

**ACTION MINUTES OF REGULAR MEETING
BOARD OF PUBLIC UTILITIES COMMISSIONERS
CITY OF TULARE**

March 3, 2016

A regular meeting of the Board of Public Utilities Commissioners, City of Tulare, was held on Thursday, March 3, 2016, at 3:00 p.m., in the Tulare Public Library & Council Chambers.

BOARD MEMBERS PRESENT: Lee Brehm, Philip Smith, Edward Henry, Mark Watte, Dick Johnson

STAFF PRESENT: Don Dorman, Joe Carlini, Michael Miller, Darlene Thompson, Trisha Whitfield, Steve Bonville, Nick Bartsch, Benjamin Siegel, Shonna Oneal

I. CALL TO ORDER REGULAR SESSION:

President Brehm called the regular session to order at 3:00 p.m.

II. PLEDGE OF ALLEGIANCE:

President Brehm led the Pledge of Allegiance.

III. CITIZEN'S REQUEST OR COMMENTS: *This is the time for citizens to comment on items within the jurisdiction of the Board. The Board cannot legally discuss or take official action on citizen comments that are introduced tonight. Each speaker will be allowed **three minutes**, with a maximum time of 10 minutes per item, unless otherwise extended by the Board.*

There were no citizen comments presented.

IV. COMMUNICATIONS:

There were no items for this section on the agenda.

V. CONSENT CALENDAR:

It was moved by Board Member Henry, seconded by Board Member Johnson and unanimously carried that the items on the consent calendar be approved as presented with the exception of items 3 and 4.

(1) Approve minutes of the February 18, 2016 regular/special meeting(s).

(2) Accept January Investment Report.

(3) Accept Public Works work performance reports for January 2016.

Board Member Henry pulled this item to inquire if time preparing items for the Board is included in the office time reflected on the Sewer performance report. Public Works Director Joe Carlini explained that the office time reflected on the report is for putting information into the CMSS system. City Manager Don Dorman further explained that the office time includes entering data into the databases not only for this report, but to also help manage the function of the department. Board Member Watte requested staff ensure the data contained in the report is accurate and reflective of the actual work performed. Following discussion, it was moved by Board Member Henry, seconded by Vice President Smith and unanimously carried to approve the item as presented.

(4) Accept Project Dashboard. Board Member Henry pulled this item for clarification regarding the storm drain project at Cherry & Lyndale and noted that the project is marked suspended due to lack of funding. Public Works Director Joe Carlini explained that staff has made improvements in the area to help reduce the flooding. Field Services Manager Trisha Whitfield advised the Board that there was not enough funding in the project for a good permanent solution. She further advised that the project can be moved to the closed pending status since it will not be going forward at this time. Following discussion, it was moved by Board Member Henry, seconded by Board Member Johnson and unanimously carried to approve the item as presented.

VI. GENERAL BUSINESS:

(1) Award the purchase of four (4) trailer mounted emergency diesel power generators to Leete Generators of Santa Rosa, California in the amount of \$495,990.00 which includes tax and license. Field Services Manager Trisha Whitfield provided a report for the Board's review and consideration. Ms. Whitfield noted that the additional \$36,000 funding requested in the staff transmittal to be allocated to the project should have been \$46,000 as reflected on the revised project sheet attached to the transmittal. Following discussion, it was moved by Board Member Henry, seconded by Vice President Smith and unanimously carried to approve the item as presented.

(2) Review and discuss water conservation report for January 2016 and State extension of Mandatory Conservation regulations. Management Analyst Ben Siegel provided a report on the water conservation for January 2016 and provided the Board with an update on the extension of mandatory conservation regulations. Following discussion, no action was taken.

(3) Receive an update on the status of the Water and Wastewater Rate Study.

Field Services Manager Trisha Whitfield provided a PowerPoint slide presentation to the Board updating them on the Water and Wastewater Rate Study and highlighted the next steps in the rate study process. City Manager Don Dorman advised that he is estimating a 100% increase to the rates. Mr. Dorman explained that the rates are the core of the City's economic development plan to create a first class infrastructure by rebuilding the well system for additional demands, replacing 4 and 6 inch pipe lines to address pressure issues and rebuild streets including replacement of water and sewer pipe lines under the streets to attract businesses to the City. Following discussion, no action was taken.

VII. ITEMS OF BOARD INTERESTS:

Items of Board interest were discussed among the Board and staff.

City Manager Don Dorman advised the Board that the letter they received via email from the City of Tulare to Carl Carlucci of the State Water Board was in response to the notices mandating consolidation of the Soult and Matheny Tracts with the City's water delivery system and noted that the letter is a public document.

VIII. ADJOURN REGULAR MEETING:

President Brehm adjourned the regular meeting at 4:12 p.m.

President of the Board of Public Utilities
Commissioners of the City of Tulare

ATTEST:

Secretary of the Board of
Public Utilities Commissioners

AGENDA ITEM: *Consent 2*

**CITY OF TULARE, CALIFORNIA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Finance

For BPU Meeting of: March 17, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Accept Financial Status Report.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

As a reminder, the water fund was separated into new divisions as of January 1, 2016. We are still making adjustments.

The new divisions are:

- Admin Sales, collections and some public works administration
- Distribution Costs associated with distributing water throughout the city water lines
- Extraction Costs to pump water and maintain wells
- Treatment Costs to chemically treat water before being distributing to residents
- Groundwater Costs to recharge the groundwater in compliance with new State requirements.

Water revenue is more than \$400,000 under budget; while total Water operating expenditures are under budget by approximately \$750,000 and many capital projects have not begun yet so capital expenditures are under budget. Because Public Works is holding down expenses and capital expenditures, the fund is holding its own.

Solid Waste revenue is tracking over budget by approximately \$45,000. Operating expenditures are \$400,000 under budget.

Wastewater service revenue is approximately \$500,000 under budget for this point in the fiscal year. Operations are tracking \$1,000,000 under budget. Additionally, the wastewater department has not started any of the projects that were budgeted so the capital expenditures are under budget at this time.

STAFF RECOMMENDATION:

Accept Financial Status Report.

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

Submitted by: *Darlene Thompson*

Title: Finance Director

Date: March 17, 2016

City Manager Approval: *DD*

City of Tulare
Utility Operation Funds
Summary of Revenue/Expenditures - Budget to Actual
For the Eight Months Ended
February 29, 2016

| | Admin | | Distribution | | Extraction | | Treatment | | Groundwater | | Total Water | |
|------------------------------------|-----------------------|---------|----------------|-----------|-----------------------|-----------|----------------|---------|----------------|---------|-----------------------|------------------|
| | Annual Budget FY 2016 | Actual | Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual | Budget FY 2016 | Actual | Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual |
| Service Revenue | | | | | | | | | | | \$ 6,639,920 | \$ 4,067,706 |
| Recycle Sales | | | | | | | | | | | 920,000 | 398,580 |
| Drought Surcharge | | | | | | | | | | | 430,000 | 306,630 |
| Water Recharge Component | | | | | | | | | | | 3,000 | 44,983 |
| Water Waste Fees | | | | | | | | | | | 629,500 | 407,929 |
| Miscellaneous Revenue | | | | | | | | | | | 160,000 | 160,000 |
| Interfund Loan Repayment | | | | | | | | | | | | |
| Transfer In From General Fund | | | | | | | | | | | | |
| Total Revenues | | | | | | | | | | | 8,782,420 | 5,385,828 |
| Expenditures: | | | | | | | | | | | | |
| Operations | | | | | | | | | | | | |
| Salaries & Benefits | 366,276 | 180,498 | 735,236 | 421,342 | 165,757 | 92,876 | 122,657 | 68,736 | 23,175 | 11,418 | 1,413,101 | 774,870 |
| Maintenance & Operations | 273,388 | 314,899 | 262,470 | 145,663 | 1,994,350 | 878,768 | 224,430 | 103,818 | 896,640 | 245,908 | 3,651,278 | 1,689,056 |
| Annual Admin, Franchise & IT Fees | 42,810 | 42,259 | 519,370 | 471,277 | 5,710 | 5,707 | 22,230 | 22,227 | 750 | 751 | 590,870 | 542,220 |
| Depreciation | 7,300 | 5,607 | 953,590 | 634,592 | 214,280 | 141,020 | - | - | - | - | 1,175,170 | 781,219 |
| Transfers to Technology ClIP | 7,350 | 7,350 | - | - | - | - | - | - | - | - | 7,350 | 7,350 |
| Total Operations | 697,124 | 550,613 | 2,470,666 | 1,672,873 | 2,380,097 | 1,118,372 | 369,317 | 194,781 | 920,565 | 258,076 | 6,837,769 | 3,794,715 |
| Net Revenue from Operations | | | | | | | | | | | 1,944,651 | 1,591,112 |
| Other Expenditures | | | | | | | | | | | | |
| Capital Outlay | | | | | | | | | | | | |
| Special M & O | 50,000 | 2,029 | 70,000 | 23,565 | 1,101,310 | 218,236 | - | - | 60,000 | 42,799 | 120,000 | 25,594 |
| CIP Expenditures | 50,000 | 2,029 | 70,000 | 23,565 | 1,101,310 | 218,236 | - | - | 60,000 | 42,799 | 1,161,310 | 261,034 |
| Total Capital Expenditures | | | | | | | | | | | 1,281,310 | 286,628 |
| Debt Service | | | | | | | | | | | | |
| Debt Service | 135,880 | 438,340 | 864,510 | 334,908 | - | - | - | - | - | - | 1,000,390 | 773,248 |
| Total Debt Service | 135,880 | 438,340 | 864,510 | 334,908 | - | - | - | - | - | - | 1,000,390 | 773,248 |
| Total Other Expenditures | 185,880 | 440,369 | 934,510 | 358,473 | 1,101,310 | 218,236 | - | - | 60,000 | 42,799 | 2,281,700 | 1,059,876 |
| Net Revenue/(Expenditures) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (337,049) | \$ 531,236 |

Expenses paid in July and August for June activities are included in the previous fiscal year's expenses.

City of Tulare
Utility Operation Funds
Summary of Revenue/Expenditures - Budget to Actual
For the Eight Months Ended
February 29, 2016

| | Residential | | Commercial | | Street Sweeping | | Roll-Offs | | Other Revenue | | Total | | |
|------------------------------------|--------------------------|-------------------|--------------------------|--------------------|--------------------------|-------------------|--------------------------|------------------|--------------------------|-------------------|--------------------------|-------------------|---------------------|
| | Annual Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual Total | |
| Service Revenue | | | | | | | | | | | | | |
| Recycle Sales | \$ 4,702,200 | \$ 3,137,284 | \$ 1,632,000 | \$ 1,132,601 | \$ 984,300 | \$ 713,247 | \$ 733,000 | \$ 495,559 | \$ 6,000 | \$ 173,100 | \$ 140,472 | \$ 8,051,500 | \$ 5,478,691 |
| Drought Surcharge | 45,000 | 20,357 | - | 13,357 | - | - | - | 2,174 | - | 135,880 | - | 51,000 | 35,887 |
| Water Recharge Component | | | | | | | | | | | | | |
| Water Waste Fees | | | | | | | | | | | | | |
| Miscellaneous Revenue | | | | | | | | | | | | | |
| Interfund Loan Repayment | | | | | | | | | | | | | |
| Transfer In From General Fund | | | | | | | | | | | | | |
| Total Revenues | 4,747,200 | 3,157,641 | 1,632,000 | 1,145,958 | 984,300 | 713,247 | 733,000 | 497,732 | 314,980 | 140,472 | 140,472 | 8,411,480 | 5,655,050 |
| Expenditures: | | | | | | | | | | | | | |
| Operations | | | | | | | | | | | | | |
| Salaries & Benefits | 1,286,330 | 861,575 | 753,400 | 413,943 | 255,080 | 140,176 | 277,930 | 127,951 | | | | 2,572,740 | 1,543,646 |
| Maintenance & Operations | 2,393,680 | 1,313,645 | 1,023,090 | 672,342 | 287,480 | 192,676 | 459,800 | 298,153 | | | | 4,164,060 | 2,476,816 |
| Annual Admin, Franchise & IT Fees | 80,050 | 80,050 | 78,090 | 78,090 | 24,760 | 24,760 | 16,010 | 16,010 | | | | 198,910 | 198,910 |
| Depreciation | 15,470 | 10,313 | | | | | | | | | | 15,470 | 10,313 |
| Transfers to Technology CIP | 6,150 | 6,150 | | | | | | | | | | 6,150 | 6,150 |
| Total Operations | 3,781,680 | 2,271,733 | 1,854,580 | 1,164,375 | 567,330 | 357,612 | 753,740 | 442,115 | - | - | - | 6,957,330 | 4,235,835 |
| Net Revenue from Operations | 965,520 | 885,907 | (222,580) | (18,417) | 416,970 | 355,635 | (20,740) | 55,618 | 314,980 | 140,472 | 140,472 | 1,454,150 | 1,419,215 |
| Other Expenditures | | | | | | | | | | | | | |
| Capital Outlay | | | | | | | | | | | | | |
| Special M & O | 160,000 | 56,368 | 61,000 | 15,648 | | | 11,500 | 7,709 | | | | 232,500 | 79,725 |
| CIP Expenditures | 500,000 | 9,759 | | | | | | | | | | 500,000 | 9,759 |
| Total Capital Expenditures | 660,000 | 66,127 | 61,000 | 15,648 | - | - | 11,500 | 7,709 | - | - | - | 732,500 | 89,484 |
| Debt Service | | | | | | | | | | | | | |
| Total Debt Service | | | | | | | | | | | | | |
| Total Other Expenditures | 660,000 | 66,127 | 61,000 | 15,648 | - | - | 11,500 | 7,709 | - | - | - | 732,500 | 89,484 |
| Net Revenue/(Expenditures) | \$ 305,520 | \$ 819,780 | \$ (283,580) | \$ (34,065) | \$ 416,970 | \$ 355,635 | \$ (32,240) | \$ 47,909 | \$ 314,980 | \$ 140,472 | \$ 140,472 | \$ 721,650 | \$ 1,329,731 |

Expenses paid in July and August for June activities are included in the previous fiscal year's expenses.

City of Tulare
Utility Operation Funds
Summary of Revenue/Expenditures - Budget to Actual
For the Eight Months Ended
February 29, 2016

| | Sewer Collection | | Domestic Wastewater | | Industrial Wastewater | | Pretreatment | | Energy | | Total | |
|------------------------------------|--------------------------|------------------|--------------------------|------------------|--------------------------|-------------------|--------------------------|---------------|--------------------------|------------------|--------------------------|---------------------|
| | Annual Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual | Annual Budget FY 2016 | Actual |
| Service Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 23,653,490 | \$ 15,834,800 |
| Recycle Sales | | | | | | | | | | | | |
| Drought Surcharge | | | | | | | | | | | | |
| Water Recharge Component | | | | | | | | | | | | |
| Water Waste Fees | | | | | | | | | | | | |
| Miscellaneous Revenue | | | | | | | | | | | 3,353,000 | 1,644,330 |
| Interfund Loan Repayment | | | | | | | | | | | | |
| Transfer In From General Fund | | | | | | | | | | | | |
| Total Revenues | - | - | - | - | - | - | - | - | - | - | 27,006,490 | 17,479,130 |
| Expenditures: | | | | | | | | | | | | |
| Operations | | | | | | | | | | | | |
| Salaries & Benefits | 601,860 | 348,024 | 1,195,990 | 502,066 | 1,022,150 | 769,980 | 71,800 | 45,256 | 18,150 | 10,726 | 2,909,950 | 1,676,052 |
| Maintenance & Operations | 799,850 | 493,724 | 2,479,000 | 1,270,214 | 2,464,670 | 1,541,896 | 23,580 | 20,336 | 866,100 | 128,044 | 6,633,200 | 3,454,214 |
| Annual Admin, Franchise & IT Fees | (45,070) | (45,070) | 79,210 | 79,210 | 106,830 | 106,830 | - | - | | | 140,970 | 140,970 |
| Depreciation | 1,314,870 | 876,584 | 1,030,040 | 686,694 | 2,721,560 | 1,814,376 | - | - | 510,810 | 340,540 | 5,577,280 | 3,718,194 |
| Transfers to Technology CIP | | | 12,050 | 12,050 | | | | | | | 12,050 | 12,050 |
| Total Operations | 2,671,510 | 1,673,263 | 4,796,290 | 2,550,234 | 6,315,210 | 4,233,082 | 95,380 | 65,592 | 1,395,060 | 479,310 | 15,273,450 | 9,001,460 |
| Net Revenue from Operations | | | | | | | | | | | 11,733,040 | 8,477,649 |
| Other Expenditures | | | | | | | | | | | | |
| Capital Outlay | | | | | | | | | | | | |
| Special M & O | 500,000 | | 48,000 | 2,593 | 660,000 | 183,951 | | | | | 708,000 | 166,544 |
| CIP Expenditures | 500,000 | | 500,000 | 2,593 | - | 183,951 | | | | | 1,000,000 | 166,544 |
| Total Capital Expenditures | 500,000 | - | 548,000 | 2,593 | 660,000 | 183,951 | - | - | - | - | 1,708,000 | 166,544 |
| Debt Service | | | | | | | | | | | | |
| Debt Service | 1,029,560 | 5,238,179 | 4,088,880 | 1,167,134 | 9,222,800 | 71,576,282 | | | 1,127,310 | 8,394,996 | 15,488,550 | 1,821,590 |
| Total Debt Service | 1,029,560 | 5,238,179 | 4,088,880 | 1,167,134 | 9,222,800 | 71,576,282 | | | 1,127,310 | 8,394,996 | 15,488,550 | 1,821,590 |
| Total Other Expenditures | 1,529,560 | 5,238,179 | 4,636,880 | 1,169,727 | 9,882,800 | 71,740,233 | - | - | 1,127,310 | 8,394,996 | 17,176,550 | 1,988,134 |
| Net Revenue/(Expenditures) | | | | | | | | | | | \$ (5,443,510) | \$ 6,489,515 |

Expenses paid in July and August for June activities are included in the previous fiscal year's expenses.

**CITY OF TULARE, CALIFORNIA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Public Works/ Solid Waste Division

For Board Meeting of: March 17, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Adopt Resolution 16-03 authorizing submittal of applications for all CalRecycle Grants City of Tulare is eligible for.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

The City of Tulare successfully received a tire grant from CalRecycle in 2013. At that time, the City was approved to receive \$5.00 per tire from CalRecycle as part of the grant. The City received \$2,840 for the 568 tires that Solid Waste collected and hauled to the disposal site.

Staff is requesting authorization to reapply for the 2016/2017 tire grant from CalRecycle. The amount of funds that will be granted to the City will be determined after approval.

STAFF RECOMMENDATION:

Adopt Resolution 16-03 authorizing submittal of applications for all CalRecycle Grants City of Tulare is eligible for.

CITY ATTORNEY REVIEW/COMMENTS: Yes No N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

FUNDING SOURCE/ACCOUNT NUMBER:

Signed: Frank Rodriguez

Title: Solid Waste Manager

Date: March 17, 2016

City Manager Approval: DD

RESOLUTION NO. 16-03

**A RESOLUTION OF THE BOARD OF PUBLIC UTILITIES OF THE CITY OF
TULARE AUTHORIZING SUBMITTAL OF APPLICATION(S) FOR ALL
CALRECYCLE GRANTS FOR WHICH THE CITY OF TULARE
IS ELIGIBLE.**

WHEREAS, Public Resources Code sections 40000 et seq. authorize the Department of Resources Recycling and Recovery (CalRecycle), formerly known as the California Integrated Waste Management Board, to administer various Grant Programs (grants) in furtherance of the State of California's (State) efforts to reduce, recycle and reuse solid waste generated in the State thereby preserving landfill capacity and protecting public health and safety and the environment; and

WHEREAS, in furtherance of this authority CalRecycle is required to establish procedures governing the application, awarding, and management of the grants; and

WHEREAS, CalRecycle grant application procedures require, among other things, an applicant's governing body to declare by resolution certain authorizations related to the administration of CalRecycle grants.

NOW, THEREFORE, BE IT RESOLVED that the Board of Public Utilities of the City of Tulare authorizes the submittal of application(s) to CalRecycle for all grants for which the City of Tulare is eligible; and

BE IT FURTHER RESOLVED that the Public Works Director, or his/her designee is hereby authorized and empowered to execute in the name of the City of Tulare all grant documents, including but not limited to, applications, agreements, amendments and requests for payment, necessary to secure grant funds and implement the approved grant project; and

BE IT FURTHER RESOLVED that these authorizations are effective for five (5) years from the date of adoption of this resolution.

PASSED, ADOPTED, AND APPROVED by the Board of Public Utilities of the City of Tulare, California, this 17th day of March, 2016.

President of the Board of Public Utilities of
the City of Tulare

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF TULARE) ss.
CITY OF TUARE)

I, Don Dorman, City Clerk of the City of Tulare, certify the foregoing is the full and true Resolution 16-03 passed and adopted by the Board of Public Utilities of the City of Tulare at a regular meeting held on March ____, 2016 , by the following vote:

Aye(s) _____

Noes(s) _____ Absent/Abstention(s) _____.

Dated: DON DORMAN, CITY CLERK

By Shonna Oneal, Deputy City Clerk

**Comparator Tool
Projection vs Actual**

AGENDA ITEM Consent 4

| Month | System Delivery Capacity (MGD) | | System Capacity Loss (MGD) | | New Connections Completed | | Monthly Total Demand (MGD) | | Peak Hour Demand (MGD) | | Average Max Day Pressure (PSI) | | Peak Minimum Pressure (PSI) | |
|--------|--------------------------------|--------------|----------------------------|-------------|---------------------------|-----------|----------------------------|--------------|------------------------|--------------|--------------------------------|--------------|-----------------------------|--------------|
| | Projected | Actual | Projected | Actual | Projected | Actual | Projected | Actual | Projected | Actual | Projected | Actual | Projected | Actual |
| Feb-16 | 31.95 | 31.95 | 0.24 | - | 16 | 14 | 11.37 | 8.65 | 18.09 | 12.55 | 58.64 | 53.56 | 47.26 | 40.96 |
| Jan-16 | 31.95 | 31.95 | 1.21 | 1.50 | 10 | 12 | 12.21 | 8.28 | 17.36 | 12.00 | 56.53 | 53.85 | 44.24 | 40.27 |
| Dec-15 | 31.95 | 31.95 | 0.43 | 0.28 | 5 | 52 | 10.71 | 8.99 | 18.07 | 13.01 | 58.35 | 54.90 | 49.61 | 40.26 |
| Nov-15 | 31.95 | 31.95 | 2.69 | 0.82 | 12 | 18 | 12.85 | 10.19 | 12.90 | 14.71 | 56.96 | 56.00 | 46.26 | 41.90 |
| Oct-15 | 31.95 | 31.95 | 1.52 | 1.52 | 24 | 24 | 16.57 | 14.86 | 22.40 | 21.42 | 59.24 | 52.53 | 47.14 | 39.73 |
| Sep-15 | 26.42 | 26.42 | 1.18 | 1.14 | 16 | 17 | 17.40 | 19.12 | 23.90 | 27.54 | 58.85 | 54.07 | 44.90 | 39.96 |

Number of new water connections completed since December 11, 2014 = 226
 Number of new water connections under construction (building permits issued) = 119
 Number of pending water connections in permit approval process = 115
 Number of pending water connections with conditional approval = 551
 Total = 1011

**CITY OF TULARE, CALIFORNIA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Development Services – Engineering

For Board Meeting of: March 17, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Review the findings of a water system analysis of the proposed expansion of the Sun N Fun RV Park, and consider a request by the Owner, Central Valley Properties, L.P., to allow 17 new connections of said development to the City water system subject to the conditions as presented.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

The Sun N Fun RV Park is an existing mobile home park located along the north side of Rankin Avenue west of "K" Street. The owner is proposing an expansion of 17 units, which with the same number of new water connections requested. Using the City's Capacity Versus Demand Comparison Tool and information provided in the Developer's Application for Hydraulic Water Model Analysis, the anticipated impacts of the proposed project were evaluated by staff. Based upon the analysis, staff has determined that the City's water system will have sufficient capacity to accommodate pending/approved projects plus the proposed expansion of the Sun N Fun RV Park if the conditions assured by the model are satisfied. This determination is based upon projections that an additional 2.5 MGD of supply capacity will be added to the system by August 2017.

Staff is recommending that conditional approval for the 17 new connections associated with the proposed Sun N Fun RV Park expansion be granted. This request has been reviewed by the Public Works Director and he will provide a certification of the ability to serve based on the revised conditions listed below either before, or at the meeting. Included in this certification is the assumption that the City's current water conservation stage remains in Stage 3. If this water conservation standard is reduced it will change the validity of this certification because of the increased demand on the City's water system.

STAFF RECOMMENDATION:

Accept the findings of the water system analysis performed by staff for the proposed expansion of the Sun N Fun RV Park, and authorize 17 new connections to the City water system subject to the following conditions of approval:

1. Finding by the City Engineer that the entitled project is consistent with the Application for Hydraulic Water Model Analysis submitted by the Developer,
2. Full entitlement of the project and issuance of first building permit by March 3, 2017,
3. Prior to issuance of first building permit, confirmation by the Public Works Director that the firm supply of the City water system has not significantly decreased from the date of conditional approval, that connecting the units will not cause water pressure to drop below City standards at any place in the City solely because of connecting the project, that estimated demand is still less than or equal to the estimated firm supply, and that based on the first three assessments, that the connection will not put public health and safety at risk.

CITY ATTORNEY REVIEW/COMMENTS: Yes No

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No

Signed: Michael Miller

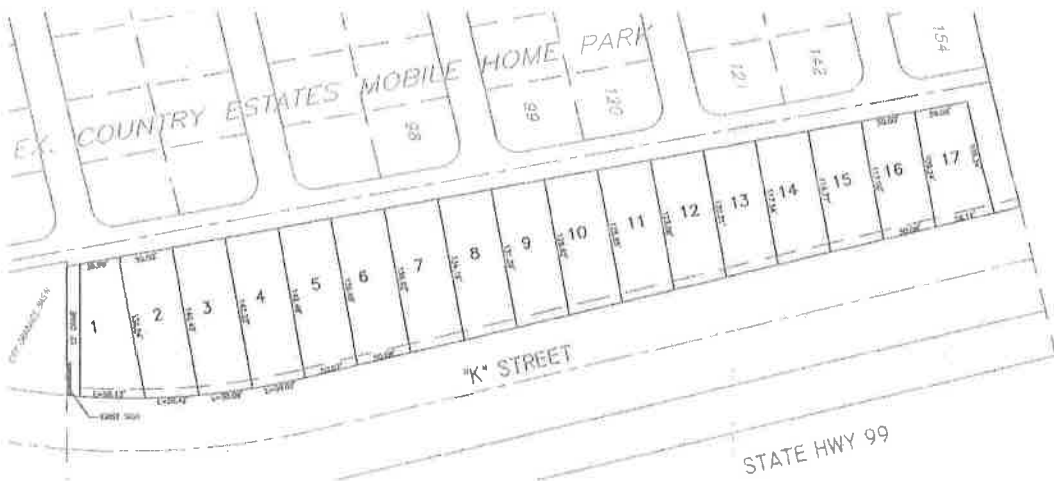
Title: City Engineer

Date: February 24, 2016

City Manager Approval: DD

Sun N Fun RV Park Addition

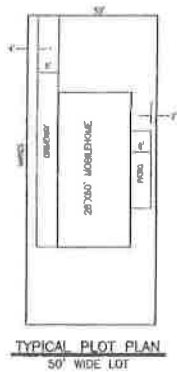
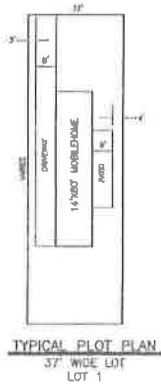
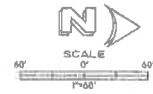




COUNTRY ESTATES MOBILE HOME PARK PROPOSED ADDITION

FOR: JON BOVONE

BY: FORESTER, WEBER & ASSOCIATES, L.L.C.
1620 W. MINERAL KING AVE., SUITE B
VADALA, CALIFORNIA 92281
TEL. (562) 732-0102



AGENDA ITEM: Gen. Bus. 2

CITY OF TULARE, CA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET

Submitting Department: Finance

For Board Meeting of: March 17, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Adopt **Resolution 16-04** to authorize issuance of the City of Tulare Sewer Revenue Refunding Bonds, Series 2016 to refinance all or a portion of the City's outstanding Sewer Revenue Bonds, Series 2009 (the "Series 2009 Bonds") and Sewer Revenue Bonds, Series 2010 (the "Series 2010 Bonds") in order to reduce debt service and achieve savings.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

The City's Series 2009 Bonds have \$54,775,000 of outstanding principal at a net interest rate of approximately 5.9% with outstanding bond maturities payable from November 15, 2032 through November 15, 2044. These bonds were issued as taxable Build America Bonds and technically have a higher gross interest rate of 8.75% that is offset by reimbursements from the federal government equal to approximately 32.6% of interest, resulting in a current net interest rate of approximately 5.9%. At current interest rates, the City can achieve significant savings by refunding the outstanding Series 2009 Bonds.

The City's Series 2010 Bonds have \$8,375,000 of outstanding principal at interest rates ranging from 3.5% to 6.0% for outstanding bond maturities payable from November 15, 2016 through November 15, 2031. A portion of these bonds was previously refunded for savings.

Preliminary savings estimates are shown below. These levels of savings are significantly higher than the industry-standard 3% threshold for conducting a refunding.

Refunding Savings Estimates for Series 2009 Bonds:

| Savings Estimates: | Savings \$ | % of Refunded Principal |
|------------------------|----------------|-------------------------|
| Gross Savings: | \$12.8 million | 23.4% |
| Present Value Savings: | \$8.4 million | 15.3% |

Refunding Savings Estimates for Series 2010 Bonds:

| Savings Estimates: | Savings \$ | % of Refunded Principal |
|------------------------|---------------|-------------------------|
| Gross Savings | \$1.1 million | 13.7% |
| Present Value Savings: | \$0.9 million | 10.7% |

Together, the amount of outstanding principal on the Series 2009 Bonds and Series 2010 Bonds to be refunded totals \$63,150,000. The savings estimates assume the refunding debt would be structured with the same repayment terms as the outstanding Series 2009 and Series 2010 Bonds, with no extension of the repayment term for either issue. The savings estimates are slightly conservative estimates of savings based on current interest rates. Actual savings may vary based on interest rates in effect when the bonds are priced in mid-late May 2016.

If approved, the City would move forward with a new refunding bond issue to refinance the Series 2009 and the remaining portion of the Series 2010 Bonds. Interest rates are currently very low by historical standards. It is recommended that the City move forward with the refundings in order to achieve savings and reduce annual sewer bond debt service payments.

STAFF RECOMMENDATION:

Adopt **Resolution 16-04** to authorize issuance of the City of Tulare Sewer Revenue Refunding Bonds, Series 2016 to refinance all or a portion of the City's outstanding Sewer Revenue Bonds, Series 2009 (the "Series 2009 Bonds") and Sewer Revenue Bonds, Series 2010 (the "Series 2010 Bonds") in order to reduce debt service and achieve savings.

CITY ATTORNEY REVIEW/COMMENTS: Yes N/A
Review by Bond Counsel

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

Submitted by: Darlene Thompson **Title:** Finance Director

Date: March 9, 2015

City Manager Approval: DD

RESOLUTION NO. 16-04

**A RESOLUTION OF THE BOARD OF PUBLIC UTILITIES
COMMISSIONERS OF THE CITY OF TULARE APPROVING
THE ADOPTION OF THE PROPOSED ORDINANCE TO BE
CONSIDERED AT THE APRIL 5, 2016 MEETING OF THE
CITY COUNCIL OF THE CITY OF TULARE AND THE
ISSUANCE OF SEWER REVENUE REFUNDING BONDS**

WHEREAS, the City of Tulare desires to issue one or more series of Sewer Revenue Refunding Bonds (the "Bonds"), to refund, on a current or advance basis, all or a portion of remaining outstanding City of Tulare Sewer Revenue Bonds, Series 2009 (Taxable Build America Bonds - Direct-Pay) and Series 2010 (the "Refunded Bonds"), which will result in interest expense savings; and

WHEREAS, the Council of the City of Tulare, on or about April 5, 2016, has for consideration a proposed Ordinance providing for the issuance of not to exceed \$63,150,000 principal amount of Sewer Revenue Refunding Bonds (the "Ordinance"); and

WHEREAS, in accordance with the City of Tulare Revenue Bond Law, said Ordinance shall not take effect until it has been approved by this Board of Public Utilities Commissioners of the City of Tulare (the "Board"); and

WHEREAS, the Board has carefully considered said Ordinance and each and every provision thereof;

WHEREAS, the City Council of the City of Tulare is expected to adopt an ordinance and a resolution providing for the issuance of not to exceed \$63,150,000 aggregate principal amount of one or more series of Bonds pursuant to a Master Indenture and one or more Supplemental Indentures (collectively, the "Indentures"), the proceeds of which will be used to refinance all or a portion of the Refunded Bonds; and

WHEREAS, this Board of Public Utilities Commissioners of the City of Tulare (the "Board") desires to approve the Ordinance and issuance of the Bonds by the City of Tulare; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES COMMISSIONERS OF THE CITY OF TULARE AS FOLLOWS:

Section 1. Approval of Ordinance. The Ordinance and each and every provision thereof, is hereby approved by the Board, and the Board hereby consents to and concurs in the adoption of said Ordinance, and consents to the issuance of one or more series of Bonds and the use of a portion of the proceeds thereof to refinance all or a portion of the Refunded Bonds for interest expense savings. The Board acknowledges that the Bonds may be sold by the City in a public or private sale.

Section 2. Actions by Board. Whenever in said Ordinance or the Indentures, any act is required by any applicable law to be done or performed by the Board, then in each and every such case the Board hereby agrees that it will do or perform such act, and the Board hereby covenants, represents and agrees, for the direct benefit of the owners of all of the revenue bonds authorized to be

issued under said Ordinance and Bond Indentures that it will take any and all action required by it to be taken in order for the City of Tulare to comply with said Ordinance and Bond Indentures and each and every provision thereof.

PASSED AND ADOPTED this 17th day of March, 2016.

President of the Board of Public Utilities
Commissioners of the City of Tulare

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF TULARE) ss.
CITY OF TUARE)

I, Don Dorman, City Clerk of the City of Tulare, certify the foregoing is the full and true Resolution 16-04 passed and adopted by the Board of Public Utilities of the City of Tulare at a regular meeting held on March ____, 2016 , by the following vote:

Aye(s) _____

Noes(s) _____ Absent/Abstention(s) _____.

Dated: DON DORMAN, CITY CLERK

By Shonna Oneal, Deputy City Clerk

SEVENTH SUPPLEMENTAL INDENTURE

by and between

CITY OF TULARE

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

Dated as of [Dated Date], 2016

Relating to the

**CITY OF TULARE
SEWER REVENUE REFUNDING BONDS
SERIES 2016**

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SEVENTH SUPPLEMENTAL INDENTURE

This SEVENTH SUPPLEMENTAL INDENTURE dated as of [Dated Date], 2016 (the "Supplemental Indenture"), by and between the CITY OF TULARE, a municipal corporation, duly organized and existing under and by virtue of the Freeholders' Charter of the City of Tulare and the laws of the State of California (the "City"), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as Trustee (the "Trustee");

WITNESSETH:

WHEREAS, the City and the Trustee duly authorized the execution and delivery of a Master Indenture, dated as December 1, 2003 (the "Master Indenture"), to provide for the terms and conditions of the issuance by the City of series of Sewer Revenue Bonds from time to time;

WHEREAS, the City and the Trustee duly authorized the execution and delivery of this Supplemental Indenture to provide for the issuance of its Sewer Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds") in the aggregate principal amount of \$84,555,000 under and secured by the Master Indenture;

WHEREAS, the City is authorized under the Law (as defined in the Master Indenture) and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California to issue the refunding bonds to refinance all or portions of obligations theretofore entered into by it;

WHEREAS, the City has determined that it is in the best interests of the City and its sewer customers and is necessary and proper for City purposes that the City issue the Series 2016 Bonds to refinance all or a portion of the City's Series 2009 Bonds and Series 2010 Bonds; and

WHEREAS, the City has determined that all things necessary to cause the Series 2016 Bonds, when duly executed by the City and authenticated and delivered by the Trustee as provided herein, to be legal and valid special obligations of the City enforceable in accordance with their terms and to constitute the Indenture a valid agreement for the purposes and uses herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution, authentication and delivery of the Series 2016 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Series 2016 Bonds at any time issued and delivered hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Series 2016 Bonds are to be issued, and in consideration of the premises and of the mutual agreements and covenants herein contained and of the purchase and acceptance of the Series 2016 Bonds by the respective Registered Owners thereof from time to time, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby agree and

covenant with the Trustee, for the benefit of the respective Registered Owners from time to time of the Series 2016 Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in the Master Indenture and this Section shall for all purposes hereof and of the Series 2016 Bonds and of any certificate, opinion, report, request or other document herein or therein mentioned have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Closing Date

"Closing Date" means, with respect to the Series 2016 Bonds, [Closing Date], 2016.

Indenture

"Indenture" means collectively the Master Indenture, this Supplemental Indenture and any other supplemental indentures entered into pursuant to the Master Indenture.

Master Indenture

"Master Indenture" means that certain Master Indenture dated as of December 1, 2003, by and between the City and the Trustee.

Series 2009 Escrow Agent

"Series 2009 Escrow Agent" means U.S. Bank National Association.

Series 2009 Escrow Agreement

"Series 2009 Escrow Agreement" means that certain Escrow Agreement, dated as of [Dated Date], 2016, by and between the City and the Series 2009 Escrow Agent.

Series 2010 Escrow Agent

"Series 2010 Escrow Agent" means U.S. Bank National Association.

Series 2010 Escrow Agreement

"Series 2010 Escrow Agreement" means that certain Escrow Agreement, dated as of [Dated Date], 2016, by and between the City and the Series 2010 Escrow Agent.

Series 2016 Bonds

"Series 2016 Bonds" means the City of Tulare Sewer Revenue Refunding Bonds, Series 2016 authorized, executed and delivered hereunder.

Series 2016 Bond Insurer

"Series 2016 Bond Insurer" means [Bond Insurer], or any successor thereto or assignee thereof.

Series 2016 Continuing Disclosure Certificate

"Series 2016 Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate or Certificates executed by the City with respect to the Series 2016 Bonds.

Series 2016 Costs of Issuance

"Series 2016 Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Series 2016 Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating agency meetings and other meetings concerning the Series 2016 Bonds, initial fees and charges of any Trustee, legal fees and charges, fees and disbursements of consultants, lawyers and other professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Series 2016 Bonds, surety, insurance and credit enhancement costs, and any other cost, charge or fee in connection with the delivery of the Series 2016 Bonds.

Series 2016 Costs of Issuance Fund

"Series 2016 Costs of Issuance Fund" means the Fund established pursuant to Section 2.5 hereof.

Series 2016 Municipal Bond Insurance Policy

"Series 2016 Municipal Bond Insurance Policy" means the insurance policy issued by the Series 2016 Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2016 Bonds when due.

Series 2016 Reserve Account

"Series 2016 Reserve Account" means the debt service reserve account created by Section 2.4 held within the Reserve Fund.

[Series 2016 Step Coupon Bond

"Series 2016 Step Coupon Bond" means _____.]

Supplemental Indenture

"Supplemental Indenture" means this Seventh Supplemental Indenture.

ARTICLE II

**ISSUANCE OF THE SERIES 2016 BONDS; CREATION OF SERIES 2016 COSTS OF
ISSUANCE FUND**

Section 2.1. Authorization and Terms of Series 2016 Bonds. The Series 2016 Bonds in a principal amount of [\$Principal Amount] are hereby authorized to be issued by the City in order to refinance all or a portion of the City's Series 2006 Bonds and Series 2010 Bonds. The Series 2016 Bonds shall be designated the "City of Tulare Sewer Revenue Refunding Bonds, Series 2016".

The Series 2016 Bonds shall be dated their initial date of delivery, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates per annum (payable semiannually on May 15 and November 15 in each year, commencing on November 15, 2016) and shall mature and become payable on November 15 in each of the years in the principal amounts set forth in the following schedule:

| Maturity Date (November 15) | Principal Amount | Interest Rate |
|--------------------------------|---------------------|------------------|
|--------------------------------|---------------------|------------------|

The Series 2016 Bonds shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Series 2016 Bonds maturing at any one time). The Series

2016 Bonds shall be numbered sequentially. Each Series 2016 Bond shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from and including the Record Date next preceding an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless such date of registration is on or before the Record Date next preceding the first Interest Payment Date, in which event it shall bear interest from its date of delivery; *provided*, that if at the time of registration of any Series 2016 Bond interest is then in default on the Outstanding Series 2016 Bonds, such Series 2016 Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2016 Bonds. Payment of interest on the Series 2016 Bonds due on or before the maturity or prior redemption of the Series 2016 Bonds shall be made to the person whose name appears in the registration books maintained under Section 2.8 of the Master Indenture as the Owner thereof as of the close of business on the Record Date next preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on each Interest Payment Date to such Owner at his address as it appears in the registration books maintained under such Section 2.8 of the Master Indenture, or, upon written request received prior to the Record Date next preceding an Interest Payment Date of an Owner of at least one million dollars (\$1,000,000) in aggregate principal amount of Series 2016 Bonds, by wire transfer in immediately available funds to an account within the continental United States of America designated by such Owner.

The principal of and redemption premiums, if any, on the Series 2016 Bonds shall be payable upon the surrender thereof at maturity or the prior redemption thereof at the Corporate Trust Office of the Trustee. The interest on and principal of and redemption premiums, if any, on the Series 2016 Bonds shall be paid in lawful money of the United States of America.

Section 2.2. Form of Series 2016 Bonds. The Series 2016 Bonds, the authentication and registration endorsement and the assignment to appear thereon shall be substantially in the forms attached hereto as Exhibit A, which is incorporated herein and made a part hereof, with necessary or appropriate variations, omissions and insertions as permitted or required hereby.

Section 2.3. Application of Proceeds of Sale of Series 2016 Bonds and Other Funds held under the Indenture. Upon receipt of payment for the Series 2016 Bonds (the "Series 2016 Bond Proceeds") from the underwriter in the net amount of \$_____ (equal to the principal amount of the Series 2016 Bonds of [\$Principal Amount], plus original issue premium of \$_____, less underwriter's discount of \$_____, less Series 2016 Municipal Bond Insurance Policy premium of \$_____ wired by the underwriter to the Series 2016 Bond Insurer on behalf of the City), the Trustee shall deposit or transfer the Series 2016 Bond Proceeds and other available moneys as described below:

(a) \$_____ of Bond Proceeds to the Series 2009 Escrow Agent to be applied as described in the Series 2009 Escrow Agreement.

(b) \$_____ from the Series 2009 Bonds Reserve Account and the Series 2009 Bonds Interest Account to the Series 2009 Escrow Agent to be applied as described in the Series 2009 Escrow Agreement.

(c) \$_____ of Bond Proceeds to the Series 2010 Escrow Agent to be applied as described in the Series 2010 Escrow Agreement.

(d) \$_____ from the Series 2010 Bonds Reserve Account and Series 2010 Bonds Interest Account to the Series 2010 Escrow Agent to be applied as described in the Series 2010 Escrow Agreement.

(e) \$_____ of Bond Proceeds into the Series 2016 Bond Reserve Account.

(f) \$_____ of Bond Proceeds into the Series 2016 Costs of Issuance Fund.

The Trustee may establish a temporary fund or account to facilitate such transfers and deposits. Any moneys remaining in the accounts for the Series 2006 Bonds or the Series 2009 Bonds shall be deposited in Interest Account for the Series 2016 Bonds.

Section 2.4. Series 2016 Reserve Account. The Series 2016 Reserve Account is hereby created within the Reserve Fund. Amounts in or available to the Series 2016 Reserve Account shall only be available to pay the interest on and principal of the Series 2016 Bonds. On the Closing Date, \$_____ of Bond Proceeds will be deposited in the Series 2016 Reserve Account, an amount equal to the Reserve Fund Required for the Series 2016 Bonds as of the Closing Date.

Section 2.5. Series 2016 Costs of Issuance Fund. There shall be established a separate fund with the Trustee to be known as the "Series 2016 City of Tulare Costs of Issuance Fund," which fund shall be referred to herein as the "Series 2016 Costs of Issuance Fund". On _____, 2016 all amounts on deposit in the Series 2016 Costs of Issuance Fund shall be transferred to the City. On the Closing Date, \$_____ of Bond Proceeds will be deposited in the Costs of Issuance Fund.

Before any payment of money is made from any of the Series 2016 Costs of Issuance Fund, the City shall file with the Trustee a Written Request of the City substantially in the form of Exhibit B which contains the following items:

- (a) the name and address of the person to whom payment is due;
- (b) the amount of money to be paid and the Series 2016 Costs of Issuance Fund from which such payment is to be made; and
- (c) the purpose for which the obligation to be paid was incurred.

Each such Written Request of the City shall state and shall be conclusive evidence to the Trustee of the following:

- (a) that such payment complies with the requirements of this Indenture and any Supplemental Indentures; and

(b) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Fund.

Upon receipt of each Written Request described above the Trustee shall pay the amount set forth therein as directed by the terms thereof. Upon the earlier of (i) _____ or (ii) when all moneys have been expended in the Series 2016 Costs of Issuance Fund, such fund shall be closed by the Trustee.

Section 2.6. Redemption of Series 2016 Bonds.

(a) Optional Redemption. The Series 2016 Bonds (except for the Series 2016 Step Coupon Bond, which will be subject to optional redemption as described in Section 2.6(b) below) maturing by their terms on or after November 15, 2026, are subject to optional redemption prior to their respective stated maturity dates by the City on any date on or after November 15, 2025, as a whole or in part in such principal amounts and from such maturity dates as selected by the City, from funds derived by the City from any lawful source and deposited with the Trustee not less than five (5) days prior to the date of redemption, upon mailed notice as provided in Section 2.4 of the Master Indenture, at a redemption price equal to the principal amount of the Bonds or the portions thereof redeemed, without premium, together with interest accrued thereon to the date fixed for redemption. The Trustee shall distribute notice of optional redemption upon receipt of a Written Request of the City received by the Trustee at least five (5) days prior to the date of such notice of optional redemption.

(b) Optional Redemption for Series 2016 Step Coupon Bond. [The Series 2016 Step Coupon Bond is subject to optional redemption by the City prior to its maturity date on any date on or after November 15, 20__, as a whole or in part in such principal amounts and from such maturity dates as selected by the City, from funds derived by the City from any lawful source and deposited with the Trustee not less than five (5) days prior to the date of redemption, upon mailed notice as provided in Section 2.4 of the Master Indenture, at a redemption price equal to the principal amount of the Bonds or the portions thereof redeemed, without premium, together with interest accrued thereon to the date fixed for redemption. The Trustee shall distribute notice of optional redemption upon receipt of a Written Request of the City received by the Trustee at least five (5) days prior to the date of such notice of optional redemption.]

(c) Mandatory Redemption. Subject to Article II of the Master Indenture, the Series 2016 Bonds described below are subject to mandatory redemption prior to maturity in part, by lot, on each November 15 on or after November 15, 20__ from Sinking Fund Account Installments deposited into the Sinking Fund Account pursuant to Section 3.1 of the Master Indenture at the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium, as follows:

\$ _____ Term Bond maturing November 15, 20__

Sinking Fund Account

Payment Dates

(November 15)

Sinking Fund

Account Installment

* Maturity.

Section 2.7. Terms of Series 2016 Bonds Subject to the Master Indenture. Except as in the Supplemental Indenture expressly provided, every term and condition contained in the Master Indenture shall apply to the Supplemental Indenture to the Series 2016 Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Supplemental Indenture.

ARTICLE III

PROVISIONS RELATING TO THE SERIES 2016 MUNICIPAL BOND INSURANCE POLICY

Section 3.1. Certain Provisions relating to the Series 2016 Bonds. So long as the Series 2016 Municipal Bond Insurance Policy is outstanding and the Series 2016 Bond Insurer is not in default of its obligations thereunder: [TO BE REVISED BASED ON INSURER]

(a) The prior written consent of the Series 2016 Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Series 2016 Reserve Account. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series 2016 Reserve Account shall be applied solely to the payment of debt service due on the Series 2016 Bonds.

(b) The Series 2016 Bond Insurer shall be deemed to be the sole holder of the Series 2016 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2016 Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties

and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Series 2016 Bond, the Trustee (solely with respect to the Series 2016 Bonds) and each Bondholder appoint the Series 2016 Bond Insurer as their agent and attorney-in-fact and agree that the Series 2016 Bond Insurer may at any time during the continuation of any proceeding by or against the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee (solely with respect to the Series 2016 Bonds) and each Bondholder delegate and assign to the Series 2016 Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Bondholders shall expressly include mandamus.

(c) If acceleration is permitted under the Indenture, the maturity of Series 2016 Bonds shall not be accelerated without the consent of the Series 2016 Bond Insurer and in the event the maturity of the Series 2016 Bonds is accelerated, the Series 2016 Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the City) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 2016 Bond Insurer's obligations under the Series 2016 Municipal Bond Insurance Policy with respect to such Series 2016 Bonds shall be fully discharged.

(d) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Series 2016 Bond Insurer. No grace period shall be permitted for payment defaults.

(e) The Series 2016 Bond Insurer shall be included as a third party beneficiary to the Indenture.

(f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2016 Bonds to be redeemed shall be subject to the approval of the Series 2016 Bond Insurer. The exercise of any provision of the Indenture which permits the purchase of Series 2016 Bonds in lieu of redemption shall require the prior written approval of the Series 2016 Bond Insurer if any Bond so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Bondholders or adversely affects the rights and interests of the Series 2016 Bond Insurer shall be subject to the prior written consent of the Series 2016 Bond Insurer.

(h) The rights granted to the Series 2016 Bond Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Series 2016 Bond Insurer in consideration of its issuance of the Series 2016 Municipal Bond Insurance Policy. Any exercise by the Series 2016 Bond Insurer of such rights is merely an exercise of the Series 2016 Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Series 2016 Bond Insurer, affirmative or negative, as to whether the consent of the Bondholders or any other person is required in addition to the consent of the Series 2016 Bond Insurer.

(i) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Series 2016 Bond Insurer, pre refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Series 2016 Bond Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Series 2016 Bonds unless the Series 2016 Bond Insurer otherwise approves.

(j) To accomplish defeasance, the City shall cause to be delivered to the Series 2016 Bond Insurer (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Series 2016 Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2016 Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Series 2016 Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2016 Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Series 2016 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance to the Series 2016 Bond Insurer and the City, and addressed, to the City, Trustee and Series 2016 Bond Insurer. The Series 2016 Bond Insurer shall be provided with final drafts of the above referenced documentation not less than five business days prior to the funding of the escrow.

(k) Series 2016 Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(l) Amounts paid by the Series 2016 Bond Insurer under the Series 2016 Municipal Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and the Series 2016 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the City in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2016 Bond Insurer have been paid in full or duly provided for.

(m) The City covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the System Net Revenues under applicable law. No such filing is required as of the Closing Date.

(n) The Series 2016 Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2016 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2016 Municipal Bond Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the City to the Series 2016 Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(o) The City shall pay or reimburse the Series 2016 Bond Insurer any and all charges, fees, costs and expenses that the Series 2016 Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2016 Bond Insurer to honor its obligations under the Series 2016 Municipal Bond Insurance Policy. The Series 2016 Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

(p) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the City or rebate only after the payment of past due and current debt service on the Series 2016 Bonds and amounts required to restore the Series 2016 Reserve Account to the Reserve Fund Requirement.

(q) The Series 2016 Bond Insurer shall be entitled to pay principal of or interest on the Series 2016 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City (as such terms are defined in the Series 2016 Municipal Bond Insurance Policy) and any amounts due on the Series 2016 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Series 2016 Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Series 2016 Municipal Bond Insurance Policy) or a claim upon the Series 2016 Municipal Bond Insurance Policy.

(r) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Series 2016 Bonds Reserve Account is fully funded at the Reserve Fund Requirement upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Series 2016 Bond Insurer.

(s) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2016 Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series 2016 Municipal Bond Insurance Policy.

(t) No contract shall be entered into or any action taken by which the rights of the Series 2016 Bond Insurer or security for or sources of payment of the Series 2016 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2016 Bond Insurer.

Section 3.2. Claims Upon the Series 2016 Municipal Bond Insurance Policy and Payments by and to the Series 2016 Bond Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Series 2016 Bond Insurer and to its designated agent (if any) (the "Series 2016 Bond Insurer's Fiscal Agent") by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Series 2016 Municipal Bond Insurance Policy and give notice to the Series 2016 Bond Insurer and the Series 2016 Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2016 Bonds and the amount required to pay principal of the Series 2016 Bonds, confirmed in writing to the Series 2016 Bond Insurer and the Series 2016 Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Series 2016 Municipal Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal of the Series 2016 Bonds paid by the Series 2016 Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2016 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2016 Bond to the Series 2016 Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2016 Bond shall have no effect on the amount of principal or interest payable by the City on any Series 2016 Bond or the subrogation rights of the Series 2016 Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2016 Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2016 Bond. The Series 2016 Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Series 2016 Municipal Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Series 2016 Municipal Bond Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the City agrees to pay to the Series 2016 Bond Insurer (i) a sum equal to the total of all amounts paid by the Series 2016 Bond Insurer under the Series 2016 Municipal Bond Insurance Policy (the "Series 2016 Bond Insurer Advances"); and (ii) interest on such Series 2016 Bond Insurer Advances from the date paid by the Series 2016 Bond Insurer until payment thereof in full, payable to the Series 2016 Bond Insurer at the Late Payment Rate per annum (collectively, the "Series 2016 Bond Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The City hereby covenants and agrees that the Series 2016 Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the System Net Revenues and payable from such System Net Revenues on a parity with debt service due on the Series 2016 Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Series 2016 Bond Payment Date shall promptly be remitted to the Series 2016 Bond Insurer.

Section 3.3. Notices to the Series 2016 Bond Insurer. The notice address of the Series 2016 Bond Insurer is: Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 217043-N, Telephone: (212) 974-0100; Telecopier: (212) 339 3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED." The Series 2016 Bond Insurer shall be provided with the following information by the City or Trustee, as the case may be:

(a) From the City, annual audited financial statements within 150 days after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Indenture), and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Series 2016 Bond Insurer shall reasonably request from time to time;

(b) Notice of any draw upon the Series 2016 Bonds Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(c) Notice of any default known to the Trustee or City within five Business Days after knowledge thereof;

(d) Prior notice of the advance refunding or redemption of any of the Series 2016 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(e) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(f) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(g) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(h) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(i) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

(j) To the extent that the City has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Series 2016 Bonds, all information furnished pursuant to such agreements shall also be provided to the Series 2016 Bond Insurer, simultaneously with the furnishing of such information.

Section 3.4. Series 2016 Bond Insurer Information Requests. The Series 2016 Bond Insurer shall have the right to receive such additional information as it may reasonably request. The City will permit the Series 2016 Bond Insurer to discuss the affairs, finances and accounts of the City or any information the Series 2016 Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Series 2016 Bond Insurer to have access to the facilities, books and records of the City on any business day upon reasonable prior notice. The Trustee shall notify the Series 2016 Bond Insurer of any failure of the City to provide notices, certificates and other information to the Trustee under the transaction documents.

IN WITNESS WHEREOF, the City of Tulare has caused the Supplemental Indenture to be signed in its name by the President of the Council and Ex-Officio Mayor of the City of Tulare and its seal to be hereunto affixed and to be attested by the Chief Deputy City Clerk and Clerk of the Council of the City of Tulare, and U.S. Bank National Association, as Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

CITY OF TULARE

By: _____
President of the Council and
Ex-Officio Mayor of the City of Tulare

ATTEST:

Chief Deputy City Clerk and Clerk of the
Council of the City of Tulare

[SEAL]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

**EXHIBIT A
FORM OF BONDS**

No. _____

\$ _____

**CITY OF TULARE
SEWER REVENUE REFUNDING BONDS, SERIES 2016**

| | | | |
|----------------------------------|--|--|--------------|
| <u>INTEREST RATE:</u> _____ % | <u>MATURITY DATE:</u> November 15, 20__ | <u>DATED DATE:</u> [Closing Date], 2016 | <u>CUSIP</u> |
|----------------------------------|--|--|--------------|

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

The City of Tulare, a municipal corporation, duly organized and existing under and pursuant to the Freeholders' Charter of the City of Tulare and the laws of the State of California (the "City"), for value received hereby promises to pay (but only from the System Net Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Series 2016 Bond (unless this Series 2016 Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Series 2016 Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from its date of delivery) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on May 15 and November 15 in each year, commencing on November 15, 2016. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Series 2016 Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Series 2016 Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Series 2016 Bond is one of a duly authorized issue of City of Tulare Sewer Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds"), limited in aggregate principal amount

to \$84,555,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under Law and the provisions of relevant laws of the State of California including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and all laws amendatory thereof or supplemental thereto (collectively, the "Relevant Law"), and pursuant to the provisions of the Master Indenture dated as of December 1, 2003 and Seventh Supplemental Indenture, dated as of [Dated Date], 2016, (collectively, the "Indenture"), and each by and between the City and U.S. Bank National Association, as trustee (the "Trustee"). All the Series 2016 Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture, and reference is hereby made to the Indenture, to any indentures supplemental thereto and to the Relevant Law for a description of the terms on which the Series 2016 Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Series 2016 Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the Registered Owners of the Series 2016 Bonds; and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of this Series 2016 Bond, and to all the provisions thereof the registered owner of this Series 2016 Bond, by his acceptance hereof, consents and agrees; and each registered owner hereof shall have recourse to all the provisions of the Indenture and shall be bound by all the terms and conditions thereof.

The Series 2016 Bonds are limited obligations of the City and are payable, as to interest thereon and principal thereof and redemption premiums, if any, thereon, exclusively from the System Net Revenues (as that term is defined in the Indenture) and such other funds as provided hereunder, and the City is not obligated to pay them except from the System Net Revenues and such other funds. The obligation of the City to pay interest on, principal of and redemption premiums, if any, on the Series 2016 Bonds is a special obligation of the City payable solely from the System Net Revenues, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

[Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Series 2016 Bond to U.S. Bank National Association, Los Angeles, California, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Series 2016 Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.]

The Series 2016 Bonds are subject to redemption as provided in the Indenture.

As provided in the Indenture, notice of redemption of this Series 2016 Bond or any portion thereof shall be mailed by first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof and to those information services and securities depositories required by the Indenture, but failure to receive such notice shall not affect the sufficiency of such proceedings for redemption. If notice

of redemption has been duly given as aforesaid and money for payment of the above-described redemption price is held by the Trustee, then such Series 2016 Bonds or such portions thereof shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on such Series 2016 Bonds or such portions thereof so called for redemption shall cease to accrue and Registered Owners of such Series 2016 Bonds or such portions thereof shall have no rights in respect thereof except to receive payment of such redemption price thereof.

If an event of default, as defined in the Indenture, shall occur, the principal of all Series 2016 Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded by the Registered Owners of at least a majority in aggregate principal amount of the Series 2016 Bonds then outstanding.

The Series 2016 Bonds are issuable only in the form of fully registered Series 2016 Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Series 2016 Bonds maturing at any one time). The owner of any Series 2016 Bond or Series 2016 Bonds may surrender the same at the Corporate Trust Office of the Trustee, in exchange for an equal aggregate principal amount of Series 2016 Bonds of any other authorized denominations and of the same maturity date, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This Series 2016 Bond is transferable, as provided in the Indenture, only upon a register to be kept for that purpose at the Corporate Trust Office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Series 2016 Bond together with a written instrument of transfer in substantially the form attached hereto duly executed by the registered owner or his duly authorized attorney, and thereupon a new Series 2016 Bond or Series 2016 Bonds, in the same aggregate principal amount and of the same maturity date, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The City and the Trustee may deem and treat the person in whose name this Series 2016 Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the City and of the Registered Owners of the Series 2016 Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture.

This Series 2016 Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee upon receipt of a Written Request of the City.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Series 2016 Bond do exist, have happened and have been performed in due time, form and manner as required by

law and that the amount of this Series 2016 Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California.

IN WITNESS WHEREOF, said City of Tulare has caused this Bond to be signed by the President of the Council and Ex-officio Mayor of the City and the Finance Director of said City by their facsimile signatures, countersigned by the Chief Deputy City Clerk and Clerk of the Council of said City by her facsimile signature, and the corporate seal of said City to be imprinted hereon all as of the ____ day of _____, 2016.

CITY OF TULARE

President of the Council and Ex-Officio
Mayor of the City of Tulare

Finance Director of the City of Tulare

COUNTERSIGNED:

Chief Deputy City Clerk and Clerk of the
Council of the City of Tulare

(SEAL)

(FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION)

This is one of the Series 2016 Bonds described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated: _____

By _____
Authorized Officer

(FORM OF ASSIGNMENT)

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned registered Series 2016 Bond and hereby irrevocably constitutes and appoint(s) attorney to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

Note: The signatures to this Assignment must correspond with the name(s) as written on the face of the within Series 2016 Bond in every particular, without alteration or enlargement or any change whatsoever, and the signatures must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

Unless this Series 2016 Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any Series 2016 Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

EXHIBIT B

FORM OF SERIES 2016 COSTS OF ISSUANCE FUND REQUISITION

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services

Re: Series 2016 Cost of Issuance Fund ("Series 2016 Cost of Issuance Fund") held under Indenture (the "Indenture") relating to the City of Tulare (the "City") Sewer Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds")

You are hereby instructed to transfer moneys from the Series 2016 Cost of Issuance Fund as follows:

Payee Name: _____
Payee Address: _____
Payee Wiring Instructions: _____
Amount: \$ _____
Purpose of Expenditure: _____

The undersigned as a duly authorized representative of the City hereby certifies as follows:

- (1) that above payment complies with the requirements of the Indenture; and
- (2) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Series 2016 Costs of Issuance Fund.

Date: _____

CITY OF TULARE

Authorized Officer