

**ACTION MINUTES OF TULARE  
CITY COUNCIL, CITY OF TULARE**

**September 6, 2016**

**A regular session meeting of the City Council, City of Tulare was held on Tuesday, September 6, 2016, 2016, at 7:00 p.m., in the Tulare Public Library & Council Chambers, 491 North "M" Street.**

**COUNCIL PRESENT:** Maritsa Castellanoz, Shea Gowin, Craig Vejvoda

**COUNCIL ABSENT:** David Macedo, Carlton Jones

**STAFF PRESENT:** Paul Melikian, David Hale, Wes Hensley, Willard Epps, Janice Avila, Joe Carlini, Rob Hunt, Michael Miller, Steve Bonville, Nick Bartsch, Shonna Oneal

**I. CALL TO ORDER REGULAR SESSION**

Mayor Pro Tem Gowin called the regular meeting to order at 7:00 p.m.

**II. PLEDGE OF ALLEGIANCE AND INVOCATION**

Interim City Manager Paul Melikian led the Pledge of Allegiance, and an invocation was given by Ben Brubaker.

**III. CITIZEN COMMENTS**

Mayor Pro Tem Gowin requested those who wish to speak on matters not on the agenda within the jurisdiction of the Council, or to address or request a matter be pulled from the consent calendar to do so at this time. She further stated comments related to general business matters would be heard at the time that matter is addressed on the agenda.

There were no citizen comments presented.

**IV. COMMUNICATIONS**

Interim City Manager Paul Melikian advised the Council of a communication received regarding the Tulare County 7<sup>th</sup> Annual Red Ribbon Week Celebration.

**V. CONSENT CALENDAR:**

**It was moved by Council Member Vejvoda, seconded by Council Member Castellanoz, and carried 3-0 (Mayor Macedo and Vice Mayor Jones absent) that the items on the Consent Calendar be approved as presented.**

**(1) Authorization to read ordinances by title only.**

- (2) Approve minutes of August 23, 2016 special/regular meeting(s).
- (3) Authorize the City Manager or designee to sign contract amendments with Willdan Engineering of Fresno, CA in the amount of \$27,091 for additional surveying, design, bidding and construction support services on 'E' St., North of Pleasant Ave. and on Maple Ave., between 'E' St. and 'F' St. for Project EN0064, a street improvement project on 'E' Street.
- (4) Reject two claims for damage, 1) RMA Claim No. 16641 filed by Pa Vang and 2) RMA Claim No. 16618 filed by GEICO as Subrogee for Jose Aviles, as recommended by the City's AIMS claims adjuster.

#### VI. SCHEDULED CITIZEN OR GROUP PRESENTATIONS

There were no items for this section of the agenda.

#### VII. MAYOR'S REPORT

There were no items for this section of the agenda.

#### VIII. STUDENT REPORTS

There were no items for this section of the agenda.

#### IX. GENERAL BUSINESS

*Comments related to General Business Items are limited to three minutes per speaker, for a maximum of 30 minutes per item, unless otherwise extended by the Council.*

##### (1) City Manager:

- a. **Discuss attendance at the League of California Cities Annual Conference, scheduled October 5 – 7, 2016 and select Voting Delegate and alternate for Conference business session to be held Friday, October 7, 2016, authorizing the City Clerk to execute the delegate form; and Review the Annual League of California Cities Conference Resolution providing input/direction to the City's voting delegate.**  
Interim City Manager Paul Melikian provided a report for the Council's review and consideration. Following a brief discussion, it was the consensus of the Council that Council Member Vejvoda will serve as the Voting Delegate and Council Member Gowin will serve as the alternate and consideration of the League Resolution will be discussed further at the business session.

- b. **Receive an update on the status of the Caltrans project to install traffic signals located at the North and Southbound SR99 off-ramps at SR137 (Tulare Avenue), utilizing a portion of the City's annual allocation of Regional Surface Transportation Program (RSTP) funding.** Project Manager Nick Bartsch provided a report for the Council's review and consideration.

**X. COUNCIL/STAFF UPDATES, REPORTS OR ITEMS OF INTEREST – GC 54954.2(a)(2)**

Interim City Manager Paul Melikian inquired if Council would like to hold a joint meeting with the Board of Public Utilities and the Planning Commission to discuss the water system. It was the consensus of Council to set a joint meeting at a date and time to be determined.

**XI. ADJOURN REGULAR MEETING**

Mayor Pro Tem Gowin adjourned the regular meeting at 7:21 p.m.

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

**ATTEST:**

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

<b>AGENDA ITEM:</b>
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**CITY OF TULARE  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department:** Engineering

**For Council Meeting of:** September 20, 2016

**Documents Attached:**  Ordinance  Resolution  Staff Report  Other  None

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**AGENDA ITEM:**

Accept as complete the contract with Emmett's Excavation for work on Project EN0001 to construct the Bardsley Avenue/UPRR Grade Separation Project. Authorize the City Engineer to sign the Notice of Completion, and direct the City Clerk to file the Notice of Completion with the Tulare County Recorder's Office.

**IS PUBLIC HEARING REQUIRED:**  Yes  No

**BACKGROUND/EXPLANATION:**

On November 20, 2012, the City Council awarded a contract in the amount of \$10,706,254.12 to Emmett's Excavation of Clovis, CA for the construction of the Bardsley Avenue/UPRR Grade Separation Project. The project constructed an underpass on Bardsley Avenue at the Union Pacific Railroad tracks, thereby creating a grade separated crossing. The project also constructed water, sewer and storm drainage improvements, including sewer and storm drainage lift stations, and realigned "I" Street to intersect Bardsley Avenue at the "H" Street alignment. Several utility relocations were required to construct the project.

A summary of contract costs is as follows:

Original Contract Award	\$ 10,706,254.12
Cost Savings (i.e., Material Adjustments, etc.)	\$ (156,164.56)
Contract Change Orders - Various	<u>\$ 940,707.27</u>
Total Project Cost:	\$ 11,490,796.83

Additional work was required to address building demolition, sewer laterals, additional rail materials, utility conflicts, soil contamination, lift-station revisions, addition of emergency back-up generators for lift-stations, schedule delays due to UPRR coordination issues, and other miscellaneous items. All work required of Emmett's Excavation under this contract has been completed in accordance with the approved plans and specifications. A Maintenance Bond has been provided by the contractor and forwarded to the City Clerk.

**STAFF RECOMMENDATION:**

Accept as complete the contract with Emmett's Excavation for work on Project EN0001 to construct the Bardsley Avenue/UPRR Grade Separation Project. Authorize the City Engineer to sign the Notice of Completion, and direct the City Clerk to file the Notice of Completion with the Tulare County Recorder's Office.

**CITY ATTORNEY REVIEW/COMMENTS:**  Yes  N/A

**IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED:**  Yes  No  N/A  
(If yes, Please submit required budget appropriation request)

**FUNDING SOURCE/ACCOUNT NUMBER:**

The following funding sources were used for construction of the project:

<b>FUNDING SOURCE (Construction Contract Costs Only)</b>	<b>AMOUNT</b>	<b>%</b>
Highway Railroad Crossing Safety Account (HRCSA) Program funding through State Proposition 1B	\$ 6,545,194.18	57.0
SH-190 Grade Separation Program funding through the California Public Utilities Commission	\$ 197,171.30	1.7
Measure R Countywide Transportation Sales Tax	\$ 3,311,817.12	28.8
UPRR Contributing Funds	\$ 1,428,614.24	12.4
City of Tulare Development Impact Fees (Fund 235 – Grade Separations)	\$ 7,999.99	0.1
<b>Total Construction Contract</b>	<b>\$ 11,490,796.83</b>	

**Submitted by: Michael Miller**

**Title: City Engineer**

**Date: September 12, 2016**

**City Manager Approval: \_\_\_\_\_**

**RECORDING REQUESTED BY:  
CITY OF TULARE**

**AND WHEN RECORDED MAIL TO:**

**City Clerk  
City of Tulare  
411 East Kern Avenue  
Tulare, CA 93274-4257**

**PURSUANT TO GOVERNMENT CODE SECTION 6103,  
NO RECORDING FEE REQUIRED.**

**NOTICE OF COMPLETION**

**NOTICE IS HEREBY GIVEN THAT:**

- 1. The City of Tulare, a Municipal Corporation, whose address is 411 East Kern Avenue, Tulare, California, is the owner of the real property, public works, or structure hereinafter described.**
- 2. The nature of the title of the stated owner is: In fee**
- 3. On the 20th day of September, 2016, a work of improvement on real property hereinafter described was completed pursuant to a contract to which Title 15 of Part 4 of Division 3 of the Civil Code applies.**
- 4. The name of the Contractor who performed said work of improvements pursuant to such contract with the City of Tulare is Emmett's Excavation, whose address is 6207 E. Clinton Avenue, Fresno, CA 93727. The surety on said contract is Fidelity and Deposit Company of Maryland.**
- 5. The real property or public works or structure is described as follows:  
  
Bardsley Avenue / UPRR Grade Separation Project, Project No. EN0001.**

**Dated: \_\_\_\_\_, 2016**

**CITY OF TULARE  
A Municipal Corporation,**

**By: \_\_\_\_\_  
Michael W. Miller, City Engineer**

**VERIFICATION**

**I am the City Engineer of the City of Tulare and am authorized to make this verification on behalf of the City. I have read the foregoing Notice of Completion, know the contents thereof, and believe it to be true and correct to the best of my knowledge.**

**I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

**Executed on \_\_\_\_\_, 2016 at Tulare, California.**

**By: \_\_\_\_\_  
Michael W. Miller, City Engineer**

**AGENDA ITEM:**

**CITY OF TULARE, CA  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department:** Finance

**For Council Meeting of:** September 20, 2016

**Documents Attached:**  Ordinance  Resolution  Staff Report  Other   
None

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**AGENDA ITEM:**

Receive, review, and file the Monthly Investment Report for July 31, 2016.

**IS PUBLIC HEARING REQUIRED:**  Yes  No

**BACKGROUND/EXPLANATION:**

This report presents the City and Trustee's investment portfolio as of July 31, 2016. It includes all investments managed by the City as well as all City-related debt financing investments (restricted investments) held by US Bank. As of July 31, 2016, the investment portfolio is in compliance with all State laws and City's Investment Policy adopted February 2, 2016.

The City utilizes Bank of New York as its third party administrator for safekeeping of all City investments with the exception of the Local Agency Investment Fund (LAIF). LAIF, being a money market fund with many governmental agency participants, holds securities through its own third party administrator.

Short-term cash is currently invested in the Local Agency Investment Fund administered by the State Treasurer. This is a very high quality investment pool in terms of safety, liquidity and yield. The LAIF account provides the City with sufficient liquidity to meet its expenditure obligations over the next six months.

The investments held by the City may have a current market value that is greater or less than the book value. This is due to fluctuations in the marketplace and has no effect on yield as the City intends to hold its securities to maturity or call by the agency.

	<u>Book Value</u>	<u>Market Value</u>
Unrestricted Investments	\$82,934,519	\$82,971,821
Restricted Debt Investments	\$24,041,722	\$24,041,722

Cash balances in the City are pooled for investment and banking purposes, as it is not practical to have separate investment accounts for each City fund. Interest earnings are

apportioned to each City fund based upon the ratio of that particular cash fund's balance to the City's total cash. For July, 2016 the City received \$133,010 of interest earnings (net of fees) compared to July, 2015 of \$45,295.

**STAFF RECOMMENDATION:**

Receive, review, and file the Monthly Investment Report for July 31, 2016.

**CITY ATTORNEY REVIEW/COMMENTS:**  Yes  N/A

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

**FUNDING SOURCE/ACCOUNT NUMBER:** N/A

Submitted by: Darlene Thompson, CPA      Title: City Finance Director

Date: September 14, 2016      Interim City Manager Approval: \_\_\_\_\_



CITY OF TULARE  
 SUMMARY TREASURER'S REPORT  
 SUMMARY OF ALL INVESTMENTS  
 JULY 31, 2016

AGENDA ITEM Consent 4

TYPE OF INVESTMENT	BOOK VALUE	MARKET VALUE	CURRENT YIELD	BOOK VALUE % OF TOTAL
UNRESTRICTED INVESTMENTS - SEE PAGE 2	82,934,519	82,971,821	0.904%	77.53%
RESTRICTED INVESTMENTS - SEE PAGE 4	24,041,722	24,041,722	N/A	22.47%
<b>TOTAL INVESTMENTS</b>	<b>106,976,241</b>	<b>107,013,543</b>	N/A	<b>100.00%</b>

Note: The City's financial statements will report market values, not book values, at June 30 each year.

I certify that this report reflects all City investments and complies with the investment policy of the City of Tulare as approved by City Council. Furthermore, I certify that sufficient investment liquidity and anticipated revenues are available to meet the City's budgeted expenditures for the next six months.

Presented to the City Council on August 26, 2016. Presented to the Board of Public Utility Commissioners on August 26, 2016.

Respectfully submitted, Darlene J. Thompson, CPA, Finance Director/Treasurer Darlene J. Thompson 8-26-16  
Date

**CITY OF TULARE**  
**SUMMARY TREASURER'S REPORT, CONTINUED**  
**SUMMARY OF UNRESTRICTED INVESTMENTS**  
**JULY 31, 2016**

TYPE OF INVESTMENT	ISSUER OF INVESTMENT	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE MARKET VALUE	UNREALIZED GAIN/(LOSS): THIS MONTH LAST MONTH	ESTIMATED EARNINGS: ANNUAL THIS MONTH	BOOK VALUE % OF U/I~
		ACQUISITION MATURITY	STATED CURRENT YIELD							
Petty Cash	N/A	N/A	N/A	N/A	N/A	6,825	6,825	N/A	N/A	0.01%
Checking Account - City	Wells Fargo Bank	N/A	N/A	N/A	N/A	4,802,721	4,802,721	N/A	N/A	5.79%
		On Demand	None							
						Balance per bank is \$6,057,321				
Local Agency Investment Fund (LAIF)	State of California	Various	N/A	N/A	N/A	47,200,000	47,229,322	29,322	277,536	56.91%
		On Demand	0.588%			*		30,875	23,128	
Certificate of Deposit	Various (See page 5)	Various	N/A	N/A	N/A	245,000	244,964	(36)	2,695	0.30%
Investments in Safekeeping With BNY Western Trust Company		Various	1.100%					668	225	
<b>Sub-Total</b>										
						52,254,546	52,283,832	29,286	280,231	63.01%
			0.536%					31,543	23,353	
Fixed Income Investments	Various (See page 6-8)		N/A	N/A	N/A	30,679,973	30,687,989	8,016	470,195	36.99%
Investments in Safekeeping With BNY Western Trust Company			1.530%					24,486	39,183	
<b>TOTAL UNRESTRICTED INVESTMENTS</b>										
						82,934,519	82,971,821	37,302	750,426	100.00%
			0.904%					56,029	62,536	

\* LAIF market values are based on the most currently available amortized cost information - June, 2016:

1.000621222

~ U/I = Unrestricted Investments

**CITY OF TULARE**  
**SUMMARY TREASURER'S REPORT, CONTINUED**  
**SUMMARY OF RESTRICTED INVESTMENTS**  
**JULY 31, 2016**

TYPE OF INVESTMENT	ISSUER OF INVESTMENT	ACQUISITION DATE	MATURITY DATE	STATED INTEREST RATE	PAR VALUE	BOOK VALUE	MARKET VALUE	BALANCES AS-OF DATE
<b>Bond Funds (All are Managed by U.S. Bank Trust Except LAIF):</b>								
2008 Lease Revenue and Refunding Bonds (Account No. 120887000)								
	FA Prime Obl CL D Corp Trust	Various	On Demand	Various	N/A	66	66	06-30-16
	U S Bk Mmkt	Various	On Demand	Various Reserve Fund	N/A	1,164,430	1,164,430	06-30-16
						1,164,496	1,164,496	
2009 Sewer Revenue Bonds (Account No. 133007000)								
	U S Bk Mmkt	Various	On Demand	Various	N/A	27	27	06-30-16
	U S Bk Mmkt	Various	On Demand	Various Reserve Fund	N/A	1,230,801	1,230,801	06-30-16
	Ge Funding Cap Mkt Svcs GIC	08-06-09	08-06-19	3.812% Reserve Fund	N/A	5,600,028	5,600,028	06-30-16
						6,830,856	6,830,856	
2010 Sewer Revenue Bonds (Account No. 145190000)								
	U S Bk Mmkt	Various	On Demand	Various	N/A	2	2	06-30-16
	U S Bk Mmkt	Various	On Demand	Various Reserve Fund	N/A	69	69	06-30-16
						71	71	
2012 Sewer Revenue Refunding Bonds (Account No. 162033000)								
	U S Bk Mmkt	Various	On Demand	Various	N/A	231,375	231,375	06-30-16
	U S Bk Mmkt	Various	On Demand	Various Reserve Fund	N/A	923,670	923,670	06-30-16
						1,155,045	1,155,045	
2013 Sewer Revenue Refunding Bonds (Account No. 203701000)								
	U S Bk Mmkt	Various	On Demand	Various	N/A	31,709	31,709	06-30-16
	Guarantee Invest. Cont.	08-01-13	11-15-22	2.310% Reserve Fund	N/A	2,745,126	2,745,126	06-30-16
						2,776,835	2,776,835	
2015 Sewer Revenue Refunding Bonds (Account No. 2615940000)								
	U S Bk Mmkt	Various	On Demand	Various	N/A	300,004	300,004	06-30-16
	Investment Repurchase GIC	11-15-15	11-15-25	1.960% Reserve Fund	N/A	6,668,131	6,668,131	06-30-16
						6,968,135	6,968,135	
2016 Sewer Revenue Refunding Bonds (Account No. 260)								
	Cash	Various	On Demand	Various Reserve Fund	N/A	16,200	16,200	06-30-16
						16,200	16,200	

- CONTINUED ON PAGE 4 -

**CITY OF TULARE**  
**SUMMARY TREASURER'S REPORT, CONTINUED**  
**SUMMARY OF RESTRICTED INVESTMENTS**  
**JULY 31, 2016**

TYPE OF INVESTMENT	ISSUER OF INVESTMENT	ACQUISITION DATE	MATURITY DATE	STATED INTEREST RATE	PAR VALUE	BOOK VALUE	MARKET VALUE	BALANCES AS-OF DATE
<b>Bond Funds (All are Managed by U.S. Bank Trust Except LAIF):</b>								
2010 Redevelopment Tax Allocation Bonds - Series A Tax Exempt (Account No. 141617000)								
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	283,264	283,264	06-31-16
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various Reserve Fund	N/A	771,324	771,324	06-31-16
						<u>1,054,588</u>	<u>1,054,588</u>	
2010 Redevelopment Tax Allocation Bonds - Series B Taxable (Account No. 141617010)								
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	552,530	552,530	06-31-16
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various Reserve Fund	N/A	440,324	440,324	06-31-16
						<u>992,854</u>	<u>992,854</u>	
2010 Redevelopment Tax Allocation Bonds - Series C Taxable (Account No. 141618000)								
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	2,124,956	2,124,956	06-31-16
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various Reserve Fund	N/A	980,698	980,698	06-31-16
						<u>3,105,654</u>	<u>3,105,654</u>	
						<u>24,048,534</u>	<u>24,048,534</u>	
<b>TOTAL BOND FUNDS</b>								
<b>Restricted Insurance Deposits Managed by Fiscal Agents:</b>								
Employee Welfare Fund (60)	Various	N/A	N/A	Various	N/A	(6,812)	(6,812)	06-31-16
Workers' Comp. Fund (61)	Various	N/A	N/A	Various	N/A	0	0	06-30-15
General Insurance Fund (62)	Various	N/A	N/A	Various	N/A	0	0	06-30-15
				* Adjusted annually		<u>(6,812)</u>	<u>(6,812)</u>	
				<b>22.47%</b>		<u>24,041,722</u>	<u>24,041,722</u>	
<b>TOTAL RESTRICTED INVESTMENTS =</b>								

\* NOTE: Reported as information is made available.

CITY OF TULARE

SUMMARY TREASURER'S REPORT, CONTINUED

CERTIFICATES OF DEPOSIT

JULY 31, 2016

INSTITUTION	CUSIP NUMBER	INTEREST RATES:		DATES:		BOOK VALUE	UNREALIZED GAIN/(LOSS)	ESTIMATED EARNING:
		STATED	CURRENT YIELD	ACQUISITION	INVESTED			
GE Capital	36160YTT2	1.100%	1.100%	03/01/2013		245,000	(36)	2,695
				03/01/2018		244,964	668	229
						245,000	(36)	2,695
						244,964	668	229
<b>TOTAL CERTIFICATES OF DEPOSITS</b>								
All are in safekeeping with BNY Western Trust Company								

**CITY OF TULARE**  
**SUMMARY TREASURER'S REPORT, CONTINUED**  
**FIXED INCOME INVESTMENTS**  
**JULY 31, 2016**

TYPE OF FIXED INCOME INVESTMENT	CUSIP NUMBER	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN/(LOSS):		ESTIMATED EARNINGS:	
		ACQUISITION	MATURITY	STATED	CURRENT YIELD				THIS MONTH	LAST MONTH	ANNUAL	THIS MONTH
<b><u>U.S. GOVERNMENT AGENCY OBLIGATIONS</u></b>												
Federal Farm Credit Banks Cons	3133ECT79	06-27-13	03-01-17	1.000%	1.000%	1,000,000	997,000	1,002,976	5,976	5,980	10,000	833
Federal Farm Credit Bks Cons	3133ECB45	12-26-12	12-26-17	0.900%	0.900%	1,500,000	1,500,000	1,500,005	5	15	13,500	1,125
Federal Farm Credit Bks Cons	3133ECCZ5	01-16-13	01-16-18	0.900%	0.900%	1,000,000	1,000,000	1,000,007	7	20	9,000	750
Federal Farm Credit Banks	3133ECNY6	05-08-13	05-08-18	0.950%	0.950%	2,000,000	2,000,000	2,000,066	66	200	19,000	1,583
Federal Nat'l Mtg Assn	3136G23H8	08-15-14	11-15-18	1.600%	1.600%	1,500,000	1,500,000	1,500,710	710	2,205	24,000	2,000
Federal Farm Credit Banks	3134G8UC1	03-30-15	09-30-19	1.450%	1.450%	1,500,000	1,500,000	1,500,585	585	1,035	21,750	1,813
Federal Farm Credit Banks	3133EFCH8	09-08-15	09-08-20	1.850%	1.850%	3,185,000	3,185,000	3,189,141	4,141	7,357	58,923	4,910
Federal Home Ln Bks	3130A8MP5	07-13-16	10-13-20	1.350%	1.370%	1,500,000	1,500,000	1,500,122	122	0	20,625	1,719

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Per BNY WTC

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**CITY OF TULARE**  
**SUMMARY TREASURER'S REPORT, CONTINUED**  
**FIXED INCOME INVESTMENTS, CONTINUED**  
**JUNE 30, 2016**

TYPE OF FIXED INCOME INVESTMENT	CUSIP NUMBER	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE MARKET VALUE	UNREALIZED GAIN/(LOSS):		ESTIMATED EARNINGS:	
		ACQUISITION	MATURITY	STATED	CURRENT YIELD			THIS MONTH	LAST MONTH	ANNUAL	THIS MONTH
							Per BNY WTC				
Federal Home Ln Bks	3130A6MH7	10-28-15		1.720%		2,000,000	2,000,000	2,738	34,400		
		10-28-20	C	1.720%			2,002,738	3,600	2,867		
Federal Farm Credit Banks	3133EGMP7	07-19-16		1.440%		1,000,000	999,250	887	14,400		
		01-19-21	C	1.440%			1,000,137	0	1,200		
Federal Home loan Mtg Corp	3134G8PE3	03-30-16		1.800%		2,000,000	2,000,000	752	36,000		
		03-30-21	C	1.800%			2,000,752	1,100	3,000		
Federal Farm Credit Banks	3133EGKA2	07-06-16		1.500%		2,500,000	2,500,000	(13,382)	37,500		
		07-06-21	C	1.510%			2,486,618	0	3,125		
Federal Nat'l Mortgage Assoc	3136G3A70	07-27-16		1.500%		1,000,000	998,750	1,384	15,000		
		07-27-21	C	1.500%			1,000,134		1,250		
Federal Nat'l Mortgage Assoc	3136G3G90	07-27-16		1.550%		1,000,000	999,500	877	15,500		
		07-27-21	C	1.550%			1,000,377		1,292		
Federal Nat'l Mortgage Assoc	3136G3C78	07-28-16		2.050%		1,000,000	999,250	(314)	15,500		
		07-28-21	C	2.050%			998,936		1,292		
Federal Nat'l Mortgage Assoc	3136G3I30	07-28-16		1.600%		2,000,000	2,000,000	408	32,000		
		07-28-21	C	1.600%			2,000,408		2,667		
Federal Nat'l Mortgage Assoc	3136G3R72	07-28-16		1.650%		2,000,000	2,000,000	810	33,000		
		07-28-21	C	1.650%			2,000,810		2,750		
Federal Farm Credit Banks	3133EF4E4	04-20-16		2.000%		3,000,000	3,000,000	2,214	60,000		
		04-20-22	C	2.000%			3,002,214	2,940	5,000		

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**CITY OF TULARE**  
**SUMMARY TREASURER'S REPORT, CONTINUED**  
**FIXED INCOME INVESTMENTS, CONTINUED**  
**JULY 31, 2016**

TYPE OF FIXED INCOME INVESTMENT	CUSIP NUMBER	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN/(LOSS):	ESTIMATED EARNINGS:	BOOK VALUE	
		ACQUISITION	MATURITY	STATED	CURRENT YIELD							THIS MONTH
<b>U.S. GOVERNMENT AGENCY OBLIGATIONS, CONTINUED</b>												
Government National Mortgage Association II Pool		01-24-94		8.500%		N/A	Per BNY WTC 1,223		30	97		
		09-20-22		7.770%			1,253		34	8		
<b>TOTAL FIXED INCOME INVESTMENTS</b>						N/A	30,679,973		8,016	470,195	36.99%	
All are in safekeeping with BNY Western Trust Company												

~ U/I = Unrestricted Investments







<b>AGENDA ITEM:</b>
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**CITY OF TULARE, CA  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department:** Fire

**For Council Meeting of:** September 20, 2016

**Documents Attached:**  Ordinance  Resolution  Staff Report  Other  None

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**AGENDA ITEM:**

Accept receipt of FY15 Fire Prevention and Safety (FP&S) grant from FEMA in the amount of \$17,334 with a City match of \$866; authorize an appropriation to purchase Fire Investigation equipment and training.

**IS PUBLIC HEARING REQUIRED:**  Yes  No

**BACKGROUND/EXPLANATION:**

The Fire Department applied for the FY 15 FP&S grant in order to help meet training needs and purchase equipment necessary for the Fire Investigation team. The grant was awarded on August 11, 2016, as exhibited in the attached award package. The Department has implemented a "team" concept for Fire Investigations and has previously purchased some minimal equipment to get started. The purchase of more items was put on hold due to budget constraints. This grant will allow the department to purchase the items necessary for the team to be fully functional. Additionally, the grant will cover the costs of maintaining training requirements for Lead Investigators. Due to the need for additional equipment and the extensive cost that would be incurred, the Department sought out additional revenue streams to offset the impact to the City's General Fund.

With this grant, the Fire Department will purchase new investigation team items, to include: a camera and photo equipment, a flammable liquid cabinet, portable lighting, various tools and collection supplies, and a laptop with necessary software. In addition to these items, the Department will pay for team members to attend the California Conference of Arson Investigators. This conference attendance will allow team members to meet the industry standard of NFPA 1033 and 921 which outlines the training requirements and scientific processes needed to effectively investigate a fire.

**STAFF RECOMMENDATION:**

Accept receipt of FY15 Fire Prevention and Safety (FP&S) grant from FEMA in the amount of \$17,334 with a City match of \$866 for a total of \$18,200; authorize an appropriation to purchase Fire Investigation supplies and training.

**CITY ATTORNEY REVIEW/COMMENTS:**  Yes  N/A

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

The City will be reimbursed once funds have been expended. The \$866 cost match that the City is responsible for will be covered by the existing Fire M&O budget.

**FUNDING SOURCE/ACCOUNT NUMBER: 001-4230-2032 (\$866)**

**Submitted by: Cameron Long**

**Title: Fire Division Chief**

**Date: September 8, 2016**

**City Manager Approval: \_\_\_\_\_**

## Award Package

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U.S. Department of Homeland Security  
Washington, D.C. 20472



FEMA

Mr. Cameron Long  
Tulare City Fire Department  
800 S. Blackstone  
Tulare, California 93274-5759

Re: Grant No.EMW-2015-FP-00358

Dear Mr. Long:

Congratulations, on behalf of the Department of Homeland Security, your application for financial assistance submitted under the Fiscal Year (FY) 2015 Assistance to Firefighters Grant Program - Fire Prevention and Safety Grant has been approved in the amount of \$17,334.00. As a condition of this award, you are required to contribute a cost match in the amount of \$866.00 of non-Federal funds, or 5 percent of the Federal contribution of \$17,334.00.

**Before you request and receive any of the Federal funds awarded to you, you must establish acceptance of the award through the Assistance to Firefighters Grant Programs' e-grant system.** By accepting this award, you acknowledge that the terms of the following documents are incorporated into the terms of your award:

- Summary Award Memo
- Agreement Articles (attached to this Award Letter)
- Obligating Document (attached to this Award Letter)
- FY 2015 Assistance to Firefighters Grant Program - Fire Prevention and Safety Grant Notice of Funding Opportunity.

Please make sure you read, understand, and maintain a copy of these documents in your official file for this award.

**Prior to requesting Federal funds, all recipients are required to register in the System for Award Management (SAM.gov).** As the recipient, you must register and maintain current information in SAM.gov until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that the recipient review and update the information annually after the initial registration, and more frequently for changes in your information. There is no charge to register in SAM.gov. Your registration must be completed on-line at <https://www.sam.gov/portal/public/SAM/>. It is your entity's responsibility to have a valid DUNS number at the time of registration.

In order to establish acceptance of the award and its terms, please follow these instructions:

**Step 1:** Please go to <https://portal.fema.gov> to accept or decline your award. This will take you to the Assistance to Firefighters eGrants system. Enter your User Name and Password as requested on the login screen. Your User Name and Password are the same as those used to complete the application on-line.

Once you are in the system, the Status page will be the first screen you see. On the right side of the Status screen, you will see a column entitled Action. In this column, please select the View Award Package from the drop down menu. Click Go to view your award package and indicate your acceptance or declination of award. PLEASE NOTE: your period of performance has begun. If you wish to accept your grant, you should do so immediately. When you have finished, we recommend printing your award package for your records.

**Step 2:** If you accept your award, you will see a link on the left side of the screen that says "Update 1199A" in the Action column. Click this link. This link will take you to the SF-1199A, Direct Deposit Sign-up Form. Please complete the SF-1199A on-line if you have not done so already. When you have finished, you must submit the form electronically. Then, using the Print 1199A Button, print a copy and take it to your bank to have the bottom portion completed. Make sure your application number is on the form. After your bank has filled out their portion of the form, you must fax a copy of the form to FEMA's SF-1199 Processing Staff at 301-998-8699. You should keep the original form in your grant files. After the faxed version of your SF 1199A has been reviewed you will receive an email indicating the form is approved. Once approved you will be able to request payments online. If you have any questions or concerns regarding your 1199A, or the process to request your funds, please call (866) 274-0960.

Sincerely,

Brian E. Kamoie  
Assistant Administrator  
Grant Programs Directorate

## Summary Award Memo

**SUMMARY OF ASSISTANCE ACTION  
ASSISTANCE TO FIREFIGHTERS GRANT PROGRAM - FIRE PREVENTION AND SAFETY GRANTS Application**

**INSTRUMENT:** GRANT  
**AGREEMENT NUMBER:** EMW-2015-FP-00358  
**GRANTEE:** Tulare City Fire Department  
**DUNS NUMBER:** 144842486  
**AMOUNT:** \$18,200.00, Fire Prevention

**Project Description**

The purpose of the Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants is to protect the health and safety of the public and firefighting personnel against fire and fire-related hazards.

After careful consideration, FEMA has determined that the recipient's project or projects submitted as part of the recipient's application, and detailed in the project narrative as well as the request details section of the application - including budget information - was consistent with the Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants program's purpose and worthy of award. The projects approved for funding are indicated by the budget or negotiation comments below. The recipient shall perform the work described in the grant application for the recipient's approved project or projects as itemized in the request details section of the application and further described in the grant application narrative. The content of the approved portions of the application - along with any documents submitted with the recipient's application - are incorporated by reference into the terms of the recipient's award. The recipient may not change or make any material deviations from the approved scope of work outlined in the above referenced sections of the application without prior written approval, via amendment request, from FEMA.

**Period of Performance**

11-AUG-16 to 10-AUG-17

**Amount Awarded**

The amount of the award is detailed in the attached Obligating Document for Award. The following are the budgeted estimates for object classes for this grant (including Federal share plus recipient match):

Personnel	\$0.00
Fringe Benefits	\$0.00
Travel	\$5,000.00
Equipment	\$8,000.00
Supplies	\$5,200.00
Contractual	\$0.00
Construction	\$0.00
Other	\$0.00
Indirect Charges	\$0.00
Total	\$18,200.00

**NEGOTIATION COMMENTS IF APPLICABLE** (max 8000 characters)

**FEMA Officials**

**Program Officer:** The Program Specialist is responsible for the technical monitoring of the stages of work and technical performance of the activities described in the approved grant application. If you have any programmatic questions regarding your grant, please call the AFG Help Desk at 866-274-0960 to be directed to a program specialist.

**Grants Assistance Officer:** The Assistance Officer is the Federal official responsible for negotiating, administering, and executing all grant business matters. The Officer conducts the final business review of all grant awards and permits the obligation of federal funds. If you have any questions regarding your grant please call ASK-GMD at 866-927-5646 to be directed to a Grants Management Specialist.

**Grants Operations POC:** The Grants Management Specialist shall be contacted to address all financial and administrative grant business matters for this grant award. If you have any questions regarding your grant please call ASK-GMD at 866-927-5646 to be directed to a specialist.

**ADDITIONAL REQUIREMENTS (IF APPLICABLE)**

Any questions pertaining to your award package, please contact your GPD Grants Management Specialist Dee Myerly at [edith.myerly@fema.dhs.gov](mailto:edith.myerly@fema.dhs.gov).



## Agreement Articles



# FEMA

U.S. Department of Homeland Security  
Washington, D.C. 20472

## AGREEMENT ARTICLES

### Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants

**GRANTEE:** Tulare City Fire Department

**PROGRAM:** Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants

**AGREEMENT NUMBER:** EMW-2015-FP-00358

**AMENDMENT NUMBER:**

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I. **Assurances, Administrative Requirements and Cost Principles**

Recipients of DHS federal financial assistance must complete OMB Standard Form [424B Assurances - Non-Construction Programs](#). Certain assurances in this document may not be applicable to your program, and the awarding agency may require applicants to certify additional assurances. Please contact the program awarding office if you have any questions.

The administrative requirements and cost principles that apply to DHS award recipients originate from:

[2 C.F.R. Part 200](#), *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, as adopted by DHS at 2 C.F.R. Part 3002.

II. **Acknowledgement of Federal Funding from DHS**

All recipients must acknowledge their use of federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing projects or programs funded in whole or in part with Federal funds.

III. **Activities Conducted Abroad**

All recipients must ensure that project activities carried on outside the United States are coordinated as necessary with appropriate government authorities and that appropriate licenses, permits, or approvals are obtained.

IV. **Age Discrimination Act of 1975**

All recipients must comply with the requirements of the *Age Discrimination Act of 1975* ([42 U.S.C. § 6101 et seq.](#)), which prohibits discrimination on the basis of age in any program or activity receiving Federal financial assistance.

V. **Americans with Disabilities Act of 1990**

All recipients must comply with the requirements of Titles I, II, and III of the *Americans with Disabilities Act*, which prohibits recipients from discriminating on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities ([42 U.S.C. §§ 12101-12213](#)).

VI. **Best Practices for Collection and Use of Personally Identifiable Information (PII)**

All recipients who collect PII are required to have a publically-available privacy policy that describes what PII they collect, how they use the PII, whether they share PII with third parties, and how individuals may have their PII corrected where appropriate.

Award recipients may also find as a useful resource the DHS Privacy Impact Assessments: [Privacy Guidance](#) and [Privacy template](#) respectively.

VII. **Title VI of the Civil Rights Act of 1964**

All recipients must comply with the requirements of Title VI of the *Civil Rights Act of 1964* ([42 U.S.C. § 2000d et seq.](#)), which provides that no person in the United States will, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Implementing regulations for the Act are found at [6 C.F.R. Part 21](#) and [44 C.F.R. Part 7](#).

**VIII. Civil Rights Act of 1968**

All recipients must comply with [Title VIII of the Civil Rights Act of 1968](#), which prohibits recipients from discriminating in the sale, rental, financing, and advertising of dwellings, or in the provision of services in connection therewith, on the basis of race, color, national origin, religion, disability, familial status, and sex ([42 U.S.C. § 3601 et seq.](#)), as implemented by the Department of Housing and Urban Development at [24 C.F.R. Part 100](#). The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units-i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators)-be designed and constructed with certain accessible features (see [24 C.F.R. § 100.201](#)).

**IX. Copyright**

All recipients must affix the applicable copyright notices of [17 U.S.C. §§ 401 or 402](#) and an acknowledgement of Government sponsorship (including award number) to any work first produced under Federal financial assistance awards, unless the work includes any information that is otherwise controlled by the Government (e.g., classified information or other information subject to national security or export control laws or regulations).

**X. Debarment and Suspension**

All recipients must comply with Executive Orders [12549](#) and [12689](#), which provide protection against waste, fraud and abuse by debarring or suspending those persons deemed irresponsible in their dealings with the Federal government.

**XI. Drug-Free Workplace Regulations**

All recipients must comply with the *Drug-Free Workplace Act of 1988* ([41 U.S.C. § 701 et seq.](#)), which requires that all organizations receiving grants from any Federal agency agree to maintain a drug-free workplace. DHS has adopted the Act's implementing regulations at [2 C.F.R Part 3001](#).

**XII. Duplication of Benefits**

Any cost allocable to a particular Federal award provided for in [2 C.F.R. Part 200, Subpart E](#) may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

**XIII. Energy Policy and Conservation Act**

All recipients must comply with the requirements of [42 U.S.C. § 6201](#) which contain policies relating to energy efficiency that are defined in the state energy conservation plan issues in compliance with this Act.

**XIV. Reporting Subawards and Executive Compensation****a. Reporting of first-tier subawards.**

1. *Applicability.* Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term).

2. *Where and when to report.*

i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. *What to report.* You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

**b. Reporting Total Compensation of Recipient Executives.**

1. *Applicability and what to report.* You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if-

i. the total Federal funding authorized to date under this award is \$25,000 or more;

ii. in the preceding fiscal year, you received-

(A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

2. *Where and when to report.* You must report executive total compensation described in paragraph b.1. of this award term:

i. As part of your registration profile at <https://www.sam.gov>.

ii. By the end of the month following the month in which this award is made, and annually thereafter.

**c. Reporting of Total Compensation of Subrecipient Executives.**

1. *Applicability and what to report.* Unless you are exempt as provided in paragraph d. of this award term, for each first-tier subrecipient under this award, you shall report the names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if-

i. in the subrecipient's preceding fiscal year, the subrecipient received-

(A) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

2. *Where and when to report.* You must report subrecipient executive total compensation described in paragraph c.1. of this award term:

i. To the recipient.

ii. By the end of the month following the month during which you make the subaward. For example, if a subaward is obligated on any date during the month of October of a given year (*i.e.*, between October 1 and 31), you must report any required compensation information of the subrecipient by November 30 of that year.

**d. Exemptions**

If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:

i. Subawards,

and

ii. The total compensation of the five most highly compensated executives of any subrecipient.

**e. Definitions. For purposes of this award term:**

1. *Entity* means all of the following, as defined in 2 CFR part 25:

i. A Governmental organization, which is a State, local government, or Indian tribe;

- ii. A foreign public entity;
- iii. A domestic or foreign nonprofit organization;
- iv. A domestic or foreign for-profit organization;
- v. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.

2. *Executive* means officers, managing partners, or any other employees in management positions.

3. *Subaward*:

- i. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
- ii. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. \_\_ .210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
- iii. A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.

4. *Subrecipient* means an entity that:

- i. Receives a subaward from you (the recipient) under this award; and
- ii. Is accountable to you for the use of the Federal funds provided by the subaward.

5. *Total compensation* means the cash and noncash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

- i. *Salary and bonus*.
- ii. *Awards of stock, stock options, and stock appreciation rights*. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
- iii. *Earnings for services under non-equity incentive plans*. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
- iv. *Change in pension value*. This is the change in present value of defined benefit and actuarial pension plans.
- v. *Above-market earnings on deferred compensation which is not tax-qualified*.
- vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

XV. **False Claims Act and Program Fraud Civil Remedies**

All recipients must comply with the requirements of [31 U.S.C. §3729](#) which set forth that no recipient of federal payments shall submit a false claim for payment. See also [38 U.S.C. § 3801-3812](#) which details the administrative remedies for false claims and statements made.

XVI. **Federal Debt Status**

All recipients are required to be non-delinquent in their repayment of any Federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See [OMB Circular A-129](#) and form SF-424B, item number 17 for additional information and guidance.

XVII. **Fly America Act of 1974**

All recipients must comply with Preference for U.S. Flag Air Carriers: (air carriers holding certificates under [49 U.S.C. § 41102](#)) for international air transportation of people and property to the extent that such service is available, in accordance with the *International Air Transportation Fair Competitive Practices Act of 1974* ([49 U.S.C. § 40118](#)) and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, [amendment](#) to Comptroller General Decision B-138942.

**XVIII. Hotel and Motel Fire Safety Act of 1990**

In accordance with Section 6 of the *Hotel and Motel Fire Safety Act of 1990*, [15 U.S.C. §2225a](#), all recipients must ensure that all conference, meeting, convention, or training space funded in whole or in part with Federal funds complies with the fire prevention and control guidelines of the *Federal Fire Prevention and Control Act of 1974*, as amended, 15 U.S.C. §2225.

**XIX. Limited English Proficiency (Civil Rights Act of 1964, Title VI)**

All recipients must comply with the *Title VI of the Civil Rights Act of 1964* (Title VI) prohibition against discrimination on the basis of national origin, which requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services. Providing meaningful access for persons with LEP may entail providing language assistance services, including oral interpretation and written translation. In order to facilitate compliance with Title VI, recipients are encouraged to consider the need for language services for LEP persons served or encountered in developing program budgets. Executive Order 13166, *Improving Access to Services for Persons with Limited English Proficiency* (August 11, 2000), requires federal agencies to issue guidance to recipients, assisting such organizations and entities in understanding their language access obligations. DHS published the required recipient guidance in April 2011, *DHS Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons*, 76 Fed. Reg. 21755-21768, (April 18, 2011). The Guidance provides helpful information such as how a recipient can determine the extent of its obligation to provide language services; selecting language services; and elements of an effective plan on language assistance for LEP persons. For additional assistance and information regarding language access obligations, please refer to the DHS Recipient Guidance <https://www.dhs.gov/guidance-published-help-department-supported-organizations-provide-meaningful-access-people-limited> and additional resources on <http://www.lep.gov>.

**XX. Lobbying Prohibitions**

All recipients must comply with [31 U.S.C. §1352](#), which provides that none of the funds provided under an award may be expended by the recipient to pay any person to influence, or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any Federal action concerning the award or renewal.

**XXI. Non-supplanting Requirement**

All recipients who receive awards made under programs that prohibit supplanting by law must ensure that Federal funds do not replace (supplant) funds that have been budgeted for the same purpose through non-Federal sources. Where federal statutes for a particular program prohibits supplanting, applicants or recipients may be required to demonstrate and document that a reduction in non-Federal resources occurred for reasons other than the receipt of expected receipt of Federal funds.

**XXII. Patents and Intellectual Property Rights**

Unless otherwise provided by law, recipients are subject to the [Bayh-Dole Act, Pub. L. No. 96-517](#), as amended, and codified in [35 U.S.C. § 200](#) et seq. All recipients are subject to the specific requirements governing the development, reporting, and disposition of rights to inventions and patents resulting from financial assistance awards are in [37 C.F.R. Part 401](#) and the standard patent rights clause in 37 C.F.R. § 401.14.

**XXIII. Procurement of Recovered Materials**

All recipients must comply with section 6002 of the [Solid Waste Disposal Act](#), as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 C.F.R. Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

**XXIV. Contract Provisions for Non-federal Entity Contracts under Federal Awards****a. Contracts for more than the simplified acquisition threshold set at \$150,000.**

All recipients who have contracts exceeding the acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by Civilian Agency Acquisition Council and the Defense Acquisition Regulation Council as authorized by [41 U.S.C. §1908](#), must address administrative, contractual, or legal remedies in instance where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate.

**b. Contracts in excess of \$10,000.**

All recipients that have contracts exceeding \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

**XXV. SAFECOM**

All recipients who receive awards made under programs that provide emergency communication equipment and its related activities must comply with the [SAFECOM](#) Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications.

**XXVI. Terrorist Financing E.O. 13224**

All recipients must comply with [U.S. Executive Order 13224](#) and U.S. law that prohibit transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of recipients to ensure compliance with the E.O. and laws.

**XXVII. Title IX of the Education Amendments of 1972 (Equal Opportunity in Education Act)**

All recipients must comply with the requirements of Title IX of the Education Amendments of 1972 ([20 U.S.C. § 1681 et seq.](#)), which provides that no person in the United States will, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving Federal financial assistance. Implementing regulations are codified at [6 C.F.R. Part 17](#) and [44 C.F.R. Part 19](#).

**XXVIII. Trafficking Victims Protection Act of 2000**

All recipients must comply with the requirements of the government-wide award term which implements Section 106(g) of the *Trafficking Victims Protection Act (TVPA) of 2000*, as amended ([22 U.S.C. § 7104](#)). This is implemented in accordance with OMB Interim Final Guidance, *Federal Register*, Volume 72, No. 218, November 13, 2007. Full text of the award term is located at [2 CFR § 175.15](#).

**XXIX. Rehabilitation Act of 1973**

All recipients must comply with the requirements of Section 504 of the *Rehabilitation Act of 1973*, [29 U.S.C. § 794](#), as amended, which provides that no otherwise qualified handicapped individual in the United States will, solely by reason of the handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. These requirements pertain to the provision of benefits or services as well as to employment.

**XXX. USA Patriot Act of 2001**

All recipients must comply with requirements of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act)*, which amends [18 U.S.C. §§ 175-175c](#). Among other things, the USA PATRIOT Act prescribes criminal penalties for possession of any biological agent, toxin, or delivery system of a type or in a quantity that is not reasonably justified by a prophylactic, protective, bona fide research, or other peaceful purpose.

**XXXI. Use of DHS Seal, Logo and Flags**

All recipients must obtain DHS's approval prior to using the DHS seal(s), logos, crests or reproductions of flags or likenesses of DHS agency officials, including use of the United States Coast Guard seal, logo, crests or reproductions of flags or likenesses of Coast Guard officials.

**XXXII. Whistleblower Protection Act**

All recipients must comply with the statutory requirements for whistleblower protections (if applicable) at [10 U.S.C § 2409](#), [41 U.S.C. § 4712](#), and [10 U.S.C. § 2324](#), [41 U.S.C. §§ 4304](#) and [4310](#).

**XXXIII. DHS Specific Acknowledgements and Assurances**

All recipients must acknowledge and agree-and require any sub-recipients, contractors, successors, transferees, and assignees acknowledge and agree-to comply with applicable provisions governing DHS access to records, accounts, documents, information, facilities, and staff.

1. Recipients must cooperate with any compliance review or complaint investigation conducted by DHS.
2. Recipients must give DHS access to and the right to examine and copy records, accounts, and other documents and sources of information related to the grant and permit access to facilities, personnel, and other individuals and information as may be necessary, as required by DHS regulations and other applicable laws or program guidance.
3. Recipients must submit timely, complete, and accurate reports to the appropriate DHS officials and maintain appropriate backup documentation to support the

reports.

4. Recipients must comply with all other special reporting, data collection, and evaluation requirements, as prescribed by law or detailed in program guidance.

5. If, during the past three years, the recipient has been accused of discrimination on the grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status, the recipient must provide a list of all such proceedings, pending or completed, including outcome and copies of settlement agreements to the DHS awarding office and the DHS Office of Civil Rights and Civil Liberties.

6. In the event any court or administrative agency makes a finding of discrimination on grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status against the recipient, or the recipient settles a case or matter alleging such discrimination, recipients must forward a copy of the complaint and findings to the DHS Component and/or awarding office.

The United States has the right to seek judicial enforcement of these obligations.

#### XXXIV. **System of Award Management and Universal Identifier Requirements**

##### **A. Requirement for System of Award Management**

Unless exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the SAM until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term.

##### **B. Requirement for unique entity identifier**

If authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its unique entity identifier to you.
2. May not make a subaward to an entity unless the entity has provided its unique entity identifier to you.

##### **C. Definitions**

For purposes of this award term:

1. *System of Award Management(SAM)* means the Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the SAM Internet site (currently at <http://www.sam.gov>).
2. *Unique entity identifier* means the identifier required for SAM registration to uniquely identify business entities.
3. *Entity*, as it is used in this award term, means all of the following, as defined at 2 CFR part 25, subpart C:
  - a. A Governmental organization, which is a State, local government, or Indian Tribe;
  - b. A foreign public entity;
  - c. A domestic or foreign nonprofit organization;
  - d. A domestic or foreign for-profit organization; and
  - e. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.
4. *Subaward*:
  - a. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
  - b. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see 2 CFR 200.330).
  - c. A subaward may be provided through any legal agreement, including an agreement that you consider a contract.



5. *Subrecipient* means an entity that:

- a. Receives a subaward from you under this award; and
- b. Is accountable to you for the use of the Federal funds provided by the subaward.

**XXXV. Animal Welfare Act of 1966**

All recipients of financial assistance will comply with the requirements of the Animal Welfare Act, as amended (7 U.S.C. §2131 et seq.), which requires that minimum standards of care and treatment be provided for vertebrate animals bred for commercial sale, used in research, transported commercially, or exhibited to the public. Recipients must establish appropriate policies and procedures for the humane care and use of animals based on the Guide for the Care and Use of Laboratory Animals and comply with the Public Health Service Policy and Government Principles Regarding the Care and Use of Animals.

**XXXVI. Protection of Human Subjects**

All recipients of financial assistance will comply with the requirements of the Federal regulations at 45 CFR Part 46, which requires that recipients comply with applicable provisions/law for the protection of human subjects for purposes of research. Recipients must also comply with the requirements in DHS Management Directive 026-04, Protection of Human Subjects, prior to implementing any work with human subjects. For purposes of 45 CFR Part 46, research means a systematic investigation, including research, development, testing, and evaluation, designed to develop or contribute to general knowledge. Activities that meet this definition constitute research for purposes of this policy, whether or not they are conducted or supported under a program that is considered research for other purposes. The regulations specify additional protections for research involving human fetuses, pregnant women, and neonates (Subpart B); prisoners (Subpart C); and children (Subpart D). The use of autopsy materials is governed by applicable State and local law and is not directly regulated by 45 CFR Part 46.

**XXXVII. Incorporation by Reference of Notice of Funding Opportunity**

The Notice of Funding Opportunity for this program is hereby incorporated into your award agreement by reference. By accepting this award, the recipient agrees that all allocations and use of funds under this grant will be in accordance with the requirements contained in the Notice of Funding Opportunity.

**XXXVIII. Acceptance of Post Award Changes**

In the event FEMA determines that changes are necessary to the award document after an award has been made, including changes to period of performance or terms and conditions, recipients will be notified of the changes in writing. Once notification has been made, any subsequent request for funds will indicate recipient acceptance of the changes to the award. If you have questions about these procedures, please contact the AFG Help Desk at 1-866-274-0960, or send an email to [firegrants@dhs.gov](mailto:firegrants@dhs.gov).

**XXXIX. Prior Approval for Modification of Approved Budget**

Before making any change to the DHS/FEMA approved budget for this award, you must request prior written approval from DHS/FEMA where required by 2 C.F.R. § 200.308. For awards with an approved budget greater than \$150,000, you may not transfer funds among direct cost categories, programs, functions, or activities without prior written approval from DHS/FEMA where the cumulative amount of such transfers exceeds or is expected to exceed ten percent (10%) of the total budget DHS/FEMA last approved. You must report any deviations from your DHS/FEMA approved budget in the first Federal Financial Report (SF-425) you submit following any budget deviation, regardless of whether the budget deviation requires prior written approval.

**XL. Disposition of Equipment Acquired Under the Federal Award**

When original or replacement equipment acquired under this award by the recipient or its sub-recipients is no longer needed for the original project or program or for other activities currently or previously supported by DHS/FEMA, you must request instructions from DHS/FEMA to make proper disposition of the equipment pursuant to 2 C.F.R. § 200.313.

FEDERAL EMERGENCY MANAGEMENT AGENCY OBLIGATING DOCUMENT FOR AWARD/AMENDMENT						
1a. AGREEMENT NO. EMW-2015-FP-00358	2. AMENDMENT NO. 0	3. RECIPIENT NO. 94-6000443	4. TYPE OF ACTION AWARD	5. CONTROL NO. WX02374N2016T		
6. RECIPIENT NAME AND ADDRESS Tulare City Fire Department 800 S. Blackstone Tulare California, 93274-5759		7. ISSUING OFFICE AND ADDRESS Grant Programs Directorate 500 C Street, S.W. Washington DC, 20472 POC: Rosalie Vega		8. PAYMENT OFFICE AND ADDRESS FEMA, Financial Services Branch 500 C Street, S.W., Room 723 Washington DC, 20472		
9. NAME OF RECIPIENT PROJECT OFFICER Cameron Long	PHONE NO. 5596844360	10. NAME OF PROJECT COORDINATOR Catherine Patterson		PHONE NO. 1-866-274-0960		
11. EFFECTIVE DATE OF THIS ACTION 11-AUG-16	12. METHOD OF PAYMENT SF-270	13. ASSISTANCE ARRANGEMENT Cost Sharing		14. PERFORMANCE PERIOD From:11-AUG-16 To:10-AUG-17  Budget Period From:30-MAR-16 To:01-OCT-16		
15. DESCRIPTION OF ACTION a. (Indicate funding data for awards or financial changes)						
PROGRAM NAME ACRONYM	CFDA NO.	ACCOUNTING DATA (ACCS CODE) XXXX-XXX-XXXXXX-XXXX-XXXX-XXXX-X	PRIOR TOTAL AWARD	AMOUNT AWARDED THIS ACTION + OR (-)	CURRENT TOTAL AWARD	CUMULATIVE NON- FEDERAL COMMITMENT
FP	97.044	2016-F5-C111-P4310000-4101-D	\$0.00	\$17,334.00	\$17,334.00	\$866.00
		TOTALS	\$0.00	\$17,334.00	\$17,334.00	\$866.00
b. To describe changes other than funding data or financial changes, attach schedule and check here. N/A						
16 a. FOR NON-DISASTER PROGRAMS: RECIPIENT IS REQUIRED TO SIGN AND RETURN THREE (3) COPIES OF THIS DOCUMENT TO FEMA (See Block 7 for address)  Assistance to Firefighters Grant - Fire Prevention and Safety Program recipients are not required to sign and return copies of this document. However, recipients should print and keep a copy of this document for their records.						
16b. FOR DISASTER PROGRAMS: RECIPIENT IS NOT REQUIRED TO SIGN  This assistance is subject to terms and conditions attached to this award notice or by incorporated reference in program legislation cited above.						
17. RECIPIENT SIGNATORY OFFICIAL (Name and Title) N/A					DATE N/A	
18. FEMA SIGNATORY OFFICIAL (Name and Title) Rosalie Vega					DATE 04-AUG-16	

**AGENDA ITEM:**

**CITY OF TULARE, CALIFORNIA  
CITY COUNCIL  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department: Public Works – Surface Water Management Division**

**For Board Meeting of: September 20, 2016**

**Documents Attached:**  Ordinance  Resolution  Staff Report  Other  None

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***AGENDA ITEM:***

Award a sole source implementation contract for Job Cal, a Computerized Maintenance Monitoring System, for the Surface Water Management Division in the amount of \$16,420 to Ewers Engineering, Inc. of Roseville, CA. The total value of the proposed contract is for \$79,580; however \$16,420 will be funded from Surface Water Management Division, which is partially funded through General Fund. The remaining portion of this contract of \$63,160 is for implementation in the Water and Sewer Collections Divisions, which was brought before the Board of Public Utilities on September 15, 2016.

***IS PUBLIC HEARING REQUIRED:***  Yes  No

***BACKGROUND/EXPLANATION:***

Public Works currently has a computerized maintenance monitoring systems (CMMS) in place for the Wastewater Division (Hach's Job Cal). Job Cal is simple in terms of modern CMMS programs, generating the work orders for the Wastewater Treatment Plant (WWTP) components as individual elements. This system has been operating well at the WWTP for several years and staff recommends extending the Job Cal CMMS to Water and Sewer Divisions.

Public Works is satisfied with Job Cal because it has served the needs of the WWTP for several years, and has significantly reduced corrective maintenance activities at the facility. The Water and Surface water Management Divisions do not currently have a CMMS system, and the Sewer Collections Division currently utilizes a different CMMS system, known as Hansen/Infor, for replacement and rehabilitation of sewer lines. Hansen/Infor is designed to coordinate resources around linear assets, such as a sewer line/manhole, however is cost prohibitive to expand its use into the rest of the sewer collections operation. Staff will to retain the Hansen/Infor system for distribution line repair or replacement, with the goal of both programs working in coordination to manage the entire system.

A work-order system provides many benefits, in that it serves as a platform for moving from corrective/reactive maintenance to preventive maintenance, with a desired goal of eventually implementing predictive maintenance. It produces data history to determine whether to repair or replace assets, and justify personnel and purchasing decisions. Job Cal has already demonstrated that it can maximize resource planning and coordinating the spare parts inventory with current work orders.

After careful review, Staff is recommending that the Public Works Department implement Hach's Job Cal as the standard CMMS software for assets associated with the Water, Sewer and Surface Water utilities. Job Cal's strength is in its simplicity to maintain the most O&M-intensive aspects of its Hydrologic Enterprise Program utilities, stand-alone facilities like pump stations, valves, and sampling stations.

Pursuant to the City of Tulare's Purchasing Policy on page 16, paragraph H. Sole Source, the request for proposal provisions of the policy may be waived. The policy states in pertinent part:

*"The Sole Source procedures may be used if: there is reasonably only one reliable source for the needed Purchases, or because of the City has standardized on a product line due to system cost savings by avoiding wasteful inventorying of multiple product lines; and the intent of this policy is achieved that City Purchase be at a reasonable price that is unaffected by improper favoritism towards any vendor."*

Staff is recommending a sole source contract be awarded to Ewers Engineering, Inc. to implement Job Cal CMMS for the Surface Water Management, Water and Sewer utilities. This will include incorporating the proprietary criticality model that is currently utilized for capital improvement planning for the WWTP. The criticality model will be adapted for use in maintenance operations to prioritize work orders and direct maintenance activities. Ewers Engineering will also assist in transferring the existing CMMS information from Infor into Job Cal. The implementation model used for these divisions would serve as a model to later implement a CMMS system for Solid Waste and Streets divisions, so that the entire Department will operate from the same platform

The total value of the proposed contract is for \$79,580; however \$16,420 will be funded from Surface Water Management Division, which is partially funded through General Fund. The remaining portion of this contract of \$63,160 is for implementation in the Water and Sewer Collections Divisions, which was brought before the Board of Public Utilities on September 15, 2016.

**STAFF RECOMMENDATION:**

Award sole source implementation contract for Job Cal, the Computerized Maintenance Monitoring System, for the Surface Water Management division in the amount of \$16,420 to Ewers Engineering, Inc. of Roseville, CA.

**CITY ATTORNEY REVIEW/COMMENTS:**  Yes     No     N/A

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

**FUNDING SOURCE/ACCOUNT NUMBER:**

Surface Water Management Fund 067-4967-2017

**Signed: Joseph Carlini**

**Title: Director, Public Works**

**Date: September 20, 2016**

**City Manager Approval: \_\_\_\_\_**

August 30, 2016 (Revised)



**Mr. Joseph Carlini, Public Works Director**

City of Tulare  
125 East Main St.  
Tulare, California 95945

**Subject: Proposal, criticality-based CMMS rollout for Hydrologic Enterprise Program utilities (Phases 1 and 2)**

Mr. Carlini:

Thank you for your request for a proposal to help develop a computerized maintenance monitoring systems (CMMS) for the Hydrologic Enterprise Program (HEP) utilities (water, sewer, and storm drain) in the Public Works Department. From our experience with Public Works, we understand the importance of this rollout. It has the capacity to vastly increase the City's compliance with California regulations, to increase the effectiveness of the daily operations and maintenance on these vital utilities, and to ensure the important aspects of O&M are addressed every day to maximize the longevity of your systems and protect the public health and safety.

**Background**

Public Works has two computerized maintenance monitoring systems (CMMS) in place, one for the Wastewater Division (Hach's Job Cal), and one for the Sewer Collections Division (Hansen/Infor 7.7). Both are asset-oriented relational databases. The Job Cal implementation is simple in terms of modern CMMS programs, generating the work orders for the Wastewater Treatment Facility (WWTF) assets as stand-alone elements. Public Works is happy with the software and implementation because it serves the needs of the WWTF without a burdensome overhead. The Hansen/Infor CMMS is more capable because it is designed to coordinate resources around linear assets like pipelines, but it is complex and underutilized by the Sewer crews.

Staff has noted two reasons for the Hansen/Infor CMMS falling into disuse:

- **Setup and training:** We understand from conversations with the Sewer Collections staff that documentation of the Hansen/Infor CMMS is poor, and the only person formally trained on the system has retired. Even when the system was being used, it was not being used to its full potential. For example, though the Hansen/Infor system is capable of incorporating CCTV video and results, that capability is no longer accessed, which eliminates much of the value of having a high-end CMMS like Hansen/Infor.

- **Service:** From our experience and from the experience of City employees like IT/MIS manager Jason Bowling, we know Hansen/Infor has been very poor at responding to requests and providing the support for which the City is annually charged (records show approx. \$3,800/year in 2014).

Public Works would like to develop a capable work-order system for the stand-alone elements of each of the HEP utilities in the Public Works Department. A work-order system like a CMMS can be extremely beneficial in many ways:

- Provide a platform for moving from corrective/reactive maintenance to preventive maintenance, with a desired goal of eventually implementing predictive maintenance.
- Use data history to determine whether to repair or replace assets.
- Use backlog data to justify hiring.
- Enforce warranties with work orders.
- Inventory spare parts and correlate the inventory with current work.
- Report out for certifications.
- Maximize resource planning.

The City has decided to implement Hach's Job Cal as the standard CMMS software for non-linear assets associated with the HEP utilities, and to continue to use Infor 7.7 to monitor pipe and manhole conditions, which will support rehabilitation/replacement decisions.

The City has asked Ewers Engineering to provide a proposal to assist the City in implementing a Job Cal CMMS for the HEP utilities. This assistance would be provided with the following objectives:

- To quickly develop a plan for CMMS implementation to reflect the needs of each utility.
- To develop a model for implementation that can be incorporated in other divisions. (Solid Waste and Streets may incorporate a CMMS in the future.)
- To incorporate a criticality model that would prioritize work orders and direct O&M.
- To preserve the current Sewer CMMS (Infor) non-linear asset data by rolling it into the new Job Cal CMMS.
  - Job Cal lacks the ability of the existing Infor Sewer CMMS to correlate linear asset data. The City has opted to use Job Cal's strength in its simplicity to maintain the most O&M-intensive aspects of its HEP utilities, stand-alone facilities like pump stations, valves, and sampling stations.

## Our Solution

Per the City's request, we propose to adapt the criticality model we developed to perform risk-based prioritization for capital improvement programs (CIPs) to prioritize the daily O&M tasks and resources for utilities through the new Job Cal CMMS systems.

The criticality model, which is used to prioritize the complex and interdependent capital projects at the City's Wastewater Treatment Facility, ranks projects based on the risk of failure if the projects are not completed. It then allocates funding to projects based on available annual budget. We propose to modify the criticality model, called RD/CIP, to crew time on a daily basis based on the risk of not completing O&M tasks.

The CMMS criticality model proposed here would combine likelihood of failure and consequence of failure values for each O&M task associated with a facility into a single risk rating, and prioritize O&M tasks based on those ratings. It would work with Job Cal's database to allocate available staff time as a resource. As additional factors are involved, it will recalculate the risk ratings, as when a calendar-based O&M task is prescribed for a pump or the O&M crew lowers the condition rating on a valve.

This benefits the City in a number of ways:

- **Complies with state regulations.**
  - Statewide General Waste Discharge Requirements for Sanitary Sewer Systems: develop activities and a system for cleaning and maintaining sewer collections, particularly problem areas, and document scheduled and conducted activities through work orders.
  - Waste Discharge Requirements (WDRs) for Storm Water Discharges from Small Municipal Separate Storm Sewer Systems (MS4s) (General Permit): Section E.11.f. requires assessment and prioritization of storm drain system maintenance.
- **Serves the Public Works Department's mission.** By consistently addressing the highest-risk issues, the O&M crews responsible for the HEP utilities can protect public health and safety and maximize system longevity.
- **Correlates CIP with daily work orders/CMMS.** As facilities age, they require more maintenance and more operational effort than new facilities do. As the City tracks the O&M of its facilities through the CMMS, it can develop risk setpoints to establish when the facility should be moved into the CIP.
- **Puts the City in control.** The flexible nature of our risk model allows the City to incorporate new elements into the model or modify the values for specific elements to ensure the model is continually improved. The risk model modification allows the City to implement its Public Works policies, rather than depending on a black-box system to correlate with those policies.
- **Eases crew management.** The City's Lean Six Sigma-based management by data philosophy will be better served by being able to correlate important

metrics like highest-risk project reductions per crew hours and overall crew effectiveness.

- **Makes utility management nimble.** This risk-based approach to O&M can flexibly incorporate new risk elements, like the State Water Resources Control Board adopting new regulations around groundwater treatment or when flushing becomes increasingly necessary. As new circumstances arise, the criticality model can be adapted to include their consideration, resulting in a fast, effective change in the O&M approach.

RD/CIP and our other criticality models are proprietary, developed to give all our clients better management of their resources. We understand that the City will likely wish to purchase the RD/CMMS model in the future, and we will tailor it for ease of use by City employees.

### Approach

We will work flexibly with the City to establish workable, effective CMMSs for the HEP utilities that incorporate a criticality model for task prioritization. We will do this in two phases, the first dedicated to the water and sewer CMMS development, and the second to the storm drain CMMS development. This phased approach has several benefits for the City:

- Allows the City to split the funding into separate contracts as necessary to parallel the separate funding sources for the enterprise program-funded water and sewer utilities and the general fund-funded storm drain program.
- Brings the utilities with the most demanding regulatory environments into better compliance first (water and sewer).
- Permits us to bring efficiencies learned in the first round of implementation to bear on the second.

The phased approach typically requires more team time to administer and complete the separate project and contract. The benefits for the City outweigh the additional time needed for this phased approach.

We will follow a systematic approach for each phase of implementation:

- **Plan** – Determine the needs of users and establish an implementation process in tandem with Hach's Job Cal.
- **Prioritize** – Implement the RD/CMMS criticality model with Job Cal.
- **Execute** – Confirm with staff the data fields necessary to develop the desired reporting, obtain staff approval on the implementation, work with the vendor to implement the database, and develop the staff.



In Phase 1 (water and sewer utilities), the Ewers Engineering team will work with Infor and Hach for the time budgeted to port the existing compatible Infor Sewer CMMS data into the new Job Cal Sewer CMMS.

The Ewers Engineering team is committed to help the City develop working CMMS systems, a key to the success of its utilities, and the time allocated below will be in service of that commitment.

We expect to perform minimal customization of the data fields available in Job Cal. The criticality model will be implemented by updating Job Cal's work order priority field (WOPriority) from an Excel-based criticality model to prioritize work order tasks. The scope of work described here will allow the City to work with the structure of Job Cal and fit the City's needs into it.

### **The team in Tulare**

The key people involved in the previous benchmarking and financial planning efforts conducted for the City in the past three years are proposed to perform the work described here.

- Chris Ewers, P.E. – I have the breadth of design, planning, construction, and operations in water and wastewater systems. I am currently developing collection systems programs and water system emergency response plans for other sewer and water utility agencies in California. My consulting work with the California Sanitation Risk Management Authority has made me aware of some of the less obvious challenges facing the City in construction and operations. And, as the chief architect behind RD/CIP, I will be a significant asset in establishing a criticality model into the City's CMMS systems.
- Randall Musgraves – His decades of experience administering large and medium-sized wastewater and stormwater utilities makes his perspective on staffing and working with a unionized staff a cut-to-the-chase experience. Randy is particularly important to this project because he has set up custom CMMS systems for large, Bay-area county government agencies in the past.

### **Assumptions**

Several assumptions have been used to generate this approach, scope of work, schedule, and fee:

- Fees – The City will pay for all fees charged by software or other third-party entities as a result of this work. (This applies particularly to Hach and Infor, whose representatives will play an important role in successful rollout of the new Job Cal CMMSs.)

- Licenses – The City will maintain current licenses for all software, including the Infor CMMS, throughout the project.
- Database CMMS – The Job Cal CMMS will not require a GIS as a base, and so will not require a GIS to be developed for the City’s utility inventory for this effort.
- Data entry – Any data entry needed to implement the new CMMS will be performed by the City.
- Access to staff – The City will make its staff accessible to our team for interviews. We will interview managerial staff in the Water and Streets (which oversees the storm drain utility) Divisions at a minimum. We will schedule these interviews well in advance, group them into a single day, if possible, and define their duration beforehand to minimize the impact to the City.
- Access to documents – The City will provide access to the current CMMS setup files and operations and maintenance documentation for all divisions involved in the work.
- Ownership of RD/CMMS and RD/CIP criticality models – Proprietary models will be further developed to prioritize O&M tasks and to comply with state regulations. These models can be made available for purchase by the City, but this proposal does not include that purchase or ownership transfer.
- Job Cal stability – The Job Cal product will remain as it is at the development and writing of this proposal, a Microsoft Access 97 database application. If the Job Cal software engine is updated or changed to a different platform, another scope and approach will likely be necessary.

## PROPOSED SCOPE OF WORK

Ewers Engineering will work side-by-side with City staff on this project, visiting the City to ensure the CMMS fits the City’s needs. It is vital to the success of the CMMS implementation that all stakeholders be involved in the first phase of the work to identify the informational needs and obtain buy-in.

The following scope of work includes the combined team hours estimated to be necessary to complete each task. Much of the effort is contingent on the participation of third parties like Hach’s Job Cal group and Infor’s CMMS group. Project time allocation and project budget will be expanded only with the City’s explicit, written consent.

### PHASE 1: CMMS ROLLOUT FOR WATER AND SEWER UTILITIES

#### Ph. 1, Part 1. Administer

- a. Status meetings – Conduct telephone, in-person meetings, and/or email communication weekly with Public Works Director Joe Carlini or the project manager and staff as available and necessary to discuss project status, coordinate efforts, and enhance work flow. Each meeting will include discussions of project timelines, expenses, and progress for individual tasks and the overall project. Meetings are anticipated to be as long as 2 hours at first, until informational needs identification is complete, and should evolve to meetings no more than one hour long.

**Ph. 1, Part 2. Plan**

- a. **Needs analysis** – Interview a manager from each utility to determine the minimum current and future needs for a CMMS. Initial considerations:
  - Number of users.
  - O&M schedules to be developed/integrated.
  - Facilities and/or equipment to be included (system inventory).
  - Security requirements/data security requirements.
  - Preventive/predictive maintenance tasks.
  - Reporting needs.
  - Maintenance tracking.
  - Work with Public Works to select the maintenance practice classifications to use for current and future work:
    - Predictive or Condition-Based Maintenance (PdM/CBM).
    - Preventive Maintenance (PM).
    - Time (Calendar) -based maintenance (TBM).
    - Run-based maintenance (RBM).
    - Operator-based maintenance (OBM).
    - Corrective Maintenance (CM)
      - Planned and scheduled
      - Major repairs/projects (planned and scheduled)
      - Reactive (breakdowns/emergency)
- b. **Research Job Cal** – Determine data requirements, operating limits, and data types that can be imported into Job Cal. Work with Hach's representatives to establish a rapport and to determine the best practices under Job Cal to execute tasks like risk model-based task prioritization. In particular, determine Hach's opinion about how much data the Job Cal system can accommodate before its performance is hindered.
- c. **Outline database structure** – Chart a database structure to accommodate each utility's CMMS needs in preparation for working

with Job Cal. Meet with Job Cal to determine data needs and fields for all tasks and catalog them per data type, field length, and table location anticipated in each utility's CMMS database.

- d. **Infor database export** – Work with Infor to export data from the existing sewer database into the new Job Cal database. Draft a map of fields and data types between the Infor and Job Cal environments, and identify compatible and incompatible data.
- e. **Identify utility inventory, tasks for data input** – Associate O&M tasks with each item in the current water and sewer inventory to be addressed in the CMMS databases, and the team size and makeup necessary to complete those tasks. Create a naming convention to be applied to utility inventory, tasks, and human resources.
- f. **Report, CMMS implementation plan** – Document the information and management needs, analyses, tasks, and recommendation. Finalize and provide the report in pdf form after the City's edits, comments, and questions on a draft have been addressed.

#### **Ph. 1, Part 3. Prioritize**

- a. **Draft criticality model for O&M tasks** – Develop the conceptual model to correlate likelihood and consequence of failure for each facility identified in the inventory of facilities and associated O&M tasks from Part 2. Current management practices will be used to set the task importance baseline.
- b. **Develop risk assessment model using numerical values** – Refine the likelihood and consequence of failure variables to numerical risk ratings, standardized with a rating system that can be used by all levels of O&M staff, and apply it to the conceptual model to develop a mathematical model and resulting numerical risk factor for each task in the O&M inventory.
- c. **Integrate staffing resource into the risk model** – Integrate effort requirements for each task associated with the O&M inventory and correlate staffing/teaming requirements for task completion.
- d. **Develop the interface between Job Cal and the Excel risk model** – Automate update of work order priority from the criticality model by setting the WOPriority field in Job Cal through programming Data Access Objects (DAO) in Visual Basic for Applications. The resulting product will permit the criticality model to update the Job Cal database on a daily basis if needed through a simple user interface that requires only basic computer skills.
- e. **Report on and refine the criticality model** – Provide a single submittal of the criticality model results to the City on completion of the model for

comment. Modify the model in a single effort to comply with City comments to address completeness and behavior of the model results.

**Ph. 1, Part 4. Implement**

- a. **Import existing, non-linear facility Sewer CMMS data into Job Cal –** Work with Hach to import the data exported from the existing Infor Sewer CMMS into the new Job Cal Sewer CMMS. This scope of work assumes 20 hours will be necessary to coordinate the export with Infor and the import with Hach.
- b. **Develop input forms –** Develop input forms for on-screen or paper-based data input to correlate with the work flow determined in Part 2. This scope of work assumes two separate custom input forms will be generated for each of the water and sewer utilities.
- c. **Develop reports –** Draft and submit reports for on-screen or paper-based review of CMMS analyses, with particular attention to a dashboard review capability for management. This scope of work assumes two separate custom reports will be developed for each of the water and sewer utilities.
- d. **Map data to fields –** Draft and submit a chart of the fields to be developed for each CMMS with the data type, function, and interaction between fields stated. This will be a vital part of working with Hach to perform the database setup and CMMS configurations.
- e. **Develop QA/QC practices –** Draft and obtain City approval of a set of QA/QC measures to ensure data completeness and integrity.

**PHASE 2: CMMS ROLLOUT FOR STORM DRAIN UTILITY**

**Ph. 2, Part 1. Administer**

- a. **Status meetings –** Conduct telephone, in-person meetings, and/or email communication weekly as above.

**Ph. 2, Part 2. Plan**

- a. **Needs analysis –** Interview the manager for the storm drain utility to as for Phase 1.
- b. **Outline database structure –** Chart a database structure to accommodate the storm drain CMMS needs. Determine data needs and fields for all tasks and catalog them per data type, field length, and table location anticipated in the storm drain CMMS database.
- c. **Identify utility inventory, tasks for data input –** Associate O&M tasks with each item in the current inventory to be addressed in the CMMS database, and the team size and makeup necessary to complete those

tasks. Adopt a naming convention to be applied to utility inventory, tasks, and human resources.

- d. **Report, CMMS implementation plan** – Document the information and management needs, analyses, tasks, and recommendation. Finalize and provide the report in pdf form after the City's edits, comments, and questions on a draft have been addressed.

**Ph. 2, Part 3. Prioritize**

- f. **Draft criticality model for O&M tasks** – Develop the conceptual model to correlate likelihood and consequence of failure for each facility identified in the inventory of facilities and associated O&M tasks from Part 2. Current management practices will be used to set the task importance baseline.
- g. **Develop risk assessment model using numerical values** – Refine the likelihood and consequence of failure variables to numerical risk ratings, standardized with a rating system that can be used by all levels of O&M staff, and apply it to the conceptual model to develop a mathematical model and resulting numerical risk factor for each task in the O&M inventory.
- h. **Integrate staffing resource into the risk model** – Integrate effort requirements for each task associated with the O&M inventory and correlate staffing/teaming requirements for task completion.
- i. **Develop the interface between Job Cal and the Excel risk model** – Automate update of work order priority from the criticality model by setting the WOPriority field in Job Cal through programming Data Access Objects (DAO) in Visual Basic for Applications. The resulting product will permit the criticality model to update the Job Cal database on a daily basis if needed through a simple user interface that requires only basic computer skills.
- j. **Report on and refine the criticality model** – Provide a single submittal of the criticality model results to the City on completion of the model for comment. Modify the model in a single effort to comply with City comments to address completeness and behavior of the model results.

**Ph. 2, Part 4. Implement**

- a. **Develop input forms** – Develop input forms for on-screen or paper-based data input to correlate with the work flow determined in Part 2. This scope of work assumes two separate custom input forms will be generated.
- b. **Develop reports** – Draft and submit reports for on-screen or paper-based review of CMMS analyses, with particular attention to a

dashboard review capability for management. This scope of work assumes two separate custom reports will be developed.

- c. **Map data to fields** – Draft and submit a chart of the fields to be developed for each CMMS with the data type, function, and interaction between fields stated.
- d. **Develop QA/QC practices** – Draft and obtain City approval of a set of QA/QC measures to ensure data completeness and integrity.

## ESTIMATED PROJECT TIMELINE

We understand the City would like to work through the CMMS implementation as soon as possible for the HEP utilities. If the City provides notice to proceed on September 16, we suggest the following milestones and timeline to manage the program’s development and the engagement of key players. This schedule includes some overlap between phases to shorten the overall time frame:

Suggested CMMS work order system development schedule		
Milestone	Completion	
	Phase 1	Phase 2
Complete needs assessment	Oct. 15	March 14
CMMS implementation plan submittal	Nov. 17	March 28
Submit criticality model for O&M tasks	Dec. 14	April 10
Populate/set up CMMS	Feb 16	April 24
Test/finalize CMMS	March 14	May 1

Portions of this schedule will be accelerated whenever possible. The City may opt to direct effort to tasks not listed above; we will develop milestones and completions for each task as it arises.

In addition, if this project overlaps with other projects with the City, the Ewers Engineering team will work with the City to define priority, moving the highest-priority effort and deliverables ahead of lower-priority ones. We will also ensure the City obtains a benefit from the efficiencies that can be had from combining effort in visits to the City with cost savings on the projects.

## ESTIMATED FEE SCHEDULE

Proposed flat rate project cost

- Phase 1: \$63,160
- Phase 2: \$16,420

This is based on our estimate of 462 hours at \$130/hour for project engineering and QA/QC plus direct expenses for five visits to the City and estimated direct costs for Phase 1; and 114 hours at the same rate for project engineering and QA/QC plus direct expenses for two additional visits to the City and estimated direct costs for Phase 2.

Task	Deliverable	Fee	
		Phase 1	Phase 2
Part 1: Administer	[Costs are integrated into tasks below.]		
Part 2: Plan	CMMS implementation plan	29,770	6,630
Part 3: Prioritize	Criticality model report	12,090	3,770
Part 4: Implement	QA/QC practices and project summary	21,300	6,020
Total		63,160	16,420

Ewers Engineering will bill the City directly for services rendered according to the following schedule:

- 75% due on delivery of draft documents
- 25% due on delivery of final documents
- Each invoice will be payable within 30 days of receipt of the invoice.

No additional fees will be charged for effort or materials needed by Ewers Engineering.

To keep the project moving and the interchange relevant, the City must submit any required document review comments and edits within 60 days. If comments/edits are not received within 60 days, Ewers Engineering reserves the right to finalize the last draft as the final product and be compensated accordingly. The City will then be allowed up to another 30 days to submit review comments and edits without further fees, after which, additional fees at an hourly rate of \$150 will be assessed.

Thank you for this opportunity to continue to work with the City. We have enjoyed working with you and the other staff and elected officials. You have a clear commitment to improve the service to the public and make the City a sustainable, enjoyable place to live. Please give me a call at (916) 521-9696 with any questions or comments.

Sincerely,



Chris Ewers, P.E.  
Principal Engineer  
Ewers Engineering, Inc.



# 2016 Billing Rate Sheet

## Ewers Engineering, Inc.

### Ewers Engineering, Inc. (Effective January 1 - December 31, 2016)

Staff	Labor Rate (dollars per hour)
Principal engineer/project manager	\$175
Senior engineer/staff extension engineering	\$130
CAD Drafter	\$95
Administrative	\$70

Outside Services such as vendor reproductions, prints, shipping, and major reproduction efforts, as well as Engineering Supplies, Travel, etc. will be billed at the actual cost plus 10%

Direct Costs including routine in-house copies/prints, postage, miscellaneous supplies, and other incidental project expenses will be billed at 2% of labor charges.

Mileage will be billed at 54 cents per mile. Subconsultants will be billed at actual cost plus 15%.

A finance charge of 1.5 percent per month (an Annual Rate of 18 percent) on the unpaid balance will be added to invoice amounts if not paid within 45 days from the date of the invoice.

The standard billing cycle for Ewers Engineering is from the first day of the month through the last day of the month (monthly billing cycle). Invoices will be dated and mailed on the fifth day of the month, for the preceding month's labor charges. Special invoicing schedules and timing to match with client's billing schedule is available upon request.

## Musgraves Consulting, LLC

Staff	Labor Rate (dollars per hour)
Financial, administrative planning, QA/QC	\$130

Expenses outside of labor hours will be handled through Ewers Engineering.

## CONTRACT FOR PROFESSIONAL CONSULTANT SERVICES

This Agreement, entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by and between the City of Tulare, hereinafter referred to as the "CITY," and Ewers Engineering, Inc. hereinafter referred to as the "CONSULTANT."

### W I T N E S S E T H

**WHEREAS**, the CITY is authorized and empowered to employ consultants and specialists in the performance of its duties and functions; and

**WHEREAS**, the CITY has the desire to secure certain technical and professional services to assist in the preparation and completion of the items of work described as "Scope of Work" in Exhibit "A", and hereinafter referred to as the "PROJECT"; and

**WHEREAS**, the CONSULTANT represents it is licensed, qualified and willing to provide such services pursuant to terms and conditions of this Agreement.

**NOW, THEREFORE**, CITY and CONSULTANT agree as follows

#### **I) SERVICES TO BE PERFORMED BY THE CONSULTANT**

- A. **Authorized Scope of Work**: The CONSULTANT agrees to perform all work necessary to complete in a manner satisfactory to the CITY those tasks and rates described in Exhibit "A".
- B. **Additional Services**: Incidental work related to the PROJECT and not provided for in Exhibit "A" may be needed during the performance of this Agreement. The CONSULTANT agrees to provide any and all additional services at the hourly rates identified in attached Exhibit "A". Such additional services shall not be performed by CONSULTANT without the written consent of CITY.

#### **II) TIME OF PERFORMANCE**

The term of this Agreement shall commence on the Effective Date and expire upon completion of all obligations of the parties, unless earlier terminated by the parties. Additionally this Agreement may be terminated for convenience. In the event of termination or expiration of this Agreement, CONTRACTOR shall transfer to CITY any funds and/or accounts receivable on hand attributable to the use of CITY funds.

#### **III) COMPENSATION**

- A. **Total Compensation**: For services performed pursuant to this Agreement, the CITY agrees to pay and the CONSULTANT agrees to accept, the flat fee established in Exhibit "A". These amounts shall constitute complete compensation, including document production and out-of-pocket expenses for all services for the scope of work identified in Exhibit "A."
- B. **Payment of Compensation**: The CONSULTANT shall be compensated according to the billing invoices submitted by the CONSULTANT and approved by the CITY. The

progress payments will be paid as set out in Exhibit "A." The CONSULTANT shall be paid no later than thirty (30) days following submission of a written, verified billing to the CITY.

**IV) AUTHORIZED REPRESENTATIVE**

- A. **CITY:** The **Public Works Director** shall represent the CITY in all matters pertaining to the services to be rendered under this Agreement, except where approval of the City Council of the City of Tulare is specifically required.
- B. **CONSULTANT:** **Chris Ewers**, shall represent and act as principle for CONSULTANT in all matters pertaining to the services to be rendered by it under this Agreement.

**V) TERMINATION**

The right to terminate this Agreement, with or without cause, may be exercised without prejudices to any other right or remedy to which the terminating party may be entitled at law or under this Agreement.

- A. **Termination by Either Party without Cause:** The CITY or CONSULTANT may terminate this Agreement at any time by giving written notice to the other of such termination and specifying the effective date thereof, at least fifteen (15) days before the effective date of such termination.
- B. **Termination of Agreement for Cause:** The CITY may by written notice to the CONSULTANT specifying the effective date thereof, at least fifteen (15) days before the effective date of such termination, terminate the whole or any part of this Agreement in any of the following circumstances:
  - 1. If the CONSULTANT fails to perform the services called for by this Agreement within time(s) specified herein or any extension thereof; or
  - 2. If the CONSULTANT fails to make progress under this Agreement as to endanger performance of this Agreement in accordance with its terms, and does not correct such failure within a period of ten (10) days (or longer period as the CITY may authorize in writing) after receipt of notice from the CITY specifying such failure.
- C. **Post-Termination:**
  - 1. In the event the CITY terminates this Agreement with or without cause, the CITY may procure, upon such terms and such manner as it may determine appropriate, services similar to those terminated.
  - 2. Except with respect to defaults of sub consultants, the CONSULTANT shall not be liable for any excess costs if the failure to perform this Agreement arises out of causes beyond the control and without the fault or negligence of the CONSULTANT. Such causes include, but are not limited to, acts of God or to the public enemy, floods, epidemics, quarantine restrictions, strikes, and unusually severe weather; but in the event the failure to

perform is caused by the default of a sub consultant, the CONSULTANT shall not be liable for failure to perform, unless the services to be furnished by the sub-consultant were obtainable from other sources in sufficient time and within budgeted resources to permit the CONSULTANT to meet the required delivery schedule or other performance requirements.

3. Should the Agreement be terminated with or without cause, the CONSULTANT shall provide the CITY with all finished and unfinished documents, data, studies, services, drawings, maps, models, photographs, reports, etc., prepared by the CONSULTANT pursuant to this Agreement.
4. Upon termination, with or without cause, CONSULTANT will be compensated for the services satisfactorily completed to the date of termination according to compensation provisions contained herein. In no event, shall the total compensation paid CONSULTANT exceed the total compensation agreed to herein.
5. If after notice of termination of this Agreement, as provided for in this article, it is determined for any reason that the CONSULTANT was not in default under the provisions of this article, then the rights and obligations of the parties shall be the same as if the Agreement was terminated without cause.
6. Termination of this Agreement shall not terminate any obligation to indemnify, to maintain and make available any records pertaining to the Agreement, to cooperate with any audit, to be subject to offset, or to make any reports of pre-termination activities.

**VI) INTEREST OF OFFICIALS AND THE CONSULTANT**

- A. No officer, member, or employee of the CITY who exercises any functions or responsibilities in the review or approval of this Agreement shall:
  1. Participate in any decision relating to this Agreement which effects their personal interest or the interest of any corporation, partnership, or association in which they have, directly or indirectly, any interest or
  2. Have any interest, direct or indirect, in this Agreement or the proceeds thereof during his tenure or for one year thereafter.
- B. The CONSULTANT hereby covenants that he has, at the time of the execution of this Agreement, no interest, and that they shall not acquire any interest in the future, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed pursuant to this Agreement. The CONSULTANT further covenants that in the performance of this work, no person having any such interest shall be employed.

**VII) NO PERSONNEL, AGENCY OR COMMISSION**

The CONSULTANT warrants, by execution of this Agreement, that no personnel agency has been employed or retained to solicit or secure this contract upon an agreement or

understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide established commercial or selling agencies maintained by the CONSULTANT for the purpose of securing business. For breach or violation of this warranty, the CITY shall have the right to annul this Agreement without liability or, in its discretion, to deduct from this Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

**VIII) SUBCONTRACTING**

- A. The CONSULTANT shall not subcontract or otherwise assign any portion of the work to be performed under this Agreement without the prior written approval of the CITY.
- B. In no event shall the CONSULTANT subcontract work in excess of 50% of the contract amount, excluding specialized services. Specialized services are those items not ordinarily furnished by a consultant performing the particular type of project.

**IX) INDEPENDENT CONTRACTOR**

In the performance of the services herein provided for, the CONSULTANT shall be, and is, an independent contractor and is not an agent or employee of the CITY. The CONSULTANT has and shall retain the right to exercise full control and supervision of all persons assisting the CONSULTANT in the performance of said services hereunder. The CONSULTANT shall be solely responsible for all matters relating to the payment of its employees including compliance with social security and income tax withholding and all other regulations governing such matters.

**X) SPECIFICATIONS**

All specifications, manuals, standards, etc., either attached to this Agreement or incorporated by reference, are binding as to the performance of the work specified in this Agreement unless they are changed by written amendment to this Agreement modified in writing to incorporate such changes.

**XI) DOCUMENTS/DATA**

- A. **Ownership of Documents:** All original papers and documents, produced as a result of this Agreement, shall become the property of the CITY. In addition, CITY shall be provided with access and use of any other papers and documents consistent with the purpose and scope of services covered by this Agreement. Any additional copies, not otherwise provided for herein, shall be the responsibility of the CITY.

Documents, including drawings and specifications, prepared by CONSULTANT pursuant to this Agreement, are not intended or represented to be suitable for reuse by CITY or others on extensions of the PROJECT or on any other project. Any use of the completed documents for other projects and any use of incomplete documents without the specific written authorization from CONSULTANT will be at CITY's sole risk and without liability to CONSULTANT. Further, any and all liability arising out of changes made to CONSULTANT's deliverables under this

Agreement by CITY or persons other than CONSULTANT is waived as against CONSULTANT, and the City assumes full responsibility for such changes unless the CITY has given CONSULTANT prior notice and has received from CONSULTANT written consent for such changes.

- B. **Publication:** No report, information, or other data given or prepared or assembled by the CONSULTANT pursuant to this Agreement, shall be made available to any individual or organization by the CONSULTANT without the prior written approval of the CITY. Notwithstanding the foregoing, however, the CONSULTANT shall not be required to protect or hold in confidence and confidential information which (1) is or becomes available to the public with the prior written consent of the CITY; (2) must be disclosed to comply with law; or (3) must be disclosed in connection with any legal proceedings.
- C. **Copyrights:** The CONSULTANT shall be free to copyright material developed under this Agreement with the provision that the CITY be given a nonexclusive and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use the material for government or public purposes.

## XII) INDEMNIFICATION AND INSURANCE

- A. As respects acts, errors, or omissions in the performance of services, CONSULTANT agrees to indemnify and hold harmless CITY, its elected and appointed officers, employees, and CITY designated volunteers from and against any and all claims, demands, losses, defense costs, liability or consequential damages arising directly out of CONSULTANT's negligent acts, errors or omissions in the performance of their services under the terms of this Agreement, except to the extent those arise out of the negligence of CITY.
- B. CITY agrees to indemnify and hold harmless CONSULTANT, its officers, employees, and designated volunteers from and against any and all losses, defense costs, liability or consequential damages to the extent arising out of CITY's negligent acts, errors or omissions in the performance of this Agreement.
- C. As respects all acts or omissions which do not arise directly out of the performance of services, including but not limited to those acts or omissions normally covered by general and automobile liability insurance, CONSULTANT agrees to indemnify, defend (at CITY's option), and hold harmless CITY, its elected and appointed officers, agents, employees, representatives, and volunteers from and against any and all claims, demands, defense costs, liability, or consequential damages of any kind or nature arising out of or in connection with CONSULTANT's (or CONSULTANT'S subcontractors, if any) performance or failure or failure to perform , under the terms of this Agreement; except to the extent those which arise out of the negligence of CITY.
- D. Without limiting CITY's right to indemnification, it is agreed that CONSULTANT shall secure prior to commencing any activities under this Agreement, and maintain during the term of this Agreement, insurance coverage as follow:
  - 1. **Workers' Compensation Insurance** as required by California statues.

2. **Commercial General Liability Insurance** with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence. Such insurance shall include coverage for Premises and Operations, Contractual Liability, Personal Injury Liability, Products and Completed Operations Liability, Broad Form Property Damage (if applicable), Independent Contractors Liability (if applicable).
  3. **Professional Liability Insurance** coverage, in an amount not less than Two Million Dollars (\$2,000,000).
  4. **Comprehensive Automobile Liability** coverage with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall be provided by a business automobile policy.
- E. CITY's Risk Manager is hereby authorized to reduce the requirements set forth above in the event they determine that such reduction is in the CITY's best interest.
- F. Each insurance policy required by this Agreement shall contain the following clause:
- "This insurance shall not be canceled, limited in scope or coverage, or non-renewed until after thirty (30) days prior written notice has been given to the City Clerk, City of Tulare, 411 East Kern Avenue, Tulare, CA 93274-4257."***
- In addition, the commercial general liability and comprehensive automobile liability policies required by this Agreement shall contain the following clauses:
- "It is agreed that any insurance maintained by the City of Tulare shall apply in excess of and not contribute with insurance provided by this policy."***
- "The City of Tulare, its officers, agents, employees, representatives and volunteers are added as additional insureds as respects operations and activities of, or on behalf of the named insured, performed under contract with the City of Tulare."***
- G. Prior to commencing any work under this Agreement, CONSULTANT shall deliver to CITY insurance certificates confirming the existence of the insurance required by this Agreement and including the applicable clauses referenced above. Within thirty (30) days of the execution date of this Agreement, CONSULTANT shall provide to CITY endorsements to the above-required policies, which add to these policies the applicable clauses referenced above. Said endorsements shall be signed by an authorized representative of the insurance company and shall include the signatory's company affiliation and title. Should it be deemed necessary by CITY, it shall be CONSULTANT's responsibility to see that CITY receives documentation acceptable to CITY which sustains that the individual signing said endorsement is indeed authorized to do so by the insurance company. CITY has the right to demand, and to receive within a reasonable time period, copies of any insurance policies required under this Agreement.

- H. In addition to any other remedies CITY may have if CONSULTANT fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, CITY may, at its sole option:
1. Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement; or
  2. Order CONSULTANT TO STOP WORK UNDER THIS Agreement and/or withhold any payment(s) which become due to CONSULTANT hereunder until CONSULTANT demonstrates compliance with the requirements hereof; or
  3. Terminate this Agreement.

Exercise of any of the above remedies, however, is an alternative to other remedies CITY may have and is not the exclusive remedy for CONSULTANT's failure to maintain or secure appropriate endorsements.

Nothing herein contained shall be construed as limiting in any way the extent to which CONSULTANT may be held responsible for payments of damages to persons or property resulting from CONSULTANT's or its subcontractor's performance of the work covered under this Agreement.

### **XIII) NON-DISCRIMINATION**

CONSULTANT and all subcontractors shall not discriminate against any employee or applicant for employment on the basis of race, color, national origin, or gender in the performance of this Agreement. The CONSULTANT shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the CONSULTANT to carry out these requirements is a material breach of this Agreement, which may result in the termination of this Agreement.

### **XIV) MISCELLANEOUS PROVISIONS**

- A. **Asbestos and Hazardous Materials:** In providing its services hereunder, CONSULTANT shall not be responsible for identification, handling, containment, abatement, or in any other respect, for any asbestos or hazardous material if such is present in connection with the PROJECT. In the event the CITY becomes aware of the presence of asbestos or hazardous material at the jobsite, CITY shall be responsible for complying with all applicable federal and state rules and regulations, and shall immediately notify CONSULTANT, who shall then be entitled to cease any of its services that may be affected by such presence, without liability to CONSULTANT arising therefrom.
- B. **Successors and Assigns:** This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties.
- C. **Prohibition of Assignment:** Neither the CITY nor CONSULTANT shall assign, delegate or transfer their rights and duties in this Agreement without the written consent of the other party.



D. **Dispute/Governing Law:** Any dispute not resolvable by informal arbitration between the parties to this Agreement shall be adjudicated in a Court of Law under the laws of the State of California.

E. **Notices:** Notice shall be sufficient hereunder if personally served upon the City Clerk of the City or an officer or principal of the CONSULTANT, or if sent via United States Postal Service, postage prepaid, addressed as follows:

CITY OF TULARE	CONSULTANT: Ewers Engineering, Inc.
411 East Kern Ave.	209 Donner Ave.
Tulare, CA 93274-4257	Roseville, CA 95378
Attention: City Clerk	Attention: Chris Ewers

F. **Jurisdiction/Venue/Waiver of Removal:** The Agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be in that State. Any action brought to interpret or enforce this Agreement, or any of the terms or conditions hereof, shall be brought in Tulare County, California. The CONSULTANT hereby expressly waives any right to remove any action to a county other than Tulare County as permitted pursuant to Section 394 of the California Code of Civil Procedure.

G. **Integration/Modification:** This Agreement and each of the exhibits referenced herein, which are incorporated by reference, represents the entire understanding of the CITY and the CONSULTANT as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by the CITY and the CONSULTANT.

H. **Conflict with Law:** If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it is in conflict with said law, but the remainder of the Agreement shall be in full force and effect.

I. **Attorney's Fees:** In the event either party commences any action, arbitration or legal proceedings for the enforcement of this Agreement, the prevailing party, as determined by the court or arbitrator shall be entitled to recovery of its attorney's fees and court costs incurred in the action brought thereon.

J. **Construction:** This Agreement is the product of negotiation and compromise on the part of each party and the parties agree, notwithstanding Civil Code Section 1654 that in the event of uncertainty the language will not be construed against the party causing the uncertainty to exist.

K. **Authority:** Each signatory to this Agreement represents that it is authorized to enter into this Agreement and to bind the party to which its signature represent.

L. **Headings:** Section headings are provided for organizational purposes only and do not in any manner affect the scope or intent of the provisions thereunder.

- M. **Firearms Prohibited:** Guns may not be carried by contractors/vendors/consultants while working on City of Tulare premises without the expressed written approval of a City of Tulare Department Head, or an exemption in the contract. If a contractor/vendor/consultant is caught carrying a gun, without City permission, their contract will be terminated.

**FOR INTERNAL USE ONLY**

- Finance        City Manager      
 Risk Manager        Purchasing      
 Dept. Head        Attorney

<i>ACCOUNTING</i>				
<i>FUND</i>	<i>ACCOUNT</i>	<i>PROGRAM</i>	<i>DEPT</i>	<i>ESTIMATED AMOUNT</i>
#				\$

**BY ACCEPTING THIS CONTRACT, THE PROVIDER AGREES TO THE TERMS ON ATTACHED PAGES.**

**IN WITNESS WHEREOF**, this Agreement is executed on the day and year first above written.

**CONSULTANT**

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

\_\_\_\_\_  
Title

Licensed in accordance with an act providing for the registration of Contractors,

Number \_\_\_\_\_  
Federal Employer Identification

**CITY OF TULARE, A Municipal Corporation  
Charter Law City of the State of California**

By: \_\_\_\_\_  
City Manager

**ATTEST:**

By: \_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney

- Attachments:  
Exhibit "A": Scope of Services  
Exhibit "B": Certificate of Liability Insurance

EXHIBIT "A"

Scope of Services

*See: Proposal: Criticality Based CMMS Rollout*

*For Hydrologic Enterprise Utilities*

EXHIBIT "B"

Certificate of Liability Insurance



<b>AGENDA ITEM:</b>
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**CITY OF TULARE, CA  
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF TULARE  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department:** Finance

**For Council Meeting of:** September 20, 2016

**Documents Attached:**  Ordinance  Resolution  Staff Report  Other  None

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***AGENDA ITEM:***

Adopt Resolution 2016-\_\_\_ to authorize the Successor Agency to the Redevelopment Agency of Tulare (the "Successor Agency") to issue 2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) and Series B (Taxable) (together, the "2016 Refunding Bonds") to refinance all or a portion of the outstanding Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Bonds, Series A (Tax-Exempt), Series B (Taxable), and 2010 Tax Allocation Housing Bonds, Series C (Taxable) (together, the "2010 Tax Allocation Bonds") for debt service savings.

***IS PUBLIC HEARING REQUIRED:***  Yes  No

***BACKGROUND/EXPLANATION:***

In 2010, the Redevelopment Agency of the City of Tulare issued its 2010 Tax Allocation Bonds including \$8,605,000 Series A (Tax-Exempt), \$4,915,000 Series B (Taxable), and \$9,830,000 Series C (Taxable) to finance and refinance redevelopment projects within the "Merged Project Areas" within the City.

The proposed 2016 Refunding Bonds would be issued with two separate series corresponding with the taxable or tax-exempt status of the outstanding 2010 Tax Allocation Bonds:

- 1) **2016 Series A Refunding Bonds (Tax-Exempt)** would be issued to refund the outstanding 2010 Series A (Tax-Exempt) Bonds. The outstanding 2010 Series A Bonds carry tax-exempt interest rates ranging from 6.00% for principal due August 1, 2030 to 6.25% for principal due August 1, 2040 (final maturity).
- 2) **2016 Series B Refunding Bonds (Taxable)** would be issued to refund the outstanding 2010 Series B (Taxable) Bonds and the 2010 Series C (Taxable) Housing Bonds. The outstanding 2010 Series B and Series C Bonds carry taxable interest rates ranging from 7.50% for principal due August 1, 2020 to 8.50% for principal due August 1, 2040 (final maturity).

At current interest rates, significant savings can be achieved by refunding the outstanding 2010 Tax Allocation Bonds. Interest rates are currently very low by historical standards.

In accordance with California Health and Safety Code Section 34177.5(a)(1), the Successor Agency is granted the authority, rights, and powers of the redevelopment agency which it succeeded for the purpose of issuing new debt to refund debt of the prior redevelopment agency for savings. The 2016 Refunding Bonds can only be issued if they a) result in lower total principal and interest payments than the outstanding bonds, and b) the principal amount of the refunding bonds does not exceed the amount needed to refund the outstanding bonds.

Preliminary savings estimates are summarized below.

<b>Preliminary Savings Summary</b>			
<b>2010 Tax Allocation Bonds</b>	Series A (Tax-Exempt)	Series B & C (Taxable)	Combined Total
Outstanding Principal	\$8,605,000	\$12,560,000	\$21,165,000
Outstanding Bond Interest Rates	6.00% - 6.25%	7.50% - 8.50%	
<b>Proposed 2016 Refunding Bonds</b>	Series A (Tax-Exempt)	Series B (Taxable)	Combined Total
Gross Savings	\$1,947,104	\$2,513,292	\$4,460,395
Net Present Value (NPV) Savings	\$1,118,782	\$912,167	\$2,030,948
NPV Savings % of Refunded Bonds	13.00%	7.26%	9.60%

The savings estimates assume the 2016 Refunding Bonds would be structured with the same repayment terms as the outstanding 2010 Tax Allocation Bonds, with no extension of the repayment term for any Series of outstanding bonds. The savings estimates are based on conservatively high estimates of current interest rates and assume availability of municipal bond insurance and use of a reserve surety bond to satisfy the debt service reserve requirement. Actual savings may vary based on interest rates at time of sale and other factors.

Because the outstanding 2010 Tax Allocation Bonds are not subject to redemption until August 1, 2020, these bonds would be “defeased” via an “advance refunding” under which proceeds of the 2016 Refunding Bonds will be placed in an escrow fund that is used to pay debt service on the outstanding 2010 Bonds through August 1, 2020 and subsequently refund all remaining outstanding principal, without any prepayment premium.

If authorized, the Successor Agency would move forward with the 2016 Refunding Bonds to refinance the 2010 Tax Allocation Bonds for savings and reduced debt service payments.

**STAFF RECOMMENDATION:**

Adopt Resolution 2016-\_\_\_ to authorize the Successor Agency to the Redevelopment Agency of Tulare (the “Successor Agency”) to issue 2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) and Series B (Taxable) (together, the “2016 Refunding Bonds”) to refinance all or a portion of the outstanding Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Bonds, Series A (Tax-Exempt), Series B (Taxable), and 2010 Tax Allocation Housing Bonds, Series C (Taxable) (together, the “2010 Tax Allocation Bonds”) for debt service 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: \_\_\_\_\_

City Manager Approval: \_\_\_\_\_

**Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds**

**PRELIMINARY DEBT SERVICE SAVINGS ANALYSIS**

<b>Estimated Debt Service Savings by Year</b>				
Bond Year Ending	Outstanding 2010 Bonds Debt Service	Proposed Refunding Bonds Debt Service	Gross Annual Savings	Present Value Savings*
08/01/17	\$2,245,293	\$2,031,274	\$214,018	\$221,065
08/01/18	2,247,288	1,883,209	364,078	350,931
08/01/19	2,255,088	1,884,418	370,669	345,666
08/01/20	2,212,933	1,846,283	366,649	330,923
08/01/21	2,224,278	1,855,012	369,266	322,505
08/01/22	2,227,283	1,860,471	366,811	310,016
08/01/23	2,164,348	1,796,538	367,809	300,779
08/01/24	2,165,275	1,827,092	338,183	267,869
08/01/25	1,361,100	1,019,914	341,186	261,555
08/01/26	1,370,900	1,031,800	339,100	251,720
08/01/27	1,393,263	1,052,048	341,215	245,231
08/01/28	1,412,175	1,074,874	337,301	234,739
08/01/29	1,437,638	1,100,161	337,476	227,390
08/01/30	1,468,938	1,132,616	336,322	219,405
08/01/31	1,510,588	1,176,823	333,765	210,812
08/01/32	1,540,181	1,202,050	338,131	206,726
08/01/33	1,589,281	1,247,363	341,918	202,321
08/01/34	1,631,119	1,294,268	336,851	192,935
08/01/35	1,670,694	1,332,565	338,129	187,418
08/01/36	1,617,700	1,277,453	340,247	182,488
08/01/37	1,666,450	1,332,533	333,917	173,304
08/01/38	1,721,063	1,383,353	337,709	169,561
08/01/39	1,775,488	1,439,913	335,574	162,988
08/01/40	<u>1,683,988</u>	<u>1,341,761</u>	<u>342,227</u>	<u>160,759</u>
<b>Total</b>	<b>42,592,345</b>	<b>34,423,792</b>	<b>8,168,553</b>	<b>5,739,106</b>
<b>SAVINGS SUMMARY</b>				
Present Value (PV) Savings from Cash Flow (see above)				\$5,739,106
Adjustment for Net Cash Differential at Closing**				<u>(3,708,158)</u>
<b>Net Present Value (NPV) Savings</b>				<b>2,030,948</b>
<b>NPV Savings as % of Outstanding 2010 Bond Principal</b>				<b>9.60%</b>
* Present Value at estimated Arbitrage Yield Limit of 3.23466% to projected closing date of 12/29/16.				
** Accounts predominantly for debt service reserve funds and unspent project funds of the 2010 Bonds.				

**RESOLUTION 2016-\_\_\_\_\_**

**RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF TULARE APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF TULARE, AND APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO**

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Redevelopment Agency of the City of Tulare (the “Former Agency”) has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the Successor Agency to the Redevelopment Agency of the City of Tulare (the “Successor Agency”) has become the successor entity to the Former Agency; and,

WHEREAS, prior to dissolution of the Former Agency, for the purpose of financing redevelopment activities of the Former Agency, the Former Agency issued its (i) \$8,605,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Bonds, Series A (Tax-Exempt); (ii) \$4,915,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Bonds, Series B (Taxable); and (iii) \$9,830,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Housing Bonds, Series C (Taxable) (collectively, the “2010 Bonds”); and,

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the “Savings Parameters”); and,

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Tax Allocation Refunding Bonds in one or more series on a tax-exempt and/or taxable basis (the “Refunding Bonds”), the Successor Agency has caused its municipal advisor, Bartle Wells Associates (the “Municipal Advisor”), to prepare a preliminary analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the 2010 Bonds (the “Preliminary Debt Service Savings Analysis”); and,

WHEREAS, the Successor Agency desires at this time to approve the issuance of the Refunding Bonds, in one or more series on a tax-exempt or taxable basis, and to approve the form of and authorize the execution and delivery of the Indenture of Trust, by and between the Successor Agency and U.S. Bank National Association, as trustee, providing for the issuance of the Refunding Bonds (the “Indenture”); and,

WHEREAS, pursuant to Section 34179, an oversight board (the “Oversight Board”) has been established for the Successor Agency; and,

WHEREAS, the Oversight Board will be requested to approve the issuance of the Refunding Bonds and the other actions of the Successor Agency that are set forth in and contemplated by this Resolution which approval shall be a condition to the issuance of the Refunding Bonds; and,

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds to Morgan Stanley & Co. LLC (the “Underwriter”); and,

WHEREAS, the Successor Agency will subsequently approve a preliminary official statement and official statement, bond purchase agreement, escrow agreement, continuing disclosure agreement and any other documents required or desirable to effect the issuance of the Refunding Bonds and the refunding of the 2010 Bonds; and,

WHEREAS, the Successor Agency may obtain credit enhancement if desirable in connection with the issuance of the Refunding Bonds; and

NOW, THEREFORE, BE IT RESOLVED by the Successor Agency to the Redevelopment Agency of the City of Tulare, as follows:

1. Determination of Savings. The Successor Agency hereby determines that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to provide funds to refund the 2010 Bonds, all as evidenced by the Preliminary Debt Service Savings Analysis on file with the Successor Agency, which Preliminary Debt Service Savings Analysis is hereby approved. The Preliminary Debt Service Savings Analysis will be provided to the Oversight Board.

2. Approval of Issuance of the Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Law and the Refunding Law in the aggregate principal amount of not to exceed \$26,000,000, provided that the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery. The Refunding Bonds may be issued in one or more series, which may be tax-exempt or taxable.

3. Approval of Indenture. The Successor Agency hereby approves the Indenture prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. Each of the Mayor of the City of Tulare, as Chair of the Successor Agency, the City Manager of the City of Tulare, as the chief administrative officer of the Successor Agency, the Finance Director, as the chief financial officer of the Successor Agency, the City Attorney of the City, as the general counsel of the Successor Agency, or the written designee of any such officer (each, an “Authorized Officer”), is hereby authorized and directed to execute and deliver, and the Secretary of the Successor Agency is hereby authorized and directed to attest to, the Indenture for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Successor Agency, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively

evidenced by the execution and delivery of the Indenture. The Successor Agency hereby authorizes the delivery and performance of the Indenture.

4. Filing of Preliminary Debt Service Savings Analysis and Resolution. The Successor Agency is hereby further authorized and directed to file the Preliminary Debt Service Savings Analysis, together with a certified copy of this Resolution, as provided in Section 34180(j), with the Tulare County Administrative Officer, the Tulare County Auditor-Controller and the California Department of Finance.

5. Sale of Refunding Bonds. The Successor Agency hereby approves the sale of the Refunding Bonds to the Underwriter. The Underwriter's discount (not including original issue discount) may not exceed 1.25% of the principal amount of the Refunding Bonds.

6. Issuance of Refunding Bonds in Whole or in Part. It is the intent of the Successor Agency to sell and deliver the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the Refunding Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the Refunding Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the 2010 Bonds that meet the Savings Parameters. In the event the Refunding Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the Refunding Bonds without the further approval of the Successor Agency or the Oversight Board, provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

7. Municipal Bond Insurance and Surety Bonds. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy for all or a portion of the Refunding Bonds and a debt service reserve fund insurance policy for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with the Municipal Advisor and the Underwriter, that such municipal bond insurance policy and/or debt service reserve fund insurance policy will reduce the true interest costs with respect to the Refunding Bonds.

8. Professional Services. The Authorized Officers are hereby authorized to retain, in connection with the issuance of the Refunding Bonds, Bartle Wells Associates, as municipal advisor, the firm of Hawkins Delafield & Wood LLP, as bond counsel, and the firm of Rosenow Spevacek Group, Inc., as redevelopment consultant. Additionally, the selection of U.S. Bank National Association, as trustee, is hereby confirmed.

9. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency and the Commission are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the

requested approval by the California Department of Finance, and in the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

10. Effective Date. This Resolution shall take effect from and after the date of approval and adoption thereof.

\*\*\*\*\*

ADOPTED September 20, 2016 by the City Council of the City of Tulare, acting in its capacity as the Successor Agency to the Redevelopment Agency of the City of Tulare, by the following vote, to wit:

\_\_\_\_\_  
Successor Agency Chairperson  
Mayor of the City of Tulare

ATTEST:

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

I, Paul Melikian, Interim City Manager/City Clerk of the City of Tulare, as the Successor Agency to the Tulare Redevelopment Agency, certify the foregoing is the full and true Successor Agency Resolution 2016-\_\_\_\_ passed and adopted by the Successor Agency to the Tulare Redevelopment Agency at a regular meeting held on September 20, 2016, by the following vote:

Aye(s): \_\_\_\_\_

Noe(s): \_\_\_\_\_ Absent/Abstention(s): \_\_\_\_\_

Dated: PAUL MELIKIAN, Interim City Manager/City Clerk

\_\_\_\_\_  
Roxanne Yoder, Chief Deputy

**Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds**

**PRELIMINARY DEBT SERVICE SAVINGS ANALYSIS**

<b>Preliminary Savings Summary</b>			
<b>2010 Tax Allocation Bonds</b>	Series A (Tax-Exempt)	Series B & C (Taxable)	Combined Total
Outstanding Principal	\$8,605,000	\$12,560,000	\$21,165,000
Outstanding Bond Interest Rates	6.00% - 6.25%	7.50% - 8.50%	
<b>Proposed 2016 Refunding Bonds</b>	Series A (Tax-Exempt)	Series B (Taxable)	Combined Total
Gross Savings	\$1,947,104	\$2,513,292	\$4,460,395
Net Present Value (NPV) Savings	\$1,118,782	\$912,167	\$2,030,948
NPV Savings % of Refunded Bonds	13.00%	7.26%	9.60%

**Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds**

**PRELIMINARY DEBT SERVICE SAVINGS ANALYSIS**

<b>Estimated Debt Service Savings by Year</b>				
Bond Year Ending	Outstanding 2010 Bonds Debt Service	Proposed Refunding Bonds Debt Service	Gross Annual Savings	Present Value Savings*
08/01/17	\$2,245,293	\$2,031,274	\$214,018	\$221,065
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08/01/26	1,370,900	1,031,800	339,100	251,720
08/01/27	1,393,263	1,052,048	341,215	245,231
08/01/28	1,412,175	1,074,874	337,301	234,739
08/01/29	1,437,638	1,100,161	337,476	227,390
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08/01/39	1,775,488	1,439,913	335,574	162,988
08/01/40	1,683,988	1,341,761	342,227	160,759
<b>Total</b>	<u>42,592,345</u>	<u>34,423,792</u>	<u>8,168,553</u>	<u>5,739,106</u>

**SAVINGS SUMMARY**

Present Value (PV) Savings from Cash Flow (see above)	\$5,739,106
Adjustment for Net Cash Differential at Closing**	<u>(3,708,158)</u>
<b>Net Present Value (NPV) Savings</b>	<b>2,030,948</b>
<b>NPV Savings as % of Outstanding 2010 Bond Principal</b>	<b>9.60%</b>

\* Present Value at estimated Arbitrage Yield Limit of 3.23466% to projected closing date of 12/29/16.

\*\* Accounts predominantly for debt service reserve funds and unspent project funds of the 2010 Bonds.



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## SOURCES AND USES OF FUNDS

Successor Agency to the Redevelopment Agency of the City of Tulare  
Tax Allocation Refunding Bonds

\*\*\*As of 9-9-16, Preliminary and Subject to Change\*\*\*

	Dated Date	12/29/2016			
	Delivery Date	12/29/2016			
Sources:			2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)	2016 Tax Allocation Refunding Bonds, Series B (Taxable)	Total
Bond Proceeds:					
Par Amount			9,070,000.00	13,465,000.00	22,535,000.00
Premium			897,266.80		897,266.80
			<u>9,967,266.80</u>	<u>13,465,000.00</u>	<u>23,432,266.80</u>
Other Sources of Funds:					
2010AB DSRF			771,454.38	440,398.71	1,211,853.09
Unspent Project Fund Proceeds			18,484.70	1,497,434.57	1,515,919.27
2010C DSRF				980,863.82	980,863.82
			<u>789,939.08</u>	<u>2,918,697.10</u>	<u>3,708,636.18</u>
			<u>10,757,205.88</u>	<u>16,383,697.10</u>	<u>27,140,902.98</u>
Uses:					
Refunding Escrow Deposits:					
Cash Deposit			0.38	0.86	1.24
SLGS Purchases			10,385,210.00	15,862,753.00	26,247,963.00
			<u>10,385,210.38</u>	<u>15,862,753.86</u>	<u>26,247,964.24</u>
Delivery Date Expenses:					
Cost of Issuance			226,750.00	336,625.00	563,375.00
Bond Insurance @ 85 bps			129,547.40	163,054.84	292,602.24
Surety Policy @ 2.0%			14,683.89	21,799.17	36,483.06
			<u>370,981.29</u>	<u>521,479.01</u>	<u>892,460.30</u>
Other Uses of Funds:					
Additional Proceeds			1,014.21	(535.77)	478.44
			<u>10,757,205.88</u>	<u>16,383,697.10</u>	<u>27,140,902.98</u>

## SUMMARY OF REFUNDING RESULTS

Successor Agency to the Redevelopment Agency of the City of Tulare  
Tax Allocation Refunding Bonds

\*\*\*As of 9-9-16, Preliminary and Subject to Change\*\*\*

	2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)	2016 Tax Allocation Refunding Bonds, Series B (Taxable)	Total
Dated Date	12/29/2016	12/29/2016	12/29/2016
Delivery Date	12/29/2016	12/29/2016	12/29/2016
Arbitrage Yield	3.234660%	3.439229%	3.234660%
Escrow Yield	0.985946%	0.928800%	0.985946%
Value of Negative Arbitrage	719,700.33	1,489,206.06	2,208,906.39
Bond Par Amount	9,070,000.00	13,465,000.00	22,535,000.00
True Interest Cost	3.531750%	4.592953%	4.029358%
Net Interest Cost	3.594915%	4.498780%	4.014500%
All-In TIC	3.735646%	4.965604%	4.311287%
Average Coupon	4.206564%	4.498780%	4.342214%
Average Life	16.174	9.439	12.150
Par amount of refunded bonds	8,605,000.00	12,560,000.00	21,165,000.00
Average coupon of refunded bonds	6.177984%	8.364549%	7.236746%
Average life of refunded bonds	17.220	11.075	13.574
PV of prior debt	12,074,677.73	18,485,987.89	30,560,665.63
Net PV Savings	1,118,781.82	912,166.50	2,030,948.32
Percentage savings of refunded bonds	13.001532%	7.262472%	9.595787%
Percentage savings of refunding bonds	12.334970%	6.774352%	9.012418%

SAVINGS

Successor Agency to the Redevelopment Agency of the City of Tulare  
Tax Allocation Refunding Bonds

\*\*\*As of 9-9-16, Preliminary and Subject to Change\*\*\*

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/29/2016 @ 3.2346600%
08/01/2017	2,245,292.50	2,031,274.18	214,018.32	221,065.43
08/01/2018	2,247,287.50	1,883,209.06	364,078.44	350,931.07
08/01/2019	2,255,087.50	1,884,418.06	370,669.44	345,666.17
08/01/2020	2,212,932.50	1,846,283.10	366,649.40	330,922.63
08/01/2021	2,224,277.50	1,855,011.82	369,265.68	322,504.64
08/01/2022	2,227,282.50	1,860,471.36	366,811.14	310,015.72
08/01/2023	2,164,347.50	1,796,538.18	367,809.32	300,778.57
08/01/2024	2,165,275.00	1,827,092.30	338,182.70	267,869.20
08/01/2025	1,361,100.00	1,019,914.42	341,185.58	261,554.81
08/01/2026	1,370,900.00	1,031,799.78	339,100.22	251,720.14
08/01/2027	1,393,262.50	1,052,047.92	341,214.58	245,231.09
08/01/2028	1,412,175.00	1,074,873.82	337,301.18	234,739.28
08/01/2029	1,437,637.50	1,100,161.38	337,476.12	227,390.33
08/01/2030	1,468,937.50	1,132,615.60	336,321.90	219,405.06
08/01/2031	1,510,587.50	1,176,822.58	333,764.92	210,811.89
08/01/2032	1,540,181.26	1,202,050.12	338,131.14	206,725.79
08/01/2033	1,589,281.26	1,247,363.10	341,918.16	202,320.90
08/01/2034	1,631,118.76	1,294,267.90	336,850.86	192,934.83
08/01/2035	1,670,693.76	1,332,564.52	338,129.24	187,418.39
08/01/2036	1,617,700.00	1,277,452.98	340,247.02	182,487.71
08/01/2037	1,666,450.00	1,332,533.24	333,916.76	173,303.62
08/01/2038	1,721,062.50	1,383,353.28	337,709.22	169,561.27
08/01/2039	1,775,487.50	1,439,913.10	335,574.40	162,988.03
08/01/2040	1,683,987.50	1,341,760.64	342,226.86	160,759.48
	42,592,345.04	34,423,792.44	8,168,552.60	5,739,106.05

Savings Summary

PV of savings from cash flow	5,739,106.05
Less: Prior funds on hand	(3,708,636.18)
Plus: Refunding funds on hand	478.44
Net PV Savings	2,030,948.31

BOND SUMMARY STATISTICS

Successor Agency to the Redevelopment Agency of the City of Tulare  
Tax Allocation Refunding Bonds

\*\*\*As of 9-9-16, Preliminary and Subject to Change\*\*\*

Dated Date	12/29/2016
Delivery Date	12/29/2016
First Coupon	02/01/2017
Last Maturity	08/01/2040
Arbitrage Yield	3.234660%
True Interest Cost (TIC)	4.029358%
Net Interest Cost (NIC)	4.014500%
All-In TIC	4.311287%
Average Coupon	4.342214%
Average Life (years)	12.150
Weighted Average Maturity (years)	12.193
Duration of Issue (years)	9.004
Par Amount	22,535,000.00
Bond Proceeds	23,432,266.80
Total Interest	11,888,792.44
Net Interest	10,991,525.64
Total Debt Service	34,423,792.44
Maximum Annual Debt Service	2,031,274.18
Average Annual Debt Service	1,459,322.34
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	103.981659

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bonds (TX)	9,675,000.00	100.000	3.703%	5.322	04/25/2022	4.686	4,393.40
Serial Bonds	6,045,000.00	112.572	4.380%	13.184	03/06/2030	10.121	4,902.95
2040 Term Bond (TX)	3,790,000.00	100.000	5.041%	19.949	12/10/2036	12.741	5,192.30
2040 Term Bond	3,025,000.00	104.538	4.000%	22.149	02/22/2039	15.062	2,510.75
	22,535,000.00			12.150			16,999.40

	TIC	All-In TIC	Arbitrage Yield
Par Value	22,535,000.00	22,535,000.00	9,070,000.00
+ Accrued Interest			
+ Premium (Discount)	897,266.80	897,266.80	897,266.80
- Underwriter's Discount			
- Cost of Issuance Expense		(563,375.00)	
- Other Amounts	(329,085.30)	(329,085.30)	(144,231.29)
Target Value	23,103,181.50	22,539,806.50	9,823,035.51
Target Date	12/29/2016	12/29/2016	12/29/2016
Yield	4.029358%	4.311287%	3.234660%

BOND PRICING

Successor Agency to the Redevelopment Agency of the City of Tulare  
Tax Allocation Refunding Bonds

\*\*\*As of 9-9-16, Preliminary and Subject to Change\*\*\*

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield	Premium (-Discount)
Serial Bonds:											
	08/01/2017	235,000	2.0000%	1.020%	100.573						1,346.55
	08/01/2018	30,000	3.0000%	1.140%	102.919						875.70
	08/01/2019	30,000	4.0000%	1.270%	106.930						2,079.00
	08/01/2020	35,000	5.0000%	1.430%	112.444						4,355.40
	08/01/2021	35,000	5.0000%	1.570%	115.127						5,294.45
	08/01/2022	35,000	5.0000%	1.750%	117.230						6,030.50
	08/01/2023	340,000	5.0000%	1.910%	119.043						64,746.20
	08/01/2024	680,000	5.0000%	2.060%	120.555						139,774.00
	08/01/2025	175,000	5.0000%	2.190%	121.890						38,307.50
	08/01/2026	195,000	5.0000%	2.330%	122.823						44,504.85
	08/01/2027	225,000	5.0000%	2.470%	121.481 C	2.659%	08/01/2026	100.000	08/01/2026	100.000	48,332.25
	08/01/2028	255,000	5.0000%	2.600%	120.250 C	2.927%	08/01/2026	100.000	08/01/2026	100.000	51,637.50
	08/01/2029	290,000	5.0000%	2.680%	119.500 C	3.115%	08/01/2026	100.000	08/01/2026	100.000	56,550.00
	08/01/2030	340,000	5.0000%	2.730%	119.035 C	3.255%	08/01/2026	100.000	08/01/2026	100.000	64,719.00
	08/01/2031	395,000	5.0000%	2.780%	118.571 C	3.377%	08/01/2026	100.000	08/01/2026	100.000	73,355.45
	08/01/2032	445,000	4.0000%	3.190%	106.643 C	3.445%	08/01/2026	100.000	08/01/2026	100.000	29,561.35
	08/01/2033	505,000	4.0000%	3.240%	106.218 C	3.502%	08/01/2026	100.000	08/01/2026	100.000	31,400.90
	08/01/2034	570,000	4.0000%	3.290%	105.795 C	3.554%	08/01/2026	100.000	08/01/2026	100.000	33,031.50
	08/01/2035	630,000	4.0000%	3.340%	105.374 C	3.601%	08/01/2026	100.000	08/01/2026	100.000	33,856.20
	08/01/2036	600,000	4.0000%	3.380%	105.039 C	3.638%	08/01/2026	100.000	08/01/2026	100.000	30,234.00
		6,045,000									759,992.30
2040 Term Bond:											
	08/01/2037	675,000	4.0000%	3.440%	104.538 C	3.709%	08/01/2026	100.000	08/01/2026	100.000	30,631.50
	08/01/2038	750,000	4.0000%	3.440%	104.538 C	3.709%	08/01/2026	100.000	08/01/2026	100.000	34,035.00
	08/01/2039	830,000	4.0000%	3.440%	104.538 C	3.709%	08/01/2026	100.000	08/01/2026	100.000	37,685.40
	08/01/2040	770,000	4.0000%	3.440%	104.538 C	3.709%	08/01/2026	100.000	08/01/2026	100.000	34,942.60
		3,025,000									137,274.50
Serial Bonds (TX):											
	08/01/2017	1,275,000	2.1391%	2.139%	100.000						
	08/01/2018	1,000,000	2.2891%	2.289%	100.000						
	08/01/2019	1,025,000	2.6278%	2.628%	100.000						
	08/01/2020	1,010,000	2.9229%	2.923%	100.000						
	08/01/2021	1,050,000	3.1229%	3.123%	100.000						
	08/01/2022	1,090,000	3.4113%	3.411%	100.000						
	08/01/2023	760,000	3.6113%	3.611%	100.000						
	08/01/2024	495,000	3.6723%	3.672%	100.000						
	08/01/2025	245,000	3.8223%	3.822%	100.000						
	08/01/2026	255,000	3.9223%	3.922%	100.000						
	08/01/2027	265,000	4.1223%	4.122%	100.000						
	08/01/2028	280,000	4.2723%	4.272%	100.000						
	08/01/2029	295,000	4.4223%	4.422%	100.000						
	08/01/2030	305,000	4.5223%	4.522%	100.000						
	08/01/2031	325,000	4.6223%	4.622%	100.000						
		9,675,000									
2040 Term Bond (TX):											
	08/01/2032	335,000	5.0409%	5.041%	100.000						
	08/01/2033	355,000	5.0409%	5.041%	100.000						
	08/01/2034	375,000	5.0409%	5.041%	100.000						
	08/01/2035	395,000	5.0409%	5.041%	100.000						
	08/01/2036	415,000	5.0409%	5.041%	100.000						
	08/01/2037	440,000	5.0409%	5.041%	100.000						
	08/01/2038	465,000	5.0409%	5.041%	100.000						
	08/01/2039	495,000	5.0409%	5.041%	100.000						
	08/01/2040	515,000	5.0409%	5.041%	100.000						
		3,790,000									
		22,535,000									897,266.80

Dated Date	12/29/2016	
Delivery Date	12/29/2016	
First Coupon	02/01/2017	
Par Amount	22,535,000.00	
Premium	897,266.80	
Production	23,432,266.80	103.981659%
Underwriter's Discount		
Purchase Price	23,432,266.80	103.981659%
Accrued Interest		
Net Proceeds	23,432,266.80	

BOND DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Tulare  
Tax Allocation Refunding Bonds

\*\*\*As of 9-9-16, Preliminary and Subject to Change\*\*\*

Dated Date 12/29/2016  
Delivery Date 12/29/2016

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2017	1,510,000	** %	521,274.18	2,031,274.18
08/01/2018	1,030,000	** %	853,209.06	1,883,209.06
08/01/2019	1,055,000	** %	829,418.06	1,884,418.06
08/01/2020	1,045,000	** %	801,283.10	1,846,283.10
08/01/2021	1,085,000	** %	770,011.82	1,855,011.82
08/01/2022	1,125,000	** %	735,471.36	1,860,471.36
08/01/2023	1,100,000	** %	696,538.18	1,796,538.18
08/01/2024	1,175,000	** %	652,092.30	1,827,092.30
08/01/2025	420,000	** %	599,914.42	1,019,914.42
08/01/2026	450,000	** %	581,799.78	1,031,799.78
08/01/2027	490,000	** %	562,047.92	1,052,047.92
08/01/2028	535,000	** %	539,873.82	1,074,873.82
08/01/2029	585,000	** %	515,161.38	1,100,161.38
08/01/2030	645,000	** %	487,615.60	1,132,615.60
08/01/2031	720,000	** %	456,822.58	1,176,822.58
08/01/2032	780,000	** %	422,050.12	1,202,050.12
08/01/2033	860,000	** %	387,363.10	1,247,363.10
08/01/2034	945,000	** %	349,267.90	1,294,267.90
08/01/2035	1,025,000	** %	307,564.52	1,332,564.52
08/01/2036	1,015,000	** %	262,452.98	1,277,452.98
08/01/2037	1,115,000	** %	217,533.24	1,332,533.24
08/01/2038	1,215,000	** %	168,353.28	1,383,353.28
08/01/2039	1,325,000	** %	114,913.10	1,439,913.10
08/01/2040	1,285,000	** %	56,760.64	1,341,760.64
	22,535,000		11,888,792.44	34,423,792.44

BOND DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Tulare  
Tax Allocation Refunding Bonds

\*\*\*As of 9-9-16, Preliminary and Subject to Change\*\*\*

Dated Date 12/29/2016  
Delivery Date 12/29/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2017			78,682.89	78,682.89	
08/01/2017	1,510,000	** %	442,591.29	1,952,591.29	2,031,274.18
02/01/2018			426,604.53	426,604.53	
08/01/2018	1,030,000	** %	426,604.53	1,456,604.53	1,883,209.06
02/01/2019			414,709.03	414,709.03	
08/01/2019	1,055,000	** %	414,709.03	1,469,709.03	1,884,418.06
02/01/2020			400,641.55	400,641.55	
08/01/2020	1,045,000	** %	400,641.55	1,445,641.55	1,846,283.10
02/01/2021			385,005.91	385,005.91	
08/01/2021	1,085,000	** %	385,005.91	1,470,005.91	1,855,011.82
02/01/2022			367,735.68	367,735.68	
08/01/2022	1,125,000	** %	367,735.68	1,492,735.68	1,860,471.36
02/01/2023			348,269.09	348,269.09	
08/01/2023	1,100,000	** %	348,269.09	1,448,269.09	1,796,538.18
02/01/2024			326,046.15	326,046.15	
08/01/2024	1,175,000	** %	326,046.15	1,501,046.15	1,827,092.30
02/01/2025			299,957.21	299,957.21	
08/01/2025	420,000	** %	299,957.21	719,957.21	1,019,914.42
02/01/2026			290,899.89	290,899.89	
08/01/2026	450,000	** %	290,899.89	740,899.89	1,031,799.78
02/01/2027			281,023.96	281,023.96	
08/01/2027	490,000	** %	281,023.96	771,023.96	1,052,047.92
02/01/2028			269,936.91	269,936.91	
08/01/2028	535,000	** %	269,936.91	804,936.91	1,074,873.82
02/01/2029			257,580.69	257,580.69	
08/01/2029	585,000	** %	257,580.69	842,580.69	1,100,161.38
02/01/2030			243,807.80	243,807.80	
08/01/2030	645,000	** %	243,807.80	888,807.80	1,132,615.60
02/01/2031			228,411.29	228,411.29	
08/01/2031	720,000	** %	228,411.29	948,411.29	1,176,822.58
02/01/2032			211,025.06	211,025.06	
08/01/2032	780,000	** %	211,025.06	991,025.06	1,202,050.12
02/01/2033			193,681.55	193,681.55	
08/01/2033	860,000	** %	193,681.55	1,053,681.55	1,247,363.10
02/01/2034			174,633.95	174,633.95	
08/01/2034	945,000	** %	174,633.95	1,119,633.95	1,294,267.90
02/01/2035			153,782.26	153,782.26	
08/01/2035	1,025,000	** %	153,782.26	1,178,782.26	1,332,564.52
02/01/2036			131,226.49	131,226.49	
08/01/2036	1,015,000	** %	131,226.49	1,146,226.49	1,277,452.98
02/01/2037			108,766.62	108,766.62	
08/01/2037	1,115,000	** %	108,766.62	1,223,766.62	1,332,533.24
02/01/2038			84,176.64	84,176.64	
08/01/2038	1,215,000	** %	84,176.64	1,299,176.64	1,383,353.28
02/01/2039			57,456.55	57,456.55	
08/01/2039	1,325,000	** %	57,456.55	1,382,456.55	1,439,913.10
02/01/2040			28,380.32	28,380.32	
08/01/2040	1,285,000	** %	28,380.32	1,313,380.32	1,341,760.64
	22,535,000		11,888,792.44	34,423,792.44	34,423,792.44



AGGREGATE DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Tulare  
Tax Allocation Refunding Bonds

\*\*\*As of 9-9-16, Preliminary and Subject to Change\*\*\*

Period Ending	2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)	2016 Tax Allocation Refunding Bonds, Series B (Taxable)	Aggregate Debt Service
08/01/2017	463,371.11	1,567,903.07	2,031,274.18
08/01/2018	413,100.00	1,470,109.06	1,883,209.06
08/01/2019	412,200.00	1,472,218.06	1,884,418.06
08/01/2020	416,000.00	1,430,283.10	1,846,283.10
08/01/2021	414,250.00	1,440,761.82	1,855,011.82
08/01/2022	412,500.00	1,447,971.36	1,860,471.36
08/01/2023	715,750.00	1,080,788.18	1,796,538.18
08/01/2024	1,038,750.00	788,342.30	1,827,092.30
08/01/2025	499,750.00	520,164.42	1,019,914.42
08/01/2026	511,000.00	520,799.78	1,031,799.78
08/01/2027	531,250.00	520,797.92	1,052,047.92
08/01/2028	550,000.00	524,873.82	1,074,873.82
08/01/2029	572,250.00	527,911.38	1,100,161.38
08/01/2030	607,750.00	524,865.60	1,132,615.60
08/01/2031	645,750.00	531,072.58	1,176,822.58
08/01/2032	676,000.00	526,050.12	1,202,050.12
08/01/2033	718,200.00	529,163.10	1,247,363.10
08/01/2034	763,000.00	531,267.90	1,294,267.90
08/01/2035	800,200.00	532,364.52	1,332,564.52
08/01/2036	745,000.00	532,452.98	1,277,452.98
08/01/2037	796,000.00	536,533.24	1,332,533.24
08/01/2038	844,000.00	539,353.28	1,383,353.28
08/01/2039	894,000.00	545,913.10	1,439,913.10
08/01/2040	800,800.00	540,960.64	1,341,760.64
	15,240,871.11	19,182,921.33	34,423,792.44

SUMMARY OF BONDS REFUNDED

Successor Agency to the Redevelopment Agency of the City of Tulare  
 Tax Allocation Refunding Bonds  
 \*\*\*As of 9-9-16, Preliminary and Subject to Change\*\*\*

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	
2010 Tax Allocation Bonds, Series A (Tax-Exempt), 2010A:						
TERM30	08/01/2023	6.000%	300,000.00	08/01/2020	100.000	
	08/01/2024	6.000%	645,000.00	08/01/2020	100.000	
	08/01/2025	6.000%	145,000.00	08/01/2020	100.000	
	08/01/2026	6.000%	165,000.00	08/01/2020	100.000	
	08/01/2027	6.000%	195,000.00	08/01/2020	100.000	
	08/01/2028	6.000%	225,000.00	08/01/2020	100.000	
	08/01/2029	6.000%	260,000.00	08/01/2020	100.000	
	08/01/2030	6.000%	310,000.00	08/01/2020	100.000	
	TERM35	08/01/2031	6.125%	365,000.00	08/01/2020	100.000
		08/01/2032	6.125%	420,000.00	08/01/2020	100.000
08/01/2033		6.125%	490,000.00	08/01/2020	100.000	
08/01/2034		6.125%	560,000.00	08/01/2020	100.000	
TERM40	08/01/2035	6.125%	635,000.00	08/01/2020	100.000	
	08/01/2036	6.250%	620,000.00	08/01/2020	100.000	
	08/01/2037	6.250%	705,000.00	08/01/2020	100.000	
	08/01/2038	6.250%	800,000.00	08/01/2020	100.000	
	08/01/2039	6.250%	900,000.00	08/01/2020	100.000	
	08/01/2040	6.250%	865,000.00	08/01/2020	100.000	
			8,605,000.00			
2010 Tax Allocation Bonds, Series B (Taxable), 2010B:						
TERM23	08/01/2017	7.700%	440,000.00			
	08/01/2018	7.700%	475,000.00			
	08/01/2019	7.700%	515,000.00			
	08/01/2020	7.700%	515,000.00			
	08/01/2021	7.700%	560,000.00	08/01/2020	100.000	
	08/01/2022	7.700%	605,000.00	08/01/2020	100.000	
	08/01/2023	7.700%	305,000.00	08/01/2020	100.000	
				3,415,000.00		
2010 Tax Allocation Housing Bonds, Series C (Taxable), 2010C:						
TERM20	08/01/2017	7.500%	255,000.00			
	08/01/2018	7.500%	275,000.00			
	08/01/2019	7.500%	300,000.00			
	08/01/2020	7.500%	320,000.00			
	TERM30	08/01/2021	8.250%	350,000.00	08/01/2020	100.000
08/01/2022		8.250%	380,000.00	08/01/2020	100.000	
08/01/2023		8.250%	395,000.00	08/01/2020	100.000	
08/01/2024		8.250%	430,000.00	08/01/2020	100.000	
08/01/2025		8.250%	200,000.00	08/01/2020	100.000	
08/01/2026		8.250%	215,000.00	08/01/2020	100.000	
08/01/2027		8.250%	235,000.00	08/01/2020	100.000	
08/01/2028		8.250%	255,000.00	08/01/2020	100.000	
08/01/2029		8.250%	280,000.00	08/01/2020	100.000	
08/01/2030		8.250%	300,000.00	08/01/2020	100.000	
TERM40	08/01/2031	8.500%	330,000.00	08/01/2020	100.000	
	08/01/2032	8.500%	355,000.00	08/01/2020	100.000	
	08/01/2033	8.500%	390,000.00	08/01/2020	100.000	
	08/01/2034	8.500%	425,000.00	08/01/2020	100.000	
	08/01/2035	8.500%	460,000.00	08/01/2020	100.000	
	08/01/2036	8.500%	500,000.00	08/01/2020	100.000	
	08/01/2037	8.500%	545,000.00	08/01/2020	100.000	
	08/01/2038	8.500%	595,000.00	08/01/2020	100.000	
	08/01/2039	8.500%	650,000.00	08/01/2020	100.000	
	08/01/2040	8.500%	705,000.00	08/01/2020	100.000	
			9,145,000.00			
			21,165,000.00			

## PRIOR BOND DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Tulare  
Tax Allocation Refunding Bonds

\*\*\*As of 9-9-16, Preliminary and Subject to Change\*\*\*

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2017			775,146.25	775,146.25	
08/01/2017	695,000	** %	775,146.25	1,470,146.25	2,245,292.50
02/01/2018			748,643.75	748,643.75	
08/01/2018	750,000	** %	748,643.75	1,498,643.75	2,247,287.50
02/01/2019			720,043.75	720,043.75	
08/01/2019	815,000	** %	720,043.75	1,535,043.75	2,255,087.50
02/01/2020			688,966.25	688,966.25	
08/01/2020	835,000	** %	688,966.25	1,523,966.25	2,212,932.50
02/01/2021			657,138.75	657,138.75	
08/01/2021	910,000	** %	657,138.75	1,567,138.75	2,224,277.50
02/01/2022			621,141.25	621,141.25	
08/01/2022	985,000	** %	621,141.25	1,606,141.25	2,227,282.50
02/01/2023			582,173.75	582,173.75	
08/01/2023	1,000,000	** %	582,173.75	1,582,173.75	2,164,347.50
02/01/2024			545,137.50	545,137.50	
08/01/2024	1,075,000	** %	545,137.50	1,620,137.50	2,165,275.00
02/01/2025			508,050.00	508,050.00	
08/01/2025	345,000	** %	508,050.00	853,050.00	1,361,100.00
02/01/2026			495,450.00	495,450.00	
08/01/2026	380,000	** %	495,450.00	875,450.00	1,370,900.00
02/01/2027			481,631.25	481,631.25	
08/01/2027	430,000	** %	481,631.25	911,631.25	1,393,262.50
02/01/2028			466,087.50	466,087.50	
08/01/2028	480,000	** %	466,087.50	946,087.50	1,412,175.00
02/01/2029			448,818.75	448,818.75	
08/01/2029	540,000	** %	448,818.75	988,818.75	1,437,637.50
02/01/2030			429,468.75	429,468.75	
08/01/2030	610,000	** %	429,468.75	1,039,468.75	1,468,937.50
02/01/2031			407,793.75	407,793.75	
08/01/2031	695,000	** %	407,793.75	1,102,793.75	1,510,587.50
02/01/2032			382,590.63	382,590.63	
08/01/2032	775,000	** %	382,590.63	1,157,590.63	1,540,181.26
02/01/2033			354,640.63	354,640.63	
08/01/2033	880,000	** %	354,640.63	1,234,640.63	1,589,281.26
02/01/2034			323,059.38	323,059.38	
08/01/2034	985,000	** %	323,059.38	1,308,059.38	1,631,118.76
02/01/2035			287,846.88	287,846.88	
08/01/2035	1,095,000	** %	287,846.88	1,382,846.88	1,670,693.76
02/01/2036			248,850.00	248,850.00	
08/01/2036	1,120,000	** %	248,850.00	1,368,850.00	1,617,700.00
02/01/2037			208,225.00	208,225.00	
08/01/2037	1,250,000	** %	208,225.00	1,458,225.00	1,666,450.00
02/01/2038			163,031.25	163,031.25	
08/01/2038	1,395,000	** %	163,031.25	1,558,031.25	1,721,062.50
02/01/2039			112,743.75	112,743.75	
08/01/2039	1,550,000	** %	112,743.75	1,662,743.75	1,775,487.50
02/01/2040			56,993.75	56,993.75	
08/01/2040	1,570,000	** %	56,993.75	1,626,993.75	1,683,987.50
	21,165,000		21,427,345.04	42,592,345.04	42,592,345.04

## SOURCES AND USES OF FUNDS

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Dated Date 12/29/2016  
Delivery Date 12/29/2016

## Sources:

Bond Proceeds:	
Par Amount	9,070,000.00
Premium	897,266.80
	<u>9,967,266.80</u>
Other Sources of Funds:	
2010AB DSRF	771,454.38
Unspent Project Fund Proceeds	18,484.70
	<u>789,939.08</u>
	<u>10,757,205.88</u>

## Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.38
SLGS Purchases	10,385,210.00
	<u>10,385,210.38</u>
Delivery Date Expenses:	
Cost of Issuance	226,750.00
Bond Insurance @ 85 bps	129,547.40
Surety Policy @ 2.0%	14,683.89
	<u>370,981.29</u>
Other Uses of Funds:	
Additional Proceeds	1,014.21
	<u>10,757,205.88</u>

SOURCES AND USES OF FUNDS

Successor Agency to the Redevelopment Agency of the City of Tulare  
 2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Dated Date 12/29/2016  
 Delivery Date 12/29/2016

Sources:

Bond Proceeds:	
Par Amount	13,465,000.00
Other Sources of Funds:	
2010AB DSRF	440,398.71
Unspent Project Fund Proceeds	1,497,434.57
2010C DSRF	<u>980,863.82</u>
	2,918,697.10
	<u>16,383,697.10</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.86
SLGS Purchases	<u>15,862,753.00</u>
	15,862,753.86
Delivery Date Expenses:	
Cost of Issuance	336,625.00
Bond Insurance @ 85 bps	163,054.84
Surety Policy @ 2.0%	<u>21,799.17</u>
	521,479.01
Other Uses of Funds:	
Additional Proceeds	<u>(535.77)</u>
	<u>16,383,697.10</u>

SAVINGS

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/29/2016 @ 3.2346600%
08/01/2017	529,112.50	463,371.11	65,741.39	68,162.37
08/01/2018	529,112.50	413,100.00	116,012.50	111,368.03
08/01/2019	529,112.50	412,200.00	116,912.50	108,686.16
08/01/2020	529,112.50	416,000.00	113,112.50	101,876.01
08/01/2021	529,112.50	414,250.00	114,862.50	100,181.53
08/01/2022	529,112.50	412,500.00	116,612.50	98,492.47
08/01/2023	829,112.50	715,750.00	113,362.50	92,763.04
08/01/2024	1,156,112.50	1,038,750.00	117,362.50	92,962.87
08/01/2025	617,412.50	499,750.00	117,662.50	90,226.13
08/01/2026	628,712.50	511,000.00	117,712.50	87,413.98
08/01/2027	648,812.50	531,250.00	117,562.50	84,545.93
08/01/2028	667,112.50	550,000.00	117,112.50	81,563.34
08/01/2029	688,612.50	572,250.00	116,362.50	78,482.88
08/01/2030	723,012.50	607,750.00	115,262.50	75,287.51
08/01/2031	759,412.50	645,750.00	113,662.50	71,900.07
08/01/2032	792,056.26	676,000.00	116,056.26	71,068.37
08/01/2033	836,331.26	718,200.00	118,131.26	70,005.05
08/01/2034	876,318.76	763,000.00	113,318.76	65,012.37
08/01/2035	917,018.76	800,200.00	116,818.76	64,835.78
08/01/2036	863,125.00	745,000.00	118,125.00	63,426.00
08/01/2037	909,375.00	796,000.00	113,375.00	58,908.05
08/01/2038	960,312.50	844,000.00	116,312.50	58,448.16
08/01/2039	1,010,312.50	894,000.00	116,312.50	56,524.11
08/01/2040	919,062.50	800,800.00	118,262.50	55,566.49
	17,976,900.04	15,240,871.11	2,736,028.93	1,907,706.69

Savings Summary

PV of savings from cash flow	1,907,706.69
Less: Prior funds on hand	(789,939.08)
Plus: Refunding funds on hand	1,014.21
Net PV Savings	1,118,781.82

SAVINGS

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/29/2016 @ 3.2346600%
08/01/2017	1,716,180.00	1,567,903.07	148,276.93	152,903.05
08/01/2018	1,718,175.00	1,470,109.06	248,065.94	239,563.04
08/01/2019	1,725,975.00	1,472,218.06	253,756.94	236,980.02
08/01/2020	1,683,820.00	1,430,283.10	253,536.90	229,046.62
08/01/2021	1,695,165.00	1,440,761.82	254,403.18	222,323.11
08/01/2022	1,698,170.00	1,447,971.36	250,198.64	211,523.24
08/01/2023	1,335,235.00	1,080,788.18	254,446.82	208,015.53
08/01/2024	1,009,162.50	788,342.30	220,820.20	174,906.33
08/01/2025	743,687.50	520,164.42	223,523.08	171,328.68
08/01/2026	742,187.50	520,799.78	221,387.72	164,306.16
08/01/2027	744,450.00	520,797.92	223,652.08	160,685.16
08/01/2028	745,062.50	524,873.82	220,188.68	153,175.95
08/01/2029	749,025.00	527,911.38	221,113.62	148,907.45
08/01/2030	745,925.00	524,865.60	221,059.40	144,117.55
08/01/2031	751,175.00	531,072.58	220,102.42	138,911.82
08/01/2032	748,125.00	526,050.12	222,074.88	135,657.42
08/01/2033	752,950.00	529,163.10	223,786.90	132,315.85
08/01/2034	754,800.00	531,267.90	223,532.10	127,922.46
08/01/2035	753,675.00	532,364.52	221,310.48	122,582.61
08/01/2036	754,575.00	532,452.98	222,122.02	119,061.72
08/01/2037	757,075.00	536,533.24	220,541.76	114,395.57
08/01/2038	760,750.00	539,353.28	221,396.72	111,113.12
08/01/2039	765,175.00	545,913.10	219,261.90	106,463.92
08/01/2040	764,925.00	540,960.64	223,964.36	105,192.99
	24,615,445.00	19,182,921.33	5,432,523.67	3,831,399.37

Savings Summary

PV of savings from cash flow	3,831,399.37
Less: Prior funds on hand	(2,918,697.10)
Plus: Refunding funds on hand	(535.77)
Net PV Savings	912,166.50

BOND SUMMARY STATISTICS

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Dated Date	12/29/2016
Delivery Date	12/29/2016
First Coupon	02/01/2017
Last Maturity	08/01/2040
Arbitrage Yield	3.234660%
True Interest Cost (TIC)	3.531750%
Net Interest Cost (NIC)	3.594915%
All-In TIC	3.735646%
Average Coupon	4.206564%
Average Life (years)	16.174
Weighted Average Maturity (years)	15.914
Duration of Issue (years)	11.710
Par Amount	9,070,000.00
Bond Proceeds	9,967,266.80
Total Interest	6,170,871.11
Net Interest	5,273,604.31
Total Debt Service	15,240,871.11
Maximum Annual Debt Service	1,038,750.00
Average Annual Debt Service	646,103.82
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	109.892688

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bonds	6,045,000.00	112.572	4.380%	13.184	03/06/2030	10.121	4,902.95
2040 Term Bond	3,025,000.00	104.538	4.000%	22.149	02/22/2039	15.062	2,510.75
	9,070,000.00			16.174			7,413.70

	TIC	All-In TIC	Arbitrage Yield
Par Value	9,070,000.00	9,070,000.00	9,070,000.00
+ Accrued Interest			
+ Premium (Discount)	897,266.80	897,266.80	897,266.80
- Underwriter's Discount			
- Cost of Issuance Expense		(226,750.00)	
- Other Amounts	(144,231.29)	(144,231.29)	(144,231.29)
Target Value	9,823,035.51	9,596,285.51	9,823,035.51
Target Date	12/29/2016	12/29/2016	12/29/2016
Yield	3.531750%	3.735646%	3.234660%



BOND SUMMARY STATISTICS

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Dated Date	12/29/2016
Delivery Date	12/29/2016
First Coupon	02/01/2017
Last Maturity	08/01/2040
Arbitrage Yield	3.439229%
True Interest Cost (TIC)	4.592953%
Net Interest Cost (NIC)	4.498780%
All-In TIC	4.965604%
Average Coupon	4.498780%
Average Life (years)	9.439
Weighted Average Maturity (years)	9.439
Duration of Issue (years)	7.125
Par Amount	13,465,000.00
Bond Proceeds	13,465,000.00
Total Interest	5,717,921.33
Net Interest	5,717,921.33
Total Debt Service	19,182,921.33
Maximum Annual Debt Service	1,567,903.07
Average Annual Debt Service	813,218.52
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bonds (TX)	9,675,000.00	100.000	3.703%	5.322	04/25/2022	4.686	4,393.40
2040 Term Bond (TX)	3,790,000.00	100.000	5.041%	19.949	12/10/2036	12.741	5,192.30
	13,465,000.00			9.439			9,585.70

	TIC	All-In TIC	Arbitrage Yield
Par Value	13,465,000.00	13,465,000.00	13,465,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		(336,625.00)	
- Other Amounts	(184,854.01)	(184,854.01)	(184,854.01)
Target Value	13,280,145.99	12,943,520.99	13,280,145.99
Target Date	12/29/2016	12/29/2016	12/29/2016
Yield	4.592953%	4.965604%	3.439229%

BOND PRICING

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield	Premium (-Discount)
Serial Bonds:											
	08/01/2017	235,000	2.000%	1.020%	100.573						1,346.55
	08/01/2018	30,000	3.000%	1.140%	102.919						875.70
	08/01/2019	30,000	4.000%	1.270%	106.930						2,079.00
	08/01/2020	35,000	5.000%	1.430%	112.444						4,355.40
	08/01/2021	35,000	5.000%	1.570%	115.127						5,294.45
	08/01/2022	35,000	5.000%	1.750%	117.230						6,030.50
	08/01/2023	340,000	5.000%	1.910%	119.043						64,746.20
	08/01/2024	680,000	5.000%	2.060%	120.555						139,774.00
	08/01/2025	175,000	5.000%	2.190%	121.890						38,307.50
	08/01/2026	195,000	5.000%	2.330%	122.823						44,504.85
	08/01/2027	225,000	5.000%	2.470%	121.481 C	2.659%	08/01/2026	100.000	08/01/2026	100.000	48,332.25
	08/01/2028	255,000	5.000%	2.600%	120.250 C	2.927%	08/01/2026	100.000	08/01/2026	100.000	51,637.50
	08/01/2029	290,000	5.000%	2.680%	119.500 C	3.115%	08/01/2026	100.000	08/01/2026	100.000	56,550.00
	08/01/2030	340,000	5.000%	2.730%	119.035 C	3.255%	08/01/2026	100.000	08/01/2026	100.000	64,719.00
	08/01/2031	395,000	5.000%	2.780%	118.571 C	3.377%	08/01/2026	100.000	08/01/2026	100.000	73,355.45
	08/01/2032	445,000	4.000%	3.190%	106.643 C	3.445%	08/01/2026	100.000	08/01/2026	100.000	29,561.35
	08/01/2033	505,000	4.000%	3.240%	106.218 C	3.502%	08/01/2026	100.000	08/01/2026	100.000	31,400.90
	08/01/2034	570,000	4.000%	3.290%	105.795 C	3.554%	08/01/2026	100.000	08/01/2026	100.000	33,031.50
	08/01/2035	630,000	4.000%	3.340%	105.374 C	3.601%	08/01/2026	100.000	08/01/2026	100.000	33,856.20
	08/01/2036	600,000	4.000%	3.380%	105.039 C	3.638%	08/01/2026	100.000	08/01/2026	100.000	30,234.00
		6,045,000									759,992.30
2040 Term Bond:											
	08/01/2037	675,000	4.000%	3.440%	104.538 C	3.709%	08/01/2026	100.000	08/01/2026	100.000	30,631.50
	08/01/2038	750,000	4.000%	3.440%	104.538 C	3.709%	08/01/2026	100.000	08/01/2026	100.000	34,035.00
	08/01/2039	830,000	4.000%	3.440%	104.538 C	3.709%	08/01/2026	100.000	08/01/2026	100.000	37,665.40
	08/01/2040	770,000	4.000%	3.440%	104.538 C	3.709%	08/01/2026	100.000	08/01/2026	100.000	34,942.60
		3,025,000									137,274.50
		9,070,000									897,266.80

Dated Date	12/29/2016
Delivery Date	12/29/2016
First Coupon	02/01/2017
Par Amount	9,070,000.00
Premium	897,266.80
Production	9,967,266.80
Underwriter's Discount	109.892688%
Purchase Price	9,967,266.80
Accrued Interest	109.892688%
Net Proceeds	9,967,266.80

BOND PRICING

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds (TX):					
	08/01/2017	1,275,000	2.1391%	2.139%	100.000
	08/01/2018	1,000,000	2.2891%	2.289%	100.000
	08/01/2019	1,025,000	2.6278%	2.628%	100.000
	08/01/2020	1,010,000	2.9229%	2.923%	100.000
	08/01/2021	1,050,000	3.1229%	3.123%	100.000
	08/01/2022	1,090,000	3.4113%	3.411%	100.000
	08/01/2023	760,000	3.6113%	3.611%	100.000
	08/01/2024	495,000	3.6723%	3.672%	100.000
	08/01/2025	245,000	3.8223%	3.822%	100.000
	08/01/2026	255,000	3.9223%	3.922%	100.000
	08/01/2027	265,000	4.1223%	4.122%	100.000
	08/01/2028	280,000	4.2723%	4.272%	100.000
	08/01/2029	295,000	4.4223%	4.422%	100.000
	08/01/2030	305,000	4.5223%	4.522%	100.000
	08/01/2031	325,000	4.6223%	4.622%	100.000
		<u>9,675,000</u>			
2040 Term Bond (TX):					
	08/01/2032	335,000	5.0409%	5.041%	100.000
	08/01/2033	355,000	5.0409%	5.041%	100.000
	08/01/2034	375,000	5.0409%	5.041%	100.000
	08/01/2035	395,000	5.0409%	5.041%	100.000
	08/01/2036	415,000	5.0409%	5.041%	100.000
	08/01/2037	440,000	5.0409%	5.041%	100.000
	08/01/2038	465,000	5.0409%	5.041%	100.000
	08/01/2039	495,000	5.0409%	5.041%	100.000
	08/01/2040	515,000	5.0409%	5.041%	100.000
		<u>3,790,000</u>			
		<u>13,465,000</u>			

Dated Date	12/29/2016	
Delivery Date	12/29/2016	
First Coupon	02/01/2017	
Par Amount	13,465,000.00	
Original Issue Discount		
Production Underwriter's Discount	13,465,000.00	100.000000%
Purchase Price	13,465,000.00	100.000000%
Accrued Interest		
Net Proceeds	13,465,000.00	

## BOND DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Dated Date 12/29/2016  
Delivery Date 12/29/2016

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2017	235,000	2.000%	228,371.11	463,371.11
08/01/2018	30,000	3.000%	383,100.00	413,100.00
08/01/2019	30,000	4.000%	382,200.00	412,200.00
08/01/2020	35,000	5.000%	381,000.00	416,000.00
08/01/2021	35,000	5.000%	379,250.00	414,250.00
08/01/2022	35,000	5.000%	377,500.00	412,500.00
08/01/2023	340,000	5.000%	375,750.00	715,750.00
08/01/2024	680,000	5.000%	358,750.00	1,038,750.00
08/01/2025	175,000	5.000%	324,750.00	499,750.00
08/01/2026	195,000	5.000%	316,000.00	511,000.00
08/01/2027	225,000	5.000%	306,250.00	531,250.00
08/01/2028	255,000	5.000%	295,000.00	550,000.00
08/01/2029	290,000	5.000%	282,250.00	572,250.00
08/01/2030	340,000	5.000%	267,750.00	607,750.00
08/01/2031	395,000	5.000%	250,750.00	645,750.00
08/01/2032	445,000	4.000%	231,000.00	676,000.00
08/01/2033	505,000	4.000%	213,200.00	718,200.00
08/01/2034	570,000	4.000%	193,000.00	763,000.00
08/01/2035	630,000	4.000%	170,200.00	800,200.00
08/01/2036	600,000	4.000%	145,000.00	745,000.00
08/01/2037	675,000	4.000%	121,000.00	796,000.00
08/01/2038	750,000	4.000%	94,000.00	844,000.00
08/01/2039	830,000	4.000%	64,000.00	894,000.00
08/01/2040	770,000	4.000%	30,800.00	800,800.00
	9,070,000		6,170,871.11	15,240,871.11

## BOND DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Dated Date 12/29/2016  
Delivery Date 12/29/2016

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2017	1,275,000	2.1391%	292,903.07	1,567,903.07
08/01/2018	1,000,000	2.2891%	470,109.06	1,470,109.06
08/01/2019	1,025,000	2.6278%	447,218.06	1,472,218.06
08/01/2020	1,010,000	2.9229%	420,283.10	1,430,283.10
08/01/2021	1,050,000	3.1229%	390,761.82	1,440,761.82
08/01/2022	1,090,000	3.4113%	357,971.36	1,447,971.36
08/01/2023	760,000	3.6113%	320,788.18	1,080,788.18
08/01/2024	495,000	3.6723%	293,342.30	788,342.30
08/01/2025	245,000	3.8223%	275,164.42	520,164.42
08/01/2026	255,000	3.9223%	265,799.78	520,799.78
08/01/2027	265,000	4.1223%	255,797.92	520,797.92
08/01/2028	280,000	4.2723%	244,873.82	524,873.82
08/01/2029	295,000	4.4223%	232,911.38	527,911.38
08/01/2030	305,000	4.5223%	219,865.60	524,865.60
08/01/2031	325,000	4.6223%	206,072.58	531,072.58
08/01/2032	335,000	5.0409%	191,050.12	526,050.12
08/01/2033	355,000	5.0409%	174,163.10	529,163.10
08/01/2034	375,000	5.0409%	156,267.90	531,267.90
08/01/2035	395,000	5.0409%	137,364.52	532,364.52
08/01/2036	415,000	5.0409%	117,452.98	532,452.98
08/01/2037	440,000	5.0409%	96,533.24	536,533.24
08/01/2038	465,000	5.0409%	74,353.28	539,353.28
08/01/2039	495,000	5.0409%	50,913.10	545,913.10
08/01/2040	515,000	5.0409%	25,960.64	540,960.64
	13,465,000		5,717,921.33	19,182,921.33

## BOND DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Dated Date 12/29/2016  
Delivery Date 12/29/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2017			34,471.11	34,471.11	
08/01/2017	235,000	2.000%	193,900.00	428,900.00	463,371.11
02/01/2018			191,550.00	191,550.00	
08/01/2018	30,000	3.000%	191,550.00	221,550.00	413,100.00
02/01/2019			191,100.00	191,100.00	
08/01/2019	30,000	4.000%	191,100.00	221,100.00	412,200.00
02/01/2020			190,500.00	190,500.00	
08/01/2020	35,000	5.000%	190,500.00	225,500.00	416,000.00
02/01/2021			189,625.00	189,625.00	
08/01/2021	35,000	5.000%	189,625.00	224,625.00	414,250.00
02/01/2022			188,750.00	188,750.00	
08/01/2022	35,000	5.000%	188,750.00	223,750.00	412,500.00
02/01/2023			187,875.00	187,875.00	
08/01/2023	340,000	5.000%	187,875.00	527,875.00	715,750.00
02/01/2024			179,375.00	179,375.00	
08/01/2024	680,000	5.000%	179,375.00	859,375.00	1,038,750.00
02/01/2025			162,375.00	162,375.00	
08/01/2025	175,000	5.000%	162,375.00	337,375.00	499,750.00
02/01/2026			158,000.00	158,000.00	
08/01/2026	195,000	5.000%	158,000.00	353,000.00	511,000.00
02/01/2027			153,125.00	153,125.00	
08/01/2027	225,000	5.000%	153,125.00	378,125.00	531,250.00
02/01/2028			147,500.00	147,500.00	
08/01/2028	255,000	5.000%	147,500.00	402,500.00	550,000.00
02/01/2029			141,125.00	141,125.00	
08/01/2029	290,000	5.000%	141,125.00	431,125.00	572,250.00
02/01/2030			133,875.00	133,875.00	
08/01/2030	340,000	5.000%	133,875.00	473,875.00	607,750.00
02/01/2031			125,375.00	125,375.00	
08/01/2031	395,000	5.000%	125,375.00	520,375.00	645,750.00
02/01/2032			115,500.00	115,500.00	
08/01/2032	445,000	4.000%	115,500.00	560,500.00	676,000.00
02/01/2033			106,600.00	106,600.00	
08/01/2033	505,000	4.000%	106,600.00	611,600.00	718,200.00
02/01/2034			96,500.00	96,500.00	
08/01/2034	570,000	4.000%	96,500.00	666,500.00	763,000.00
02/01/2035			85,100.00	85,100.00	
08/01/2035	630,000	4.000%	85,100.00	715,100.00	800,200.00
02/01/2036			72,500.00	72,500.00	
08/01/2036	600,000	4.000%	72,500.00	672,500.00	745,000.00
02/01/2037			60,500.00	60,500.00	
08/01/2037	675,000	4.000%	60,500.00	735,500.00	796,000.00
02/01/2038			47,000.00	47,000.00	
08/01/2038	750,000	4.000%	47,000.00	797,000.00	844,000.00
02/01/2039			32,000.00	32,000.00	
08/01/2039	830,000	4.000%	32,000.00	862,000.00	894,000.00
02/01/2040			15,400.00	15,400.00	
08/01/2040	770,000	4.000%	15,400.00	785,400.00	800,800.00
	9,070,000		6,170,871.11	15,240,871.11	15,240,871.11

## BOND DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Dated Date 12/29/2016  
Delivery Date 12/29/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2017			44,211.78	44,211.78	
08/01/2017	1,275,000	2.1391%	248,691.29	1,523,691.29	1,567,903.07
02/01/2018			235,054.53	235,054.53	
08/01/2018	1,000,000	2.2891%	235,054.53	1,235,054.53	1,470,109.06
02/01/2019			223,609.03	223,609.03	
08/01/2019	1,025,000	2.6278%	223,609.03	1,248,609.03	1,472,218.06
02/01/2020			210,141.55	210,141.55	
08/01/2020	1,010,000	2.9229%	210,141.55	1,220,141.55	1,430,283.10
02/01/2021			195,380.91	195,380.91	
08/01/2021	1,050,000	3.1229%	195,380.91	1,245,380.91	1,440,761.82
02/01/2022			178,985.68	178,985.68	
08/01/2022	1,090,000	3.4113%	178,985.68	1,268,985.68	1,447,971.36
02/01/2023			160,394.09	160,394.09	
08/01/2023	760,000	3.6113%	160,394.09	920,394.09	1,080,788.18
02/01/2024			146,671.15	146,671.15	
08/01/2024	495,000	3.6723%	146,671.15	641,671.15	788,342.30
02/01/2025			137,582.21	137,582.21	
08/01/2025	245,000	3.8223%	137,582.21	382,582.21	520,164.42
02/01/2026			132,899.89	132,899.89	
08/01/2026	255,000	3.9223%	132,899.89	387,899.89	520,799.78
02/01/2027			127,898.96	127,898.96	
08/01/2027	265,000	4.1223%	127,898.96	392,898.96	520,797.92
02/01/2028			122,436.91	122,436.91	
08/01/2028	280,000	4.2723%	122,436.91	402,436.91	524,873.82
02/01/2029			116,455.69	116,455.69	
08/01/2029	295,000	4.4223%	116,455.69	411,455.69	527,911.38
02/01/2030			109,932.80	109,932.80	
08/01/2030	305,000	4.5223%	109,932.80	414,932.80	524,865.60
02/01/2031			103,036.29	103,036.29	
08/01/2031	325,000	4.6223%	103,036.29	428,036.29	531,072.58
02/01/2032			95,525.06	95,525.06	
08/01/2032	335,000	5.0409%	95,525.06	430,525.06	526,050.12
02/01/2033			87,081.55	87,081.55	
08/01/2033	355,000	5.0409%	87,081.55	442,081.55	529,163.10
02/01/2034			78,133.95	78,133.95	
08/01/2034	375,000	5.0409%	78,133.95	453,133.95	531,267.90
02/01/2035			68,682.26	68,682.26	
08/01/2035	395,000	5.0409%	68,682.26	463,682.26	532,364.52
02/01/2036			58,726.49	58,726.49	
08/01/2036	415,000	5.0409%	58,726.49	473,726.49	532,452.98
02/01/2037			48,266.62	48,266.62	
08/01/2037	440,000	5.0409%	48,266.62	488,266.62	536,533.24
02/01/2038			37,176.64	37,176.64	
08/01/2038	465,000	5.0409%	37,176.64	502,176.64	539,353.28
02/01/2039			25,456.55	25,456.55	
08/01/2039	495,000	5.0409%	25,456.55	520,456.55	545,913.10
02/01/2040			12,980.32	12,980.32	
08/01/2040	515,000	5.0409%	12,980.32	527,980.32	540,960.64
	13,465,000		5,717,921.33	19,182,921.33	19,182,921.33

## SUMMARY OF BONDS REFUNDED

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2010 Tax Allocation Bonds, Series A (Tax-Exempt), 2010A:					
TERM30	08/01/2023	6.000%	300,000.00	08/01/2020	100.000
	08/01/2024	6.000%	645,000.00	08/01/2020	100.000
	08/01/2025	6.000%	145,000.00	08/01/2020	100.000
	08/01/2026	6.000%	165,000.00	08/01/2020	100.000
	08/01/2027	6.000%	195,000.00	08/01/2020	100.000
	08/01/2028	6.000%	225,000.00	08/01/2020	100.000
	08/01/2029	6.000%	260,000.00	08/01/2020	100.000
	08/01/2030	6.000%	310,000.00	08/01/2020	100.000
TERM35	08/01/2031	6.125%	365,000.00	08/01/2020	100.000
	08/01/2032	6.125%	420,000.00	08/01/2020	100.000
	08/01/2033	6.125%	490,000.00	08/01/2020	100.000
	08/01/2034	6.125%	560,000.00	08/01/2020	100.000
	08/01/2035	6.125%	635,000.00	08/01/2020	100.000
TERM40	08/01/2036	6.250%	620,000.00	08/01/2020	100.000
	08/01/2037	6.250%	705,000.00	08/01/2020	100.000
	08/01/2038	6.250%	800,000.00	08/01/2020	100.000
	08/01/2039	6.250%	900,000.00	08/01/2020	100.000
	08/01/2040	6.250%	865,000.00	08/01/2020	100.000
			8,605,000.00		



SUMMARY OF BONDS REFUNDED

Successor Agency to the Redevelopment Agency of the City of Tulare  
 2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2010 Tax Allocation Bonds, Series B (Taxable), 2010B:					
TERM23	08/01/2017	7.700%	440,000.00		
	08/01/2018	7.700%	475,000.00		
	08/01/2019	7.700%	515,000.00		
	08/01/2020	7.700%	515,000.00		
	08/01/2021	7.700%	560,000.00	08/01/2020	100.000
	08/01/2022	7.700%	605,000.00	08/01/2020	100.000
	08/01/2023	7.700%	305,000.00	08/01/2020	100.000
			3,415,000.00		
2010 Tax Allocation Housing Bonds, Series C (Taxable), 2010C:					
TERM20	08/01/2017	7.500%	255,000.00		
	08/01/2018	7.500%	275,000.00		
	08/01/2019	7.500%	300,000.00		
	08/01/2020	7.500%	320,000.00		
TERM30	08/01/2021	8.250%	350,000.00	08/01/2020	100.000
	08/01/2022	8.250%	380,000.00	08/01/2020	100.000
	08/01/2023	8.250%	395,000.00	08/01/2020	100.000
	08/01/2024	8.250%	430,000.00	08/01/2020	100.000
	08/01/2025	8.250%	200,000.00	08/01/2020	100.000
	08/01/2026	8.250%	215,000.00	08/01/2020	100.000
	08/01/2027	8.250%	235,000.00	08/01/2020	100.000
	08/01/2028	8.250%	255,000.00	08/01/2020	100.000
	08/01/2029	8.250%	280,000.00	08/01/2020	100.000
	08/01/2030	8.250%	300,000.00	08/01/2020	100.000
TERM40	08/01/2031	8.500%	330,000.00	08/01/2020	100.000
	08/01/2032	8.500%	355,000.00	08/01/2020	100.000
	08/01/2033	8.500%	390,000.00	08/01/2020	100.000
	08/01/2034	8.500%	425,000.00	08/01/2020	100.000
	08/01/2035	8.500%	460,000.00	08/01/2020	100.000
	08/01/2036	8.500%	500,000.00	08/01/2020	100.000
	08/01/2037	8.500%	545,000.00	08/01/2020	100.000
	08/01/2038	8.500%	595,000.00	08/01/2020	100.000
	08/01/2039	8.500%	650,000.00	08/01/2020	100.000
	08/01/2040	8.500%	705,000.00	08/01/2020	100.000
			9,145,000.00		
			12,560,000.00		

PRIOR BOND DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2017			264,556.25	264,556.25	
08/01/2017			264,556.25	264,556.25	529,112.50
02/01/2018			264,556.25	264,556.25	
08/01/2018			264,556.25	264,556.25	529,112.50
02/01/2019			264,556.25	264,556.25	
08/01/2019			264,556.25	264,556.25	529,112.50
02/01/2020			264,556.25	264,556.25	
08/01/2020			264,556.25	264,556.25	529,112.50
02/01/2021			264,556.25	264,556.25	
08/01/2021			264,556.25	264,556.25	529,112.50
02/01/2022			264,556.25	264,556.25	
08/01/2022			264,556.25	264,556.25	529,112.50
02/01/2023			264,556.25	264,556.25	
08/01/2023	300,000	6.000%	264,556.25	564,556.25	829,112.50
02/01/2024			255,556.25	255,556.25	
08/01/2024	645,000	6.000%	255,556.25	900,556.25	1,156,112.50
02/01/2025			236,206.25	236,206.25	
08/01/2025	145,000	6.000%	236,206.25	381,206.25	617,412.50
02/01/2026			231,856.25	231,856.25	
08/01/2026	165,000	6.000%	231,856.25	396,856.25	628,712.50
02/01/2027			226,906.25	226,906.25	
08/01/2027	195,000	6.000%	226,906.25	421,906.25	648,812.50
02/01/2028			221,056.25	221,056.25	
08/01/2028	225,000	6.000%	221,056.25	446,056.25	667,112.50
02/01/2029			214,306.25	214,306.25	
08/01/2029	260,000	6.000%	214,306.25	474,306.25	688,612.50
02/01/2030			206,506.25	206,506.25	
08/01/2030	310,000	6.000%	206,506.25	516,506.25	723,012.50
02/01/2031			197,206.25	197,206.25	
08/01/2031	365,000	6.125%	197,206.25	562,206.25	759,412.50
02/01/2032			186,028.13	186,028.13	
08/01/2032	420,000	6.125%	186,028.13	606,028.13	792,056.26
02/01/2033			173,165.63	173,165.63	
08/01/2033	490,000	6.125%	173,165.63	663,165.63	836,331.26
02/01/2034			158,159.38	158,159.38	
08/01/2034	560,000	6.125%	158,159.38	718,159.38	876,318.76
02/01/2035			141,009.38	141,009.38	
08/01/2035	635,000	6.125%	141,009.38	776,009.38	917,018.76
02/01/2036			121,562.50	121,562.50	
08/01/2036	620,000	6.250%	121,562.50	741,562.50	863,125.00
02/01/2037			102,187.50	102,187.50	
08/01/2037	705,000	6.250%	102,187.50	807,187.50	909,375.00
02/01/2038			80,156.25	80,156.25	
08/01/2038	800,000	6.250%	80,156.25	880,156.25	960,312.50
02/01/2039			55,156.25	55,156.25	
08/01/2039	900,000	6.250%	55,156.25	955,156.25	1,010,312.50
02/01/2040			27,031.25	27,031.25	
08/01/2040	865,000	6.250%	27,031.25	892,031.25	919,062.50
	8,605,000		9,371,900.04	17,976,900.04	17,976,900.04

PRIOR BOND DEBT SERVICE

Successor Agency to the Redevelopment Agency of the City of Tulare  
 2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2017			510,590.00	510,590.00	
08/01/2017	695,000	** %	510,590.00	1,205,590.00	1,716,180.00
02/01/2018			484,087.50	484,087.50	
08/01/2018	750,000	** %	484,087.50	1,234,087.50	1,718,175.00
02/01/2019			455,487.50	455,487.50	
08/01/2019	815,000	** %	455,487.50	1,270,487.50	1,725,975.00
02/01/2020			424,410.00	424,410.00	
08/01/2020	835,000	** %	424,410.00	1,259,410.00	1,683,820.00
02/01/2021			392,582.50	392,582.50	
08/01/2021	910,000	** %	392,582.50	1,302,582.50	1,695,165.00
02/01/2022			356,585.00	356,585.00	
08/01/2022	985,000	** %	356,585.00	1,341,585.00	1,698,170.00
02/01/2023			317,617.50	317,617.50	
08/01/2023	700,000	** %	317,617.50	1,017,617.50	1,335,235.00
02/01/2024			289,581.25	289,581.25	
08/01/2024	430,000	8.250%	289,581.25	719,581.25	1,009,162.50
02/01/2025			271,843.75	271,843.75	
08/01/2025	200,000	8.250%	271,843.75	471,843.75	743,687.50
02/01/2026			263,593.75	263,593.75	
08/01/2026	215,000	8.250%	263,593.75	478,593.75	742,187.50
02/01/2027			254,725.00	254,725.00	
08/01/2027	235,000	8.250%	254,725.00	489,725.00	744,450.00
02/01/2028			245,031.25	245,031.25	
08/01/2028	255,000	8.250%	245,031.25	500,031.25	745,062.50
02/01/2029			234,512.50	234,512.50	
08/01/2029	280,000	8.250%	234,512.50	514,512.50	749,025.00
02/01/2030			222,962.50	222,962.50	
08/01/2030	300,000	8.250%	222,962.50	522,962.50	745,925.00
02/01/2031			210,587.50	210,587.50	
08/01/2031	330,000	8.500%	210,587.50	540,587.50	751,175.00
02/01/2032			196,562.50	196,562.50	
08/01/2032	355,000	8.500%	196,562.50	551,562.50	748,125.00
02/01/2033			181,475.00	181,475.00	
08/01/2033	390,000	8.500%	181,475.00	571,475.00	752,950.00
02/01/2034			164,900.00	164,900.00	
08/01/2034	425,000	8.500%	164,900.00	589,900.00	754,800.00
02/01/2035			146,837.50	146,837.50	
08/01/2035	460,000	8.500%	146,837.50	606,837.50	753,675.00
02/01/2036			127,287.50	127,287.50	
08/01/2036	500,000	8.500%	127,287.50	627,287.50	754,575.00
02/01/2037			106,037.50	106,037.50	
08/01/2037	545,000	8.500%	106,037.50	651,037.50	757,075.00
02/01/2038			82,875.00	82,875.00	
08/01/2038	595,000	8.500%	82,875.00	677,875.00	760,750.00
02/01/2039			57,587.50	57,587.50	
08/01/2039	650,000	8.500%	57,587.50	707,587.50	765,175.00
02/01/2040			29,962.50	29,962.50	
08/01/2040	705,000	8.500%	29,962.50	734,962.50	764,925.00
	12,560,000		12,055,445.00	24,615,445.00	24,615,445.00

## ESCROW REQUIREMENTS

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Period Ending	Interest	Principal Redeemed	Total
02/01/2017	264,556.25		264,556.25
08/01/2017	264,556.25		264,556.25
02/01/2018	264,556.25		264,556.25
08/01/2018	264,556.25		264,556.25
02/01/2019	264,556.25		264,556.25
08/01/2019	264,556.25		264,556.25
02/01/2020	264,556.25		264,556.25
08/01/2020	264,556.25	8,605,000.00	8,869,556.25
	2,116,450.00	8,605,000.00	10,721,450.00

## ESCROW REQUIREMENTS

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Period Ending	Principal	Interest	Principal Redeemed	Total
02/01/2017		510,590.00		510,590.00
08/01/2017	695,000.00	510,590.00		1,205,590.00
02/01/2018		484,087.50		484,087.50
08/01/2018	750,000.00	484,087.50		1,234,087.50
02/01/2019		455,487.50		455,487.50
08/01/2019	815,000.00	455,487.50		1,270,487.50
02/01/2020		424,410.00		424,410.00
08/01/2020	835,000.00	424,410.00	9,465,000.00	10,724,410.00
	3,095,000.00	3,749,150.00	9,465,000.00	16,309,150.00

ESCROW DESCRIPTIONS

Successor Agency to the Redevelopment Agency of the City of Tulare  
 2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Dec 29, 2016:						
SLGS	Certificate	02/01/2017	02/01/2017	255,570	0.240%	0.240%
SLGS	Certificate	08/01/2017	08/01/2017	215,562	0.530%	0.530%
SLGS	Note	02/01/2018	02/01/2017	216,234	0.590%	0.590%
SLGS	Note	08/01/2018	02/01/2017	216,873	0.700%	0.700%
SLGS	Note	02/01/2019	02/01/2017	217,631	0.790%	0.790%
SLGS	Note	08/01/2019	02/01/2017	218,492	0.850%	0.850%
SLGS	Note	02/01/2020	02/01/2017	219,419	0.920%	0.920%
SLGS	Note	08/01/2020	02/01/2017	8,825,429	1.000%	1.000%
				10,385,210		

SLGS Summary

SLGS Rates File	09SEP16
Total Certificates of Indebtedness	471,132.00
Total Notes	9,914,078.00
Total original SLGS	10,385,210.00

ESCROW DESCRIPTIONS

Successor Agency to the Redevelopment Agency of the City of Tulare  
 2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Dec 29, 2016:						
SLGS	Certificate	02/01/2017	02/01/2017	498,085	0.240%	0.240%
SLGS	Certificate	08/01/2017	08/01/2017	1,134,975	0.530%	0.530%
SLGS	Note	02/01/2018	02/01/2017	417,014	0.590%	0.590%
SLGS	Note	08/01/2018	02/01/2017	1,168,246	0.700%	0.700%
SLGS	Note	02/01/2019	02/01/2017	393,734	0.790%	0.790%
SLGS	Note	08/01/2019	02/01/2017	1,210,289	0.850%	0.850%
SLGS	Note	02/01/2020	02/01/2017	369,356	0.920%	0.920%
SLGS	Note	08/01/2020	02/01/2017	10,671,054	1.000%	1.000%
				15,862,753		

SLGS Summary

SLGS Rates File	09SEP16
Total Certificates of Indebtedness	1,633,060.00
Total Notes	14,229,693.00
Total original SLGS	15,862,753.00

ESCROW COST DETAIL

Successor Agency to the Redevelopment Agency of the City of Tulare  
Proposed 2016 Tax-Exempt Refunding (Series A)

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
Global Proceeds Escrow:				
SLGS	02/01/2017	255,570	0.240%	255,570.00
SLGS	08/01/2017	215,562	0.530%	215,562.00
SLGS	02/01/2018	216,234	0.590%	216,234.00
SLGS	08/01/2018	216,873	0.700%	216,873.00
SLGS	02/01/2019	217,631	0.790%	217,631.00
SLGS	08/01/2019	218,492	0.850%	218,492.00
SLGS	02/01/2020	219,419	0.920%	219,419.00
SLGS	08/01/2020	8,825,429	1.000%	8,825,429.00
			10,385,210	10,385,210.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
Global Proceeds Escrow:				
12/29/2016	10,385,210	0.38	10,385,210.38	0.985946%
		10,385,210	0.38	10,385,210.38



ESCROW COST DETAIL

Successor Agency to the Redevelopment Agency of the City of Tulare  
Proposed 2016 Taxable Refunding (Series B)

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
Global Proceeds Escrow:				
SLGS	02/01/2017	128,543	0.240%	128,543.00
SLGS	08/01/2017	554,019	0.530%	554,019.00
SLGS	02/01/2018	98,808	0.590%	98,808.00
SLGS	08/01/2018	574,100	0.700%	574,100.00
SLGS	02/01/2019	82,822	0.790%	82,822.00
SLGS	08/01/2019	598,149	0.850%	598,149.00
SLGS	02/01/2020	65,864	0.920%	65,864.00
SLGS	08/01/2020	2,051,166	1.000%	2,051,166.00
			4,153,471	4,153,471.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
Global Proceeds Escrow:				
12/29/2016	4,153,471	0.35	4,153,471.35	0.928800%
		4,153,471	0.35	4,153,471.35

ESCROW COST DETAIL

Successor Agency to the Redevelopment Agency of the City of Tulare  
Proposed 2016 Taxable Refunding (Series C)

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
Global Proceeds Escrow:				
SLGS	02/01/2017	369,542	0.240%	369,542.00
SLGS	08/01/2017	580,956	0.530%	580,956.00
SLGS	02/01/2018	318,206	0.590%	318,206.00
SLGS	08/01/2018	594,146	0.700%	594,146.00
SLGS	02/01/2019	310,912	0.790%	310,912.00
SLGS	08/01/2019	612,140	0.850%	612,140.00
SLGS	02/01/2020	303,492	0.920%	303,492.00
SLGS	08/01/2020	8,619,888	1.000%	8,619,888.00
		11,709,282		11,709,282.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
Global Proceeds Escrow:				
12/29/2016	11,709,282	0.51	11,709,282.51	0.971212%
		11,709,282	0.51	11,709,282.51

ESCROW SUFFICIENCY

Successor Agency to the Redevelopment Agency of the City of Tulare  
 2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
12/29/2016		0.38	0.38	0.38
02/01/2017	264,556.25	264,556.15	(0.10)	0.28
08/01/2017	264,556.25	264,556.63	0.38	0.66
02/01/2018	264,556.25	264,555.66	(0.59)	0.07
08/01/2018	264,556.25	264,556.77	0.52	0.59
02/01/2019	264,556.25	264,555.71	(0.54)	0.05
08/01/2019	264,556.25	264,557.07	0.82	0.87
02/01/2020	264,556.25	264,555.48	(0.77)	0.10
08/01/2020	8,869,556.25	8,869,556.15	(0.10)	
	10,721,450.00	10,721,450.00	0.00	

ESCROW SUFFICIENCY

Successor Agency to the Redevelopment Agency of the City of Tulare  
 2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
12/29/2016		0.86	0.86	0.86
02/01/2017	510,590.00	510,590.16	0.16	1.02
08/01/2017	1,205,590.00	1,205,590.63	0.63	1.65
02/01/2018	484,087.50	484,086.33	(1.17)	0.48
08/01/2018	1,234,087.50	1,234,088.14	0.64	1.12
02/01/2019	455,487.50	455,487.28	(0.22)	0.90
08/01/2019	1,270,487.50	1,270,487.03	(0.47)	0.43
02/01/2020	424,410.00	424,410.30	0.30	0.73
08/01/2020	10,724,410.00	10,724,409.27	(0.73)	
	16,309,150.00	16,309,150.00	0.00	

ESCROW STATISTICS

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)

Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 10,385,210.38	3.220	3,343.54	0.985946%	0.985946%	9,665,510.01	719,700.33	0.04
10,385,210.38		3,343.54			9,665,510.01	719,700.33	0.04

Delivery date	12/29/2016
Arbitrage yield	3.234660%
Composite Modified Duration	3.220

ESCROW STATISTICS

Successor Agency to the Redevelopment Agency of the City of Tulare  
2016 Tax Allocation Refunding Bonds, Series B (Taxable)

Escrow	Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:	4,153,471.35	2.521	1,047.01	0.928800%	0.928799%	3,901,990.23	251,481.05	0.07
	11,709,282.51	2.999	3,510.54	0.971212%	0.971211%	10,471,557.45	1,237,725.01	0.05
	15,862,753.86		4,557.55			14,373,547.68	1,489,206.06	0.12

Delivery date	12/29/2016
Arbitrage yield	3.439229%
Composite Modified Duration	2.874

<b>AGENDA ITEM:</b>
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**CITY OF TULARE  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department: Finance**

**For Council Meeting of: September 20, 2016**

**Documents Attached:** Ordinance Resolution Staff Report Other None

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***AGENDA ITEM:***

Adopt Resolution 16-\_\_\_ and authorize the transfer of certain real properties from the City to the Successor Agency of the City of Tulare Redevelopment Agency. The engagement of RSG Real Estate to handle the property disposals in accordance with the LRPMP and settlement terms between the City and SCO. Appoint the Interim City Manager as agent of the City of Tulare and the Successor Agency to the City of Tulare Redevelopment Agency to conduct negotiations, execute and submit all documents, including but not limited to applications, sales agreements, amendments, payment requests, and other documents, which may be necessary for the completion of the aforementioned project.

***IS PUBLIC HEARING REQUIRED:***  YES  NO

***BACKGROUND/EXPLANATION:***

The City Council approved and adopted Resolution 11-19 approving the transfer of certain real properties from the City of Tulare Redevelopment Agency ("Agency") to the City as a repayment of City funds that were advanced to the Agency for its services and activity's and that was allowed for in the Third Amended and Restated Loan Repayment Agreement ("Repayment Agreement") between the Agency and the City.

The California State Controller's Office ("SCO") challenged the transfer of properties to the City and Repayment Agreement. Subsequent litigation and appeals between the City and the SCO, resulted in a settlement agreement between the City and the SCO that the properties would be returned to the Successor Agency and disposed of in accordance with the City's Long Range Property Management Plan ("LRPMP").

RSG Real Estate ("RSG"), the City's Real Estate Consulting Firm, will be engaged to dispose of the Agency's properties in accordance with the LRPMP and the court approved settlement between the City and SCO. Net proceeds from the property disposals will be returned to the Successor Agency.

Three of the properties subject to disposal are currently occupied by tenants. RSG has advised the City that lease agreements currently in place for the tenants will transfer with the property sale to the new owners, however it is the City staff's intention to notify each affected tenant of the pending sale of the property as part of the transition of the

responsibility of the property sales process to RSG, and upon adoption of this resolution.

Two of the properties subject to the transfer have in place tentative agreements to purchase by another party. City staff will provide the details of those agreements and will work with RSG in hopes of RSG completing the sales to the interested parties in the best economic development interest of the City.

As part of the settlement agreement five properties are to be returned to the City for "Governmental Use" and include two City parking lot parcels on K and J Street, one empty lot adjacent to the Transit Center for future expansion. One empty lot adjacent to the Santa Fe Trail, and one vacant lot on K Street to be used for future intersection improvements. They have been agendized to be returned back to the City by the Oversight Board to the Successor Agency during the meeting of 09/28/2016.

The following is a list of all the subject properties to be returned to the Successor Agency;

<b>Address or Description</b>	<b>APN</b>
SW Corner J & Cross (A) ***	169-140-013
SW Corner J & Cross (B) ***	169-140-014
424 North N Street**	170-232-008
450 1/2 North N Street	170-232-010
446 North N Street	170-232-011
400 Block North N Street	170-232-016
400 Block North O Street *	170-232-017
400 Block North O Street **	170-233-012
300 Block North M Street	170-241-011
300 Block North N Street	170-241-012
300 Block North N Street	170-242-016
300 Block North O Street	170-242-017
NW Corner M & San Joaquin*	170-253-017
420 North J Street*	170-261-015
400 Block North K Street*	170-261-016
424 North K Street	170-263-002
400 Block North K Street*	170-263-016
335 South J Street	176-031-001
113-117 South M Street **	176-076-004
134 South K Street **	176-082-010
SE Corner K & O'Neal	181-040-014/15
Almond Court Lot	181-050-044
1285 East Paige	191-070-015
4266 South K Street*	191-350-010/11

\*Property to return to City for governmental use

\*\*Property occupied by tenants

\*\*\*Property subject to sales agreement



**STAFF RECOMMENDATION:**

Adopt Resolution 16-\_\_\_ and authorize the transfer of certain real properties from the City to the Successor Agency to the City of Tulare Redevelopment Agency. The engagement of RSG Real Estate to handle the property disposals in accordance with the LRPMP and settlement terms between the City and SCO. Appoint the Interim City Manager as agent of the City of Tulare and the Successor Agency to the City of Tulare Redevelopment Agency to conduct negotiations, execute and submit all documents, including but not limited to applications, sales agreements, amendments, payment requests, and other documents, which may be necessary for the completion of the aforementioned project.

**CITY ATTORNEY REVIEW/COMMENTS:** Yes  N/A

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

**Submitted by:** Steve Bonville

**Title:** General Services Director

**Date:** September 6, 2016

**City Manager Approval:** \_\_\_\_\_

## COUNCIL RESOLUTION 16-\_\_\_\_

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TULARE APPROVING THE TRANSFER FROM THE CITY OF CERTAIN REAL PROPERTIES TO THE SUCCESSOR AGENCY OF THE CITY OF TULARE REDEVELOPMENT AGENCY AND MAKING CERTAIN FINDINGS RELATING THERETO

**WHEREAS**, the City Council of the City of Tulare ("City") approved and adopted Resolution 11-19 approving the transfer of certain real properties from the City of Tulare Redevelopment Agency ("Agency"); and

**WHEREAS**, the Agency was engaged in activities to execute and implement the Redevelopment Plan pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000, et seq.) ("CRL"); and

**WHEREAS**, in furtherance of the City's Redevelopment Plan, the City advanced funds to the Agency for the continuation of services and activities in the Agency's area, and the Agency entered into that certain Third Amended and Restated Loan Repayment Agreement ("Repayment Agreement") with the City, which committed the Agency to repay to the City funds advanced; and

**WHEREAS**, in response to the Governor's State budget for Fiscal Year 2011-2012, which included the elimination of redevelopment agencies and the dissolution of the Agency "to realign the delivery of state services to counties and local governments;" and

**WHEREAS**, the City elected to serve as the Successor Agency to the Agency ("Successor Agency"), a separate body politic responsible for the Agency's obligations; and

**WHEREAS**, the Repayment Agreement authorizes prepayment of amounts owed by the Agency, but the Agency did not currently have sufficient assets to repay the debt owed to the City; and

**WHEREAS**, the Repayment Agreement authorizes transfer of real property as well as cash assets for repayment of the amount owed the City; and

**WHEREAS**, Agency staff authorized the transfer of certain Agency properties to the City; and the City accepted the Agency properties from the Successor Agency for the repayment of the Agency indebtedness; and

**WHEREAS**, the California State Controller's Office ("SCO") determined the transfer of property to the City was in violation of the certain covenants and provisions of the CRL and ordered the return of all real property and cash assets returned to the Successor Agency; and

**WHEREAS**, the City and the Successor Agency, through litigation against SCO, sought to allow the City to keep the properties as payment for debts owed it by the Agency; and

**WHEREAS**, the litigation between the City and SCO resulted in the trial court finding against the City in the transfer of the Agency properties to the City as a repayment; and

**WHEREAS**, the trial court ordered the return of the properties back to the Successor Agency and the disposal of the properties by the Successor Agency; and

**WHEREAS**, the City and the Successor Agency initially appealed the trial court's decision and later abandoned the appeal as part of a settlement agreement between the City and Successor Agency on the one hand and SCO on the other hand, under which the City agreed to return the real properties and cash assets to the Successor Agency; and

**WHEREAS**, the Successor Agency submitted a Long Range Property Management Plan that guides the disposition of all real property it owned at the time of dissolution, including the real property ordered returned by SCO.

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

**Section 1. Recitals.** The Recitals set forth above are true and correct and incorporated herein.

**Section 2. Findings.** The City Council hereby finds and determines, based on the Recitals set forth above and the information made available in the staff report accompanying this Resolution, the oral presentation of the Successor Agency and City staff, and all other written and oral evidence presented to the City Council, that the City's transfer and the Successor Agency's acceptance of the properties listed herein are to be done in compliance with the terms of and as ordered by the court.

**Section 3. Subject Properties.** The properties listed herein are to be transferred;

<b>Address or Description</b>	<b>APN</b>
SW Corner J & Cross (A)	169-140-013
SW Corner J & Cross (B)	169-140-014
424 North N Street	170-232-008
450 1/2 North N Street	170-232-010
446 North N Street	170-232-011
400 Block North N Street	170-232-016
400 Block North O Street	170-232-017
400 Block North O Street	170-233-012
300 Block North M Street	170-241-011
300 Block North N Street	170-241-012
300 Block North N Street	170-242-016

300 Block North O Street	170-242-017
NW Corner M & San Joaquin	170-253-017
420 North J Street	170-261-015
400 Block North K Street	170-261-016
424 North K Street	170-263-002
400 Block North K Street	170-263-016
335 South J Street	176-031-001
113-117 South M Street	176-076-004
134 South K Street	176-082-010
SE Corner K & O'Neal	181-040-014/15
Almond Court Lot	181-050-044
1285 East Paige	191-070-015
4266 South K Street	191-350-010/11

**Section 4. Certification.** The City Clerk shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

**BE IT FURTHER RESOLVED** that the City Council of the City of Tulare appoints the City Manager as agent of the City of Tulare to conduct all negotiations, execute and submit all documents, including but not limited to applications, agreements, amendments, payment requests, and so on, which may be necessary for the completion of the aforementioned project.

**PASSED, ADOPTED AND APPROVED** this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
 Successor Agency Chairperson  
 Mayor of the City of Tulare

ATTEST:

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

I, Paul Melikian, Interim City Manager/City Clerk of the City of Tulare, certify the foregoing is the full and true Resolution 16-\_\_\_\_ passed and adopted by the Council of the City of Tulare at a regular meeting held on September 20, 2016, by the following vote:

Aye(s) \_\_\_\_\_

Noe(s) \_\_\_\_\_ Abstention(s) \_\_\_\_\_

Dated: Paul Melikian, INTERIM CITY MANAGER/CITY CLERK

By Roxanne Yoder, Chief Deputy

**AGENDA ITEM:**

**CITY OF TULARE, CA  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department:** City Manager’s Office

**For Council Meeting of:** September 20, 2016

**Documents Attached:**  Ordinance  Resolution  Staff Report  Other  None

---

**AGENDA ITEM:**

Interview and select applicant to fill current vacancy on the City of Tulare Board of Public Utilities for a term ending December 31, 2017.

**IS PUBLIC HEARING REQUIRED:**  Yes  No

**BACKGROUND/EXPLANATION:**

There is currently one vacancy on the Board of Public Utilities. The new member will be completing a term which is due to expire December 31, 2017, and can be considered for reappointment to a full term at that time. The City Clerk’s Office posted a Notice of Vacancy. There are currently five applicants interested in becoming a member: Gregory Blevins, Stephen Fagundes, Priscilla Musgrove, James E. Pennington and Joseph F. Soares (applications are attached for your review)

**STAFF RECOMMENDATION:**

Interview and select applicant to fill current vacancy on the City of Tulare Board of Public Utilities for a term ending December 31, 2017.

**CITY ATTORNEY REVIEW/COMMENTS:**  Yes  N/A

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

**Submitted by:** Paul Melikian

**Title:** Interim City Manager

**Date:** August 31, 2016

**City Manager Approval:** \_\_\_\_\_

<b>AGENDA ITEM:</b>
---------------------

**CITY OF TULARE, CA  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department:** City Manager's Office

**For Council Meeting of:** September 20, 2016

**Documents Attached:**  Ordinance  Resolution  Staff Report  Other  None

---

**AGENDA ITEM:**

Authorize the Interim City Manager to execute a Schedule LS-1 Option E, Energy Efficiency Light Emitting Diode (LED) Fixture Replacement Rate Agreement with Southern California Edison (SCE) to retrofit all SCE owned streetlights in the City of Tulare.

**IS PUBLIC HEARING REQUIRED:**  Yes  No

**BACKGROUND/EXPLANATION:**

On July 19, 2016, the City Council elected to pass on an option to purchase streetlights from SCE, primarily due to the actual operating impact of owning this infrastructure system, and the financial impact in the near term. Staff communicated at that time that should the Council decide not to pursue the acquisition, the City still had options to capture future cost savings.

On March 30, 2016, in compliance with AB 719, SCE established a new optional tariff provision, Option E as a LED Replacement tariff for LS-1 lights. The new tariff was officially opened on June 1, 2016 for customers to Request LED Technology on SCE owned street lights with no up-front cost to the customer. To date, five cities in SCE's territory have signed up for the tariff retrofit program, all of which previously elected to pass on the acquisition opportunity. SCE factors the capital cost, roughly \$326 per fixture, into the rate calculation for Option E, therefore energy savings are minimal to customers during the 20-year repayment term. Using the City's 4,587 streetlights at various wattages, at today's rates, SCE estimates that the City could save \$17,786 per year during the 20 year repayment period, and \$93,270 per year after that.

LED streetlights use 50-75% less energy than the current High Pressure Sodium Vapor (HPSV) bulbs and significantly reduce greenhouse gas emissions. New LED streetlights provide a more natural-looking light, which will last up to four times longer than HPSV bulbs. The optical technology of LED luminaires creates more evenly distributed light, resulting in greater visibility for pedestrians and drivers alike. The installation will take approximately 10 minutes per lamp fixture. (Source: Pacific Gas & Electric Company)

Since the City is paying for the retrofit cost (roughly \$326 per fixture) through the new rate calculation, the City is eligible to receive a one-time energy efficiency incentive from SCE of an estimated \$98 per fixture, for a total estimated incentive of \$449,526. The actual incentive amounts for the program have not been officially published (expected Fall 2016) but are not

expected to differ significantly from current streetlight retrofit incentives in place. The annual savings and one-time incentive payment from a SCE owned retrofit project would be of no-risk to the City with regard to cash flow or impact to operations.

The retrofit cost is paid back over a 20 year period and is interest free. SCE representatives have estimated that retrofits in Tulare could be completed by 2018 based on their expected level of upcoming funding for this program, and number and size of cities ahead of Tulare. Furthermore, SCE staff also shared that beginning in fall 2016, any new streetlights added in their service area will be required to be LED technology.

The retrofit project also presents staff with the opportunity to review areas where current lighting may be insufficient due to lower wattage high pressure sodium fixtures being in place. In those instances, SCE will allow the City to request higher wattage LED replacements; however, this will impact the energy efficiency incentive and reduce the estimated annual energy savings. This opportunity would be limited to areas where there is already a SCE-owned streetlight, and would not cover the installation of new streetlights.

**STAFF RECOMMENDATION:**

Authorize the Interim City Manager to execute a Schedule LS-1 Option E, Energy Efficiency Light Emitting Diode (LED) Fixture Replacement Rate Agreement with Southern California Edison (SCE) to retrofit all SCE-owned streetlights in the City of Tulare.

**FISCAL IMPACT:**

The annual energy savings and possible one-time incentive payment from a SCE owned retrofit project would be of no-risk to the City with regard to cash flow or impact to operations. The annual savings during the 20 year repayment term are minimal, and at best could be thought as a way to mitigate the impact of future rate increases. The estimated one-time energy efficiency incentive of \$98 per light would not be paid to the City until such time the retrofits are completed.

The energy efficiency incentive would qualify as a “One-Time Receipt” in the City’s Financial Policies as adopted in June 2013, therefore the receipt would be brought before the City Council for designation as such, and allocated to the use categories set forth in the policy. One of the allocation uses identified in the policy is for capital projects that would provide hard cost savings to the City. One idea that staff has preliminarily come up with is using a portion of the energy incentive proceeds to retrofit all City-owned streetlights to LED technology, which in turn would be eligible for the energy efficiency incentive program. Any such project would be brought forward for City Council consideration and approval at a later date once the actual amount and timing of the energy efficiency incentive is known.

**CITY ATTORNEY REVIEW/COMMENTS:**  Yes    N/A

The City Attorney has reviewed the attached Rate Agreement with SCE.

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

**FUNDING SOURCE/ACCOUNT NUMBER:** N/A

***Attachments:***

SCE Streetlight Retrofit Savings Analysis  
Schedule LS-1 Option E, Energy Efficiency LED Fixture Replacement Rate Agreement

**Submitted by: Paul Melikian**

**Title: Interim City Manager**

**Date: September 20, 2016**

**City Manager Approval: \_\_\_\_\_**



**City of Tulare**

Customer Number: 1-0-001-3975

Additional Savings after the energy efficiency premium falls off after 20 years and beyond

Wattage	Lamp Count	EEP Per Month	Estimated Monthly Savings
50	4	\$1.32	\$5.28
70	3236	\$1.32	\$4271.52
100	221	\$1.36	\$300.56
150	974	\$1.48	\$1441.52
200	152	\$1.76	\$267.52
250	2	\$1.97	\$3.94
310	0	\$0.00	\$0.00
400	0	\$2.79	\$0.00
<b>TOTAL</b>			<b>\$6,290.34</b>

Estimated Additional monthly savings after 20 years: \$6,290.34  
Estimated Additional annual savings after 20 years: \$75,484.08  
**Estimated Annual Savings During 20 Year Repayment:** \$17,786.00 ←  
**Estimated Annual Savings Post 20 Year Repayment:** \$93,270.08 ←

**City of Tulare**

Customer Number: 1-0-001-3975

Lamp Wattage	Lamp Count	Estimated High Pressure Sodium Vapor (HPSV) Annual Costs	Estimated Light Emitting Diode (LED) Annual Costs	Estimated Annual Savings
50	4	\$472	\$490	(\$18)
70	3,236	\$406,183	\$405,794	\$388
100	221	\$29,994	\$28,615	\$1,379
150	974	\$158,723	\$146,334	\$12,389
200	152	\$27,780	\$24,168	\$3,612
250	2	\$407	\$371	\$36
310	0	\$0	\$0	\$0
400	0	\$0	\$0	\$0
Total	4,589	\$623,558	\$605,772	\$17,786

This analysis is only an estimate and the results presented are based on HPSV Lamp Wattage and counts as of May 2016, LED wattage conversion lamps available after August 1, 2016, and June 1, 2016 rates. This analysis excludes the following when applicable: Tap Device Charge, State Tax, Utility Users Tax, and Generation Municipal Surcharge. The Analysis does not include costs associated with Incandescent, Mercury Vapor, Low Pressure Sodium Vapor, Metal Halide, or already existing LED Lamps. Actual costs may vary due to factors including but not limited to, rate changes, factor changes, wattage conversion changes, excluded cost components.



Southern California Edison  
Rosemead, California (U 338-E)

Original  
Cancelling

Cal. PUC Sheet No. 57074-E  
Cal. PUC Sheet No.

Sheet 1

SCHEDULE LS-1 OPTION E,  
ENERGY EFFICIENCY-LIGHT EMITTING DIODE (LED) FIXTURE REPLACEMENT  
RATE AGREEMENT

Form 14-965

(To be inserted by utility)

Advice 3241-E  
Decision 14-10-046

Issued by  
R.O. Nichols  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jun 30, 2015  
Effective Jun 1, 2016  
Resolution \_\_\_\_\_

**SOUTHERN CALIFORNIA EDISON COMPANY**  
**SCHEDULE LS-1 OPTION E, ENERGY EFFICIENCY-LIGHT EMITTING DIODE (LED)**  
**FIXTURE REPLACEMENT RATE AGREEMENT**

This Schedule LS-1 Option E, Energy Efficiency-Light Emitting Diode (LED) Fixture Replacement Rate Agreement (Agreement), effective this \_\_\_\_\_ day of \_\_\_\_\_,

\_\_\_\_\_ (Effective Date), is entered into between Southern California Edison Company (SCE) and City of Tulare, an SCE customer taking service on Schedule LS-1 (Applicant), referred to collectively as "Parties," and individually as "Party." This Agreement provides for SCE, at Applicant's request, to replace the existing street lighting fixtures serving Applicant's premises with Light Emitting Diode (LED) street lighting fixtures to achieve energy efficiency benefits for Applicant, as set forth in Special Condition 14, Option E, Energy Efficiency-Light Emitting Diode (LED) Fixture Replacement, of Schedule LS-1.

The Parties agree as follows:

**1. LED FIXTURES**

SCE shall install, own, operate, and maintain LED Fixtures for Applicant as set forth in Exhibit "A" attached hereto and incorporated herein by this reference. The LED Fixtures provided hereunder shall at all times remain the property of SCE.

**2. LED FIXTURE REPLACEMENT COSTS**

- 2.1 The replacement costs of the LED Fixtures provided hereunder shall be borne by Applicant.
- 2.2 Applicant shall pay the charge for the LED Fixtures Replacement rate, which includes an Energy Efficiency Premium Charge (EEPC) and a Base LED Charge, under Option E of Schedule LS-1. Applicant elects Option E in lieu of an upfront, one-time payment of the replacement costs.
- 2.3 SCE does not guarantee that any energy or bill savings will accrue to Applicant as a result of the LED Fixture replacements.

**3. COMMENCEMENT OF SERVICE**

The Parties agree that SCE has the right to charge Applicant, and Applicant has an obligation to pay SCE, for the charges set forth in Schedule LS-1, Option E, commencing on the date SCE begins serving the LED Fixtures installed pursuant to this Agreement.

**4. TERM AND TERMINATION**

- 4.1 This Agreement shall be effective as of the Effective Date and shall continue for a term of twenty (20) years from the commencement of service as specified in Section 3 above (Term).
- 4.2 Applicant may terminate this Agreement at any time during the Term upon a thirty (30) - day advance written notice, provided that Applicant, prior to or within the 30-day advance notice period, assigns the Agreement to any New Party In (NPI) that owns, rents or leases the premises served by the street lighting fixtures replaced under this Agreement and will take service under Option E of Schedule LS-1 effective as of the date of termination; *otherwise*, Applicant shall pay a one-time termination charge equal to the present value of the balance of the EEPC of Option E over the remaining Term. The present value is determined based on SCE's authorized rate of return on rate base, or discounted rate of 7.90%.

**SOUTHERN CALIFORNIA EDISON COMPANY  
SCHEDULE LS-1 OPTION E, ENERGY EFFICIENCY-LIGHT EMITTING DIODE (LED)  
FIXTURE REPLACEMENT RATE AGREEMENT**

**5. AMENDMENTS; ASSIGNMENTS**

- 5.1 Any changes or amendments to this Agreement must be in writing and must be executed by the Applicant and SCE and, if required, be approved by the California Public Utilities Commission (Commission).
- 5.2 Applicant shall not assign this Agreement without the prior written consent of SCE; provided, however, that Applicant may assign the Agreement pursuant to the terms and conditions of Section 4.2 above, and the NPI must assume all rights and obligations under this Agreement for the remaining Term. Any assignment and assumption shall be in a form acceptable to SCE.

**6. NOTICE**

Any notice either Applicant or SCE may wish to provide the other regarding this Agreement must be in writing. Such notice must be either hand-delivered or sent by U.S. certified or registered mail, postage prepaid, to the person designated to receive notice for the other Party below, or to such other address as either may designate by written notice. Notices delivered by hand shall be deemed effective when delivered. Notices delivered by mail shall be deemed effective when received, as acknowledged by the receipt of the certified or registered mailing.

Applicant:

SCE:

\_\_\_\_\_  
(Name)  
\_\_\_\_\_  
(Title)  
\_\_\_\_\_  
(Address)  
\_\_\_\_\_  
(City, State, Zip)

Business Customer Division  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, CA 91770

**7. NONWAIVER**

The failure of either Party to enforce any of the terms and conditions or to exercise any right or privilege in this Agreement shall not be construed as a waiver of any such term and conditions or rights or privileges, and the same shall continue and remain enforce and effect as if no such failure to enforce or exercise had occurred.

**8. SEVERABILITY**

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by the Commission, or any court of competent jurisdiction, the validity and enforceability of the remaining provisions or any portion thereof shall not be affected.

**9. APPLICABLE LAWS, RULES, AND REGULATIONS**

This Agreement shall be subject to, and interpreted under the laws, rules, decisions and regulations of the State of California, without regard to its conflict of laws principles, the Commission, and SCE's Commission-approved tariffs.

**SOUTHERN CALIFORNIA EDISON COMPANY  
SCHEDULE LS-1 OPTION E, ENERGY EFFICIENCY-LIGHT EMITTING DIODE (LED)  
FIXTURE REPLACEMENT RATE AGREEMENT**

**10. CALIFORNIA PUBLIC UTILITIES COMMISSION JURISDICTION**

- 10.1 This is a filed form tariff agreement authorized by the Commission for use by SCE. No officer, inspector, solicitor, agent or employee of SCE has any authority to waive, alter, or amend any part of this Agreement except as provided herein or authorized by the Commission. This Agreement is to be used in conjunction with Schedule LS-1 and supplements the terms and conditions of the Applicant's electric service under Schedule LS-1.
- 10.2 This Agreement shall at all times be subject to such changes or modifications by the Commission as said Commission may, from time to time, direct in the exercise of its jurisdiction.
- 10.3 Notwithstanding any other provisions of this Agreement, SCE has the right to unilaterally file with the Commission, pursuant to the Commission's rules and regulations, an application for change in rates, charges, classification, service, or rule or any agreement relating thereto.

**11. ENTIRE AGREEMENT**

This Agreement, including SCE's Commission-approved tariffs, constitutes the complete agreement and understanding between the Applicant and SCE regarding the LED Fixtures replacement costs. Prior agreements, representations, understandings, whether expressed or implied, and communications, oral or written, between the Applicant and SCE shall not be construed to be a part of this Agreement.

**12. AUTHORIZATION SIGNATURE**

In witness whereof, the Parties hereto have caused this Agreement to be signed by their duly authorized representatives.

**APPLICANT**

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_  
DATE SIGNED: \_\_\_\_\_

**SOUTHERN CALIFORNIA EDISON COMPANY**

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_  
DATE SIGNED: \_\_\_\_\_

**SOUTHERN CALIFORNIA EDISON COMPANY**  
**EXHIBIT "A"**  
**SCHEDULE LS-1 OPTION E,**  
**ENERGY EFFICIENCY-LIGHT EMITTING DIODE (LED) FIXTURE REPLACEMENT**

APPLICANT

City of Tulare

---

CUSTOMER ACCOUNT NO.

2-12018370

---

SERVICE ACCOUNT NO.

1511559, 27813499, 28695136

---

(Additional account numbers/addresses may be attached hereto.)

SERVICE ADDRESS

Various

---

APPLICANT REQUESTED READY TO SERVE DATE

---

SCE READY TO SERVE DATE \_\_\_\_\_

DESCRIPTION OF LED FIXTURES/SCOPE OF WORK: SPECIFY HOW MANY STREET LIGHTING  
FIXTURE REPLACEMENTS ARE BEING REQUESTED AND AGREED TO UNDER THIS  
AGREEMENT AND OTHER RELEVANT DETAILS.

W.O. No(s): \_\_\_\_\_



Schedule LS-1  
LIGHTING - STREET AND HIGHWAY - UNMETERED SERVICE  
COMPANY-OWNED SYSTEM

Sheet 1

APPLICABILITY

Applicable to service for the lighting of streets, highways, and publicly-owned and publicly-operated automobile parking lots that are open to the general public where SCE owns and maintains the street lighting equipment and associated facilities included under this Schedule.

Option E:

Beginning January 1, 2016, Option E, Energy Efficiency - Light Emitting Diode (LED) Fixture Replacement, is available to customers that elect to have SCE replace its existing street lighting fixtures serving customer load under this Schedule with LED street lighting fixtures to achieve energy efficiency benefits for the customer. See Special Condition 14.

TERRITORY

Within the entire territory served.

RATES

	Delivery Service							Generation		
	Trans <sup>1</sup>	Dist <sup>2</sup>	NSGC <sup>3</sup>	NDC <sup>4</sup>	PPPC <sup>5</sup>	DWRBC <sup>6</sup>	PUCRF <sup>7</sup>	Total <sup>8</sup>	UG <sup>9</sup>	DWREC <sup>10</sup>
Energy Charge* - \$/kWh/Lamp/Month										
All Night Service	0.00692 (R)	0.01332 (I)	0.00255 (I)	(0.00085)	0.00760 (R)	0.00539	0.00033	0.03526 (R)	0.03726 (I)	(0.00022)
Midnight Service	0.00692 (R)	0.01332 (I)	0.00255 (I)	(0.00085)	0.00760 (R)	0.00539	0.00033	0.03526 (R)	0.03726 (I)	(0.00022)
All Night/Midnight Service Charge										
Incandescent Lamps** - \$/Lamp/Month										
103 Watt		9.04 (R)						9.04 (R)		
202 Watt		9.01 (R)						9.01 (R)		
327 Watt		9.01 (R)						9.01 (R)		
Mercury Vapor Lamps** - \$/Lamp/Month										
100 Watt		8.60 (R)						8.60 (R)		
175 Watt		8.39 (R)						8.39 (R)		
250 Watt		8.82 (R)						8.82 (R)		
400 Watt		9.10 (R)						9.10 (R)		
700 Watt		9.05 (R)						9.05 (R)		
High Pressure Sodium Vapor Lamps - \$/Lamp/Month										
50 Watt		8.38 (R)						8.38 (R)		
70 Watt		8.39 (R)						8.39 (R)		
100 Watt		8.39 (R)						8.39 (R)		
150 Watt		8.77 (R)						8.77 (R)		
200 Watt		9.09 (R)						9.09 (R)		
250 Watt		9.14 (R)						9.14 (R)		
310 Watt		9.14 (R)						9.14 (R)		
400 Watt		9.08 (R)						9.08 (R)		

(Continued)

(To be inserted by utility)  
Advice 3401-E  
Decision 16-03-030

Issued by  
R. O. Nichols  
Senior Vice President

(To be inserted by Cal. PUC)  
Date Filed May 2, 2016  
Effective Jun 1, 2016  
Resolution \_\_\_\_\_





**Schedule LS-1**  
**LIGHTING - STREET AND HIGHWAY - UNMETERED SERVICE**  
**COMPANY-OWNED SYSTEM**  
(Continued)

Sheet 2

**RATES (Continued)**

	Delivery Service							Generation		
	Trans <sup>1</sup>	Distrbtn <sup>2</sup>	NSGC <sup>3</sup>	NDC <sup>4</sup>	PPPC <sup>5</sup>	DWRBC <sup>6</sup>	PUCRF <sup>7</sup>	Total <sup>8</sup>	UG <sup>9</sup>	DWREC <sup>10</sup>
Low Pressure Sodium Vapor Lamps - \$/Lamp/Month										
35 Watt		10.22 (R)						10.22 (R)		
55 Watt		10.22 (R)						10.22 (R)		
90 Watt		10.78 (R)						10.78 (R)		
135 Watt		10.87 (R)						10.87 (R)		
180 Watt		10.89 (R)						10.89 (R)		
Metal Halide Lamps - \$/Lamp/Month										
100 Watt		9.47 (R)						9.47 (R)		
150 Watt		9.28 (R)						9.28 (R)		
175 Watt		9.43 (R)						9.43 (R)		
250 Watt		9.25 (R)						9.25 (R)		
400 Watt		9.54 (R)						9.54 (R)		
Base LED Charge <sup>11</sup>										
Light Emitting Diode (LED) Lamps - \$/Lamp/Month										
(High Pressure Sodium Vapor Recommended Lamps)										
50 Watt		8.32 (R)						8.32 (R)		
70 Watt		8.32 (R)						8.32 (R)		
100 Watt		8.37 (R)						8.37 (R)		
150 Watt		8.86 (R)						8.86 (R)		
200 Watt		9.18 (R)						9.18 (R)		
250 Watt		9.43 (R)						9.43 (R)		
400 Watt		10.37 (R)						10.37 (R)		
Option E - LED Lamps - \$/Lamp/Month <sup>12</sup>										
(High Pressure Sodium Vapor Recommended Lamps)										
50 Watt		9.64						9.64		
70 Watt		9.64						9.64		
100 Watt		9.73						9.73		
150 Watt		10.34						10.34		
200 Watt		10.94						10.94		
250 Watt		11.40						11.40		
400 Watt		13.16						13.16		
Tap Device Annual Charge - \$/Device		13.13 (R)						13.13 (R)		

\* The kilowatthours used to determine the Energy Charge for the lamp types and sizes served under this Schedule are shown in the Special Conditions section, below.  
 \*\* Closed to new installations.  
 \*\*\* The ongoing Competition Transition Charge (CTC) of \$0.00000 per kWh is recovered in the URG component of Generation.  
 1 Trans = Transmission and the Transmission Owners Tariff Charge Adjustments (TOTCA) which are FERC approved. The TOTCA represents the Transmission Revenue Balancing Account Adjustment (TRBAA) of \$(0.00036) per kWh, Reliability Services Balancing Account Adjustment (RSBAA) of \$0.00003 per kWh, and Transmission Access Charge Balancing Account Adjustment (TACBAA) of \$(0.00012) per kWh.  
 2 Distrbtn = Distribution  
 3 NSGC = New System Generation Charge  
 4 NDC = Nuclear Decommissioning Charge  
 5 PPPC = Public Purpose Programs Charge (includes California Alternate Rates for Energy Surcharge where applicable.)  
 6 DWRBC = Department of Water Resources (DWR) Bond Charge. The DWR Bond Charge is not applicable to exempt Bundled Service and Direct Access Customers, as defined in and pursuant to D.02-10-063, D.02-02-051, and D.02-12-082.  
 7 PUCRF = The PUC Reimbursement Fee is described in Schedule RF-E.  
 8 Total = Total Delivery Service rates are applicable to Bundled Service, Direct Access (DA) and Community Choice Aggregation Service (CCA Service) Customers, except DA and CCA Service Customers are not subject to the DWRBC rate component of this Schedule but instead pay the DWRBC as provided by Schedule DA-CRS or Schedule CCA-CRS.  
 9 Generation = The Generation rates are applicable only to Bundled Service Customers.  
 10 DWREC = Department of Water Resources (DWR) Energy Credit - For more information on the DWR Energy Credit, see the Billing Calculation Special Condition of this Schedule.  
 11 Base LED Charge lists the charges applicable to customers with LED fixtures installed upon a lump sum payment(s).  
 12 Option E is the monthly Energy Efficiency Premium Charge and the Base LED Charge by fixture wattage.  
 Energy Efficiency Premium Charges (EPCC) by fixture wattage:  
 50 Watt / \$1.32, 70 Watt / \$1.32, 100 Watt / \$1.36, 150 Watt / \$1.48, 200 Watt / \$1.76, 250 Watt / \$1.97 and 400 Watt / \$2.79

(Continued)

(To be inserted by utility)  
 Advice 3401-E  
 Decision 16-03-030

Issued by  
R. O. Nichols  
 Senior Vice President

(To be inserted by Cal. PUC)  
 Date Filed May 2, 2016  
 Effective Jun 1, 2016  
 Resolution \_\_\_\_\_



Schedule LS-1  
**LIGHTING - STREET AND HIGHWAY-UNMETERED SERVICE**  
**COMPANY-OWNED SYSTEM**

Sheet 3

(Continued)

**SPECIAL CONDITIONS**

1. Kilowatthours for Lamp Type and Size: The kilowatthours for the lamp types and sizes served under this Schedule used to determine the Energy Charge are shown below:

Lamp Wattage	Average Initial Lumens	kWh Per Lamp Per Month*	
		A All Night Service	B Midnight Service
<b>Incandescent Lamps**</b>			
103	1,000	35.535	18.633
202	2,500	69.690	36.542
327	4,000	112.815	59.154
448	6,000	154.560	81.043
<b>Mercury Vapor Lamps**</b>			
100	4,000	45.195	23.698
175	7,900	74.520	39.074
250	12,000	103.845	54.451
400	21,000	163.530	85.747
700	41,000	277.035	145.263
1,000	55,000	391.575	205.322
<b>High Pressure Sodium Vapor Lamps</b>			
50	4,000	20.010	10.492
70	5,800	28.635	15.015
100	9,500	40.365	21.165
150	16,000	66.585	34.914
200	22,000	84.870	44.501
250	27,500	107.985	56.622
310	37,000	132.135	69.285
400	50,000	167.325	87.737
<b>Low Pressure Sodium Vapor Lamps</b>			
35	4,800	21.735	11.397
55	8,000	28.980	15.196
90	13,500	45.195	23.698
135	22,500	62.790	32.924
180	33,000	79.005	41.426
<b>Metal Halide Lamps</b>			
70	5,500	32.430	16.998
100	8,500	44.505	23.328
150	12,000	61.410	32.188
175	12,000	74.175	38.879
250	19,500	101.775	53.346
400	32,000	158.010	82.822
1,000	100,000	372.600	195.300
1,500	150,000	553.725	290.238

(N)

(N)

\* When an account has more than one lamp, the total kWh will be the kWh per month lamp rating to three decimal places multiplied by the number of lamps.

\*\* Closed to new installations.

(Continued)

(To be inserted by utility)  
Advice 2629-E  
Decision \_\_\_\_\_

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
Date Filed Sep 15, 2011  
Effective Oct 15, 2011  
Resolution \_\_\_\_\_



Schedule LS-1  
LIGHTING - STREET AND HIGHWAY-UNMETERED SERVICE  
COMPANY-OWNED SYSTEM  
(Continued)

Sheet 4

(T)

SPECIAL CONDITIONS (Continued)

1. Kilowatthours For Lamp Type and Size: (Continued)

Light Emitting Diode (LED) Lamps

<u>Lamp Watts Including Driver Loss***</u>	<u>Lamps Watts Including Driver Loss Mid-Point Range****</u>	<u>kWh per Lamp per Month Multiple Service kWh*****</u>	
		<u>All Night</u>	<u>Midnight</u>
0-5	2.50	0.9	0.5
5.01-10	7.50	2.6	1.4
10.01-15	12.50	4.3	2.3
15.01-20	17.50	6.0	3.2
20.01-25	22.50	7.8	4.1
25.01-30	27.50	9.5	5.0
30.01-35	32.50	11.2	5.9
35.01-40	37.50	12.9	6.8
40.01-45	42.50	14.7	7.7
45.01-50	47.50	16.4	8.6
50.01-55	52.50	18.1	9.5
55.01-60	57.50	19.8	10.4
60.01-65	62.50	21.6	11.3
65.01-70	67.50	23.3	12.2
70.01-75	72.50	25.0	13.1
75.01-80	77.50	26.7	14.0
80.01-85	82.50	28.5	14.9
85.01-90	87.50	30.2	15.8
90.01-95	92.50	31.9	16.7
95.01-100	97.50	33.6	17.6
100.01-105	102.50	35.4	18.5
105.01-110	107.50	37.1	19.4
110.01-115	112.50	38.8	20.3
115.01-120	117.50	40.5	21.2
120.01-125	122.50	42.3	22.2
125.01-130	127.50	44.0	23.1
130.01-135	132.50	45.7	24.0
135.01-140	137.50	47.4	24.9
140.01-145	142.50	49.2	25.8
145.01-150	147.50	50.9	26.7
150.01-155	152.50	52.6	27.6
155.01-160	157.50	54.3	28.5
160.01-165	162.50	56.1	29.4
165.01-170	167.50	57.8	30.3
170.01-175	172.50	59.5	31.2

(Continued)

(To be inserted by utility)  
Advice 2591-E  
Decision \_\_\_\_\_

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
Date Filed Jun 10, 2011  
Effective Jul 10, 2011  
Resolution \_\_\_\_\_



Schedule LS-1  
LIGHTING - STREET AND HIGHWAY-UNMETERED SERVICE  
COMPANY-OWNED SYSTEM

Sheet 5

(T)

(Continued)

SPECIAL CONDITIONS (Continued)

1. Kilowatthours For Lamp Type and Size: (Continued)

Light Emitting Diode (LED) Lamps

<u>Lamp Watts Including Driver Loss***</u>	<u>Lamps Watts Including Driver Loss Mid-Point Range****</u>	<u>kWh per Lamp per Month Multiple Service kWh*****</u>	
		<u>All Night</u>	<u>Midnight</u>
175.01-180	177.50	61.2	32.1
180.01-185	182.50	63.0	33.0
185.01-190	187.50	64.7	33.9
190.01-195	192.50	66.4	34.8
195.01-200	197.50	68.1	35.7
200.01-205	202.50	69.9	36.6
205.01-210	207.50	71.6	37.5
210.01-215	212.50	73.3	38.4
215.01-220	217.50	75.0	39.3
220.01-225	222.50	76.8	40.2
225.01-230	227.50	78.5	41.1
230.01-235	232.50	80.2	42.0
235.01-240	237.50	81.9	42.9
240.01-245	242.50	83.7	43.9
245.01-250	247.50	85.4	44.8
250.01-255	252.50	87.1	45.7
255.01-260	257.50	88.8	46.6
260.01-265	262.50	90.6	47.5
265.01-270	267.50	92.3	48.4
270.01-275	272.50	94.0	49.3
275.01-280	277.50	95.7	50.2
280.01-285	282.50	97.5	51.1
285.01-290	287.50	99.2	52.0
290.01-295	292.50	100.9	52.9
295.01-300	297.50	102.6	53.8
300.01-305	302.50	104.4	54.7
305.01-310	307.50	106.1	55.6
310.01-315	312.50	107.8	56.5
315.01-320	317.50	109.5	57.4
320.01-325	322.50	111.3	58.3
325.01-330	327.50	113.0	59.2
330.01-335	332.50	114.7	60.1
335.01-340	337.50	116.4	61.0
340.01-345	342.50	118.2	61.9
345.01-350	347.50	119.9	62.8
350.01-355	352.50	121.6	63.7

(Continued)

(To be inserted by utility)  
 Advice 2591-E  
 Decision \_\_\_\_\_

Issued by  
Akbar Jazayeri  
 Vice President

(To be inserted by Cal. PUC)  
 Date Filed Jun 10, 2011  
 Effective Jul 10, 2011  
 Resolution \_\_\_\_\_



Schedule LS-1  
**LIGHTING - STREET AND HIGHWAY-UNMETERED SERVICE**  
**COMPANY-OWNED SYSTEM**

Sheet 6

(Continued)

1. Kilowatthours For Lamp Type and Size: (Continued)

Light Emitting Diode (LED) Lamps (Continued)

<u>Lamp Watts Including Driver Loss***</u>	<u>Lamps Watts Including Driver Loss Mid-Point Range****</u>	<u>kWh per Lamp per Month Multiple Service kWh*****</u>	
		<u>All Night</u>	<u>Midnight</u>
355.01-360	357.50	123.3	64.6
360.01-365	362.50	125.1	65.6
365.01-370	367.50	126.8	66.5
370.01-375	372.50	128.5	67.4
375.01-380	377.50	130.2	68.3
380.01-385	382.50	132.0	69.2
385.01-390	387.50	133.7	70.1
390.01-395	392.50	135.4	71.0
395.01-400	397.50	137.1	71.9

\*\*\* Lamp Wattage is based on the total wattage consumption of the lamp and driver.

\*\*\*\* The Mid-Point Range of the Lamp Watts including driver, is established by deducting 2.5 Watts from the highest wattage of the corresponding range in the "Lamp Watts Including Driver" column.

\*\*\*\*\* The energy use calculation for All Night Service is (Mid-Point Range watts) x (4,140 hours/12 months/1000). The same calculation is used for Midnight service except that the hours of service is replaced with 2,170 hours.

(D)

(Continued)

(To be inserted by utility)  
 Advice 2860-E  
 Decision \_\_\_\_\_

Issued by  
Akbar Jazayeri  
 Vice President

(To be inserted by Cal. PUC)  
 Date Filed Mar 12, 2013  
 Effective Apr 11, 2013  
 Resolution \_\_\_\_\_

Schedule LS-1 Sheet 7  
LIGHTING - STREET AND HIGHWAY-UNMETERED SERVICE  
COMPANY-OWNED SYSTEM

(Continued)

SPECIAL CONDITIONS (Continued)

2. Standard Installation: A standard installation includes an overhead multiple service installation where SCE furnishes bracket or mast arm construction and standard luminaire attached to a wood pole.

SCE is responsible for all installation costs associated with the initial street light installation, as well as ongoing maintenance and replacement service when SCE has determined that such replacement is necessary. The installed cost of the Standard Installation is established by Commission Decision in SCE's General Rate Case proceeding. All facilities installed shall become and remain the sole property of SCE. (N)

3. Other Than Standard Installation:

a. Prior to January 1, 2014: (N)

(1) Installation and Payment Provision: Where the applicant requests the installation of an other than standard (OTS) Installation and the request is acceptable to SCE, SCE will install the requested equipment provided the OTS street light, installation, design, labor and material is in accordance with SCE's design and engineering specifications, and the applicant agrees to advance the amount invoiced for the installation, as described in 3.a.(2) below. For an underground service installation, the Applicant is responsible for furnishing and installing any necessary conduit, structures, excavating, backfilling and restoration of the pavement in accordance with SCE's specifications. SCE will retain ownership of the facilities, and will be responsible for ongoing maintenance and replacement service when SCE has determined that such replacement is necessary. Advances made for other than a standard installation will not be refunded. (T)

(2) Wood Pole Allowance Provision: For OTS Installations where SCE installs the requested equipment, as described in Special Condition 3.a(1) above, the applicant is required to pay the estimated difference between the OTS installed costs and the Wood Pole Allowance. This amount will be invoiced by SCE, and the customer must satisfy both of the following conditions before January 1, 2014 for the provision of the Wood Pole Allowance to apply: (N)

(a) A complete street light design package must be submitted to SCE including the SCE street light authorization form completed by the applicable public authority, and;

(b) The SCE invoice for the proposed streetlight facilities must be paid in full. (N)  
(D)  
(L)

(Continued)

(To be inserted by utility)

Advice 2872-E  
Decision 13-03-031

Issued by

Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Mar 29, 2013  
Effective Apr 1, 2013  
Resolution \_\_\_\_\_



Schedule LS-1  
LIGHTING - STREET AND HIGHWAY-UNMETERED SERVICE  
COMPANY-OWNED SYSTEM

Sheet 8

(Continued)

SPECIAL CONDITIONS (Continued)

3. Other Than Standard Installation: (Continued)

b. Starting on January 1, 2014:

(1) Installation and Payment Provision: Effective January 1, 2014, where the applicant requests an OTS Installation, and the request is acceptable to SCE, the requested equipment will be installed pursuant to Installation Options (a) or (b), below: (T)

(a) Applicant-Installed: The applicant provides the OTS street light, installation, labor and material (cable and related electrical facilities) of OTS by the applicant's qualified contractor or sub-contractor in accordance with SCE's design and engineering specifications, covers all costs associated with the installation of the OTS street light facility (including furnishing and installing any necessary conduit, structures, excavation, backfill and restoration of the pavement in accordance with SCE's specifications), pays SCE for system inspections and upon completion of facility installation and subsequent acceptance by SCE, the applicant transfers and conveys ownership of all installed structures and facilities to SCE. SCE will be responsible for ongoing maintenance and replacement service when SCE has determined that such replacement is necessary.

(b) SCE-Installed: The applicant requests SCE to provide the OTS street light installation, design, labor and material in accordance with SCE's design and engineering specifications, and the applicant agrees to advance the full cost of the installation. For an underground service installation, the Applicant is responsible for furnishing and installing any necessary conduit, structures, excavation, backfill and restoration of the pavement in accordance with SCE's specifications. SCE will retain ownership of the facilities, and will be responsible of ongoing maintenance and replacement service when SCE has determined that such replacement is necessary. Advances made for OTS Installations will not be refunded.

(2) Wood Pole Allowance Provision: Effective January 1, 2014, SCE will discontinue granting the Wood Pole Allowance to applicants under this Schedule.

4. Hours of Service: Under SCE's standard all night operating schedule approximately 4,140 hours of service per year will be furnished. Under SCE's midnight service operating schedule approximately 2,170 hours of service per year will be furnished.

(Continued)

(To be inserted by utility)  
Advice 3118-E  
Decision \_\_\_\_\_

Issued by  
Megan Scott-Kakures  
Vice President

(To be inserted by Cal. PUC)  
Date Filed Oct 23, 2014  
Effective Nov 22, 2014  
Resolution \_\_\_\_\_



Schedule LS-1  
LIGHTING - STREET AND HIGHWAY-UNMETERED SERVICE  
COMPANY-OWNED SYSTEM  
(Continued)

Sheet 9 (T)

SPECIAL CONDITIONS (Continued)

5. Other Than All Night Service:

- a. Where the customer requests the installation and/or removal of equipment in order to obtain Midnight Service and such request is acceptable to SCE, SCE will comply with such request provided the customer first agrees to pay to SCE the estimated cost installed of any additional equipment required and/or the removal cost of equipment currently installed. Such payments will not be refunded and shall be paid in advance or in installments acceptable to SCE over a period not to exceed three years. Facilities installed in connection with such requests become and remain the sole property of SCE.
- b. Total non-energy charge(s) shown under the RATES section shall be applicable under this Schedule when SCE has been requested to discontinue the existing service by the customer and the customer has stipulated, in writing, that the facilities are to be left in place for future use.

6. Removal, Relocation or Modification of Facilities:

- a. Where street lighting service and facilities are ordered removed by a customer and such facilities, or any part thereof, were in service for a period of less than 10 years (120 consecutive months), the customer shall pay to SCE a nonrefundable amount equal to the total estimated cost installed less any customer contribution, plus the estimated cost of removal less the estimated net salvage value of the facilities.
- b. Where street lighting service and facilities were ordered removed or modified by a customer and such service and facilities, or their equivalent, are ordered reinstalled within 36 months from the date of the order to remove or to modify, the customer shall pay to SCE, in advance of the reinstallation, a nonrefundable amount equal to the cost of removal or modification of the prior facilities and the estimated cost of such reinstallation.

(Continued)

(To be inserted by utility)  
Advice 2872-E  
Decision 13-03-031

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
Date Filed Mar 29, 2013  
Effective Apr 1, 2013  
Resolution \_\_\_\_\_



Schedule LS-1

Sheet 10 (T)

LIGHTING - STREET AND HIGHWAY-UNMETERED SERVICE  
COMPANY-OWNED SYSTEM

(Continued)

SPECIAL CONDITIONS (Continued)

6. Removal, Relocation or Modification of Facilities: (Continued)

- c. Where street lighting facilities are ordered modified and/or relocated by a customer, the customer shall pay to SCE, in advance of such modification and/or relocation, a nonrefundable amount equal to the estimated cost of such modification and/or relocation. This includes facilities that now serve street light load only, but that may have been installed originally to serve other than street light load.
- d. Facilities removed or installed remain the sole property of SCE.

7. Requirements and Restrictions:

- a. The applicant for street light service shall specify the type of service, lamp size, and location of street lights.
- b. Service shall not be furnished under this Schedule where location, mounting height, and/or other considerations are unacceptable to SCE.
- c. The installation of street lighting equipment and facilities hereunder is contingent upon SCE obtaining easements, rights of way, and highway permits satisfactory to SCE for the required poles, lines, equipment, and facilities.
- d. In accordance with Rule 4, a written contract for a term of not less than one year and not more than five years is required in order to receive street light service under the provisions of this Schedule.
- e. Should the applicant not commence using the street lighting in a bona fide manner within ninety (90) days after date of completion and installation of a street light or street lighting system requested by the applicant, SCE will bill, and the applicant shall pay, the applicable non-energy (other charges) portion of the lamp charge(s).

(Continued)

(To be inserted by utility)

Advice 2872-E  
Decision 13-03-031

Issued by

Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Mar 29, 2013  
Effective Apr 1, 2013  
Resolution \_\_\_\_\_



Schedule LS-1  
LIGHTING - STREET AND HIGHWAY  
COMPANY-OWNED SYSTEM  
(Continued)

Sheet 11 (T)

SPECIAL CONDITIONS (Continued)

- 8. Timed Auxiliary Power Device Adaptor (TAP):
  - a. This service is available under the terms and conditions stated below. An annual charge per device, found in the RATES section of this Schedule, plus a one-time set up administrative fee and a per modification administrative fee of \$65.00 per account plus Energy Charges billed at the LS-1 Midnight Service rate.
  - b. A Standard Installation shall consist of an individual TAP installed on SCE-owned ornamental street lighting pole.
  - c. This rate option is only available to governmental agencies who are the customer of record for ornamental street lighting service. A written Application and Agreement is required for service in conjunction with SCE-owned ornamental street lighting poles.
  - d. SCE will install the requested TAP and the installed TAP shall remain the sole property of SCE.
  - e. The installation of the applicant's holiday lighting decorations and hanger assemblies shall be in accordance with SCE's specifications.
  - f. The applicant shall specify the number of TAPs required. Billing will be based on the manufacturers' 300 watt rating for each device and the hours of operation.
  - g. At the time of installation of the TAP and annually thereafter until such TAP has been removed, the customer will be required to pay the annual charge.
  - h. In no case shall the granting of permission to install lighted holiday decorations for use with a TAP device on SCE's ornamental poles give the applicant any additional rights.

(Continued)

(To be inserted by utility)  
Advice 2872-E  
Decision 13-03-031

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
Date Filed Mar 29, 2013  
Effective Apr 1, 2013  
Resolution \_\_\_\_\_



Schedule LS-1  
LIGHTING - STREET AND HIGHWAY  
COMPANY-OWNED SYSTEM

Sheet 12 (T)

(Continued)

SPECIAL CONDITIONS (Continued)

- 9. Maintenance: SCE shall exercise reasonable care and diligence in maintaining its street light facilities or SCE-owned attachments thereto. Where SCE experiences, or expects to experience, maintenance costs exceeding its normal maintenance expense resulting from, but not limited to, vandalism, SCE may require the customer to pay the excess maintenance expense.
- 10. Liability of SCE: SCE shall not, by taking action pursuant to its tariffs, be liable for any loss, damage, or injury, established or alleged, which may result, or be claimed to result, therefrom.
- 11. Differential Facilities Rate: Where a governmental agency (applicant) requests and SCE agrees to install facilities which are in addition to the Standard Installation (differential facilities), the differential facilities installed costs shall be borne by the applicant.

In addition, where an applicant requests and SCE agrees to acquire the applicant's series street light system, the difference between the cost of the facilities to convert the series system to multiple service and the cost of the Standard Installation, shall be borne by the applicant.

At the option of SCE, the applicant may pay the differential facilities installed costs as a monthly charge in lieu of a one-time payment. The monthly charge is equal to 1.2 percent times the differential facilities total installed costs.

A Schedule LS-1 Differential Facilities Rate Agreement is required for service under this Special Condition.

- 12. Parking Lot Lighting Service: An "Agreement For Parking Lot Lighting Service SCE-Owned System Schedule LS-1" (Form 14-685) shall be required for parking lot lighting service under this Schedule.

(Continued)

(To be inserted by utility)

Advice 2872-E  
Decision 13-03-031

Issued by

Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Mar 29, 2013  
Effective Apr 1, 2013  
Resolution \_\_\_\_\_



Schedule LS-1  
LIGHTING - STREET AND HIGHWAY  
COMPANY-OWNED SYSTEM  
(Continued)

SPECIAL CONDITIONS (Continued)

13. Billing Calculation: A customer's bill is calculated according to the rates and conditions above.

The charges listed in the RATES section are calculated by multiplying the Total Delivery Service rates and the Generation rates, when applicable, by the billing determinants (e.g., per kilowatt [kW], kilowatthour [kWh], etc.).

As of January 1, 2012, all generation supplied to Bundled Service Customers is provided by SCE. The DWR Energy Credit provided to Bundled Service Customers is determined by multiplying the DWR Energy Credit rate component by the customer's total kWhs.

- a. Bundled Service Customers receive Delivery Service and Generation service from SCE. The customer's bill is the sum of the charges for Delivery Service and Generation service determined, as described in this Special Condition, and subject to applicable discounts or adjustments provided under SCE's tariff schedules.
- b. Direct Access Customers receive Delivery Service from SCE and purchase energy from an Energy Service Provider. The customer's bill is the sum of the charges for Delivery Service determined as described in this Special Condition except that the DWRBC rate component is subtracted from the Total Delivery Service rates before the billing determinants are multiplied by such resulting Total rates; plus the applicable charges as shown in Schedule DA-CRS and subject to applicable discounts or adjustments provided under SCE's tariff schedules.
- c. CCA Service Customers receive Delivery Service from SCE and purchase energy from their Community Choice Aggregator (CCA). SCE will read the meters and present the bill for both Delivery and Generation Services to the CCA Service Customer. The customer's bill is the sum of the charges for Delivery Service as displayed in this Rate Schedule and Generation charges determined by the CCA plus the applicable charges as shown in Schedule CCA-CRS, and subject to applicable discounts or adjustments provided under SCE's tariff schedules.

(To be inserted by utility)  
Advice 2872-E  
Decision 13-03-031

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
Date Filed Mar 29, 2013  
Effective Apr 1, 2013  
Resolution \_\_\_\_\_



Schedule LS-1  
LIGHTING - STREET AND HIGHWAY  
COMPANY-OWNED SYSTEM  
(Continued)

Sheet 14

SPECIAL CONDITIONS (Continued)

14. Option E: Option E, Energy Efficiency - Light Emitting Diode (LED) Fixture Replacement

Customers electing to have SCE replace its existing street lighting fixtures with LED street lighting fixtures to achieve energy efficiency benefits for the customer may elect this Option instead of the Base LED lamp charge, which applies to customers that elect an upfront lump sum payment for LED fixture replacement costs. Customers with decorative street lighting fixtures may also elect to be served under this Option; however an up-front one-time payment of the differential cost between the decorative light fixture and a non-decorative light fixture is required.

Customers electing this Option are subject to the monthly rates in Option E in the RATES section, which include an Energy Efficiency Premium Charge (EEPC) and a Base LED Charge.

Customers must sign Form 14-965, Schedule LS-1 Option E, Energy Efficiency-LED Fixture Replacement Rate Agreement (Agreement) to qualify for this Option and will be subject to a term of 20 years (Term). At the end of the Term, the customer will be moved from Option E to the Base LED Charge of this Schedule. The customer may terminate the Agreement at any time within the Term upon a 30-day advance written notice, provided that the customer, prior to or within the 30-day notice period, assigns the Agreement to any New Party In (NPI) that owns, rents or leases the premises with the street lighting fixtures replaced under this Option and will take service under Option E of this Schedule effective as of the date of termination; otherwise, the customer shall pay a one-time termination charge equal to the balance of the EEPC of Option E over the remaining Term. The NPI will pay the Option E monthly charges for the remaining Term pursuant to the terms and conditions of Form 14-965 and Option E of this Schedule.

(Continued)

(To be inserted by utility)

Advice 3241-E  
Decision 14-10-046

Issued by  
R.O. Nichols  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jun 30, 2015  
Effective Jun 1, 2016  
Resolution \_\_\_\_\_

**AGENDA ITEM:**

**CITY OF TULARE, CA  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department:** City Manager

**For Council Meeting of:** September 20, 2016

**Documents Attached:**  Ordinance  Resolution  Staff Report  Other  None

---

**AGENDA ITEM:**

Adopt Resolution 16-\_\_\_ nominating Tulare Council Member Craig Vejvoda to the San Joaquin Valley Air Pollution Control District Governing Board in accordance with procedures adopted by the Special City Selection Committee.

**IS PUBLIC HEARING REQUIRED:**  Yes  No

**BACKGROUND/EXPLANATION:**

According to the rotation schedule adopted by the San Joaquin Valley Special City Selection Committee (Committee), there is currently a vacancy on the Air Board that must be filled by a council member from a city with a population of less than 100,000 from Tulare County. Pursuant to Health & Safety Code Section 40600.5, appointments to the Air Board will be made by the Committee. The next step in this process is for all Tulare County cities to choose from candidates who have applied for the vacant position; to date Council Member Craig Vejvoda, City of Tulare is the proposed candidate.

The City Council must vote to nominate a candidate to the Air Board. Consideration of this appointment and corresponding vote must take place on a regularly scheduled publicly noticed agenda approved by Resolution.

**STAFF RECOMMENDATION:**

Adopt Resolution 16-\_\_\_ nominating Tulare Council Member Craig Vejvoda to the San Joaquin Valley Air Pollution Control District Governing Board in accordance with procedures adopted by the Special City Selection Committee.

**CITY ATTORNEY REVIEW/COMMENTS:**  Yes  N/A

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

**FUNDING SOURCE/ACCOUNT NUMBER:**

**Submitted by:** Paul Melikian

**Title:** Interim City Manager

**Date:** September 15, 2016

**City Manager Approval:** \_\_\_\_\_

**RESOLUTION 16-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
TULARE NOMINATING A CANDIDATE TO THE SAN JOAQUIN VALLEY AIR POLLU-  
TION CONTROL DISTRICT GOVERNING BOARD IN ACCORDANCE  
WITH PROCEDURES ADOPTED BY THE  
SPECIAL CITY SELECTION COMMITTEE**

**WHEREAS**, Health and Safety Code Section 40600.5 created a Special City Selection Committee for the appointment of city members of the San Joaquin Valley Air Pollution Control District (District) Governing Board; and

**WHEREAS**, the Special City Selection Committee has adopted procedures and a rotation schedule for making their appointments, and based upon the adopted rotation schedule a city council member representing a “small” city with a population of less than 100,000 from Tulare County shall be appointed to the District Governing Board; and

**WHEREAS**, in selecting a nominee for appointment by the Special City Selection Committee to the District Governing Board, the City Council considered the application materials from the eligible candidates; and

**WHEREAS**, the Vote to select a nominee took place as an item on the publicly noticed agenda scheduled for Tuesday, September 20, 2016; and

**NOW, THEREFORE, BE IT RESOLVED**, that the City of Tulare nominates City of Tulare Council Member Craig Vejvoda for consideration by the Special City Selection Committee for appointment to the District Governing Board.

**Passed, approved, and adopted this 20<sup>th</sup> day of September, 2016.**

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

ATTEST:

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

I, Paul Melikian, Interim City Manager/City Clerk of the City of Tulare, certify the foregoing is the full and true Resolution 16-\_\_\_\_\_ passed and adopted by the Council of the City of Tulare at a regular meeting held on September 20, 2016, by the following vote:

Aye(s) \_\_\_\_\_

Noe(s) \_\_\_\_\_ Abstention(s)\_\_\_\_\_.

Dated: PAUL MELIKIAN, INTERIM CITY MANAGER/CITY CLERK

By Roxanne Yoder, Chief Deputy

<b>AGENDA ITEM:</b>
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**CITY OF TULARE  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department: Community Development**

**For Council Meeting of: September 20, 2016**

**Documents Attached:**  Ordinance  Resolution  Staff Report  Other  None

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***AGENDA ITEM:***

Review of the Consultant Services Agreement between the City of Tulare and Retail Strategies for retail attraction and recruitment, and consideration to exercise the City's option to renew for a one year extension as provided for in the Agreement; and to grant authorization to the interim City Manager to execute documents necessary to effectuate the extension.

***IS PUBLIC HEARING REQUIRED:***  Yes  No

***BACKGROUND/EXPLANATION:***

On September 2, 2015, the City of Tulare and Retail Strategies, LLC, entered into a Consultant Services Agreement whereby Retail Strategies would perform retail attraction and recruitment activities for the City of Tulare including but not limited to, quantitative and in-market analysis and development of a retail recruitment strategic plan. The term of the Agreement is for a period of one year from the date of execution with an option by the City to renew for two one-year extensions. (Copy attached)

The City paid Retail Strategies the sum of \$50,000 for the initial first year of deliverables (September 2015- September 2016):

**Research**

- ✓ Quantitative and In-Market assessment of real estate assets
- ✓ Access to Basecamp
- ✓ Development retail recruitment strategic plan
- ✓ Recruitment strategy for new retail and restaurant companies
- ✓ Provide identification and recommendation of retail prospects
- ✓ Recommendation of site locations for retail/restaurant concepts
- ✓ Development of marketing materials
- ✓ Call list and recruitment updates

**Execution of Strategic Recruitment Plan**

- ✓ Work with local property owners, developers and real estate professionals in order to facilitate retail growth, including On Demand Research/Analysis
- ✓ Outreach to retail prospects with continuous updating of retail prospect list
- ✓ Representation at national and regional retail real estate conferences



Retail Strategies provided frequent updates to staff of progress on deliverables over the past year. Highlights of accomplishments are as follows:

- ✓ Provided demographic reporting on trade area, consumer attitude and spending habits, peer marketing and retail gap analysis.
- ✓ Created new marketing material for City including a custom marketing guide.
- ✓ Presented a retail recruitment plan to City in November 2015.
- ✓ Outreach to local brokers and property owners.
- ✓ Identification of 113 national retailers from 7 specific categories that are in expansion mode and looking for markets similar to Tulare. Outreach to 72 retailers with feedback from 34. Currently assisting 5 national retailers with market analysis and site selection assistance.
- ✓ Represented City of Tulare at 2015 ICSC Western Conference, ICSC Texas Deal Making Conference, 2016 ICSC RECon, and 2016 ICSC San Diego.

Should the City wish to extend the Consultant Services Agreement with Retail Strategies for year two, the fee for services is \$25,000 to be allocated from the economic development assistance fund. Retail Strategies will provide updated research and continue on-demand research reports/analysis; update quantitative research; update the Strategic Retail Recruitment Plan and retail prospect list and continue representation at national and regional retail real estate conferences.

**STAFF RECOMMENDATION:**

Review of the Consultant Services Agreement between the City of Tulare and Retail Strategies for retail attraction and recruitment, and consideration to exercise the City's option to renew for a one year extension as provided for in the Agreement; and to grant authorization to the interim City Manager to execute documents necessary to effectuate the extension.

**CITY ATTORNEY REVIEW/COMMENTS:**  Yes    N/A

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

**FUNDING SOURCE/ACCOUNT NUMBER:** Economic Development Assistance Fund

**Submitted by:** Traci Myers

**Title:** Community Development Deputy Director

**Date:** September 12, 2016

**City Manager Approval:** \_\_\_\_\_

## CONSULTANT SERVICES AGREEMENT

THIS AGREEMENT is made and entered into effective this 2nd day of Sept, 2015, by and between the CITY OF TULARE, a California municipal corporation (hereinafter referred to as "CITY"), and RETAIL STRATEGIES LLC, an Alabama Limited Liability Company (hereinafter referred to as "CONSULTANT").

### RECITALS

**WHEREAS**, CITY desires to obtain professional economic development consultation services for enhancement of retail opportunities in the CITY, hereinafter referred to as the "Project;" and

**WHEREAS**, CONSULTANT is engaged in the business of furnishing consulting services in that field and hereby represents that it desires to and is professionally and legally capable of performing the services called for by this Agreement; and

**WHEREAS**, CONSULTANT acknowledges that this Agreement is subject to the requirements of the City of Tulare;

**WHEREAS**, this Agreement will be administered for CITY by its Community Development Deputy Director (herein after referred to as "Administrator") or his/her designee.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the foregoing and of the covenants, conditions, and promises hereinafter contained to be kept and performed by the respective parties, it is mutually agreed as follows:

1. Scope of Services. CONSULTANT shall perform to the satisfaction of CITY the services described in **Exhibit A**, including all work incidental to, or necessary to perform, such services even though not specifically described in **Exhibit A**.

2. Term of Agreement and Time for Performance. This Agreement shall be effective from the date first set forth above ( "Effective Date" ) and shall continue in full force and effect for a period of one year with an option by the CITY to renew for two one year extensions, subject to any earlier termination in accordance with the terms of this Agreement. The services of CONSULTANT as described in **Exhibit A** are to commence upon the Effective Date and shall be completed in a sequence assuring expeditious completion, but in any event, all such services shall be completed prior to expiration of this Agreement and in accordance with any performance schedule set forth in **Exhibit A**.

3. Compensation.

(a) The Client agrees to pay Consultant for the services as set forth herein, the sum of **\$50,000**. Full payment is to be made after execution of this agreement and receipt of the invoice from Retail Strategies, LLC. Client will remit payment to Consultant upon receipt of invoice but no later than within thirty (30) days from receipt of invoice. The compensation for extensions of this contract by the CITY for years two and three shall be **\$25,000** per year payable in the same manner as set forth above. CITY shall have the right to renew the contract for additional years, starting in year four, at the rate of **\$25,000** per year and thereafter, as mutually agreed between CITY and Consultant. Fees paid for each annual term shall be fully earned when paid. CITY acknowledges that affiliates of Consultant act in the capacity of a real estate brokerage service business and may earn fees for services including brokerage, development, leasing and

management fees in the performance of such affiliates services as part of the scope of the Project.

(b) The parties may modify this Agreement to increase or decrease the scope of services or provide for the rendition of services not required by this Agreement, which modification shall include an adjustment to CONSULTANT'S compensation. Any change in the scope of services must be made by written amendment to the Agreement signed by an authorized representative for each party. CONSULTANT shall not be entitled to any additional compensation if such additional services are performed prior to an execution of a written amendment by both Parties.

#### 4. Termination, Remedies and Force Majeure.

(a) This Agreement shall terminate without any liability of CITY to CONSULTANT upon the earlier of: (i) CONSULTANT'S filing for protection under the federal bankruptcy laws, or any bankruptcy petition or petition for receiver commenced by a third party against CONSULTANT; (ii) 30 calendar days prior written notice with or without cause by CITY to CONSULTANT; (iii) CITY'S non-appropriation of funds sufficient to meet its obligations hereunder during any CITY fiscal year of this Agreement, or insufficient funding for the Project; or (iv) expiration of this Agreement.

(b) Upon any termination or expiration of this Agreement, CONSULTANT shall (i) immediately stop all work hereunder; and (ii) return to CITY any and all properties and materials in the possession of CONSULTANT that are owned by CITY.

(c) Upon any breach of this Agreement by CONSULTANT, CITY may exercise any right, remedy (in contract, law or equity), or privilege which may be available to it under applicable laws of the State of California or any other applicable law. If it is determined that CITY improperly terminated this Agreement for default, such termination shall be deemed a termination for convenience.

(d) CONSULTANT shall provide CITY with adequate written assurances of future performance, upon Administrator's request, in the event CONSULTANT fails to comply with any terms or conditions of this Agreement.

#### 5. Confidential Information and Ownership of Documents.

(a) Any reports, information, or other data prepared or assembled by CONSULTANT pursuant to this Agreement shall not be made available to any individual or organization by CONSULTANT without the prior written approval of the Administrator. During the term of this Agreement, and thereafter, CONSULTANT shall not, without the prior written consent of CITY, disclose to anyone any Confidential Information. The term Confidential Information for the purposes of this Agreement shall include all proprietary and confidential information of CITY, including but not limited to business plans, marketing plans, financial information, materials, compilations, documents, instruments, models, source or object codes and other information disclosed or submitted, orally, in writing, or by any other medium or media. All Confidential Information shall be and remain confidential and proprietary in CITY.

(b) The CITY agrees to cooperate with and provide CONSULTANT with access to facilities and information within its reasonable possession and control, requested by CONSULTANT for its review and use in performing the services herein. Provided, however, all such documents, information, results, memoranda and all other written information ("information") shall be held confidential by CONSULTANT and shall not, without the prior written consent of the

Consultant Services Agreement – Retail Strategies, LLC

CITY, be used for any purpose other than the performance of this agreement nor be disclosed to any other entity not connected with performance of this agreement. Upon completion of services, CONSULTANT shall return all such information to the CITY. The CITY shall retain ownership of all such information provided by CITY. .

(c) This Section 5 shall survive expiration or termination of this Agreement.

6. Professional Skill. CONSULTANT represents and warrants to the CITY that it and all of its employees that will be working on the project for the CITY are qualified and competent to perform the services required. Such personnel shall not be employees of or have any pre-existing contractual relationship with the CITY. All of the services required hereunder will be performed by CONSULTANT or under its supervision.

7. Insurance. CONSULTANT shall maintain the insurance shown on **Exhibit B** throughout the term of this Agreement.

8. Conflict of Interest and Non-Solicitation.

(a) Prior to CITY'S execution of this Agreement, CONSULTANT shall complete a City of Tulare conflict of interest disclosure statement in the form as set forth in **Exhibit C**. During the term of this Agreement, CONSULTANT shall have the obligation and duty to immediately notify CITY in writing of any change to the information provided by CONSULTANT in such statement.

(b) CONSULTANT shall comply with all applicable (i) professional canons and requirements governing avoidance of impermissible client conflicts; and (ii) federal, state and local conflict of interest laws and regulations including, without limitation, California Government Code Section 1090 et. seq., the California Political Reform Act (California Government Code Section 87100 et. seq.) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations Section 18700 et. seq.). Upon discovery of any facts giving rise to the appearance of a conflict of interest, CONSULTANT shall immediately notify CITY of these facts in writing.

(c) In performing the work or services to be provided hereunder, CONSULTANT shall not employ or retain the services of any person while such person either is employed by CITY or is a member of any CITY council, commission, board, committee, or similar CITY body. This requirement may be waived in writing by the City Manager, if no actual or potential conflict is involved.

(d) CONSULTANT represents and warrants that it has not paid or agreed to pay any compensation, contingent or otherwise, direct or indirect, to solicit or procure this Agreement or any rights/benefits hereunder.

(e) CONSULTANT shall not bid for, assist anyone in the preparation of a bid for, or perform any services pursuant to, any other contract in connection with this Project unless fully disclosed to and approved by the City Manager, in advance and in writing. CONSULTANT shall have no interest, direct or indirect, in any other contract with a third party in connection with this Project unless such interest is in accordance with all applicable law and fully disclosed to and approved by the City Manager, in advance and in writing. Notwithstanding any approval given by the City Manager under this provision, CONSULTANT shall remain responsible for complying with Section 9(b), above.

(f) This Section shall survive expiration or termination of this Agreement.

9. General Terms.

Except as otherwise provided by law, all notices expressly required of CITY within the body of this Agreement, and not otherwise specifically provided for, shall be effective only if signed by the Administrator or his/her designee.

10. Nondiscrimination. To the extent required by controlling federal, state and local law, CONSULTANT shall not employ discriminatory practices in the provision of services, employment of personnel, or in any other respect on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era.

11. Notices. Any notice required or intended to be given to either party under the terms of this Agreement shall be in writing and shall be deemed to be duly given if delivered personally, transmitted by facsimile followed by telephone confirmation of receipt, or sent by United States registered or certified mail, with postage prepaid, return receipt requested, addressed to the party to which notice is to be given at the party's address set forth on the signature page of this Agreement or at such other address as the parties may from time to time designate by written notice. Notices served by United States mail in the manner above described shall be deemed sufficiently served or given at the time of the mailing thereof.

CITY: City of Tulare City Clerk  
411 E. Kern Avenue  
Tulare, CA 93275

CONSULTANT: Retail Strategies, LLC  
120 18<sup>th</sup> Street South, Suite 201  
Birmingham, Alabama 35233  
Attention: W. Mead Silsbee, III

12. Binding. Subject to Section 16, below, once this Agreement is signed by all parties, it shall be binding upon, and shall inure to the benefit of, all parties, and each parties' respective heirs, successors, assigns, transferees, agents, servants, employees and representatives.

13. Assignment.

(a) This Agreement is personal to CONSULTANT and there shall be no assignment by CONSULTANT of its rights or obligations under this Agreement without the prior written approval of the City Manager or his/her designee. Any attempted assignment by CONSULTANT, its successors or assigns, shall be null and void unless approved in writing by the City Manager or his/her designee.

(b) CONSULTANT hereby agrees not to assign the payment of any monies due CONSULTANT from CITY under the terms of this Agreement to any other individual(s), corporation(s) or entity(ies). CITY retains the right to pay any and all monies due CONSULTANT directly to CONSULTANT.

14. Compliance with Law. In providing the services required under this Agreement, CONSULTANT shall at all times comply with all applicable laws of the United States, the State of California and CITY, and with all applicable regulations promulgated by federal, state, regional, or

local administrative and regulatory agencies, now in force and as they may be enacted, issued, or amended during the term of this Agreement.

15. Waiver. The waiver by either party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Agreement. No provisions of this Agreement may be waived unless in writing and signed by all parties to this Agreement. Waiver of any one provision herein shall not be deemed to be a waiver of any other provision herein.

16. Governing Law and Venue. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction. Venue for purposes of the filing of any action regarding the enforcement or interpretation of this Agreement and any rights and duties hereunder shall be Tulare County, California.

17. Headings. The section headings in this Agreement are for convenience and reference only and shall not be construed or held in any way to explain, modify or add to the interpretation or meaning of the provisions of this Agreement.

18. Severability. The provisions of this Agreement are severable. The invalidity, or unenforceability of any one provision in this Agreement shall not affect the other provisions.

19. Interpretation. The parties acknowledge that this Agreement in its final form is the result of the combined efforts of the parties and that, should any provision of this Agreement be found to be ambiguous in any way, such ambiguity shall not be resolved by construing this Agreement in favor of or against either party, but rather by construing the terms in accordance with their generally accepted meaning.

20. Attorney's Fees. If either party is required to commence any proceeding or legal action to enforce or interpret any term, covenant or condition of this Agreement, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees and legal expenses.

21. Exhibits. Each exhibit and attachment referenced in this Agreement is, by the reference, incorporated into and made a part of this Agreement.

22. Precedence of Documents. In the event of any conflict between the body of this Agreement and any Exhibit or Attachment hereto, the terms and conditions of the body of this Agreement shall control and take precedence over the terms and conditions expressed within the Exhibit or Attachment. Furthermore, any terms or conditions contained within any Exhibit or Attachment hereto which purport to modify the allocation of risk between the parties, provided for within the body of this Agreement, shall be null and void.

23. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

24. No Third Party Beneficiaries. The rights, interests, duties and obligations defined within this Agreement are intended for the specific parties hereto as identified in the preamble of this Agreement. Notwithstanding anything stated to the contrary in this Agreement, it is not intended that any rights or interests in this Agreement benefit or flow to the interest of any third parties.

25. Extent of Agreement. Each party acknowledges that they have read and fully understand the contents of this Agreement. This Agreement represents the entire and integrated agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be modified only by written instrument duly authorized and executed by both CITY and CONSULTANT.

City of Tulare, CA  
By Don Downer  
Title City Manager  
Date 9/2/2015

CONSULTANT:  
RETAIL STRATEGIES, LLC  
By [Signature]  
Title Manager  
Date 8/28/15

APPROVED AS TO FORM AND CONTENT  
[Signature]  
Martin D. Koczanowicz, City Attorney

## EXHIBIT A

### PROPOSAL TO THE CITY OF TULARE, CALIFORNIA MARKET ANALYSIS, STRATEGIC PLANNING AND RETAIL RECRUITMENT

#### PROJECT APPROACH AND METHODOLOGY

The project will be overseen by the Principals of Retail Strategies, the VP for the territory, Joseph Fackel, and the Client Manager for the project; with support from research manager and retail recruitment staff. This combination of the Retail Strategies' team, utilizing each team member's individual skill set, will create the synergy needed to develop successful retail recruitment in Tulare.

The City of Tulare will be asked to provide the following:

- A project lead to provide information and updates on our progress as well as disseminate information to local stakeholders prior to the research phase of the project.
- A point person to access BaseCamp where the research, analysis, marketing materials, and strategic plan are stored.
- Images and information to be used on the marketing materials
- Provide contacts to property owners from property that is identified as a "Key Site" for retail/shopping center development
- Provide traffic counts for intersections and streets.

#### RESEARCH: QUANTITATIVE AND IN-MARKET ANALYSIS

Our research solutions are not a "one size fits all" or pre-formatted by an industry standard radius or drive-time area. Each city, community, or retail trade area requires unique analysis based on numerous factors including natural boundary areas, current retail tenant mix, travel times, radius areas and existing sites/buildings. Our research focuses on identifying the data points that are most likely to influence the site location decisions of retailers. Once these data points are determined – we provide thematic maps, aerial photos, asset maps, and customized research reports by retail concept. Retail Strategies primary data resources include:

##### Conduct and Deliver Market Research to Include:

- The initial research is concluded prior to Strategic Plan delivery 60 days post contract execution. Research updates, site specific research and on-demand research continue throughout the engagement.
- Identify Tulare Retail Trade Areas using political boundaries, drive times and radii and custom boundary geographies
- Perform Market & Retail GAP Analysis for each trade area (Leakage and Surplus)



- Provide Consumer Attitude and Behavior Analysis
- Conduct Retail Peer Market Analysis • Cannibalization Analysis (Distance Tolerance) for all recommended retail prospects between nearest existing locations and Tulare
- Tapestry Lifestyles – Psychographic Profile of Trade Area / Market Segmentation Analysis
- Thematic Mapping and Aerial Imagery by trade area
- Retail Competitor Mapping/Analysis
- Market Maximization Summary and Strategic Leasing Plan
- Analysis of future retail space requirements in relation to the retail market analysis, the market's growth potential and trends in the retail industry
- Identification of Retail Prospects to be targeted for recruitment
- Retailer Recruitment and Execution of the Retail Strategic Plan
- Updates on Retail Industry Trends
- Custom On-Demand Demographic Research – Historical, Current, and Projected Demographics – to include market trade areas by radius/drive-time, and custom trade areas associated with Tulare.

#### In-Market Assessment of Real Estate Assets:

In-Market visit is scheduled at project launch and completed prior to development of Strategic Recruitment Plan.

- Identify/Evaluate/Catalog Priority Commercial Properties for Development, Re-development and higher and best use opportunities • Identification of Priority Business Categories for Recruitment and/or Local Expansion
- Perform Competitive Analysis of Existing Shopping Centers and retail corridors

#### Project Management through BaseCamp:

BaseCamp account is established for the project and primary contacts receive instructions on setting login credentials and BASIC Training in order to upload information requested by Retail Strategies. Research Reports will be made available through Basecamp as initial research is completed.

Retail Strategies uses BaseCamp as our document and project management solution to provide access to all project deliverables and real time updates to the appropriate community contacts. Basecamp is a two way project management solution allowing our clients the ability to upload information to the Retail Strategies team, set alerts, create to do lists, and much more. Retail Strategies also provides all pro-active recruiting updates to our clients through their Basecamp account.

The Client Manager for the Tulare engagement will also upload any on demand research requests and updates of conversations with local property owners, commercial realtors and

developers. All users designated by Tulare will receive Basecamp training from Retail Strategies staff through a web meeting.

### **DEVELOPMENT OF RETAIL RECRUITMENT STRATEGIC PLAN:**

Retail Recruitment Strategic Plan is completed and Delivered to Tulare uploaded to client's BaseCamp account within 60 days.

Provide a Recruitment Strategy for New Retail and Restaurant Companies – Retail Strategies will develop a Strategic Retail Recruitment plan which will be a summary of the primary retail gaps inclusive of the key retail and restaurant concepts to be pursued with an overview of each retailer relative to size, economics, etc. The Strategic Plan will identify both short-term and long-term recruitment objectives and goals.

Provide Identification and Recommendation of Retail Prospects – Retail Strategies will develop a Retail Prospect List which will include retail prospects targeted for recruitment to Tulare. This list of retailers is based on the initial research and analysis – both quantitative and in-market - done on behalf of the City of Tulare. The Retail Prospect List is a dynamic document which is continuously updated based on real time conversations with both retailers and developers. As we represent Tulare nationally, present opportunities in Tulare to retailers and developers, and learn of newly announced retail expansion plans and concepts, the prospect list will be updated accordingly.

Recommendations for Site Locations for Retail/Restaurant Companies - Retail Strategies, LLC will work with the City to prioritize commercial properties that may be suitable sites to present to prospective new retailers. This will include maps, marked aerials, and all pertinent contact and site specific information relative to each site.

Develop Marketing Materials - Retail Strategies will develop marketing materials on the client's behalf to market the community to retailers, developers, etc. These marketing materials become one of the "tools" used to position Tulare as destination for new retail development.

### **EXECUTION OF CUSTOMIZED STRATEGIC RETAIL RECRUITMENT PLAN:**

Retail Strategies begins the Retail Recruitment Plan execution after delivery and adoption of Recruitment Strategy with initial focus on preparation for the ICSC RECon in Las Vegas. Pro-Active recruitment continues for the length of the engagement.

Retail Strategies will implement the Strategic Retail Recruitment Plan by establishing relationships and facilitating conversations with key leaders/stakeholders in the City of Tulare including property owners, developers, investors and real estate professionals along with prospective retail/restaurant companies in order to execute the Strategic Retail Recruitment Plan.

In addition to facilitating relationships between key entities Retail Strategies will represent the City of Tulare on a National scale at Retail/Real Estate Conferences, including the International Council of Shopping Centers (ICSC) Global Real Estate Convention and regional Deal Making events, leveraging marketing materials, identifying sites for targeted retailers, and

setting meetings with targeted retailers/developers to discuss opportunities within the City of Tulare.

Retail Strategies will also update the Strategic Retail Recruitment Prospect List as we identify new and expanding/emerging retail/restaurant companies. The City of Tulare will be updated on our progress through their BaseCamp account and communication between Retail Strategies and the designated contact at the City of Tulare.

Call List and Recruitment Update - an ongoing tracking form to keep the identified city contacts updated relative to recruitment efforts and specific interaction with prospective retailers and developers interested in the Tulare retail trade area. Updates are posted to Basecamp and the appropriate contacts receive an email notification that an update has been added for their review.

### **OPTIONAL SERVICES**

- Incentives Consulting - Pricing for incentives is based on when Retail Strategies becomes engaged in the process to be negotiated outside of this scope of services.
- Custom Marketing Materials for Property Owners & Commercial Real Estate Firms - Negotiated per request
- Meeting Requests outside the Scope of Services
- Reimbursement of Travel Expenses

### **PRIMARY DATA RESOURCES**

Census, AGS, and ESRI Demographics: By incorporating demographic data from multiple sources, we are able to better understand the population, income and retail spending shifts taking place in the current economic environment.

Business Location Data: This location data is ideal for competitive analysis, understanding market opportunities and evaluating market dynamics. Sourced to D&B®, the world's most trusted source of sales and marketing solutions, all D&B information is powered by DUNSRight™ D&B's Quality Process which gives you the insight you need to identify and target prospects.

Consumer Expenditures: This data includes 18 reports and close to 1,000 variables that collectively cover almost 95% of household spending. Based on extensive modeling of the BLS Consumer Expenditure Survey, CEX provides reliable estimates of market demand and average household expenditures.

Retail Potential: This new tabulation utilizes the Census of Retail Trade tables which cross-tabulates store type by merchandise line. The Consumer Expenditure data was aggregated to the merchandise line classification and then distributed to each of the major store types.

Tapestry Psychographic Segmentation: Tapestry, an ESRI product, classifies US neighborhoods into 65 market segments based on socioeconomic and demographic factors, then consolidates them into LifeMode and Urbanization Groups.

### Additional Information and Sources for our Research:

- Census data from 1980 through 2010 (Census years), current year and 5 year projections. Data and reports are updated annually and across all identified retail trade areas for all client engagements.
- Most of our data providers use similar methodologies for creating estimates and projections – which is then impacted by methodologies for aggregating that data across block groups up to trade area boundaries.
- AGS demographics for current year and 5 year projections.
- ESRI demographics for current year and 5 year projections.
- Claritas demographics for current year and 5 year projections.
- We use the following additional datasets for segmentation analysis: MOSAIC Tapestry
- MRI's Consumer Behavior and Attitude data.
- Additional data from the Bureau of Economic Analysis, Census of Retail/Consumer Spending, and the Department of Labor.
- Multiple sources for our GAP Analysis supplemented by business databases and our boots on the ground market research.
- Crime stats directly from the FBI.
- IPEDS for analysis of 2 year and 4 year education institutions when needed to better understand the demographics of college students in a given market/trade area.
- We create geographies and maps down to areas as small as .5 mile radius or 1 minute travel times.
- We create custom retail trade areas by aggregating geography boundaries or hand drawing polygons.
- Our software solutions allow us to filter a retailer's locations to then match targeted sites within each engaged clients retail trade area(s).
- Regus software to create aerials by city, retail trade area or development/redevelopment zones including locations of all existing retail. Regus also allows us to map identified development, redevelopment and higher and best use locations within targeted retail corridors.

### FEES AND DELIVERABLES

Initial Engagement: 1 Year \$50,000

Research: Quantitative and In-Market Assessment of Real Estate Assets

- Access to BaseCamp
- Development Retail Recruitment Strategic Plan
- Recruitment Strategy for New Retail and Restaurant Companies

Consultant Services Agreement – Retail Strategies, LLC

- Provide Identification and Recommendation of Retail Prospects
- Recommendation of Site Locations for Retail/Restaurant Concepts
- Development of Marketing Materials
- Call List and Recruitment Updates

#### Execution of Strategic Recruitment Plan

- Working with local property owners, developers and real estate professionals in order to facilitate retail growth, including On Demand Research/Analysis
- Outreach to retail prospects with continuous updating of Retail Prospect List
- Representation at national and regional retail real estate conferences

#### Pricing – Years 2 and 3 \$25,000 per year if extended by the CITY

- Retail Strategies, for year two and three of the engagement, will provide updated research and continue on-demand research reports/analysis.
- Updated quantitative research and on-demand research reports/analysis
- Updating of Strategic Retail Recruitment Plan
- Updating of Retail Prospect List
- Representation at national and regional retail real estate conferences

## **PROJECT SCHEDULE**

Day 1 – Contract is executed

Day 2 through 30 – City provides requested documents including:

- Completed Questionnaire(s)
  - Getting Started with Retail Strategies
- During this time Retail Strategies begins the initial Market Analysis
- Retail Strategies schedules the market visit by Strategies executives to determine development, redevelopment and higher & best use properties including existing available retail space

Day 31 through 60 – Retail Strategies completes the following:

- Market Analysis including Consumer Behavior & Attitude Research
- Focus Properties Catalog
- Custom Trade Area Market Analysis
- Aerials and Maps as needed for retail recruitment
- Marketing Guide
- Initial Prospect List of Retailers

Day 61 through 90

Retail Strategies will also complete the Retail Strategic Plan and schedule a return visit to the City to deliver the results of our initial Analysis of the Tulare Retail Market. Also, at this point in the engagement, Retail Strategies will begin pro-actively reaching out to all local commercial real estate firms, developers and property owners offering our assistance. We will also begin the process of reaching out to retailers we have identified as prospects and regional and national developers that may have an interest in Tulare.

From this point forward, Retail Strategies will begin preparations to represent and position Tulare at all ICSC regional and national retail real estate conferences. Finally, in the event Retail Strategies determines after the first year of the engagement there are no recruitment opportunities and no services we can reasonably provide based upon our market analysis, the City of Tulare may opt out of the renewal years of the engagement.

Day 91 and Forward – Retail Strategies will provide On-Demand Custom Research, Annual research updates and Pro-actively recruit retail on behalf of the City of Tulare.

**EXHIBIT B: REQUIRED INSURANCE COVERAGES**

See Attached Insurance Certificate

Original insurance certificates and endorsements are to be mailed or delivered to:

City of Tulare  
Attn: Human Resources Department  
411 E. Kern Avenue  
Tulare, CA 93274

**EXHIBIT C: CITY OF TULARE CONFLICT OF INTEREST DISCLOSURE STATEMENT**



<b>AGENDA ITEM:</b>
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**CITY OF TULARE  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department:** Finance

**For Council Meeting of:** September 20, 2016

**Documents Attached:**  Ordinance  Resolution  Staff Report  Other  None

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**AGENDA ITEM:**

Adopt Resolution of Intention 16-\_\_\_ to approve an amendment to the Contract between the City of Tulare and the Board of Administration of the California Public Employees' Retirement System; and, pass-to-print Ordinance 16-\_\_\_, authorizing an amendment to the Contract between the City of Tulare and the Board of Administration of the California Public Employees' Retirement System to provide for changes to include employee cost-sharing of City's PERS cost.

**IS PUBLIC HEARING REQUIRED:**  Yes  No

**BACKGROUND/EXPLANATION:**

The 2015-2018 Memoranda of Understanding (MOU) between the City of Tulare and the City's employee bargaining unit of the California League of City Employees Association (CLOCEA), states the City will initiate an amendment of the City's PERS retirement benefit agreement to provide an employee cost-sharing of City's PERS cost. The MOU agreement specifies that the unit will pay 1% of the City's PERS cost, which will become effective with pay period starting January 7, 2017. The management group that is also covered under this PERS contract has also agreed to the cost sharing. This is the second of the three provisions for cost sharing mentioned in the MOU. Each cost-sharing provision requires a contract amendment and for the effective employees to vote on the change. The affected employees will vote on this amendment between September 21 and October 17, 2016. Pursuant to the agreement, employees will receive a 4.00% increase in pay on January 7, 2017, of which an additional 1% will be deducted as employee cost sharing of City PERS cost.

PERS requires this matter be considered at an open and public meeting. Final adoption of the Ordinance will be considered at the City Council meeting of October 18, 2016.

**STAFF RECOMMENDATION:**

Adopt Resolution of Intention 16-\_\_\_ to approve an amendment to the Contract between the City of Tulare and the Board of Administration of the California Public Employees' Retirement System; and, pass-to-print Ordinance 16-\_\_\_, authorizing an amendment to the Contract between the City of Tulare and the Board of Administration of the California Public Employees' Retirement System to provide for changes to include employee cost-sharing of City's PERS cost.

**CITY ATTORNEY REVIEW:**  Yes  No  N/A

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

**Submitted by:** Darlene Thompson

**Title:** Finance Director

**Date:** August 24, 2016

**Interim City Manager Approval:** \_\_\_\_\_

RESOLUTION 16-\_\_\_\_\_

RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL OF THE CITY OF TULARE

**WHEREAS**, the Public Employees' Retirement Law permits the participation of public agencies and their employees in Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and,

**WHEREAS**, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and,

**WHEREAS**, the following is a statement of the proposed change:

Section 20516 (Employees Sharing Additional Cost) of 1% for all local miscellaneous members.

**NOW, THEREFORE, BE IT RESOLVED**, that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

PASSED, ADOPTED AND APPROVED this 20<sup>th</sup> of September 2016.

\_\_\_\_\_  
President Pro Tem of the Council and EX-  
Officio Mayor Pro Tem of the City of Tulare

ATTEST:

State of California )  
County of Tulare ) ss.  
City of Tulare )

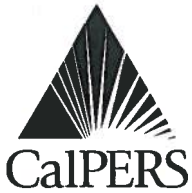
I, Paul Melikian, Interim City Clerk of the City of Tulare, certify the foregoing is the full and true Resolution 16-\_\_\_\_\_ passed and adopted by the Council of the City of Tulare at a regular meeting held on September 20, 2016 by the following vote:

Aye(s) \_\_\_\_\_

Noe(s) \_\_\_\_\_ Abstention(s) \_\_\_\_\_

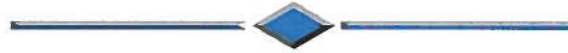
Dated: PAUL MELIKIAN, INTERIM CITY CLERK

By Roxanne Yoder, Chief Deputy



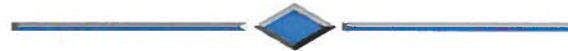
**EXHIBIT**

California  
Public Employees' Retirement System



## **AMENDMENT TO CONTRACT**

Between the  
Board of Administration  
California Public Employees' Retirement System  
and the  
City Council  
City of Tulare



The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective July 1, 1962, and witnessed May 31, 1962, and as amended effective March 1, 1968, March 21, 1975, September 24, 1977, August 19, 1983, December 8, 1984, December 14, 1991, June 30, 1997, November 6, 1998, January 1, 2002, August 19, 2005, July 8, 2006, January 6, 2007, August 5, 2009, July 3, 2010, February 11, 2012 and March 5, 2016 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 21 are hereby stricken from said contract as executed effective March 5, 2016, and hereby replaced by the following paragraphs numbered 1 through 21 inclusive:
  1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members, age 62 for new local miscellaneous members, age 50 for classic local fire members entering membership in the fire classification on or prior to July 3, 2010, age 55 for classic local fire members entering membership for the first time in the fire classification after July 3, 2010, age 50 for classic local police members entering membership in the police classification on or prior to February 11, 2012, and age 55 for classic local police members entering membership for the first time in the police classification after February 11, 2012 and age 57 new local safety members.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

2. Public Agency shall participate in the Public Employees' Retirement System from and after July 1, 1962 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:
  - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
  - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
  - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
  - a. Local Fire Fighters (herein referred to as local safety members);
  - b. Local Police Officers (herein referred to as local safety members);
  - c. Employees other than local safety members (herein referred to as local miscellaneous members).
5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
  - a. **PERSONS COMPENSATED ON AN HOURLY BASIS.**

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6. Public Agency and the Tulare Redevelopment Agency have agreed to a merger of their contracts, and this contract shall be a continuation of the benefits of the contract of the Tulare Redevelopment Agency, pursuant to Section 20567.6 of the Government Code. Such merger is effective as of August 19, 1983. Public Agency, by this contract, assumes the assets and liabilities accumulated under the former contract of the Tulare Redevelopment Agency. Legislation repealed said Section effective January 1, 1988.
  - a. Service performed for the former agency prior to August 19, 1983 shall be subject to the terms and conditions of the former agency's contract as it was in effect at the time. Service performed after August 19, 1983 shall be subject to the terms and conditions of this contract. For purposes of computing retirement allowances, separate calculations shall be made for service performed under each contract, pursuant to Government Code Section 20567.8.
7. The percentage of final compensation to be provided for each year of credited prior and current service for classic local miscellaneous members in employment before and not on or after July 8, 2006 shall be determined in accordance with Section 21354 of said Retirement Law, subject to the reduction provided therein for service prior to December 31, 1974, termination of Social Security, for members whose service has been included in Federal Social Security (2% at age 55 Full and Modified).
8. The percentage of final compensation to be provided for each year of credited prior and current service for classic local miscellaneous member in employment on or after July 8, 2006 and not entering membership for the first time with this agency in the miscellaneous classification after July 3, 2010 shall be determined in accordance with Section 21354.5 of said Retirement Law, subject to the reduction provided therein for service prior to December 31, 1974, termination of Social Security, for members whose service has been included in Federal Social Security (2.7% at age 55 Full and Modified).
9. The percentage of final compensation to be provided for each year of credited current service for classic local miscellaneous members entering membership for the first time with this agency in the miscellaneous classification after July 3, 2010 shall be determined in accordance with Section 21354.4 of said Retirement Law (2.5% at age 55 Full).
10. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).
11. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local police member entering membership in the police classification on or prior to February 11, 2012 shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).

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12. The percentage of final compensation to be provided for each year of credited current service as a classic local police member entering membership for the first time with this agency in the police classification after February 11, 2012 shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55 Full).
13. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local fire member entering membership in the fire classification on or prior to July 3, 2010 shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).
14. The percentage of final compensation to be provided for each year of credited current service as a classic local fire member entering membership for the first time with this agency in the fire classification after July 3, 2010 shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55 Full).
15. The percentage of final compensation to be provided for each year of credited prior and current service as a new local safety member shall be determined in accordance with Section 7522.25(d) of said Retirement Law (2.7% at age 57 Full).
16. Public Agency elected and elects to be subject to the following optional provisions:
  - a. Section 20042 (One-Year Final Compensation) for classic local miscellaneous members, classic local fire members and for those classic local police members entering membership on or prior to February 11, 2012.
  - b. Section 20965 (Credit for Unused Sick Leave).
  - c. Section 21024 (Military Service Credit as Public Service) for local miscellaneous members and local police members only.
  - d. Section 21574 (Fourth Level of 1959 Survivor Benefits).
  - e. Section 20903 (Two Years Additional Service Credit).
  - f. Section 20475 (Different Level of Benefits). Section 21354.4 (2.5% @ 55 Full formula) is applicable to classic local miscellaneous members entering membership for the first time with this agency in the miscellaneous classification after July 3, 2010.

Section 21363.1 (3% @ 55 Full formula) is applicable to classic local fire members entering membership for the first time with this agency in the fire classification after July 3, 2010.

Section 21363.1 (3% @ 55 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to classic local police members entering membership for the first time with this agency in the police classification after February 11, 2012.

- g. Section 21548 (Pre-Retirement Option 2W Death Benefit) for local miscellaneous members only.
- h. Section 20516 (Employees Sharing Additional Cost):

From and after March 5, 2016 and until the effective date of this amendment to contract, 1% for local miscellaneous members.

From and after the effective date of this amendment to contract, 2% for local miscellaneous members.

The portion of the employer's contribution that the member agrees to contribute from his or her compensation, over and above the member's normal contribution ("Cost Sharing Percentage"), shall not exceed the Employer Normal Cost Rate, as that rate is defined in the CalPERS Actuarial Valuation for the relevant fiscal year. If the Cost Sharing Percentage will exceed the relevant Employer Normal Cost Rate, the Cost Sharing Percentage shall automatically be reduced to an amount equal to, and not to exceed, the Employer Normal Cost Rate for the relevant fiscal year.

- 17. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on September 24, 1977. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
- 18. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.
- 19. Public Agency shall also contribute to said Retirement System as follows:
  - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members and local safety members.

- b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
- c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

20. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

21. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BOARD OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
CHERYL EASON  
CHIEF FINANCIAL OFFICER  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

Attest:

\_\_\_\_\_  
Clerk

PLEASE DO NOT SIGN "EXHIBIT ONLY"



**ORDINANCE 16-\_\_\_\_\_**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TULARE  
AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY  
COUNCIL OF THE CITY OF TULARE AND THE BOARD OF ADMINISTRATION OF  
THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**THE CITY COUNCIL OF THE CITY OF TULARE ORDAINS AS FOLLOWS:**

**SECTION 1:**

That an amendment to the contract between the City Council of the City of Tulare and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked "Exhibit", and by such reference made a part hereof as though herein set out in full

**SECTION 2:**

The Mayor of the Tulare City Council is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said Agency.

**SECTION 3:**

This Ordinance shall take effect 30 days after the date of its adoption, and prior to the expiration of 15 days from the passage thereof shall be published at least once in a newspaper of general circulation published and circulated in the City of Tulare, and thenceforth and thereafter the same shall be in full force and effect.

PASSED, ADOPTED AND APPROVED this \_\_\_\_ of \_\_\_\_\_, 2016.

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President Pro Tem of the Council and EX-  
Officio Mayor Pro Tem of the City of Tulare

<b>AGENDA ITEM:</b>
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**CITY OF TULARE, CA  
AGENDA ITEM TRANSMITTAL SHEET**

**Submitting Department: Finance**

**For Council Meeting of: September 20, 2016**

**Documents Attached:  Ordinance  Resolution  Staff Report  Other  None**

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***AGENDA ITEM:***

Pass-to-print Ordinance 16-\_\_\_ providing for the issuance of not to exceed \$28,000,000 principal amount of City of Tulare Water Revenue Bonds, Series 2016 to a) finance approximately \$20 million of water system capital improvements, b) potentially refund approximately \$5 million of an outstanding equipment lease for debt service savings, and c) fund costs of issuance and a potential debt service reserve fund. The ordinance also approves the form of a bond indenture.

***IS PUBLIC HEARING REQUIRED:*  Yes  No**

***BACKGROUND/EXPLANATION:***

The City is proposing to issue water revenue bonds to help fund capital improvements to the City's water system. Over the next five years, the City has planned capital improvements to restore water system capacity, operate in compliance with the City's volume and pressure standards, and meet current water demands. Planned improvements include the addition of seven new water wells, three water storage tanks, replacement/repair of five miles of aging water pipelines per year, funding for groundwater sustainability mandated by State law, and other infrastructure improvements.

The City anticipates funding its water system capital needs with a combination of debt and pay-as-you-go financing. The water rate study completed earlier this year recommended issuance of water revenue bonds in the current fiscal year to fund approximately \$20 million of near-term, high-priority capital needs. The City recently adopted water rate increases that are adequate to support debt repayment, and the estimated annual bond debt service was assumed in the Adopted 2016 Water Rate Study. The City anticipates the bonds will have a 30-year repayment term with annual debt service estimated at a little over \$1.1 million per year. Interest rates are currently very low by historical standards.

In addition, the City is currently evaluating the potential to refinance the City's 2006 lease agreement for savings. The lease agreement was used to fund a range of projects with over 80% of the proceeds used to fund new water meters. The lease currently has a little over \$5.6 million of outstanding principal coming due over approximately the next 6 years, and carries an annual interest rate of 4.49%. Current interest rates are significantly lower. If the City opts to move forward with a refunding of the 2006 lease, the City can include the refinancing as a component of the water revenue bonds. The repayment term of the refinancing component would coincide with the repayment term of the outstanding lease payments.

If authorized, the City would pass to print the ordinance and move forward with issuance of Water Revenue Bonds, Series 2016. Issuance of the bonds would be contingent on the future adoption of the ordinance as well as a related bond resolution. The resolution will authorize the bond sale subject to certain parameters and approve the form of various bond documents.

The ordinance is scheduled to be brought back to City Council for a second reading on October 18, 2016, at which time a related bond resolution will also be brought for City Council consideration. Together, the ordinance and resolution would authorize the City to issue the water revenue bonds.

**STAFF RECOMMENDATION:**

Pass-to-print Ordinance 16-\_\_\_ providing for the issuance of not to exceed \$28,000,000 principal amount of City of Tulare Water Revenue Bonds, Series 2016 to a) finance approximately \$20 million of water system capital improvements, b) potentially refund approximately \$5 million of an outstanding equipment lease for debt service savings, and c) fund costs of issuance and a potential debt service reserve fund. The ordinance also approves the form of a bond indenture.

**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: 9/13/16

City Manager Approval: \_\_\_\_\_

**ORDINANCE NO. \_\_\_\_\_**  
**AN ORDINANCE OF THE COUNCIL OF THE CITY OF**  
**TULARE PROVIDING FOR THE ISSUANCE OF NOT TO**  
**EXCEED \$28,000,000 PRINCIPAL AMOUNT OF CITY OF**  
**TULARE WATER REVENUE BONDS AND APPROVING**  
**BOND INDENTURE**

WHEREAS, the City of Tulare (the “City”) now owns and operates a municipal water system (the “System”);

WHEREAS, the City proposes to issue not to exceed \$28,000,000 aggregate principal amount of “City of Tulare Water Revenue Bonds, Series 2016”, in one or more series (collectively, the “Bonds”) to finance and refinance certain capital improvements to the System;

WHEREAS, the Bonds shall be issued under the provisions of the Charter of the City and the City of Tulare Revenue Bond Law, enacted by Ordinance No. 1030, adopted by the Council of the City of Tulare (the “Council”) on February 1, 1972, as amended (collectively, the “Law”);

WHEREAS, the Council has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines, that all conditions, things and acts required by law to exist, happen or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Council is now authorized, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Ordinance;

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TULARE:**

Section 1. Amount, Issuance, Purpose and Nature of Bonds. Under and pursuant to the Law and this Ordinance, Revenue Bonds of the City of Tulare shall be issued for the purposes stated herein. Said Bonds shall be and are special obligations of the City of Tulare and shall be and are secured by a pledge of and lien upon, and shall be and are a charge upon, and shall be and are payable as to the principal thereof and interest thereon and any premiums upon the redemption of any thereof, solely from the System Net Revenues (as defined under the Bond Indenture described below), such System Net Revenues being pledged, charged and assigned for the security of the Bonds. The Bonds are not to be secured by the taxing power of the City.

The Bond proceeds shall be used by the City for the purpose of financing and refinancing the acquisition and construction of improvements to the System.

The principal amount of the Bonds issued under this Ordinance shall not exceed \$28,000,000, the interest rate on the Bonds shall not exceed 6.50%, the term of the Bonds shall not exceed thirty-one (31) years and the Bonds shall be designated “City of Tulare, 2016 Water Revenue Bonds, Series 2016.”

The President of the Council and Ex-Officio Mayor of the City of Tulare and the Finance Director of the City are hereby authorized and directed to execute the Bonds (either manually or by facsimile), in substantially the form as attached to the Indenture, and the City Clerk and Clerk of the Council and/or the Chief Deputy City Clerk and Clerk of the Council are hereby authorized and

directed to countersign and attach the seal of the City (either manually or by facsimile) to such Bonds.

Section 2. Approval of Bond Indenture. The security for and the terms and conditions of the Bonds will be provided for under an Indenture to be entered into by the City and a trustee bank named therein, as Trustee (the "Bond Indenture"). The Bond Indenture is hereby approved, in substantially the form as presented to the Council and on file with the City Clerk and Clerk of the Council. The President of the Council and Ex-Officio Mayor of the City and/or City Manager and/or Finance Director/Treasurer of the City are hereby authorized and directed to execute each Bond Indenture and the City Clerk and Clerk of the Council and/or the Chief Deputy City Clerk and Clerk of the Council is hereby authorized and directed to attest and attach the seal of the City to each Bond Indenture, such Bond Indentures to be in substantially the form presented to this meeting and on file with the City Clerk and Clerk of the Council, together with such changes therein or additions thereto as may be deemed advisable to such officers, upon the advice of Hawkins Delafield & Wood LLP, Bond Counsel, such execution to be conclusive evidence of the approval of such Bond Indenture.

Section 3. Effective Date of Ordinance; Publication. This Ordinance is subject to the approval of the Board of Public Utilities Commissioners of the City. This Ordinance shall take effect thirty (30) days after its final passage. The City Clerk is hereby authorized and directed to publish this Ordinance by one insertion in a newspaper of general circulation in the City of Tulare, with the "Ayes" and "Noes", within ten (10) days of its passage to print.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2016.

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

ATTEST:

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City Clerk and Clerk of the  
Council of the City of Tulare

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Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

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SOURCES AND USES OF FUNDS

City of Tulare  
 Series 2016 Water Revenue Bonds  
 Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Dated Date 12/29/2016  
 Delivery Date 12/29/2016

Sources:

Bond Proceeds:	
Par Amount	17,780,000.00
Premium	2,694,611.10
	20,474,611.10

Uses:

Project Fund Deposits:	
Project Fund	20,000,000.00
Delivery Date Expenses:	
Cost of Issuance	284,455.00
Bond Insurance	165,137.89
Surety Policy	22,759.00
	472,351.89
Other Uses of Funds:	
Additional Proceeds	2,259.21
	20,474,611.10



## BOND SOLUTION

City of Tulare  
Series 2016 Water Revenue Bonds  
Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service
02/01/2017	30,000	103,729	103,729
02/01/2018	305,000	1,133,850	1,133,850
02/01/2019	315,000	1,134,700	1,134,700
02/01/2020	325,000	1,135,250	1,135,250
02/01/2021	340,000	1,137,250	1,137,250
02/01/2022	350,000	1,133,650	1,133,650
02/01/2023	370,000	1,136,150	1,136,150
02/01/2024	390,000	1,137,650	1,137,650
02/01/2025	405,000	1,133,150	1,133,150
02/01/2026	430,000	1,137,900	1,137,900
02/01/2027	450,000	1,136,400	1,136,400
02/01/2028	470,000	1,133,900	1,133,900
02/01/2029	495,000	1,135,400	1,135,400
02/01/2030	520,000	1,135,650	1,135,650
02/01/2031	545,000	1,134,650	1,134,650
02/01/2032	575,000	1,137,400	1,137,400
02/01/2033	600,000	1,133,650	1,133,650
02/01/2034	630,000	1,133,650	1,133,650
02/01/2035	665,000	1,137,150	1,137,150
02/01/2036	695,000	1,133,900	1,133,900
02/01/2037	730,000	1,134,150	1,134,150
02/01/2038	760,000	1,134,950	1,134,950
02/01/2039	790,000	1,134,550	1,134,550
02/01/2040	825,000	1,137,950	1,137,950
02/01/2041	855,000	1,134,950	1,134,950
02/01/2042	890,000	1,135,750	1,135,750
02/01/2043	935,000	1,136,250	1,136,250
02/01/2044	980,000	1,134,500	1,134,500
02/01/2045	1,030,000	1,135,500	1,135,500
02/01/2046	1,080,000	1,134,000	1,134,000
	17,780,000	33,027,579	33,027,579

BOND SUMMARY STATISTICS

City of Tulare  
 Series 2016 Water Revenue Bonds  
 Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Dated Date	12/29/2016
Delivery Date	12/29/2016
First Coupon	02/01/2017
Last Maturity	02/01/2046
Arbitrage Yield	2.957295%
True Interest Cost (TIC)	3.598413%
Net Interest Cost (NIC)	3.881736%
All-In TIC	3.714478%
Average Coupon	4.714986%
Average Life (years)	18.188
Weighted Average Maturity (years)	18.146
Duration of Issue (years)	12.427
Par Amount	17,780,000.00
Bond Proceeds	20,474,611.10
Total Interest	15,247,578.89
Net Interest	12,552,967.79
Total Debt Service	33,027,578.89
Maximum Annual Debt Service	1,137,950.00
Average Annual Debt Service	1,135,401.87
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	115.155293

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bonds	8,905,000.00	118.141	4.957%	11.452	06/11/2028	9.037	7,322.40
Term Bond 2041	3,960,000.00	106.139	4.000%	22.168	03/01/2039	15.125	3,484.80
Term Bond 2046	4,915,000.00	117.011	5.000%	27.186	03/06/2044	16.068	4,620.10
	17,780,000.00			18.188			15,427.30

	TIC	All-In TIC	Arbitrage Yield
Par Value	17,780,000.00	17,780,000.00	17,780,000.00
+ Accrued Interest			
+ Premium (Discount)	2,694,611.10	2,694,611.10	2,694,611.10
- Underwriter's Discount			
- Cost of Issuance Expense		(284,455.00)	
- Other Amounts	(187,896.89)	(187,896.89)	(187,896.89)
Target Value	20,286,714.21	20,002,259.21	20,286,714.21
Target Date	12/29/2016	12/29/2016	12/29/2016
Yield	3.598413%	3.714478%	2.957295%

BOND PRICING

City of Tulare  
 Series 2016 Water Revenue Bonds  
 Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield	Premium (-Discount)
Serial Bonds:											
	02/01/2017	30,000	2.000%	1.030%	100.085						25.50
	02/01/2018	305,000	3.000%	1.140%	102.006						6,118.30
	02/01/2019	315,000	3.000%	1.270%	103.554						11,195.10
	02/01/2020	325,000	4.000%	1.400%	107.832						25,454.00
	02/01/2021	340,000	4.000%	1.500%	109.878						33,585.20
	02/01/2022	350,000	5.000%	1.630%	116.392						57,372.00
	02/01/2023	370,000	5.000%	1.790%	118.438						68,220.60
	02/01/2024	390,000	5.000%	1.920%	120.320						79,248.00
	02/01/2025	405,000	5.000%	2.030%	122.050						89,302.50
	02/01/2026	430,000	5.000%	2.140%	123.506						101,075.80
	02/01/2027	450,000	5.000%	2.320%	123.981						107,914.50
	02/01/2028	470,000	5.000%	2.460%	122.569 C	2.639%	02/01/2027	100.000	02/01/2027	100.000	106,074.30
	02/01/2029	495,000	5.000%	2.540%	121.770 C	2.857%	02/01/2027	100.000	02/01/2027	100.000	107,761.50
	02/01/2030	520,000	5.000%	2.620%	120.977 C	3.045%	02/01/2027	100.000	02/01/2027	100.000	109,080.40
	02/01/2031	545,000	5.000%	2.670%	120.485 C	3.184%	02/01/2027	100.000	02/01/2027	100.000	111,643.25
	02/01/2032	575,000	5.000%	2.720%	119.996 C	3.306%	02/01/2027	100.000	02/01/2027	100.000	114,977.00
	02/01/2033	600,000	5.000%	2.770%	119.508 C	3.414%	02/01/2027	100.000	02/01/2027	100.000	117,048.00
	02/01/2034	630,000	5.000%	2.820%	119.023 C	3.510%	02/01/2027	100.000	02/01/2027	100.000	119,844.90
	02/01/2035	665,000	5.000%	2.870%	118.540 C	3.597%	02/01/2027	100.000	02/01/2027	100.000	123,291.00
	02/01/2036	695,000	5.000%	2.910%	118.156 C	3.669%	02/01/2027	100.000	02/01/2027	100.000	126,184.20
		8,905,000									1,615,416.05
Term Bond 2041:											
	02/01/2037	730,000	4.000%	3.280%	106.139 C	3.616%	02/01/2027	100.000	02/01/2027	100.000	44,814.70
	02/01/2038	760,000	4.000%	3.280%	106.139 C	3.616%	02/01/2027	100.000	02/01/2027	100.000	46,656.40
	02/01/2039	790,000	4.000%	3.280%	106.139 C	3.616%	02/01/2027	100.000	02/01/2027	100.000	48,498.10
	02/01/2040	825,000	4.000%	3.280%	106.139 C	3.616%	02/01/2027	100.000	02/01/2027	100.000	50,646.75
	02/01/2041	855,000	4.000%	3.280%	106.139 C	3.616%	02/01/2027	100.000	02/01/2027	100.000	52,488.45
		3,960,000									243,104.40
Term Bond 2046:											
	02/01/2042	890,000	5.000%	3.030%	117.011 C	4.004%	02/01/2027	100.000	02/01/2027	100.000	151,397.90
	02/01/2043	935,000	5.000%	3.030%	117.011 C	4.004%	02/01/2027	100.000	02/01/2027	100.000	159,052.85
	02/01/2044	980,000	5.000%	3.030%	117.011 C	4.004%	02/01/2027	100.000	02/01/2027	100.000	166,707.80
	02/01/2045	1,030,000	5.000%	3.030%	117.011 C	4.004%	02/01/2027	100.000	02/01/2027	100.000	175,213.30
	02/01/2046	1,080,000	5.000%	3.030%	117.011 C	4.004%	02/01/2027	100.000	02/01/2027	100.000	183,718.80
		4,915,000									836,090.65
		17,780,000									2,694,611.10

Dated Date	12/29/2016	
Delivery Date	12/29/2016	
First Coupon	02/01/2017	
Par Amount	17,780,000.00	
Premium	2,694,611.10	
Production	20,474,611.10	115.155293%
Underwriter's Discount		
Purchase Price	20,474,611.10	115.155293%
Accrued Interest		
Net Proceeds	20,474,611.10	



## NET DEBT SERVICE

City of Tulare  
 Series 2016 Water Revenue Bonds  
 Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Period Ending	Principal	Interest	Total Debt Service	Net Debt Service
02/01/2017	30,000	73,728.89	103,728.89	103,728.89
02/01/2018	305,000	828,850.00	1,133,850.00	1,133,850.00
02/01/2019	315,000	819,700.00	1,134,700.00	1,134,700.00
02/01/2020	325,000	810,250.00	1,135,250.00	1,135,250.00
02/01/2021	340,000	797,250.00	1,137,250.00	1,137,250.00
02/01/2022	350,000	783,650.00	1,133,650.00	1,133,650.00
02/01/2023	370,000	766,150.00	1,136,150.00	1,136,150.00
02/01/2024	390,000	747,650.00	1,137,650.00	1,137,650.00
02/01/2025	405,000	728,150.00	1,133,150.00	1,133,150.00
02/01/2026	430,000	707,900.00	1,137,900.00	1,137,900.00
02/01/2027	450,000	686,400.00	1,136,400.00	1,136,400.00
02/01/2028	470,000	663,900.00	1,133,900.00	1,133,900.00
02/01/2029	495,000	640,400.00	1,135,400.00	1,135,400.00
02/01/2030	520,000	615,650.00	1,135,650.00	1,135,650.00
02/01/2031	545,000	589,650.00	1,134,650.00	1,134,650.00
02/01/2032	575,000	562,400.00	1,137,400.00	1,137,400.00
02/01/2033	600,000	533,650.00	1,133,650.00	1,133,650.00
02/01/2034	630,000	503,650.00	1,133,650.00	1,133,650.00
02/01/2035	665,000	472,150.00	1,137,150.00	1,137,150.00
02/01/2036	695,000	438,900.00	1,133,900.00	1,133,900.00
02/01/2037	730,000	404,150.00	1,134,150.00	1,134,150.00
02/01/2038	760,000	374,950.00	1,134,950.00	1,134,950.00
02/01/2039	790,000	344,550.00	1,134,550.00	1,134,550.00
02/01/2040	825,000	312,950.00	1,137,950.00	1,137,950.00
02/01/2041	855,000	279,950.00	1,134,950.00	1,134,950.00
02/01/2042	890,000	245,750.00	1,135,750.00	1,135,750.00
02/01/2043	935,000	201,250.00	1,136,250.00	1,136,250.00
02/01/2044	980,000	154,500.00	1,134,500.00	1,134,500.00
02/01/2045	1,030,000	105,500.00	1,135,500.00	1,135,500.00
02/01/2046	1,080,000	54,000.00	1,134,000.00	1,134,000.00
	17,780,000	15,247,578.89	33,027,578.89	33,027,578.89

AGGREGATE DEBT SERVICE

City of Tulare  
 Series 2016 Water Revenue Bonds  
 Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Period Ending	Series 2016 Water Revenue Bonds	Aggregate Debt Service
02/01/2017	103,728.89	103,728.89
02/01/2018	1,133,850.00	1,133,850.00
02/01/2019	1,134,700.00	1,134,700.00
02/01/2020	1,135,250.00	1,135,250.00
02/01/2021	1,137,250.00	1,137,250.00
02/01/2022	1,133,650.00	1,133,650.00
02/01/2023	1,136,150.00	1,136,150.00
02/01/2024	1,137,650.00	1,137,650.00
02/01/2025	1,133,150.00	1,133,150.00
02/01/2026	1,137,900.00	1,137,900.00
02/01/2027	1,136,400.00	1,136,400.00
02/01/2028	1,133,900.00	1,133,900.00
02/01/2029	1,135,400.00	1,135,400.00
02/01/2030	1,135,650.00	1,135,650.00
02/01/2031	1,134,650.00	1,134,650.00
02/01/2032	1,137,400.00	1,137,400.00
02/01/2033	1,133,650.00	1,133,650.00
02/01/2034	1,133,650.00	1,133,650.00
02/01/2035	1,137,150.00	1,137,150.00
02/01/2036	1,133,900.00	1,133,900.00
02/01/2037	1,134,150.00	1,134,150.00
02/01/2038	1,134,950.00	1,134,950.00
02/01/2039	1,134,550.00	1,134,550.00
02/01/2040	1,137,950.00	1,137,950.00
02/01/2041	1,134,950.00	1,134,950.00
02/01/2042	1,135,750.00	1,135,750.00
02/01/2043	1,136,250.00	1,136,250.00
02/01/2044	1,134,500.00	1,134,500.00
02/01/2045	1,135,500.00	1,135,500.00
02/01/2046	1,134,000.00	1,134,000.00
	33,027,578.89	33,027,578.89

PROJECT FUND

City of Tulare  
 Series 2016 Water Revenue Bonds  
 Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Project Fund (PROJ)

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
12/29/2016	20,000,000		20,000,000	20,000,000	
	20,000,000	0	20,000,000	20,000,000	

Arbitrage Yield: 2.9572954%

COST OF ISSUANCE

City of Tulare  
Series 2016 Water Revenue Bonds  
Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Cost of Issuance	\$/1000	Amount
Cost of Issuance	15.99859	284,455.00
	15.99859	284,455.00



PROOF OF ARBITRAGE YIELD

City of Tulare  
 Series 2016 Water Revenue Bonds  
 Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Date	Debt Service	Present Value to 12/29/2016 @ 2.9572953981%
02/01/2017	103,728.89	103,458.57
08/01/2017	414,425.00	407,322.12
02/01/2018	719,425.00	696,791.60
08/01/2018	409,850.00	391,171.90
02/01/2019	724,850.00	681,735.93
08/01/2019	405,125.00	375,476.20
02/01/2020	730,125.00	666,831.21
08/01/2020	398,625.00	358,763.75
02/01/2021	738,625.00	655,078.52
08/01/2021	391,825.00	342,441.84
02/01/2022	741,825.00	638,883.22
08/01/2022	383,075.00	325,109.12
02/01/2023	753,075.00	629,809.06
08/01/2023	373,825.00	308,080.59
02/01/2024	763,825.00	620,319.16
08/01/2024	364,075.00	291,365.09
02/01/2025	769,075.00	606,513.79
08/01/2025	353,950.00	275,067.47
02/01/2026	783,950.00	600,358.98
08/01/2026	343,200.00	258,997.31
02/01/2027	14,863,200.00	11,053,138.78
	25,529,678.89	20,286,714.21

Proceeds Summary

Delivery date	12/29/2016
Par Value	17,780,000.00
Premium (Discount)	2,694,611.10
Arbitrage expenses	(187,896.89)
Target for yield calculation	20,286,714.21

PROOF OF ARBITRAGE YIELD

City of Tulare  
 Series 2016 Water Revenue Bonds  
 Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Assumed Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Yield To Call/Maturity
SERIALS	02/01/2028	5.000%	2.460%	02/01/2027	100.000	2.460448%
SERIALS	02/01/2029	5.000%	2.540%	02/01/2027	100.000	2.540504%
SERIALS	02/01/2030	5.000%	2.620%	02/01/2027	100.000	2.620580%
SERIALS	02/01/2031	5.000%	2.670%	02/01/2027	100.000	2.670576%
SERIALS	02/01/2032	5.000%	2.720%	02/01/2027	100.000	2.720509%
SERIALS	02/01/2033	5.000%	2.770%	02/01/2027	100.000	2.770582%
SERIALS	02/01/2034	5.000%	2.820%	02/01/2027	100.000	2.820589%
SERIALS	02/01/2035	5.000%	2.870%	02/01/2027	100.000	2.870632%
SERIALS	02/01/2036	5.000%	2.910%	02/01/2027	100.000	2.910592%
TERM_41	02/01/2037	4.000%	3.280%	02/01/2027	100.000	3.280611%
TERM_41	02/01/2038	4.000%	3.280%	02/01/2027	100.000	3.280611%
TERM_41	02/01/2039	4.000%	3.280%	02/01/2027	100.000	3.280611%
TERM_41	02/01/2040	4.000%	3.280%	02/01/2027	100.000	3.280611%
TERM_41	02/01/2041	4.000%	3.280%	02/01/2027	100.000	3.280611%
TERM_46	02/01/2042	5.000%	3.030%	02/01/2027	100.000	3.030670%
TERM_46	02/01/2043	5.000%	3.030%	02/01/2027	100.000	3.030670%
TERM_46	02/01/2044	5.000%	3.030%	02/01/2027	100.000	3.030670%
TERM_46	02/01/2045	5.000%	3.030%	02/01/2027	100.000	3.030670%
TERM_46	02/01/2046	5.000%	3.030%	02/01/2027	100.000	3.030670%

Rejected Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Yield To Call/Maturity
SERIALS	02/01/2028	5.000%	2.460%			2.638879%
SERIALS	02/01/2029	5.000%	2.540%			2.857321%
SERIALS	02/01/2030	5.000%	2.620%			3.044591%
SERIALS	02/01/2031	5.000%	2.670%			3.183987%
SERIALS	02/01/2032	5.000%	2.720%			3.305938%
SERIALS	02/01/2033	5.000%	2.770%			3.413851%
SERIALS	02/01/2034	5.000%	2.820%			3.510076%
SERIALS	02/01/2035	5.000%	2.870%			3.596633%
SERIALS	02/01/2036	5.000%	2.910%			3.668673%
TERM_41	02/01/2037	4.000%	3.280%			3.615926%
TERM_41	02/01/2038	4.000%	3.280%			3.615926%
TERM_41	02/01/2039	4.000%	3.280%			3.615926%
TERM_41	02/01/2040	4.000%	3.280%			3.615926%
TERM_41	02/01/2041	4.000%	3.280%			3.615926%
TERM_46	02/01/2042	5.000%	3.030%			4.004491%
TERM_46	02/01/2043	5.000%	3.030%			4.004491%
TERM_46	02/01/2044	5.000%	3.030%			4.004491%
TERM_46	02/01/2045	5.000%	3.030%			4.004491%
TERM_46	02/01/2046	5.000%	3.030%			4.004491%

FORM 8038 STATISTICS

City of Tulare  
 Series 2016 Water Revenue Bonds  
 Assumes Current Rates + 40 bps and the use of Bond Insurance and a Surety Policy

Dated Date 12/29/2016  
 Delivery Date 12/29/2016

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bonds:						
	02/01/2017	30,000.00	2.000%	100.085	30,025.50	30,000.00
	02/01/2018	305,000.00	3.000%	102.006	311,118.30	305,000.00
	02/01/2019	315,000.00	3.000%	103.554	326,195.10	315,000.00
	02/01/2020	325,000.00	4.000%	107.832	350,454.00	325,000.00
	02/01/2021	340,000.00	4.000%	109.878	373,585.20	340,000.00
	02/01/2022	350,000.00	5.000%	116.392	407,372.00	350,000.00
	02/01/2023	370,000.00	5.000%	118.438	438,220.60	370,000.00
	02/01/2024	390,000.00	5.000%	120.320	469,248.00	390,000.00
	02/01/2025	405,000.00	5.000%	122.050	494,302.50	405,000.00
	02/01/2026	430,000.00	5.000%	123.506	531,075.80	430,000.00
	02/01/2027	450,000.00	5.000%	123.981	557,914.50	450,000.00
	02/01/2028	470,000.00	5.000%	122.569	576,074.30	470,000.00
	02/01/2029	495,000.00	5.000%	121.770	602,761.50	495,000.00
	02/01/2030	520,000.00	5.000%	120.977	629,080.40	520,000.00
	02/01/2031	545,000.00	5.000%	120.485	656,643.25	545,000.00
	02/01/2032	575,000.00	5.000%	119.996	689,977.00	575,000.00
	02/01/2033	600,000.00	5.000%	119.508	717,048.00	600,000.00
	02/01/2034	630,000.00	5.000%	119.023	749,844.90	630,000.00
	02/01/2035	665,000.00	5.000%	118.540	788,291.00	665,000.00
	02/01/2036	695,000.00	5.000%	118.156	821,184.20	695,000.00
Term Bond 2041:						
	02/01/2037	730,000.00	4.000%	106.139	774,814.70	730,000.00
	02/01/2038	760,000.00	4.000%	106.139	806,656.40	760,000.00
	02/01/2039	790,000.00	4.000%	106.139	838,498.10	790,000.00
	02/01/2040	825,000.00	4.000%	106.139	875,646.75	825,000.00
	02/01/2041	855,000.00	4.000%	106.139	907,488.45	855,000.00
Term Bond 2046:						
	02/01/2042	890,000.00	5.000%	117.011	1,041,397.90	890,000.00
	02/01/2043	935,000.00	5.000%	117.011	1,094,052.85	935,000.00
	02/01/2044	980,000.00	5.000%	117.011	1,146,707.80	980,000.00
	02/01/2045	1,030,000.00	5.000%	117.011	1,205,213.30	1,030,000.00
	02/01/2046	1,080,000.00	5.000%	117.011	1,263,718.80	1,080,000.00
		17,780,000.00			20,474,611.10	17,780,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	02/01/2046	5.000%	1,263,718.80	1,080,000.00		
Entire Issue			20,474,611.10	17,780,000.00	18.1461	2.9573%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	284,455.00
Proceeds used for credit enhancement	187,896.89
Proceeds allocated to reasonably required reserve or replacement fund	0.00

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**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  
WATER REVENUE BONDS, SERIES 2016**

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**DEFINITIONS; EQUAL SECURITY**

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## **INDENTURE**

This INDENTURE dated as of [Dated Date], 2016 (the "Indenture"), by and between the CITY OF TULARE, a charter city, duly organized and existing under and by virtue of the laws of the State of California (the "City"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as Trustee (the "Trustee");

### **WITNESSETH:**

WHEREAS, the City is authorized under the Law (as defined herein) to issue bonds (the "Bonds") to finance or refinance capital improvements to its water enterprise system (the "System");

WHEREAS, the City has determined that it is in the best interests of the City and its water customers and is necessary and proper for City purposes that the City issue the Bonds to finance certain improvements to the System, and in the manner described in this Indenture;

WHEREAS, pursuant to Section 5451 of the California Government Code, the pledge by the City herein of System Net Revenues (as defined herein) to the payment of the Bonds shall be valid and binding in accordance to the terms hereof without the need for any physical delivery, recordation, filing, or further act; and

WHEREAS, the City has determined that all things necessary to cause the 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 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 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 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 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 Bonds, as follows:

## **ARTICLE I**

### **DEFINITIONS; EQUAL SECURITY**

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of the 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:

### Annual Debt Service

"Annual Debt Service" means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund payments) of all Parity Debt due in such Fiscal Year, provided, that the following adjustments shall be made to the foregoing amounts in the calculation of Annual Debt Service:

A. with respect to any such Parity Debt bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Annual Debt Service shall be (i) with respect to such Parity Debt then outstanding, one hundred ten per cent (110%) of the daily average interest rate on such Parity Debt during the twelve (12) calendar months next preceding the date of such calculation (or if Parity Debt has been outstanding for less than twelve (12) calendar months, such outstanding period) or (ii) with respect to such Parity Debt then proposed to be issued the current SIFMA index for floating tax-exempt debt;

B. with respect to any such Parity Debt having twenty-five per cent (25%) or more of the aggregate principal amount thereof due in any one Fiscal Year ("bullet maturities"), Annual Debt Service shall be calculated for the Fiscal Year of determination as if the principal of such bullet maturity were being paid in substantially equal annual amounts over a period of twenty-five (25) years from the date of such bullet maturity;

C. with respect to any such Parity Debt or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Debt or portions thereof, such accreted discount shall be treated as due when scheduled to be paid;

D. Annual Debt Service shall not include interest on Parity Debt which is to be paid from amounts constituting capitalized interest; and

E. with respect to an interest rate swap agreement relating to Parity Debt, a reasonable estimate or forecast shall be made by the City of amounts that will be due under such instrument in combination with such Parity Debt, and for this purpose if the City pays a fixed rate in exchange for a variable rate then such fixed rate may be assumed as the City's rate and if the City pays a variable rate in exchange for a fixed rate then the variable rate shall be determined in accordance with the procedure set forth in subparagraph (A) of this definition.

### Authorized Investments

"Authorized Investments" means any of the following obligations which at the time of investment are legal investments of funds of the City under the laws of the State of California for the money proposed to be invested herein:

- (1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"),

(b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above 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 government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated. These include, but are not necessarily limited to:

U.S. Treasury obligations  
All direct or fully guaranteed obligations

Farmers Home Administration  
Certificates of beneficial ownership

General Services Administration  
Participation certificates

U.S. Maritime Administration  
Guaranteed participation certificates  
Guaranteed pool certificates

Government National Mortgage Association (GNMA)  
GNMA-guaranteed mortgage-backed securities  
GNMA-guaranteed participation certificates

U.S. Department of Housing & Urban Development  
Local authority bonds

Washington Metropolitan Area Transit Authority  
Guaranteed transit bonds

- (2) Federal Housing Administration debentures.
- (3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
  - Federal Home Loan Mortgage Corporation (FHLMC)  
Participation certificates (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts)

Senior debt obligations

- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)  
Consolidated system wide bonds and notes
  - Federal Home Loan Banks (FHL Banks)  
Consolidated debt obligations
  - Federal National Mortgage Association (FNMA)  
Senior debt obligations  
Mortgage-backed securities (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts)
  - Student Loan Marketing Association (SLMA)  
Senior debt obligations (excluding securities that do not have a fixed par value and/or the terms of which do not promise a fixed dollar amount at maturity or call date)
  - Financing Corporation (FICO)  
Debt obligations
  - Resolution Funding Corporation (REFCORP)  
Debt obligations
- (4) Unsecured certificates of deposit, deposit accounts, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P.
  - (5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million.
  - (6) Commercial paper (having original maturities of not more than 270 days) rated "A-1" or its equivalent by S&P, Moody's or Fitch.
  - (7) Money market funds rated "AAm" or "AAm-G" by Standard & Poor's, or better, including funds which the Trustee or an affiliate manages, sponsors and advises.
  - (8) Repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P, Moody's or Fitch; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by the S&P, Moody's or Fitch, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P, Moody's or Fitch.
  - (9) State Obligations, which means:

- (i) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A" or its equivalent by S&P, Moody's or Fitch, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.
  - (ii) Direct, general short-term obligations of any state agency or subdivision described in (a) above and rated at least "A-1" or its equivalent by S&P, Moody's or Fitch.
  - (iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (i) above and rated at least "AA" or its equivalent by S&P, Moody's or Fitch.
- (10) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" or its equivalent by S&P, Moody's or Fitch, [or investment agreements fully secured by Federal Securities].
  - (11) Pre-funded municipal obligations rated "AAA" or its equivalent by S&P, Moody's or Fitch.
  - (12) Local California agency investment pools, so long as such pool is rated in one of the two highest rating categories by S&P, Moody's or Fitch.
  - (13) The Local Agency Investment Fund administered by the State of California.
  - (14) [Any investment approved by the Bond Insurer.]

### Bonds

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

### Book-Entry Bonds

"Book-Entry Bonds" means Bonds registered in the name of the Nominee of a Depository as the Owner thereof pursuant to the terms and provisions of Section 2.12 hereof.

### Business Day

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks located in the city where the Corporate Trust Office is located, are required or authorized to remain closed.

### Certificate of the City

"Certificate of the City" means an instrument in writing signed by the Mayor, the Vice Mayor, the City Manager, Finance Director, or any other officer of the City duly authorized by the City for that purpose, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers.

### City

"City" shall mean the City of Tulare, California.

### Code

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

### Continuing Disclosure Certificate

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

### Corporate Trust Office

"Corporate Trust Office" means a corporate trust office of the Trustee, located at Los Angeles, California, provided that for purposes of transfer, exchange, surrender, redemption and payment of Bonds such term shall mean the corporate trust office of the Trustee located in St. Paul, Minnesota, or such other address as may be specified by the Trustee in a written notice to the City.

### Costs of Issuance

"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 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 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 Bonds, and any other cost, charge or fee in connection with the delivery of the Bonds.

### Costs of Issuance Fund

"Costs of Issuance Fund" means the Fund established pursuant to Section 3.4 hereof.

### Debt Service Fund

"Debt Service Fund" means the fund by that name, established pursuant to Section 3.2 hereof that is held by the Trustee.

### Depository

"Depository" means the securities depository acting as Depository for the Bonds pursuant to Section 2.12 hereof.

### DTC

"DTC" means The Depository Trust Company, New York, New York, and its successors or assigns.

### DTC Participants

"DTC Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Bonds as a securities depository.

### Event of Default

"Event of Default" means any event described as such in Section 7.1 hereof.

### Federal Securities

"Federal Securities" means the Authorized Investments described in paragraph 1(a) of such definition.

### Fitch

"Fitch" means Fitch Ratings, Inc, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City.

### Generally Accepted Accounting Principles

"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

"Indenture" means this Indenture and any Supplemental Indentures.

### Independent Certified Public Accountant

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the City, and who, or each of whom:

- (1) is in fact independent and not under the domination of the City;
- (2) does not have any substantial interest, direct or indirect, with the City; and
- (3) is not connected with the City as a director, officer or employee of the City, but who may be regularly retained to make annual or other audits of the books of or reports to the City.

### Information Services

"Information Services" means the Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board, or such other generally accepted service available to the City for the purpose of providing information with respect to called bonds and recognized or acceptable in accordance with current guidelines of the Securities and Exchange Commission.

### Interest Fund

"Interest Fund" means the fund by that name established pursuant to Section 3.3 hereof that is held by the Trustee.

### Interest Payment Date

"Interest Payment Date" means any May 15 or November 15, commencing May 15, 2017.

### Law

"Law" means (1) the Freeholder's Charter of the City and the City of Tulare Revenue Bond Law, enacted by Ordinance No. 1030, adopted by the Council of the City on February 1, 1972, as amended and/or (2) Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 (commencing with Section 53570) of the California Government Code (commonly referred to as the Refunding Bond Law).

### Letter of Representations

"Letter of Representations" means a letter of the City and the Trustee delivered to and accepted by the Depository at or prior to the issuance of any Book-Entry Bonds setting forth the basis on which the Depository serves as depository for such Book-Entry Bonds, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

Maximum Annual Debt Service

"Maximum Annual Debt Service" means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

Moody's

"Moody's" means Moody's Investors Service, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City.

Nominee

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.12 hereof.

Operation and Maintenance Costs

"Operation and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the System, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of the City that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums (including payments required to be paid into any self-insurance funds), and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof or of any Supplemental Indenture or of any resolution authorizing the execution of any Parity Debt, such as compensation, reimbursement and indemnification of the Trustee and fees and expenses of Independent Certified Public Accountants; but excluding in all cases (i) payment of Parity Debt and Subordinate Obligations, (ii) costs of capital additions, replacements, betterments, extensions or improvements which under Generally Accepted Accounting Principles are chargeable to a capital account, and (iii) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles. [edits to come regarding non-operating expenses]

Outstanding

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 6.2 hereof) all Bonds issued and delivered hereunder except:

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 8.1 hereof; and



(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City pursuant hereto.

Owner

"Owner" means the registered owner of any Outstanding Bond as per the registration books required to be maintained pursuant to Section 2.8 hereof.

Parity Debt

"Parity Debt" means the payments required under this Indenture and any Parity Obligations.

Parity Obligations

"Parity Obligations" means all obligations of the City, the payments under which are secured by a pledge of the System Net Revenues on a parity with payments of principal of and interest on the Bonds as provided herein.

Principal Fund

"Principal Fund" means the fund by that name, established pursuant to Section 3.3 hereof that is held by the Trustee.

Principal Payment Date

"Principal Payment Date" means any May 15 on which the principal of the Bonds is scheduled to be paid.

Rate Stabilization Fund

"Rate Stabilization Fund" means the fund by that name established pursuant to Section 3.6 hereof.

Rating Agency or Agencies

"Rating Agency" or "Rating Agencies" means as applicable Fitch, Moody's and/or S&P to the extent one or more of such rating agencies is then rating the Bonds (or if no such rating agency is then rating the Bonds, then one of such rating agencies selected by the City).

Rebate Fund

"Rebate Fund" means the fund by that name, established pursuant to the Code and Section 4.3 hereof that is held by the Trustee.

Record Date

"Record Date" means the close of business on the fifteenth (15th) day of the month preceding any Interest Payment Date, whether or not such day is a Business Day.

### Reserve Fund

"Reserve Fund" means the fund by that name established pursuant to Section 3.6 hereof that is held by the Trustee.

### Reserve Fund Requirement

"Reserve Fund Requirement" means [\$\_\_\_\_\_] or [a reserve fund surety policy issued by \_\_\_\_\_ for an amount up to \$\_\_\_\_\_].

### Securities Depositories

"Securities Depositories" means The Depository Trust Company, and in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses or such other securities depositories as the City designates in written notice filed with the Trustee.

### S&P

"S&P" means S&P Global Ratings, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City.

### Supplemental Indenture

"Supplemental Indenture" means any indenture then in full force and effect which has been entered into by the City and the Trustee, amendatory of or supplemental hereto; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

### System

"System" means the whole and each and every part of the water system of the City, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such system or any part thereof hereafter acquired or constructed.

### System Net Revenues

"System Net Revenues" means for any period, System Revenues less Operation and Maintenance Costs for such period; provided that certain adjustments in the amount of System Net Revenue deemed collected during a Fiscal Year may be made in connection with amounts deposited in the Rate Stabilization Fund as provided in Section 3.6 herein.

### System Revenue Fund

"System Revenue Fund" means the fund by that name created pursuant to Section 3.1 hereof.

### System Revenues

"System Revenues" means all gross income and revenue received or receivable by the City from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, including all fees, rates, charges (including connection fees) and all amounts paid under any contracts received by or owed to the City in connection with the operation of the System and all proceeds of insurance relating to the System and all other income and revenue howsoever derived by the City from the ownership or operation of the System or arising from the System.

### Tax Certificate

"Tax Certificate" means the certificate, executed by the City and dated the date of the original issuance and delivery of the Bonds, with respect to the requirements of certain provisions of the Code, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

### Trustee

"Trustee" means U.S. Bank National Association, a national banking association, duly organized and existing under the laws of the United States of America, appointed by the City and acting as an independent trustee with the duties and powers herein provided, and its successors or assigns, or any other corporation or association which may at any time be substituted in its place as provided in Section 5.1 hereof.

### Written Request of the City

"Written Request of the City" means an instrument in writing signed by the Mayor, Vice-Mayor, City Manager or their designee, or by any other officer of the City duly authorized by the City for that purpose, such authorization to be evidenced at the request of the Trustee by a certificate verifying the specimen signatures of such officers.

Section 1.2. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the City and the Trustee for the benefit of the owners from time to time of all the Bonds issued hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds from time to time without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds.

## ARTICLE II

### THE BONDS

Section 2.1. Authorization and Terms of Bonds. The Bonds in a principal amount of \$[Par Amount] are hereby authorized to be issued by the City subject to finance and refinance the acquisition and construction of public capital improvements to the System of the City. The Bonds shall be designated the "City of Tulare Water Revenue Bonds, Series 2016."

The Bonds shall be dated as of their 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 May 15, 2017) and shall mature and become payable on May 15 in each of the years in the principal amounts set forth in the following schedule:

Maturity Date <u>(May 15)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
----------------------------------	----------------------------	-------------------------

The 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 Bonds maturing at any one time). The Bonds shall be numbered sequentially. Each 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 Bond interest is then in default on the Outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Bonds. Payment of interest on the Bonds due on or before the maturity or prior redemption of the Bonds shall be made to the person whose name appears in the registration books maintained under Section 2.8 hereof 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 hereof, 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 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 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 Bonds shall be paid in lawful money of the United States of America.

Section 2.2. Form of Bonds. The 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 Bonds: Upon receipt of payment for the Bonds (which amount shall be equal to \$\_\_\_\_\_, representing the par amount of the Bonds, plus net original issue premium of \$\_\_\_\_\_, and less an underwriting discount of \$\_\_\_\_\_), the Trustee shall set aside and deposit such proceeds, together with any other amounts received from the City, in the manner described below and as set forth in further detail in a Written Request of the City.

- (i) The Trustee shall transfer to the Project Fund an amount equal to \$\_\_\_\_\_.
- (ii) The Trustee shall deposit in the Costs of Issuance Fund an amount equal to \$\_\_\_\_\_.
- (iii) The Trustee shall [deposit in the Reserve Fund an amount equal to \$\_\_\_\_\_] or [the Reserve Fund Surety Policy].

The Trustee may establish a temporary fund or account to facilitate such transfer and deposit.

Section 2.4. Redemption of Bonds.

(a) Optional Redemption. The Bonds maturing by their terms on or after [May 15], 20\_\_, are subject to optional redemption by the City on any date on or after [May 15], 20\_\_ to their respective stated maturity dates, 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 on or before the date of redemption, upon mailed notice as provided in Section 2.4(b) hereof, at a redemption price equal to the principal amount of the Bonds or the portions thereof called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

(b) Mandatory Sinking Fund Redemption. The Bonds maturing on May 15, 20\_\_ and May 15, 20\_\_ are also subject to redemption prior to their stated maturities, in part,

from mandatory sinking account payments, on each November 15 specified below, at a redemption price equal to the principal plus accrued interest thereon to the date fixed for redemption, without premium.

Bonds Maturing November 15, 20\_\_

Year (May 15)	Principal Amount
------------------	---------------------

†

† Maturity.

Bonds Maturing November 15, 20\_\_

Year (May 15)	Principal Amount
------------------	---------------------

†

† Final Maturity.

(c) Terms of Redemption. Whenever less than all the Outstanding Bonds maturing on any one date are called for redemption at any one time, the Trustee shall select the Bonds to be redeemed (from the Outstanding Bonds maturing on such date not previously selected for redemption) by lot in any manner which the Trustee deems fair. The City shall deposit with the Trustee money sufficient to redeem any Outstanding Bonds on or before the redemption date of the Bonds to be redeemed. If the Bonds to be optionally redeemed are also subject to mandatory redemption, the Trustee will designate the mandatory sinking fund payment or payments (or portions thereof) against which the principal amount of the Bonds optionally redeemed will be credited.

Except for the redemption of Bonds at maturity, the City shall, at least thirty (30) days prior to the redemption date, notify the Trustee of the redemption date and the principal amount of Bonds to be redeemed. Notice of redemption of any Bonds or any portions thereof shall be mailed by first class mail, postage prepaid, by the Trustee not less than thirty (30) nor more than sixty (60) days prior to the redemption date of such Bonds (i) to the respective Owners of the Bonds designated for redemption at their addresses appearing on the bond registration books kept by the Trustee, (ii) to the Information Services and (iii) to the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, whether funds are then on deposit sufficient to pay the redemption price, the place of redemption (including the name and

appropriate address), the CUSIP number (if any) of the maturity or maturities, and, if less than all Bonds of any such maturity are to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on such redemption date there will become due and payable on each of such Bonds the redemption price thereof or of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the Corporate Trust Office of the Trustee specified in the redemption notice as the place of redemption; *provided*, that failure by the Trustee to give notice pursuant to this Section 2.4 to any one or more of the Information Services or Securities Depositories, or the insufficiency of any such notice or the failure of any Owner to receive any redemption notice mailed to such Owner or any immaterial defect in the notice so mailed shall not affect the sufficiency of the proceedings for the redemption of any Bonds. Each notice relating to a redemption pursuant to this paragraph may be conditional, and shall further state that such redemption may be rescinded by the City on or prior to the date set for redemption.

The City shall have the right to provide conditional notice of redemption and to rescind any redemption pursuant to Section 2.4(a) by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Trustee shall mail notice of rescission of redemption as soon as practicable in the same manner notice of redemption was originally provided.

Upon surrender of any Bond redeemed in part only, the City shall execute and the Trustee shall (upon receipt of a Written Request of the City) authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same maturity.

From and after the date fixed for redemption of any Bonds or any portions thereof, if notice of such redemption shall have been duly given and funds available for the payment of such redemption price of the Bonds or such portions thereof so called for redemption shall have been duly provided, no additional interest shall accrue on such Bonds or such portions thereof from and after the redemption date specified in such notice.

All Bonds redeemed or purchased pursuant to the provisions of this Section 2.4 shall be destroyed by the Trustee in accordance with its retention policy then in effect and the Trustee shall deliver a certificate of destruction to the City.

Section 2.5. Execution of Bonds. The President of the Board of the City is hereby authorized and directed to execute each of the Bonds on behalf of the City and the Secretary of the City is hereby authorized and directed to attest each of the Bonds on behalf of the City. Any of such signatures may be by manual subscription or by printed, lithographed or facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall

nevertheless be valid and sufficient for all purposes the same as though he had remained in office until the delivery of such Bonds.

Only such of the Bonds as shall bear thereon a certificate of authentication, manually executed and dated by the Trustee, shall be entitled to any benefits hereunder or shall be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so registered have been duly issued and delivered hereunder and are entitled to the benefits hereof.

Section 2.6. Transfer and Registration of Bonds. Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.8 hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Corporate Trust Office of the Trustee accompanied by delivery of a duly executed written instrument of transfer in a form as provided by Supplemental Indenture.

Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Trustee shall (upon receipt of a Written Request of the City) authenticate and deliver a new Bond or Bonds for a like aggregate principal amount and maturity date. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The cost of any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the City.

The Trustee shall not be required to register the transfer of (i) any Bond during the fifteen (15) day period preceding any date established by the Trustee for selection of Bonds for redemption, (ii) any Bonds which have been selected for redemption (except for any unredeemed portion of any of such Bonds) or (iii) any Bonds during the period from any Record Date to any Interest Payment Date.

Section 2.7. Exchange of Bonds. The Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The cost of any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the City. No such exchange shall be required to be made (i) during the fifteen (15) days preceding any date established by the Trustee for selection of Bonds for redemption, (ii) of any Bonds which have been selected for redemption (except for any unredeemed portion of any of such Bonds) or (iii) any Bonds during the period from any Record Date to any Interest Payment Date.

Section 2.8. Bond Registration Books. The Trustee will keep, in accordance with its general practices and procedures in effect from time to time, at its Corporate Trust Office, sufficient books for the registration, transfer and exchange of the Bonds, which shall be open to inspection by the City during regular business hours upon reasonable prior written notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register, transfer or exchange the Bonds on such books as hereinbefore provided.



The ownership of the Bonds and the amount, maturity, number and date of holding the same shall be proved by the registration books maintained under this Section.

Section 2.9. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated, or shall be believed by the City to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Trustee, and upon the surrender of such mutilated Bond at the Corporate Trust Office of the Trustee, or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss, and upon receipt also of security or indemnity satisfactory to the City and the Trustee, and upon payment of a sum sufficient to cover any tax or governmental charge and all fees and expenses incurred by the City and the Trustee in the premises, the City shall execute and the Trustee shall (upon receipt of a Written Request of the City) authenticate and deliver at the Corporate Trust Office, a new Bond or Bonds of the same maturity date and of the same aggregate principal amount of authorized denominations, of like tenor and date, with such notations as the City shall determine, in exchange and substitution for and upon cancellation of the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Trustee upon receipt by the Trustee and the City of like proof, security or indemnity and payment of any taxes, fees and expenses.

Any such replacement Bonds issued pursuant to this Section shall be entitled to equal and proportionate benefits with all other Bonds issued hereunder, and the City and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

Section 2.10. Temporary Bonds. Until definitive Bonds shall be prepared, the City may cause to be executed and delivered in lieu of such definitive Bonds, and subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds, except that they may be in any denominations authorized by the City, one or more temporary typed, printed, lithographed or engraved Bonds in fully registered form, as may be authorized by the City, substantially of the same tenor and, until exchanged for definitive Bonds, entitled and subject to the same benefits and provisions hereof as definitive Bonds. If the City issues temporary Bonds, it will execute and furnish definitive Bonds without unnecessary delay and thereupon the temporary Bonds may be surrendered to the Trustee at the Corporate Trust Office, without expense to the Owner in exchange for such definitive Bonds. The costs of printing any definitive Bonds and any services rendered by the Trustee in connection with the authentication and delivery thereof shall be paid by the City. All temporary Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

Section 2.11. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the City for the financing or refinancing of the acquisition and construction of any additions, betterments, extensions or improvements to the facilities of the City, or by any contracts made by the City in connection

therewith, and shall not be dependent upon the completion of the financing or refinancing of the acquisition and construction of any additions, betterments, extensions or improvements to the facilities of the City or upon the performance by any person of his obligation with respect to the acquisition and construction of any additions, betterments, extensions or improvements to the facilities of the City, and the recitals contained in the Bonds that the same are issued pursuant to the Law or other applicable laws and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12. Book-Entry System for Bonds. The Bonds shall be initially issued as Book-Entry Bonds, and each maturity of the Bonds shall be in the form of a separate single fully registered Bond (which may be typewritten), and upon initial issuance, the ownership of each such Bond shall be registered in the registration books maintained under Section 2.8 hereof in the name of the Nominee, as nominee of the Depository.

With respect to Book-Entry Bonds, the City and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of which such a DTC Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any DTC Participant with respect to the owners of beneficial interests in Book-Entry Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner as shown in the registration books maintained under Section 2.8 hereof, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its DTC Participants of the beneficial interests in Book-Entry Bonds to be redeemed in the event the City redeems any Book-Entry Bonds in part or (iv) the payment of any DTC Participant or any other person, other than an owner as shown in the registration books maintained under Section 2.8 hereof, of any amount with respect to the interest on or principal of or redemption premiums, if any, on Book-Entry Bonds. The City and the Trustee may treat and consider the person in whose name each Book-Entry Bond is registered in the registration books maintained under Section 2.8 hereof as the absolute Owner of such Book-Entry Bond for the purpose of payment of the interest on and the principal of and the redemption premium, if any, with respect to such Book-Entry Bond, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond and for all other purposes whatsoever. The Trustee shall pay the interest on and the principal of and the redemption premiums, if any, on the Book-Entry Bonds only to or upon the order of the respective Owners, as shown in the registration books maintained under Section 2.8 hereof, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of the interest on and the principal of and the redemption premiums, if any, on the Book-Entry Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books maintained under Section 2.8 hereof, shall receive a Bond evidencing the obligation of the City to make payments of the interest on and principal of and redemption premium, if any, on any Book-Entry Bond pursuant hereto. Upon delivery by the Depository to the Owner, the Trustee and the City of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to record dates, the term Nominee herein shall refer to such new nominee of the Depository.

In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the City and the Trustee (upon receipt of a Written Request of the City) shall execute and deliver to the Depository a Letter of Representations with respect to such Bonds; *provided*, that the execution and delivery of a Letter of Representations shall not in any way impose upon the City or the Trustee any obligation whatsoever with respect to persons having beneficial interests in such Book-Entry Bonds other than the Owners, as shown in the registration books maintained under Section 2.8 hereof. In addition to the execution and delivery of a Letter of Representations, the City and the Trustee (upon receipt of a Written Request of the City) shall take such other actions, not inconsistent herewith, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

In the event (i) the Depository determines not to continue to act as securities depository for any Book-Entry Bonds or (ii) the Depository shall no longer so act and gives written notice to the Trustee of such determination, then the City will discontinue the book-entry system for such Bonds with the Depository. If the City determines to replace the Depository with another qualified securities depository, the City shall prepare or direct the preparation of a new single, separate, fully registered Bond for each of the maturities of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee; provided, that if the City fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in the registration books maintained under Section 2.8 hereof in the name of the Nominee, but shall be registered in whatever name or names Owners transferring or exchanging such Bonds shall designate, in accordance with provisions of Sections 2.6 and 2.7 hereof.

Notwithstanding any other provision hereof to the contrary, so long as any Book-Entry Bond is registered in the name of the Nominee, all payments with respect to the interest on and the principal of and the redemption premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed in writing by the Depository.

### **ARTICLE III**

#### **SECURITY; CREATION OF FUNDS**

Section 3.1. Pledge and Allocation of System Revenues. All System Net Revenues and all amounts on deposit in the System Revenue Fund and in the funds or accounts so specified and provided for herein (except the Rebate Fund) are hereby irrevocably pledged by the City to the punctual payment of the interest on, principal of and redemption premiums, if any, on the Bonds, and the System Net Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding; subject to the provisions hereof permitting the application thereof for the purposes and on the conditions and terms set forth herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first and exclusive lien on the System Revenues and, subject to application of amounts on deposit therein as permitted herein, the System Revenue Fund and other funds and accounts created hereunder for the payment of the Bonds and all other Parity Debt in accordance with the terms hereof.

In order to carry out and effectuate the pledge and lien contained in this Section 3.1, the City agrees and covenants that all System Revenues shall be received by the City in trust hereunder and shall be deposited when and as received in a special fund designated as the "System Revenue Fund," which fund is hereby established and which fund the City agrees and covenants to maintain and to hold separate and apart from other funds so long as any Bonds remain Outstanding. To the extent the City has an existing fund or funds which satisfies the foregoing requirements, then such fund or funds shall be deemed to be the "System Revenue Fund" and the City shall not be required to create a new fund. The City may maintain separate accounts within the System Revenue Fund.

The City shall, from the moneys in the System 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. Thereafter, all remaining moneys in the System Revenue Fund shall be set aside by the City at the following times for the transfer to the Trustee in the following order of priority; and all such moneys shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

- (1) Interest and Principal Payments. Not later than one (1) Business Day prior to the next succeeding Interest Payment Date or Principal Payment Date the City shall, from the moneys in the System Revenue Fund, transfer to the Trustee the interest, principal, and redemption premium, if any, due and payable on the next succeeding Interest Payment Date or Principal Payment Date, provided that such amount due and payable will take into account amounts already on deposit in the Debt Service Fund (defined below). The City shall also, from the moneys in the System 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 Parity Obligation in accordance with the provisions of any Parity Obligation.
- (2) Surplus. Moneys on deposit in the System Revenue Fund not necessary to make any of the payments required above, may be expended by the City at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations and deposits to the Rate Stabilization Fund.

Section 3.2. Debt Service Fund. There is hereby established a special fund to be known as the "Series 2016 City of Tulare Debt Service Fund," which fund shall be held by the Trustee. Beginning on the date the Bonds become Outstanding and continuing until no Bonds are Outstanding, the Trustee shall deposit all interest payments, principal payments, and redemption premium payments, if any, received from the City pursuant to Section 3.1, as and when received by it in the Debt Service Fund and the City agrees and covenants that all funds deposited by it in the Debt Service Fund will be accounted for through and held in trust in the Debt Service Fund, and the Trustee shall have no beneficial right or interest in such funds, except only as provided herein, and all such funds shall be disbursed, allocated and applied solely to the

uses and purposes herein set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Trustee.

Section 3.3. Establishment and Maintenance of Funds for Use of Money in the Debt Service Fund. Amounts in the Debt Service Fund shall be transferred by the Trustee for deposit in the following respective funds (each of which is hereby created and each of which the Trustee hereby covenants and agrees to cause to be maintained) at the following times and in the following order of priority:

- (1) Interest Fund; and
- (2) Principal Fund.

All funds in the Debt Service Fund shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section.

(a) Interest Fund. The Trustee shall transfer from the Debt Service Fund and deposit in the Interest Fund for receipt before May 15 and November 15 of each year, beginning on May 15, 2017, an amount of money from the Debt Service Fund which is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Outstanding Bonds (including accrued interest on any Bonds (or portions thereof) purchased or redeemed prior to maturity); provided that any earnings on deposit in the Interest Fund after payment of interest on Bonds on an Interest Payment Date shall be transferred to the Debt Service Fund.

(b) Principal Fund. The Trustee shall deposit in the Principal Fund before May 15 of each year, an amount of money from the Debt Service Fund which, together with any money contained in the Principal Fund, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Bonds on such Principal Payment Date. No deposit need be made into the Principal Fund if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Bonds on such Principal Payment Date. All money in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Bonds as they shall become due and payable; provided that any earnings on deposit in the Principal Fund after payment of principal of the Bonds on a Principal Payment Date shall be transferred to the Debt Service Fund.

Section 3.4. Project Fund. There shall be established by the Trustee the Project Fund. The moneys in the Project Fund, including earnings on the investment thereof, shall be used in the manner provided by law for the purpose of paying the costs of the acquisition, construction, improvement and financing of the System, including engineering, inspection, legal fees, rate studies and all other costs incidental to or connected with such acquisition, construction, improvement and financing, and reimbursement to the City for all moneys advanced by the City for the acquisition, construction, improvement and financing of said System. The City shall requisition moneys from the Project Fund by delivering a written request of the City to the

Trustee setting forth the amount to be paid, the purpose for which such amount is to be paid and that such payment is a proper charge against the Project Fund. Any balance remaining in the Project Fund after the date of completion of said acquisition, construction, improvement and financing of said System, as certified in a Certificate of the City furnished to the Trustee, shall be transferred by the Trustee as directed by the City in writing, after consultation with Bond Counsel. When all moneys have been expended in the Project Fund, such fund shall be closed by the Trustee.

Section 3.5. Costs of Issuance Fund. There shall be established a 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 "Costs of Issuance Fund." On \_\_\_\_\_, 2016 all amounts on deposit in the Costs of Issuance Fund shall be transferred to the City and the Costs of Issuance Fund shall be closed.

Before any payment of money is made from the 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 of the person or entity to whom payment is due;
- (b) the not to exceed amount of money to be paid; 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:

- (w) that such payment complies with the requirements of this Indenture and any Supplemental Indentures; and
- (x) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Costs of Issuance Fund.

Upon receipt of each Written Request described above the Trustee shall pay the amount set forth therein as directed by the terms thereof.

Section 3.6. Reserve Fund. Reserve Fund. The Reserve Fund is hereby created by the Trustee to be held in trust for the benefit of Bondholders.

On or before the first Business Day of each month, the City shall, from the remaining moneys in the System 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 Trustee for deposit in the Reserve that sum, if any, necessary to restore the Reserve Fund to an amount equal to the Reserve Fund Requirement and otherwise replenish the Reserve Fund for any withdrawals [(including draws upon the Reserve Policy or any credit facility)] to pay the interest or principal due hereunder and necessary to restore such other reserve accounts to an amount equal to the amount required to be maintained therein; provided that payments to restore the Reserve Fund after a withdrawal may be made in monthly installments equal to 1/12 of the

aggregate amount needed to restore the Reserve Fund to the Reserve Fund Requirement as of the date of the withdrawal. To the extent that draws on the Reserve Fund are from a credit facility, transfers hereunder to restore the Reserve Fund shall be made to reimburse the provider of such credit facility.

All amounts in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Interest Account or the Principal Account, or (together with any other funds available) for the payment or redemption of all Outstanding Bonds.

Earnings on amounts in the Reserve Fund in excess of the Reserve Fund Requirement shall be transferred to the Interest Account on November 1 of each year or as otherwise provided in a Written Request of the City.

Section 3.7. Additional Parity Debt. The City may at any time enter into any Parity Debt, provided:

- (1) The City shall be in compliance in all material respects with all agreements, conditions, covenants and terms contained herein required to be observed or performed by it, and a Certificate of the City to that effect shall have been filed with the Trustee.
- (2) The System Net Revenues for the most recent Fiscal Year for which audited results are available (or alternatively results for any 12 month period out of the last 18 months or more recent unaudited Fiscal Year results may be utilized), plus as applicable an allowance for increased System Net Revenues arising from any increase in the rates, fees and charges of the System or other change in operations which was duly approved by the City Council of the City prior to the date of the execution of such Parity Debt but which, during all or any part of such Fiscal Year (or other 12 month period), was not in effect, in an amount equal to the amount by which the System Net Revenues would have been increased if such increase in rates, fees and charges or change in operations had been in effect during the whole of such Fiscal Year (or other 12 month period), as shown by a Certificate of the City on file with the Trustee (the calculations and results in such Certificate shall be as of a date within 3 months of closing of such Parity Debt), shall have produced a sum equal to at least 120% per cent of the Maximum Annual Debt Service (including such proposed Parity Debt); provided, that the City may at any time issue Parity Debt without compliance with the foregoing conditions in the event that such Parity Debt is to be issued for the purpose of refunding and retiring any Parity Debt then outstanding; and provided further, an adjustment shall be made in the amount of System Net Revenues as provided in Section 3.6 hereof.

Furthermore, nothing contained in this Section shall limit the issuance of any Subordinate Obligations.

Section 3.8. Rate Stabilization Fund. There is hereby authorized a special fund to be known as the "Rate Stabilization Fund" which shall be held by the City. The City may, during or within 310 days after a Fiscal Year, deposit surplus System Net Revenues transferred from the

System Revenue Fund attributable to such Fiscal Year (on the basis of Generally Accepted Accounting Principles) into the Rate Stabilization Fund. The City may at any time withdraw moneys from the Rate Stabilization Fund and allocate such amounts into the System Revenue Fund. Notwithstanding anything to the contrary provided herein, System Net Revenues deposited into the Rate Stabilization Fund shall not be taken into account as System Net Revenues for purposes of the calculations in Sections 3.7 and 4.8] in the Fiscal Year to which such deposit is attributable, and amounts withdrawn from the Rate Stabilization Fund and deposited into the System Revenue Fund may be taken into account as System Revenues for purposes of the calculations required under Sections 3.7 and 4.8 in such Fiscal Year.

## ARTICLE IV

### COVENANTS OF THE CITY

Section 4.1. Punctual Payment. The City will punctually pay the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds in strict conformity with the terms hereof and of the Bonds, and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof and of the Bonds.

Section 4.2. Tax Covenants and Matters. Notwithstanding any other provision of this Indenture, absent an Opinion of Bond Counsel that the exclusion from gross income of interest on the 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 and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The City will not take or omit to take any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the 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 Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The City shall not make any use of the proceeds of the Bonds or omit to take any action that would cause the 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.

(e) Compliance with Tax Certificate. The City will take no action inconsistent with its expectations stated in the Tax Certificate executed with respect to the Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein. In furtherance of the foregoing tax covenants of this Section 4.2, the City will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Bonds.



Section 4.3. Rebate Fund.

(a) Establishment. The Trustee shall establish a separate fund for the Bonds designated the "Rebate Fund." Within the Rebate Fund, the Trustee shall maintain such other accounts as it is instructed by the City as shall be necessary in order to comply with the terms and requirements of the Tax Certificate. Absent an Opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 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. Subject to the transfer provisions provided in Subsections (c) and (h) below, 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, and no other person shall have any rights in or claim to such money. All amounts on deposit in the Rebate Fund for the Bonds shall be governed by this Section and the Tax Certificate for the Bonds, 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 Bonds will not be adversely affected if such requirements are not satisfied. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the City including supplying all necessary information in the manner provided in the Tax Certificate, shall not be required to take any actions thereunder, in the absence of written directions by the City, and shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate. The Trustee shall have no responsibility to make any independent calculations or determinations or to review the City's calculations hereunder.

(b) Computation. Within 45 days of the end of each fifth Bond Year (as defined in the Tax Certificate), 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, 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 "Rebate Amount"). The City shall not be required to calculate the Rebate Amount, and the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this Subsection (b), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (i) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said Sections is applicable, (ii) to the extent such proceeds are subject to an election by the City under Section 148(f)(4)(C)(vii) of the Code to pay a 1½% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (iii) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, the City shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this Subsection (b). The City shall obtain expert advice as to the Rebate Amount to comply with this Section.

(c) 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 legally available moneys 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 Rebate Amount so calculated in accordance with Subsection (b). 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 transfer the excess as directed by the City.

(d) Payment to the Treasury. The Trustee shall pay, as directed by request of the City to the United States Treasury, out of amounts in the Rebate Fund, subject to the exceptions contained in Subsection (b),

1. not later than 60 days after the end of (x) the fifth Bond Year, and (y) each applicable fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the Rebate Amount (calculated as of the end of such Bond Year) and all previous rebate payments; and

2. not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebate Amount calculated as of the date of such payment and any income attributable to the Rebate Amount determined to be due and payable, computed in accordance with Section 1.148-3 of the Treasury Regulations.

(e) Deficiencies. 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.

(f) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by Subsection (b) of this Section, but prior to any deposit made under said Subsection, the amount on deposit in the Rebate Fund exceeds the Rebate Amount calculated in accordance with said Subsection, upon written instructions from the City, the Trustee shall withdraw the excess from the Rebate Fund and transfer such excess as directed by the City.

(g) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment in full of the Bonds and the payments described in Subsection (d) above being made may be withdrawn by the Trustee and remitted to the City and utilized in any lawful manner by the City.

(h) Rebate Payments. Each payment required to be made pursuant to Subsection (d) shall be made to the Internal Revenue Service Center, Ogden, Utah, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by the City for execution by the City, or shall be made in such other manner as provided under the Code.

(i) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation the obligation to remit the Rebate Amount to the United States and to

comply with the requirements of this Section and the Tax Certificate shall survive the defeasance or payment in full or defeasance of the Bonds.

(j) Recordkeeping. The City shall retain records of all determinations made hereunder until six years after the complete retirement of the Bonds.

Section 4.4. Against Encumbrances. The City will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the City may at any time issue any Subordinate Obligations.

Section 4.5. Against Sale or Other Disposition of the System. The City will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Bonds are no longer Outstanding or provision has been made therefor in accordance with Article 8.1 hereof. The City will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the interest on or principal of the Bonds or which would otherwise materially impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 4.6. Maintenance and Operation of System. The City will maintain and preserve the System in good repair and working order at all times and will operate the System in an efficient and economical manner.

Section 4.7. Insurance.

- (1) The City will procure and maintain at all times insurance on the System against such risks (including accident to or destruction of the System) as are usually insured in connection with operations similar to the System and, to the extent such insurance is available for reasonable premiums from a reputable insurance company, such insurance shall be adequate in amount and, as to the risks insured against, shall be maintained with responsible insurers; *provided*, that such insurance coverage may be satisfied under a self-insurance program which is actuarially sound.
- (2) The City shall procure and maintain or cause to be procured and maintained public liability insurance covering claims against the City (including its directors, officers and employees) for bodily injury or death, or damage to property occasioned by reason of the City's operations, including any use of the System, and such insurance shall afford protection in such amounts as are usually covered in connection with operations similar to the System; *provided*, that such insurance coverage may be satisfied under a self-insurance program which is actuarially sound.

Section 4.8. Amounts of Rates, Fees and Charges.

- (1) The City will, at all times while any of the Bonds remain Outstanding, set rates, fees and charges to the maximum extent permitted by law and manage the

operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

- (i) All current Operation and Maintenance Costs.
  - (ii) The interest on and principal of the Bonds and the payments for the other Parity Debt and the payment of the Subordinate Obligations as they become due and payable.
  - (iii) All payments required for compliance with the terms hereof and of any Supplemental Indenture.
  - (iv) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.
- (2) In addition to the requirements of the foregoing subsection (a) of this Section, the City will, at all times while any the Bonds remain Outstanding, to the maximum extent permitted by law, set rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Net Revenues during such Fiscal Year equal to at least 120% of the Annual Debt Service in such Fiscal Year; *provided*, an adjustment shall be made to the amount of System Net Revenues as provided in Section 3.8 hereof.

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 System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 4.9. Enforcement of and Performance Under Contracts. The City shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for Service or provide for payments or services to be rendered to the City. Further, the City will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the City is a party thereto.

Section 4.10. Collection of Charges, Fees and Rates. The City will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the City will enforce the collection procedures contained in such rules and regulations.

Section 4.11. No Free Service. The City will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the State of California and any city, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise

required by law or written agreements and such arrangement will not materially adversely affect the City's ability to perform its obligations hereunder.

Section 4.12. 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 or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security on the System Revenues created herein; *provided*, that nothing herein contained shall require the City to make any such payments so long as the City in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the City's ability to perform its obligations hereunder.

Section 4.13. Books of Record and Accounts; Financial Statements. The City will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System and the System Revenue Fund, and upon request will provide information concerning such books of record and accounts to the Trustee (the Trustee having no duty to request such information).

The City will prepare annually, not later than two hundred ten (210) days after the close of each Fiscal Year, so long as any Bonds remain Outstanding, an audited financial statement of the City prepared by an Independent Certified Public Accountant. The City will furnish a copy of such audited financial statement to the Trustee upon request. The Trustee shall have no duty to review such audited financial statements.

Section 4.14. Payment of Taxes and Other Charges and Compliance with Governmental Regulations. The City will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the City, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the City to make any such payments so long as the City in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the City's ability to perform its obligations hereunder.

The City will duly comply with all applicable state, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the 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 and such noncompliance will not materially adversely affect the City's ability to perform its obligations hereunder.

Section 4.15. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or any holder or beneficial owner of the Bonds may take such actions as described under the Continuing Disclosure Certificate to cause the City to comply with its obligations under this Section.

Section 4.16. Further Assurances. The City will adopt, 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 hereof, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided herein.

## **ARTICLE V**

### **THE TRUSTEE**

Section 5.1. The Trustee. U.S. Bank National Association, is hereby appointed Trustee hereunder for the purpose of receiving all money which the City is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided herein.

The City at any time may (prior to the occurrence of an Event of Default which shall then be continuing) remove the Trustee initially appointed and any successor thereto upon thirty (30) days written notice to the Trustee, and the City shall appoint a successor or successors thereto; *provided*, that any such successor shall be a bank or trust company doing business in California that has a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and is subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice to the City and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books maintained under Section 2.8 hereof. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing; *provided*, that if no such successor shall have been appointed by the City within thirty (30) days after the receipt by the City of such notice, the Trustee may petition any court of competent jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the appointment of and the acceptance of appointment by the successor Trustee.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall destroy all Bonds in accordance with its then current retention policy upon payment thereof or upon the surrender thereof by the City and shall, upon receipt of a Written Request of the City, deliver a certificate of such destruction to the City; *provided*, that the Trustee may require the City to pay all reasonable costs for copying the cancelled Bonds. The Trustee shall keep accurate records of all Bonds paid and discharged and destroyed by it.

The City shall from time to time, subject to any agreement between the City and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (both in-house and outside) and engineers or other experts

employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Trustee and its officers, directors, officials, employees and agents harmless from and against any costs, expenses, losses and liabilities not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The Trustee's rights to indemnification and protection from liability hereunder and its rights to payment of its fees, charges and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

Section 5.2. Liability of Trustee. The recitals of facts, agreements and covenants contained herein and in the Bonds shall be taken as statements, agreements and covenants of the City, and the Trustee does not assume any responsibility for the correctness of the same, or make any representation as to the validity or sufficiency hereof or of the Bonds, the adequacy of any security afforded thereunder, or the correctness or completeness of any information contained in any offering materials distributed in connection with the sale of the Bonds, or incur any responsibility in respect of any of the foregoing, other than in connection with the duties or obligations herein or in the Bonds explicitly assigned to or imposed upon it. 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 shall be under no obligation to exercise any of the rights or powers vested in it hereunder at the request or direction of any Owner pursuant hereto unless such Owner 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.

Except during the continuance of an Event of Default,

(a) the Trustee undertakes to perform such duties and only such duties as are specifically set forth herein and no implied covenants or obligations shall be read herein against the Trustee; and

(b) in the absence of negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements hereof, and shall be under no duty to make any investigation or inquiry into such matters.

In case an Event of Default has occurred and is then continuing, the Trustee shall exercise such rights and powers vested in it hereby, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee in its individual or other capacity may become the owner or pledgee of the Bonds with the same rights it would have if it were not the Trustee.

The Trustee shall not be deemed to have knowledge of any Event of Default (other than a payment default hereunder) until it has actual knowledge at its Corporate Trust Office that an Event of Default has occurred. The Trustee shall not be bound to ascertain or inquire as to the

performance or observance by any other party of any of the agreements, conditions, covenants or terms hereof or of any of the documents executed in connection with the Bonds.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any duties hereunder.

The Trustee may execute any of the trusts or powers hereof and perform the duties of it required hereunder by or through attorneys, accountants, agents or receivers, and may, in all cases, pay, and be reimbursed for, the reasonable fees and expenses thereof.

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

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

Section 5.3. Notice to Trustee. The Trustee shall be protected in acting upon any notice, indenture, request, requisition, consent, order, certificate, report, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel 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, suffered or omitted hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties hereunder 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, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the City and the Trustee is under no obligation to independently investigate or verify such matter, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, but is not required to, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

## **ARTICLE VI**

### **AMENDMENT OF THE INDENTURE**

Section 6.1. Procedure for Amendment of the Indenture. The Indenture and the rights and obligations of the City and of the Owners hereunder may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least sixty per cent (60%) in aggregate principal amount of the Bonds then Outstanding



(exclusive of Bonds disqualified as provided in Section 6.2 hereof) are filed with the Trustee; [provided no consent of the Owners shall be required if the Bond Insurer consents to the amendment]. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the City to pay the interest or principal or redemption premium, if any, of any Bond, without the express written consent of the Owner of the affected Bond, or (2) permit the creation by the City of any mortgage, pledge or lien upon the System Net Revenues superior to or on a parity with the pledge and lien created herein for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify the rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the City and of the Owners may also be amended at any time by a Supplemental Indenture which shall become binding upon execution, without the consent of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) To add to the agreements and covenants of the City other agreements and covenants thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the City;

(b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision, or in regard to questions arising hereunder, as may deem necessary or desirable and not inconsistent herewith or therewith, and which shall not materially adversely affect the interests of the Owners of the Outstanding Bonds;

(c) 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 hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(d) To maintain the exclusion under the Code of interest on the Bonds from gross income for federal income tax purposes;

(e) To the extent necessary to maintain any then-existing rating by the Rating Agency or Agencies then rating the Bonds; or

(f) For any other purpose that does not materially adversely affect the interests of the Owners of the Outstanding Bonds.

Section 6.2. Disqualified Bonds. Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for herein, and shall not be entitled to consent to, or take any other action provided for herein.

Section 6.3. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds may bear a notation, by endorsement in form approved by the City, as to such action, and

in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the Corporate Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Corporate Trust Office of the Trustee, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds. The cost of any services rendered or expenses incurred by the Trustee in connection with any endorsement or replacement of Bonds shall be paid by the City.

Section 6.4. Amendment by Mutual Consent. The provisions of this Article VI shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Section 6.5. Opinion of Counsel. The Trustee may conclusively rely upon and accept an opinion of counsel to the City that an amendment hereof is in conformity with the provisions of this Article VI without independent investigation.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 7.1. Events of Default and Acceleration of Maturities. If one or more of the following events (herein an "Event of Default") shall happen, that is to say:

(a) If default shall be made in the due and punctual payment of the interest on any Bond or when and as the same shall become due and payable; or

(b) If default shall be made in the due and punctual payment of the principal of any Bond (including any sinking fund payments) when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise; or

(c) If default shall be made by the City in the performance of any of the other agreements or covenants required herein to be performed by it, and such default shall have continued for a period of sixty (60) days after the City shall have been given notice in writing of such default by the Trustee; provided that such default shall not constitute an Event of Default hereunder, if the City shall commence to cure such default within such sixty (60) day period and thereafter diligently and in good faith shall proceed to cure such default within a reasonable period of time; or

(d) If the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property; or

(e) If payment of the principal or interest of any Parity Debt is in default or accelerated in accordance with its terms;

then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds at the time Outstanding, shall, by notice in writing to the City, declare the principal of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained herein or in the Bonds to the contrary notwithstanding; *provided*, that if, at any time after the principal of the Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered, there shall be deposited with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and the expenses of the Trustee, including attorneys' fees, together with interest on any such amounts advanced as provided herein, and any and all other defaults known to the Trustee (other than in the payment of interest and principal on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured or provision shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the City and to the Trustee, may, on behalf of the Owners of all the Bonds, rescind and annul such declaration and its consequences; except that no such rescission or annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 7.2. Application of Funds Upon Acceleration. All money in the accounts and funds provided for herein upon the date of the declaration of acceleration by the Trustee as provided in Section 7.1 hereof, and all System Revenues thereafter received by the City hereunder, shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

First, to the payment of the costs, fees and expenses of the Trustee, if any, including reasonable compensation to its agents, attorneys and counsel, and thereafter to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents, attorneys and counsel;

Second, to the payment of Operation and Maintenance Costs; and

Third, upon presentation of the Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon such Bonds then to the payment of such interest, principal, interest on overdue interest and principal and without preference or priority among such interest, principal, interest on overdue interest and principal and, ratably to the aggregate of such interest and principal and to the payment of any Parity Debt.

Section 7.3. Other Remedies of Owners. Any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his rights hereunder or;

(b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Owners.

Section 7.4. Non-Waiver. A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach, and no delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the Trustee, the City and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 7.5. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; *provided*, that the Trustee shall have no duty or obligation to enforce any right or remedy unless it has been indemnified by the Owners from any liability or expense including without limitation fees and expenses of its attorneys (both in-house and outside).

Section 7.6. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by law.

## ARTICLE VIII

### DEFEASANCE

Section 8.1. Discharge of Bonds. If there shall be paid, to the Owners of all or a portion of the Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated therein and herein, then the owners of such Bonds shall cease to be entitled to the pledge of System Net Revenues as

provided herein, and all agreements, covenants and other obligations of the City to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City all money or securities held by it pursuant hereto which secure only such Bonds (or are properly allocable under the terms hereof to such Bonds to be defeased) which are not required for the payment of such interest, principal and redemption premiums, if any, on such Bonds, other than the money, if any, in the Rebate Fund.

Any Outstanding Bonds for the payment of which money shall have been set aside to be held in trust by the Trustee for such payment at the maturity or redemption date thereof shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the first paragraph of this Section.

Any Outstanding Bonds shall prior to the maturity date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (1) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Authorized Investments identified in paragraph 1(a) of the definition thereof ("Federal Securities") which are not subject to redemption prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of Treasury of the United States of America) the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient (as evidenced by a report of an Independent Certified Public Accountant obtained by the City and filed with the Trustee) to pay when due the interest due and to become due on such Bonds on and prior to the maturity date or redemption date thereof, and the principal of and redemption premiums, if any, on such Bonds on the maturity date or redemption date thereof, and (2) the City shall have given the Trustee a Written Request of the City containing irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (1) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds; *provided*, that neither the Federal Securities nor any money deposited with the Trustee pursuant to this Section nor any interest or principal payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and such Federal Securities shall be held in trust for, the payment of the interest on and principal of and redemption premiums, if any, on such Bonds as provided herein; and *provided further*, that any cash received from such interest or principal payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested as specified in a Written Request of the City in Federal Securities maturing at times and in amounts sufficient to pay when due the interest on and principal of and redemption premiums, if any, on such Bonds on and prior to such maturity date or redemption date thereof, and interest earned from such reinvestments shall be deposited in the Debt Service Fund.

Section 8.2. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee for the payment and discharge of the interest on or principal of or redemption premiums, if any, on any of the Bonds, shall be held uninvested, and such money which remains unclaimed for two (2) years after the date when such payments

have become due and payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such payments became due and payable, shall be repaid by the Trustee to the City as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the making of such payments; *provided*, that before being required to make any such payment to the City, the Trustee shall, upon receipt of a Written Request of the City, cause to be mailed to the Owners of such Bonds (at the expense of the City) at their addresses as they appear in the registration books maintained under Section 2.8 hereof a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City.

## **ARTICLE IX**

### **MISCELLANEOUS**

Section 9.1. Liability of City Limited to System Revenues and Other Funds. Notwithstanding anything contained herein, the City shall not be required to advance any money derived from any source of income other than the System Revenues, the System Revenue Fund and the other funds as provided herein for the payment of the interest on or the principal of or the redemption premiums, if any, on the Bonds or for the observance or performance of any agreements, conditions, covenants or terms contained herein.

The 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 and such other funds as provided hereunder, and the City is not obligated to pay them except from the System Revenues and such other funds. The obligation of the City to pay interest on, principal of and redemption premiums on, if any, the 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.

Section 9.2. Benefits of Indenture Limited to Certain Parties. Nothing herein, expressed or implied, is intended to give to any person other than the City, the Trustee, and the Owners any right, remedy or claim under or by reason hereof. Any agreements, conditions, covenants or terms hereof required to be observed or performed by and on behalf of the City or any director, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 9.3. Successor Is Deemed Included in All References to Predecessor. Whenever herein either the City or any director, officer or employee thereof is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the City, that are presently vested in the City or such director, officer or employee, and all the agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the City or any director, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 9.4. Execution of Documents by Owners. Any request, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City in good faith and in accordance therewith.

Section 9.5. Waiver of Personal Liability. No director, officer or employee of the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds; but nothing contained herein shall relieve any director, officer or employee of the City from the performance of any official duty provided by law.

Section 9.6. Acquisition of Bonds by City. All Bonds acquired by the City, whether by purchase or gift or otherwise, shall be surrendered promptly to the Trustee for cancellation.

Section 9.7. Content of Certificates and Reports. Every certificate (other than a certificate of destruction of Bonds) or report with respect to compliance with an agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or report are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the City may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representation by counsel, unless such officer knows that the certificate or opinion or representation with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the City, upon the opinion of or representation by an officer or officers of the City, unless such counsel knows that the opinion or representation with respect to the matters upon which his opinion or representation may be

based, as aforesaid, are erroneous, or in exercise of reasonable care should have known that the same were erroneous.

Section 9.8. Investment of Money in Funds and Accounts. Unless otherwise directed by the City, the Trustee is hereby directed to invest all money in the Costs of Issuance Fund, the Interest Fund, the Principal Fund, or the Rebate Fund in the Authorized Investments described in subparagraph (7) of the definition thereof. Upon receipt of a Written Request of the City by the Trustee at least two (2) Business Days prior to the date of such investment, moneys in such Funds shall be invested by the Trustee in those Authorized Investments specified in such Written Request of the City. Such Written Request shall contain a statement that each investment so designated constitutes an Authorized Investment and can be made without violation of any provision hereof. The Trustee shall be entitled to rely on such Written Request without independent investigation and shall not be responsible or liable for any loss incurred in connection with any investment of funds made by it in accordance with the express provisions of this Indenture. If, at any time, the Trustee shall not receive such Written Request in a timely manner, the Trustee shall only acquire or invest in those Authorized Investments described in subparagraph (7) of the definition thereof. The Trustee shall not be responsible for monitoring the ratings of any Authorized Investment subsequent to its initial purchase; provided that if the Trustee has actual knowledge of a downgrading of the ratings on any Authorized Investment held hereunder then it shall notify the City in writing as soon as practicable.

For purposes of determining the amount on deposit in any fund or account held hereunder, all Authorized Investments or Federal Securities credited to such fund or account shall be valued at the market value thereof, and except as otherwise provided in this Section, Authorized Investments or Federal Securities representing an investment of money attributable to any account or fund and all investment profits or losses thereon shall be deemed at all times to be a part of such account or fund. Notwithstanding the foregoing, investment agreements shall be valued at the notional or face amount thereof. The Trustee is authorized to utilize computer pricing services including the valuation system utilized in its regular accounting system when valuing any fund or account held by it hereunder. The Trustee or an affiliate may act as principal or agent in the making or disposing of any Authorized Investment and shall be entitled to its customary fee therefore.

The City acknowledges that to the extent 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 will not receive such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

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



If at any time there is no rating agency rating the Bonds, the provisions herein which make reference to rating categories of rating agencies "then rating the Bonds" shall be deemed to mean that at least one of such rating agencies shall have a rating as indicated in such provision.

Section 9.9. Accounts and Funds. Any account or fund required hereby to be established and maintained the Trustee may be established and maintained in the accounting records or the Trustee either as an account or fund, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or as a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

Section 9.10. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders, and all references herein to "articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereto," "herewith," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

Section 9.11. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms or portions thereof provided herein to be observed or performed on the part of the City or of the Trustee should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants, such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms or portions thereof and shall in no way affect the validity hereof or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The City hereby declares that it would have adopted the Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.12. 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 9.13. Business Days. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day that is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 9.14. Governing Law. The Indenture shall be governed and construed in accordance with the laws of the State of California.

Section 9.15. Notices. Whenever any notice is required to be given hereunder, such notice shall be mailed, first class mail, postage prepaid, to the following parties at the following addresses:

If to the City: City of Tulare  
411 East Kern Avenue  
Tulare, California 93274  
Attention: Finance Director

If to the Trustee: U.S. Bank National Association  
633 W. Fifth Street, 24<sup>th</sup> Floor  
Los Angeles, California 90071  
Attention: Corporate Trust Services

IN WITNESS WHEREOF, the City of Tulare has caused the 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**

Unless this Bond is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any 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.

No. \_\_\_\_\_ \$ \_\_\_\_\_

**CITY OF TULARE  
WATER REVENUE BONDS, SERIES 2016**

<u>INTEREST RATE:</u> _____%	<u>MATURITY DATE:</u> [May 15], 20__	<u>DATED DATE:</u> _____, 2016	<u>CUSIP</u>
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Registered Owner: CEDE & CO.

Principal Amount: \_\_\_\_\_ DOLLARS

The City of Tulare, a charter city, duly organized and existing under and pursuant to 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 Bond (unless this 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 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 May 15, 2017. 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 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 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 Bond is one of a duly authorized issue of City of Tulare Water Revenue Bonds, Series 2016 (the "Bonds"), limited in aggregate principal amount to \$[Par Amount], 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 the provisions of relevant laws of the State of California including (1) the Freeholder's Charter of the City and the City of Tulare Revenue Bond Law, enacted by Ordinance No. 1030, adopted by the Council of the City on February 1, 1972, as amended and/or (2) Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 (commencing with Section 53570) of the California Government Code (commonly referred to as the Refunding Bond Law). (the "Law"), and pursuant to the provisions of the Indenture, dated as of [Dated Date], 2016, (the "Indenture"), by and between the City and U.S. Bank National Association, as trustee (the "Trustee"). All the 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 Law for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the 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 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 Bond, and to all the provisions thereof the registered owner of this 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 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 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.

The City hereby covenants and warrants that, for the payment of the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds issued under the Indenture when due, there has been created and will be maintained by the City a special fund (the "System Revenue Fund") into which all System Revenues shall be deposited, and the City has allocated the System Net Revenues to the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the City will pay promptly when due the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds of this issue out of the System Revenue Fund and such other funds, all in accordance with the terms and provisions set forth in the Indenture.

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

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; 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 Bonds then outstanding.

The Bonds are issuable only in the form of 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 Bonds maturing at any one time). The owner of any Bond or Bonds may surrender the same at the Corporate Trust Office of the Trustee, in exchange for an equal aggregate principal amount of 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 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 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 Bond or 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 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 Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture.

This 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 Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the City of Tulare has caused this Bond to be executed in its name and on its behalf by its Chair and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 2016.

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]

(FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION)

This is one of the 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 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 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:

**EXHIBIT B**

**FORM OF COSTS OF ISSUANCE FUND REQUISITION**

Dated: \_\_\_\_\_

TO: U.S. BANK NATIONAL ASSOCIATION  
633 West Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Corporate Trust Services

You are hereby instructed to pay the amounts from the Series 2016 City of Tulare Costs of Issuance Fund as provided in Section 3.5 of the Indenture, dated as of [Dated Date], 2016 (the “Indenture”) by and between U.S. Bank National Association, as trustee, and the City of Tulare to the persons and in the amounts as set forth in Schedule I hereto. These amounts have been properly incurred, are proper charges against the Series 2016 City of Tulare Costs of Issuance Fund.

IN WITNESS WHEREOF, I have hereunto set my hand on the date set forth above.

CITY OF TULARE

By \_\_\_\_\_  
Darlene J. Thompson  
Finance Director/Treasurer

**SCHEDULE I**

**COSTS OF ISSUANCE**

**Payee  
Name**

**Purpose of  
Obligation**

**Not to Exceed  
Amount**