1
SUBDIVISION 91-02, COUNTRY VIEW ESTATES NO.2
SUBDIVISION 93-02, AWBREY ESTATES**

DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT

SUBDIVISION 93-02



NOTE: The lines and dimension of the parcels being assessed in this landscaping and lighting assessment district are shown on County of Tulare Assessor's maps 135-30, which is incorporated in this Report by reference.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 91-01**

**EXHIBIT H
SUBDIVISION 95-02, WILDROSE ESTATES NO. 1**

General Description

Assessment District (No. 91-01, Wildrose Estates No.1) is located on the Northwest corner of N. Elberta Rd and Vine St. Exhibit "A" is a map of Assessment District No. 91-01. This District includes maintenance of turf areas, shrubs, trees, irrigation systems, and block walls. The maintenance of irrigation systems and block wall includes, but is not limited to, maintaining the structural and operational integrity of these features and repairing any acts of vandalism that may occur. All 44 lots within this District will be assessed for Fiscal Year 2020-2021.

Determination of Benefit

The purpose of landscaping is to provide an appealing impression for the area. The block wall provides security, aesthetics, and sound suppression. The maintenance of the landscape areas and block walls is vital for each District for protection of both economic and humanistic values of the development. In order to preserve real property values within developments and to concurrently have an adequate funding source for maintenance, the City of Exeter allowed developers of subdivisions to form Landscape and Lighting Maintenance Districts under the Landscape and Lighting Act of 1972 to ensure satisfactory levels of maintenance in common areas of each District.

Method of Apportionment

In order to provide an equitable assessment to all property owners within the District, the following method of apportionment has been used. All lots within the District benefit equally, including lots not adjacent to landscape areas and block walls. The lots not adjacent to common areas benefit by the uniform maintenance and overall appearance of the District.

Estimated Costs

The estimated costs to maintain the common areas in the District includes landscaping, irrigation systems, block walls, and incidental costs.

**ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 91-01**

**EXHIBIT H
SUBDIVISION 95-02, WILDROSE ESTATES NO. 1**

The estimated costs are as follows:

MAINTENANCE COSTS

A. Contractor Costs	\$2,900
B. Water	1,000
C. Electricity	600
D. Irrigation	0
E. Tree Trimming	650
	<u>\$5,150</u>

INCIDENTAL COSTS

A. Parks and Recreation (Contracting and Supervision)	\$75
B. City Clerk (Budgeting, Accounting, Annual Resolutions)	75
C. Engineering (Annual Report)	225
D. City Administrator's Report	75
E. County Administration Expense	94
	<u>\$544</u>

TOTAL COST:	\$5,694
25% Reserve Fund	1,424
10% ABA Increase	<u>569</u>

GRAND TOTAL	<u>\$7,687</u>
NUMBER OF LOTS	44
ANNUAL PER LOT ASSESSMENT	\$174

ANNUAL COST INCREASE

This assessment district shall be subject to an automatic annual increase derived by the following formula:

$$\text{Year "n" assessment} = (\text{Base Year Assessment Amount}) (1.05)^{(n-1)}$$

where "n" equals the age of the assessment district with year (1) being the year that the assessment district formed;

However, in no case shall the assessment be greater than 1) The actual cost of providing the benefit conferred to each parcel plus any prior years' deficit and less any carryover, as determined annually or; 2) a 10% increase over the prior year's assessment.

City Engineer Certification

I hereby certify that this report is based on information obtained from the improvement plans of the subject development.

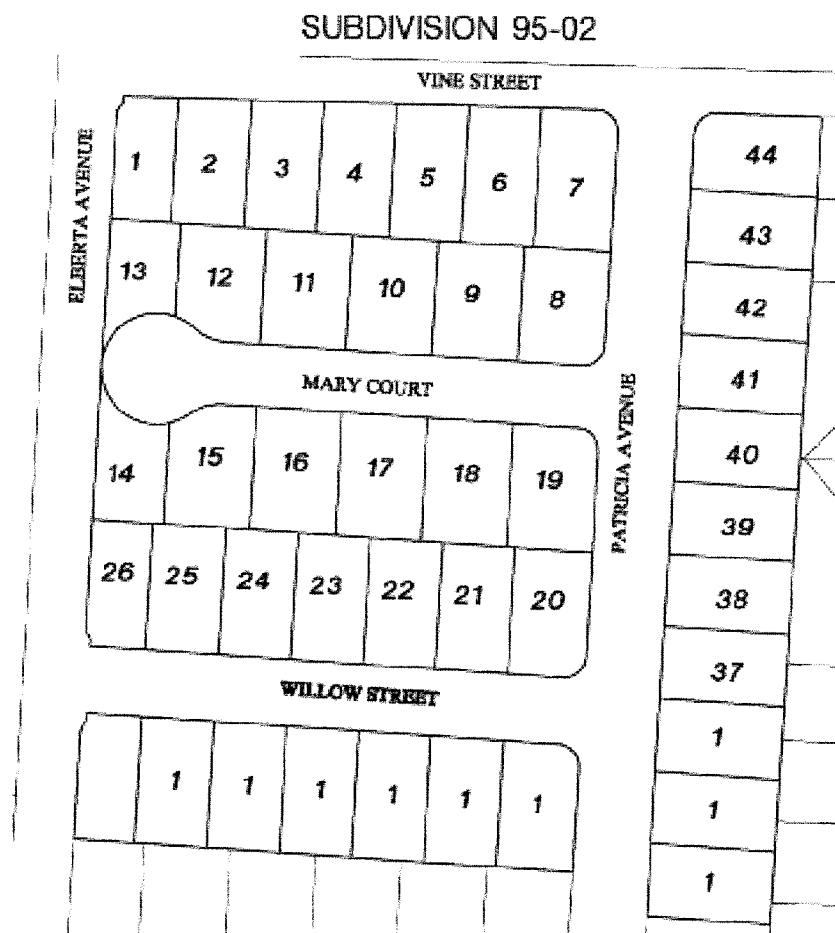
March 19, 2020
Lisa M. Wallis-Dutra, City Engineer

Date

ENGINEER'S REPORT OF THE CITY OF EXETER
LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 91-01

EXHIBIT H
SUBDIVISION 95-02, WILDROSE ESTATES NO. 1

DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT



NOTE: The lines and dimension of the parcels being assessed in this landscaping and lighting assessment district are shown on County of Tulare Assessor's maps 133-20, which is incorporated in this Report by reference.

RESOLUTION 2020-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EXETER INTENTION TO INCREASE LANDSCAPE AND LIGHTING DISTRICT NOS. 04-02, 04-04, 04-05, 05-02, 06-01, 08-01, AND 91-01 (A/B) ANNUAL ASSESSMENTS FOR FISCAL YEAR 2020-2021 FOR THE CITY OF EXETER

WHEREAS: The City of Exeter has identified the following Landscape and Lighting Assessment Districts are operating under deficient accounts: 04-02, 04-04, 04-05, 05-02, 06-01, 08-01, AND 91-01 (A/B);

WHEREAS: The City Engineer of the City of Exeter has updated the Engineer's Reports for each deficient district to reflect current maintenance costs and revenue shortfalls, giving rise to a need to increase the annual assessments for each district;

WHEREAS: copies of the Engineer's Reports have been filed with the City Clerk and the City Council has adopted a Resolution No. 2020-09 approving engineer's reports and confirming diagrams and assessments in support of proposed increases to the annual assessments;

WHEREAS: City Council proposes to levy and increase the assessment for the Landscape and Lighting Districts pursuant to the provisions and authority under Streets & Highways Code, Section 22620 et seq., Government Code Section 53753 and Article XIID of the California Constitution; and

IT IS NOW THEREFORE RESOLVED THAT:

1. The City Council hereby states its intention to levy and increase the annual assessments commencing in Fiscal Year 2020-2021 for the following Landscape and Lighting District Assessment Nos: 04-02, 04-04, 04-05, 05-02, 06-01, 08-01, AND 91-01 (A/B).

2. The City Council has previously approved the Engineer's Reports, confirming diagrams and assessments, which are on file with the City Clerk.

3. The City Council hereby designates that on May 19, 2020, or as soon as the matter may be heard thereafter, a public hearing shall be held in the meeting place of the Exeter City Council to receive public comment and afford any affected residents an opportunity to protest the assessment increases, and then to tally the final ballot results.

4. Notice of hearing and balloting shall be published and mailed in accordance with the applicable provisions of the California Streets & Highways Code Section 22626(b) and Government Code Section 53753.

**PASSED AND ADOPTED THIS 24TH DAY OF MARCH, 2020, BY THE
FOLLOWING VOTE:**

AYES:
NOES:
ABSTAIN:
ABSENT:

Mayor

ATTEST:

City Clerk

Attachment 'C'

	District	Name	Parcel #	Actual 2018/19	2018-19 Assessment	2019/20 Budget	District Balance as of 6/30/18	ABA	2019/20 Assessment	Projected Surplus/ (Shortfall) for FY 2019/20	District Balance at 6/30/2019	Projected District Balance at 6/30/2020	Current Assessment	Current Total Assessment	Parcel Need	Total Need	Parcel Increase
1	04-02	Orchard Estates	30	\$ 4,301.76	\$ 3,601.20	\$ 5,538	\$ (6,072.92)		\$ 3,709	\$ (1,828.26)	\$ (6,773.48)	\$ (8,601.74)	\$ 123.64	\$ 3,709.24	\$ 184	\$ 5,538	\$ 60.36
2	04-04	Park Place No. 1	39	\$ 4,245.11	\$ 3,727.62	\$ 5,538	\$ (10,768.41)		\$ 3,839	\$ (1,698.05)	\$ (11,285.90)	\$ (12,983.95)	\$ 98.45	\$ 3,839.45	\$ 142	\$ 5,538	\$ 43.54
3	04-05	Park Place No. 2	66	\$ 5,853.82	\$ 4,963.20	\$ 8,913	\$ (22,083.84)		\$ 5,112	\$ (3,800.40)	\$ (22,974.46)	\$ (26,774.86)	\$ 77.46	\$ 5,112.10	\$ 136	\$ 8,913	\$ 58.54
4	05-02	Country View Estates No. 3	5	\$ 1,422.96	\$ 831.90	\$ 2,913	\$ (8,765.96)		\$ 857	\$ (2,055.64)	\$ (9,357.02)	\$ (11,412.66)	\$ 171.37	\$ 856.86	\$ 582	\$ 2,913	\$ 410.63
5	06-01	Rocky Hill Haciendas	13	\$ 5,409.31	\$ 2,473.38	\$ 4,038	\$ (13,944.85)		\$ 2,548	\$ (1,489.92)	\$ (16,880.78)	\$ (18,370.70)	\$ 195.97	\$ 2,547.58	\$ 310	\$ 4,038	\$ 114.03
6	08-01	Exeter Golf Estates	10	\$ 4,516.26	\$ 3,891.60	\$ 5,788	\$ (2,613.82)		\$ 4,008	\$ (1,779.15)	\$ (3,238.48)	\$ (5,017.63)	\$ 400.83	\$ 4,008.35	\$ 578	\$ 5,788	\$ 177.17
7	91-01a	Country View Estates No. 1/ Country View No. 2/ Awbrey Estates	52	\$ 9,988.67	\$ 5,890.56	\$ 14,718	\$ 2,402.12	10%	\$ 5,891	\$ (8,827.14)	\$ (1,695.99)	\$ (10,523.13)	\$ 113.28	\$ 5,890.56	\$ 284	\$ 14,718	\$ 170.72
8	91-01b	Wildrose Estates No. 1	44	\$ 4,811.58	\$ 2,345.20	\$ 7,687	\$ (19,972.93)	10%	\$ 2,345	\$ (5,341.70)	\$ (22,439.31)	\$ (27,781.01)	\$ 53.30	\$ 2,345.20	\$ 174	\$ 7,687	\$ 120.70
Totals			259.00	\$ 40,549.47	\$ 27,724.66	\$ 55,129.60	\$ (81,820.61)		\$ 28,309	\$ (26,820.27)	\$ (94,645.42)	\$ (121,465.69)		\$ 28,309.33		\$ 55,130	

Attachment 'D'

District Name		Current Assessment	Current Assessment	Total Assessment	Parcel Need	Total	Need	Parcel Increase	
1	04-02 Orchard Estates	\$	123.64	\$ 3,709.24	\$ 184	\$ 5,538	\$ 60.36	49%	
2	04-04 Park Place No. 1	\$	98.45	\$ 3,839.45	\$ 142	\$ 5,538	\$ 43.54	44%	
3	04-05 Park Place No. 2	\$	77.46	\$ 5,112.10	\$ 136	\$ 8,913	\$ 58.54	76%	
4	05-02 Country View Estates No. 3	\$	171.37	\$ 856.86	\$ 582	\$ 2,913	\$ 410.63	240%	
5	06-01 Rocky Hill Haciendas	\$	195.97	\$ 2,547.58	\$ 310	\$ 4,038	\$ 114.03	58%	
6	08-01 Exeter Golf Estates	\$	400.83	\$ 4,008.35	\$ 578	\$ 5,788	\$ 177.17	44%	
7	91-01a Country View Estates No. 1/ Country View No. 2/ Awbrey Estates	\$	113.28	\$ 5,890.56	\$ 284	\$ 14,718	\$ 170.72	151%	
8	91-01b Wildrose Estates No. 1	\$	53.30	\$ 2,345.20	\$ 174	\$ 7,687	\$ 120.70	226%	
Totals				\$ 28,309.33		\$ 55,130			

**NOTICE OF PUBLIC HEARING
VOTE ON ADOPTION OF ASSESSMENT TO MAINTAIN YOUR
LANDSCAPING AND LIGHTING DISTRICT**



ORCHARD ESTATES (04-02)

As a property owner in the above district, this Notice has been sent to provide you with information about the assessment ballot proceeding being conducted by the City of Exeter. The City of Exeter manages the maintenance of the common areas of your neighborhood (known as a Landscape & Lighting District), which is funded by a benefit assessment that appears annually on your property tax bill. The maintained landscaping and improvements visually enhance your neighborhood, add value to the surrounding properties, and increase your quality of life. To continue funding the current maintenance of your Landscape & Lighting District, the City of Exeter is proposing a standard Automatic Benefit Assessment (ABA) increase for your District, as well as an increase to your assessment in order to reflect current maintenance costs and gradually eliminate the current deficit balance (discussed below) with an appropriate reserve to offset any future unexpected maintenance costs.

Currently your District is comprised of **30 parcels**, with an annual benefit assessment of **\$123.64 (\$10.31 per month) to each parcel (\$3,709.20 total for the entire district)**. At the end of the last fiscal year, the district had a deficit balance of **(\$6,773.48)**. This year the deficit is projected to increase to **(\$8,601.74)**. To continue the current level of maintenance in your district, an increase will be required to a new amount of **\$184 per year (\$15.34 per month)** which is an increase of **\$60.36 per year (\$5.03 per month)**. The financial information for your district is detailed as follows:

District Name	Actual 2018/19	2018-19 Assessment	2019/20 Budget	District Balance as of 6/30/18	District Balance at 6/30/2019	Projected District Balance at 6/30/2020	Current Assessment	Current Total Assessment	Parcel Need	Total Need	Parcel Increase
04-02 Orchard Estates	\$ 4,301.76	\$ 3,601.20	\$ 5,538	\$ (6,072.92)	\$ (6,773.48)	\$ (8,601.74)	\$ 123.64	\$ 3,709.24	\$ 184	\$ 5,538	\$ 60.36

As can be seen, the current Annual Benefit Assessment revenue is not enough to cover the expenditures for the district. The City is proposing, in addition to the increase to your assessment discussed above, implementation of an Automatic Benefit Assessment Increase to keep up with rising costs beginning in the fiscal year 2021-2022 on the real property identified in this ballot.

The property owners in the district have the choice to reject or approve the proposed increases to their current assessments. Assessment increases will not be imposed if the ballots submitted to reject the assessment increases exceed the ballots submitted to approve the assessment increases, with ballots weighted according to the proportional financial obligations of each affected property. If there is not a majority vote by the property owners to approve the 2020-2021 increase and the Benefit assessment Increase Allowance, City staff will reduce the level of maintenance of the trees, turf, and shrub areas in your District. If this does not lower costs enough for the revenue to cover the maintenance costs, then improvements in the district will be reduced. The reduction in services and/or improvements will take effect 60 days from the public hearing date of **May 19, 2020**.

If the increase is approved by property owners, the increased assessment will be included on your County of Tulare real property tax bill beginning on July 1, 2020, listed as **EXETER LAND & LIGHT**. By State law, the City of Exeter may not collect more revenue in these assessments than is necessary to cover the costs of providing services. An Engineer's Report was prepared by a professional engineer to determine the proposed assessment rate. The Engineer's Report's calculations were based upon a review of the annual budget, anticipated expenses, and the benefits that are conveyed to landowners within the District. The Engineer's Report is available for review on the City of Exeter website at <https://cityofexeter.com/document-category/landscape-lighting/>. Comments on the assessment rate will be heard at said Public Hearing on **May 19, 2020**.

On the next page is a ballot which gives the property owner, certain options:

1. **Approve the proposed increase and the Automatic Benefit Assessment Increase Allowance.** If a majority of the returned ballots indicate this option, it will secure funding from your District for the increased costs of maintenance, and over a period of time will repay any outstanding deficit cash balance. It will also allow for continued current maintenance in your District (versus reduced maintenance and/or improvements due to a shortage of adequate funding).
2. **Reject the proposed increase and the Automatic Benefit Assessment Increase Allowance.** If a majority of returned ballots select this option, the City will reduce the level of maintenance and/or improvements of the tree, turf, and shrub areas. The reduction in services will take effect 60 days from the public hearing date of **May 19, 2020**.

The City asks that you consider this proposal and return the enclosed ballot indicating your choice, either to approve or reject the proposal. The approval of the allowance will allow the City to make small changes in the assessment fee in the future years to balance your District's finances.

- **You are invited to attend an informational meeting on Tuesday, May 12, 2020.** at City Council Chambers at 137 N F St from 5:30 to 6pm.
- Also, please be advised that the Public Hearing for this proposal will be held on **Tuesday, May 19, 2020** in the City Council Chambers at 137 N F St., Exeter, CA, and is scheduled at the beginning of the City Council regular Session, at approximately 7:00pm. The ballots will be counted, and the results delivered to City Council at the end of the Regular Session of the City Council Meeting that same evening. At this meeting, affected citizens will have an opportunity to speak to the Council during the Public Hearing, and may also change their ballot vote, if desired.
- Enclosed with this notice, you will find an assessment ballot with instructions and additional informational materials.

This notice is sent to you in accordance with Section 53753 of the California Government Code, and Article XIID, Section 4, of the California Constitution. This election is being held in accordance with proposition 218, which is a Constitutional Initiative approved by the voters of California in November 1996 which requires new or increased assessments to be approved by affected landowners.

DATE

City of Exeter City Clerk's Office
PO Box 237
Exeter, CA. 93221

Attn: District Ballot

Fold on the line for return envelope

BALLOT INSTRUCTIONS

Completion and return Instructions:

1. Fill out the ballot at the bottom of this page. Be sure to make your choice, sign, and date the ballot. Please note, the ballot **MUST** be signed to be counted.
2. Fold this page at the line just above the BALLOT INSTRUCTIONS heading.
3. Insert this page into the provided return envelope so the Clerk's address is visible through the envelope window.
4. Place appropriate postage on the return envelope and mail. In order to be counted, the ballot must arrive at the above address (City Clerk's Office) on or before 5pm, **May 19, 2020.**
5. Alternate Delivery Option: You may hand deliver the ballot to the City Hall at 137 N. F St, on or before 4pm, **May 19, 2020.** The ballot **MUST** be in a sealed envelope, or it cannot be accepted.
6. Alternate Delivery Option: You may hand deliver the ballot at the Council Meeting until the end of Public Hearing on May 19, 2020.

You are invited to attend an **informational meeting on Tuesday, May 12, 2020** at the City Council Chambers at 137 N F St from 5:30 to 6pm. If you have any questions or concerns about the ballot process or Benefit Assessment increase Allowance, please contact Chris Tavarez, Finance Director for the City of Exeter at (559) 592-3710 or by email at ctavarez@exetercityhall.com.

OFFICIAL BALLOT				
ORCHARD ESTATES (04-02)				
Description	Annual Full L&L Area	Annual Per Parcel	Proposal: In order to maintain the common landscaping and lighting in your district, and repay any outstanding deficit cash balance, approve the proposed increase shown here to begin in fiscal year 2020/21. Approval results in continued current maintenance and Automatic Benefit Assessment Increase to begin in fiscal year 2021/22 on the real property. Rejection results in reduced maintenance and/or improvements	
Current Assessment	\$3,709.24	\$123.64		
Proposed Increase	\$1,828.76	\$60.36		
Total Proposed 2020/21 Amount	\$5,538.00	\$184.00		
I, HOMEOWNER, owning property located at ADDRESS in the ORCHARD ESTATES (04-02) Landscape & Lighting Assessment Maintenance District vote to:				
(Check one)	☐	APPROVE	☐	REJECT
I _____, hereby certify that I am the owner, or am authorized by, the record owner to cast this				
(Print Name)				
ballot with respect to the property address shown above.				
_____ Signature of Record Owner or Authorized Representative		_____ Date		

Benefit Assessment Increase Allowance

Why is the Benefit Assessment Increase Allowance needed?

Some Landscape and Lighting Districts do not generate enough revenue funding through their Benefit Assessment to keep up with inflation to pay the costs of the current maintenance and upkeep of their improvement areas. Historically, only small increases may have occurred for these Districts, a greater increase would require a ballot process. However, the ballot process is costly and if funds from Benefit Assessments are not enough to cover maintenance costs without an increase the District's level of maintenance must be reduced to match the maintenance costs to the amount of the Benefit Assessments received. Decreased maintenance efforts have included reduced watering and mowing frequency, replacing labor intensive plantings with a ground cover that requires very little or no maintenance, and other less visually desired options. Some Districts are already experiencing some or all of these cost saving measures.

How will it work?

With a Benefit Assessment Increase Allowance, each District is reviewed annually to determine if an increase to the Benefit Assessments is needed. If the total costs (which include any beginning deficit balances) are greater than the annual assessment being received, a standardized calculation would be used to determine the allowable increase for that year. If an increase is warranted it would be limited to the amount of the total costs, a 5% per year cumulative increase (from the year the District was created), or 10% of the current assessment, whichever is the least. In no case would any increase be more than 10% of the current assessment in any given year.

If approved, the automatic allowance will:

- Decrease the costs incurred by the Districts from repetitive balloting.
- Allow the City to better fiscally manage the individual districts and to more closely match benefit assessment revenue to the actual costs incurred.
- Reduce the need for cost reduction measures and maintain appearances throughout the City.

Do assessments ever decrease?

Yes, they can. Decreases do not require a ballot vote and are done automatically. The City is required to match District maintenance costs to the benefit assessment revenue and have adequate reserve; therefore, Districts are evaluated for both increases and decreases.

City of Exeter Agenda Item Transmittal

Meeting Date: March 24, 2020

Agenda Item Number: 13

Wording for Agenda: Adopt Resolution 2020-11 approving the Bidder Responsibility Determination Appeal Procedure and affirm the Administration's authority to evaluate bidders in accordance with Municipal Code Sections 3.36.210 and 3.36.220.

Submitting Department: Administration
Contact Name: Adam Ennis
Phone Number: (559) 592-4539
Email: adam@exetercityhall.com

Department Recommendation: Staff recommends that the City Council adopt Resolution 2020-11 approving the Bidder Responsibility Determination Appeal Procedure and affirm the Administration's authority to evaluate bidders in accordance with Municipal Code Sections 3.36.210 and 3.36.220 and.

For action by:
☒ City Council

Regular Session:
☐ Consent Calendar
☒ Regular Item
☐ Public Hearing

Review:

**City Administrator
(Initials Required)**



Summary/Background:

As a Charter City, Exeter has the ability to adopt its own regulations governing its competitive bidding processes, subject to the Charter requirements and restrictions. The Charter and adopted Municipal Code Section 3.36.220 allow the City to evaluate a low bidder's qualifications, experience, reputation, etc. in order to determine whether that low bidder is, in the City's determination a "responsible" bidder. City Administration has developed a bidder responsibility determination specification section to include in its bid packages, which is attached for the City Council's reference, in accordance with the authority provided in Section 3.36.210.

Applicable laws allow the City to make responsibility determinations provided that those determinations may be appealed prior to the award of a bid. Consequently, the City Attorney has drafted an appeal process for the City Council's approval.

Fiscal Impact: Some impact on City Engineer and staff time/costs to conduct the determinations, and appeal process if it is requested, for each project. However, this process could eliminate significant time and cost during and after projects if a potentially "not responsible" bidder is identified prior to award of a project.

Prior Council/Board Actions: None

Attachments: Resolution 2020-11
Responsibility Determination Specification Section
Responsibility Determination Appeal Procedure

Recommended motion to be made by Council/Board: I move to adopt Resolution 2020-11 as presented and affirm the Administration's authority to evaluate bidders in accordance with Municipal Code Sections 3.36.210 and 3.36.220.

RESOLUTION 2020-11

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EXETER
APPROVING THE BIDDER RESPONSIBILITY DETERMINATION
APPEAL PROCEDURE**

WHEREAS, City of Exeter is a Charter City and has the authority pursuant to City Charter Section 4.4 to adopt its own public contracting regulations assuring a competitive system for the lowest price consistent with a stated level of quality;

WHEREAS, pursuant to this authority the City has adopted Exeter Code of Ordinances (Municipal Code) Section 3.36.220, which defines the “lowest responsible bidder” and includes within the definition the factors and additional standards upon which the City may make a responsibility determination;

WHEREAS, those factors and standards include but are not limited to the ability, capacity and skill of the bidder to perform a particular contract; whether the performance can be provided timely without delay or interference; the sufficiency of the bidder’s financial resources; the character, integrity, reputation, judgment, experience, and efficiency of the bidder; the quality of the bidder’s performance on previous contracts; and previous and existing compliance by the bidder with local laws and ordinances; and

WHEREAS, applicable laws and regulations support the City “responsibility” determinations, provided that the City establishes a process to allow bidders to dispute a “not responsible bidder” finding prior to the award of a bid.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND DECLARED by the City Council of the City of Exeter;

1. That the Bidder Responsibility Determination Appeal Procedure, attached hereto as Exhibit A and incorporated as if fully set forth herein, is approved.

PASSED, ADOPTED AND APPROVED this _____ day of March 2020 by the following vote:

AYES:

NOS:

ABSTAIN:

ABSENT:

MAYOR

ATTEST:

CITY CLERK

RESPONSIBILITY QUESTIONS

The bidder's answers to the following questions will be utilized to determine whether the bidder is a "responsible bidder" pursuant to California Public Contract Code Section 1103. Pursuant to that section, the City has the authority to require the bidder demonstrate attributes of trustworthiness, quality, fitness, capacity and experience to undertake and complete this project. In addition to all other information required in this RFB, the City requires that bidders submit the information required in this section. As a Charter City, the City of Exeter is entitled to adopt its own policy concerning its evaluation of bidder responsibility. In the event the City intends to reject a bid on the basis of non-responsibility, the bidder may appeal that decision per the Appeal Procedure attached to this Section. This Section's questionnaire answers and financial statements submitted by Contractors shall be considered confidential, unless otherwise specifically noted thereon by the submitting contractor, and therefore are not public record and are not open to public inspection. All information provided will be kept confidential to the extent permitted by law. However, contents may be disclosed to third parties for purpose of verification, or investigation of substantial allegations, or in the appeal hearing.

This Section's information submitted with the bid must be signed under penalty of perjury in the manner designated at the end of the form, by an individual who has the legal authority to bind the contractor on whose behalf that person is authorized to sign. Prior to bid award, if any information provided by a contractor becomes inaccurate, the contractor must immediately notify the City and provide updated accurate information in writing, under penalty of perjury.

REQUIRED SUBMITTALS

1. Please attach your latest copy of a **reviewed or audited** financial statement with accompanying notes and supplemental information. [Note –the bidder is not required to provide this if the bidder is qualified as a small business per Government Code Section 14837(d)(1), AND if the bid is \$2.5 million or less.

2. REFERENCES:

A. Please submit the following information concerning your six (6) most recently completed municipal **public works road improvement projects** within the last four (4) years. Use separate sheets of paper that contain all of the following information:

Project Name: _____

Location: _____

Owner: _____

Owner Contact (name and current phone number: _____

Architect or Engineer: _____

Architect or Engineer Contact (name and current phone number): _____

Construction Manager (name and current phone number): _____

Description of Project, Scope of Work Performed: _____

Total Value of Construction (including change orders): _____

Final Change Order Percentage of Total Project Cost (and any explanation): _____

Original Scheduled Completion Date: _____

Time Extensions Granted (number of days): _____

Actual Date of Notice of Completion:

B. Please submit the following information concerning your most recent work on public works projects with any cities in the last 4 years (whether completed or not completed). If you have performed work on public works projects for cities in Tulare County within this time period, you must include those in this list. If the list includes the same projects where that information has already been noted in Section A above, please note that accordingly. Use separate sheets of paper that contain all of the following information:

Project Name: _____

Location: _____

Owner: _____

Owner Contact (name and current phone number): _____

Architect or Engineer: _____

Architect or Engineer Contact (name and current phone number): _____

Construction Manager (name and current phone number): _____

Description of Project, Scope of Work Performed: _____

Total Value of Construction (including change orders): _____

Final Change Order Percentage of Total Project Cost (and any explanation): _____

Original Scheduled Completion Date: _____

Time Extensions Granted (number of days): _____

Actual Date of Notice of Completion:

C. Please submit the following information, within the past five (5) years, for all public works projects for which you performed work but did not complete the full scope of work as bid (using separate sheets if necessary):

Project Name: _____

Location: _____

Owner: _____

Owner Contact (name and current phone number): _____

Architect or Engineer: _____

Architect or Engineer Contact (name and current phone number): _____

Construction Manager (name and current phone number): _____

Description of Project and Scope of Work Performed, and explanation concerning why the project and/or scope of work was not completed: _____

Evaluation of all references/previous projects: For the determination of responsibility, the City may choose to evaluate contractors for the number of similar projects successfully completed, degree of similarity between past projects and the planned project, as well as the quality of the references provided, as a whole.

3. CLAIMS AND DISPUTE INFORMATION:

A. In the past five (5) years, has any claim against your firm concerning your firm's work on a construction project, been filed in a court or arbitrated? N ___ Y ___ If "Y" please provide the information concerning each project, identify the owner and claimant, and provide a brief explanation on a separate sheet of paper.

B. In the past five (5) years, has your firm made any claim against a project owner concerning work on a project of payment for a contract, and arbitrated the claim or filed that claim in court? N ___ Y ___ If "Y" please provide information concerning each project, identify the owner and claimant, and provide a brief explanation on a separate sheet of paper.

C. Has your firm, or any of its owners, officers, or partners ever been found liable in a civil suit, or found guilty in a criminal action, for making any false claim or material misrepresentation to any public agency or entity? N ___ Y ___

D. At any time in the past five years, has your firm been assessed and paid liquidated damages of \$25,000 or more under a construction project either with a public or private owner? N ___ Y ___

4. COMPLIANCE INFORMATION:

A. Has your firm, or any of its owners, officers, partners ever been convicted of a crime involving any federal, state, or local law related to construction? N ___ Y ___

B. Has your firm or any of its owners, officers, partners ever been convicted of a federal or state criminal crime of fraud, theft, or any other act of dishonesty? N ___ Y ___

C. Has CAL OSHA cited and assessed penalties against your firm for any "serious," "willful," or "repeat" violations of its safety or health regulations in the past five years? N ___ Y ___ If "Y" please provide an explanation of the violation and the penalty amount on a separate sheet of paper.

D. Has the Federal Occupational Safety and Health Administration cited and assessed penalties against your firm in the past five years? N ___ Y ___ If "Y" please provide an explanation of the violation and the penalty amount on a separate sheet of paper.

E. List any and all occasions during the last five (5) years on which your firm was required to pay either back wages or penalties for your own firm's failure to comply with the state's prevailing wage laws. For each occasion list the project, the owner, the amount of back wages, and an explanation on a separate sheet of paper.

F. List any and all prevailing wage investigations undertaken by the State of California Labor Commissioner during the last five (5) years concerning your firm as a prime or subcontractor, the status of the investigation (including any outcome), along with an explanation on a separate sheet of paper.

G. List any and all occasions during the last five (5) years on which your firm was required to pay either back wages or penalties for your own firm's failure to comply with the federal Davis-Bacon prevailing wage requirements. For each occasion list the project, the owner, the amount of back wages, and an explanation on a separate sheet of paper.

H. At any time during the last five years, has your firm been found to have violated any provision of California apprenticeship laws or regulations, or the law pertaining to use of apprentices on public works? N ____ Y ____ If "Y" please provide an explanation of the violation on a separate sheet of paper.

I. Has any CSLB license held by your firm or its Responsible Managing Employee (RME) or Responsible Managing Officer (RMO) been suspended within the last five (5) years? N ____ Y ____ If "Y" please provide an explanation of on a separate sheet of paper.

5. DEBARMENT/RESPONSIBILITY HISTORY

A. In the last ten (10) years, has your firm, or any firm with which any of your company's owners, officers, or partners was associated, been debarred, disqualified, removed or otherwise prevented from bidding on, or completing, any government agency or public works project for any reason? N ____ Y ____ If "Y" please provide the name of the government agency and an explanation on a separate sheet of paper.

B. In the last ten (10) years, has your firm been denied an award of a public works contract based on a finding by a public agency that your company was not a responsible bidder? N ____ Y ____ If "Y" please provide the name of the government agency and an explanation on a separate sheet of paper.

6. SIGNATURE/DECLARATION

I, the undersigned, certify and declare that I have read all the foregoing answers to this Section's questions and know the contents of the Section's responses. The matters stated in questionnaire responses are true of my own knowledge and belief, except as to those matters stated on information and belief, and as to those matters I believe them to be true. I declare under penalty of perjury under the laws of the State of California, that the foregoing is correct.

Print Name and Title:

Signature

Date

RESPONSIBILITY DETERMINATION APPEAL PROCEDURE

It is the intent of the bid document's required "Responsibility" Section to assist the City in determining bidder responsibility prior to award of a bid, aid the City in selecting the lowest responsible bidder and make a determination of whether a bidder has the quality, fitness, capacity and experience to satisfactorily perform the proposed work with the demonstrated requisite trustworthiness.

The City of Exeter has established a process to allow bidders to dispute a finding of "not responsible bidder" as defined in the City of Exeter Code of Ordinances (Municipal Code) Section 3.36.220 prior to the award of the bid. This appeal process includes written notification by the City of the basis for a "not responsible" finding and any supporting evidence which has been received from others or adduced as a result of an investigation by the City.

A bidder will be given an opportunity to rebut any evidence used as a basis for a "not responsible" finding and to present evidence to the City as to why the prospective bidder should be found "responsible."

The City reserves the right to uphold or reverse the finding based upon subsequently learned information. Contractors who are found "not responsible" will be notified and given an opportunity for an appeal hearing consistent with the hearing procedures described below.

Where timely and completed responsibility information results in a "not responsible" finding, an appeal can be made. An appeal is commenced upon the contractor delivering a signed and written notice to the City of its appeal of the decision with respect to its pre-qualification rating, no later than ten (10) business days from date of written Notice from the City of the finding. An appeal submitted by mail must be postmarked no later than this deadline. Without a timely appeal, the contractor waives any and all rights to challenge the decision of City, whether by administrative process, judicial process and/or any other legal process or proceeding. The timely written notice of appeal must specify all grounds for the appeal and all remedies sought, and also specify whether a hearing is requested. If no hearing is requested, the right to a hearing will be deemed waived and a decision on the appeal may occur without a hearing and any written or documentary evidence submitted with the notice of appeal shall be considered.

If the contractor gives the required notice of appeal and requests a hearing, the hearing shall be conducted so that it is concluded no later than ten (10) business days after the City's receipt of the Notice of Appeal. The hearing so provided shall be an informal process conducted by the City Council or a designee, which may be a committee of the City Council, which has been delegated responsibility to hear such appeals (the "Appeals Panel"). At or prior to the timely requested hearing, the contractor will be advised of the basis for the City's "not responsible" determination. The contractor will be given the opportunity to present information and present reasons in opposition to the "not responsible" determination. At the conclusion of the hearing or no later than two (2) business day after completion of the hearing, the Appeals Panel will render its decision.

Note: In addition to “not responsible” findings made by the City due to a failure to meet the standards set forth in Code of Ordinances Section 3.36.220, A Contractor may be found “not responsible” for, among other grounds, either:

- (1) Omission of requested information; or
- (2) Falsification of or providing misleading information.

City of Exeter Agenda Item Transmittal

Meeting Date: March 24, 2020

Agenda Item Number: 14

Wording for Agenda: Discussion of COVID-19 status and Adoption of Resolution 2020-12 Proclaiming the Existence of a Local Emergency Due to the Novel Coronavirus (COVID-19).

Submitting Department: Administration

Contact Name: Adam Ennis

Phone Number: (559) 592-4539

Email: adam@exetercityhall.com

Department Recommendation: Staff recommends that the City Council consider adoption of Resolution 2020-12 Proclaiming the Existence of a Local Emergency Due to the Novel Coronavirus (COVID-19) with or without accompanying supplemental orders consistent with the State Governor's issued Executive Orders and other guidance.

For action by:

☒ City Council

Regular Session:

☐ Consent Calendar

☒ Regular Item

☐ Public Hearing

Review:

**City Administrator
(Initials Required)**



Summary/Background:

The novel coronavirus (COVID-19) is a respiratory disease which the Centers for Disease Control and Prevention (CDC) considers to be a very serious public health threat with outcomes ranging from mild to severe sickness and death. On March 4, 2020, Governor Newsom declared a state of emergency in the State of California due to the number of confirmed cases of COVID-19 in the state. On March 12, 2020, Tulare County declared an emergency due to the confirmed case of COVID-19 at Sierra View Medical Center in the city of Porterville, and additional cases have now been confirmed at Kaweah Delta Medical Center in Visalia. On March 13, 2020, Governor Newsom announced that California public health officials have determined that gatherings of more than 250 people should be postponed or canceled across the State at least until the end of March, and the gathering limitations guidance has been revised down to 50 and then 10 or less people, as of the date of this staff report. The City Council may wish to include additional directives consistent with the executive orders and guidelines as a supplement to the Declaration, such as utility shut-off extensions.

Fiscal Impact: The potential future impacts of this virus are unknown at this time but could vary depending on the level of resources, and associated costs, that are required to be expended by the City and the effect on future revenues due to impacts on the local economy. The potential for assistance to the City and community from State and Federal resources for these impacts are still unknown at this time and their availability could be dependent on whether a City declaration of emergency is made or not. If a declaration is made it must be reviewed every 60 days, which would have to occur by May 23rd.

Prior Council/Board Actions: None

Attachments: None

Recommended motion to be made by Council/Board: I move to adopt Resolution 2020-12 as presented.

RESOLUTION 2020-12

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EXETER PROCLAIMING THE EXISTENCE OF A LOCAL EMERGENCY

WHEREAS, the novel coronavirus (COVID-19) is a respiratory disease which the Centers of Disease Control and Prevention (CDC) consider to be a very serious public health threat with outcomes ranging from mild to severe sickness and death; and

WHEREAS, COVID-19 is easily transmissible from person to person and has spread globally to over 118 countries, infected more than 125,000, and killed more than 4,000 as of March 11, 2020 per the World Health Organization (WHO); and

WHEREAS, on January 31, 2020, the United States Department of Public Health and Human Services declared a public emergency for COVID-19 beginning on January 27, 2020; and

WHEREAS, on March 4, 2020, Governor Gavin Newsom declared a state of emergency in the State of California due to the number of confirmed cases of COVID -19 in the State; and

WHEREAS, on March 11, 2020, WHO made the assessment that COVID-19 can be characterized as a pandemic; and

WHEREAS, on March 12, 2020, Tulare County declared an emergency due to the confirmed case of COVID-19 at Sierra View Medical Center in the City of Porterville, thus enabling Tulare County to take extraordinary measures, and since that date there have been 2 more confirmed cases at Kaweah Delta Medical Center in the City of Visalia;

WHEREAS, between the dates of March 13, 2020 and March 17, 2020, various State and Federal authorities have recommended that gatherings of more than 250, 50, or even 10 people should be avoided at least until the end of March; and

WHEREAS, COVID-19 therefore will continue to cause conditions of peril to the health, safety, and welfare of person and property in the City of Exeter; and

WHEREAS, preparing for, responding to, mitigating, and recovering from the spread of COVID-19 requires the City to divert resources from normal day-to-day operations, and has and will continue to impose extraordinary requirements on and expenses to the City; and

WHEREAS, the City Council here finds that the above described conditions related to the COVID-19 outbreak does warrant and necessitate the proclamation of the existence of a local emergency in the City of Exeter;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND DECLARED by the City Council of the City of Exeter;

1. A local emergency is hereby proclaimed to exist throughout the City of Exeter.
2. The local emergency shall be deemed to continue to exist until its termination is proclaimed by the City Council of the City of Exeter.
3. As required by law, the City Council shall review the need to continue the state of emergency at least once every sixty (60) days until this Resolution is terminated.

PASSED, ADOPTED AND APPROVED this ____ day of March 2020 by the following vote:

AYES:

NOS:

ABSTAIN:

ABSENT:

MAYOR

ATTEST:

CITY CLERK